



紅星美凱龍家居集團股份有限公司  
Red Star Macalline Group Corporation Ltd.

(A SINO-FOREIGN JOINT STOCK COMPANY INCORPORATED IN THE PEOPLE'S REPUBLIC OF CHINA WITH LIMITED LIABILITY)  
STOCK CODE: 1528



2023  
ANNUAL REPORT

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# Company Profile

The Company was founded in 2007, and its H shares were listed on the Main Board of the Hong Kong Stock Exchange in June 2015 (Stock Code: 1528) and its A shares were listed on the Shanghai Stock Exchange in January 2018 (Stock Code: 601828).

As a leading home improvement and furnishings shopping mall operator, as well as a pan-home furnishings platform service provider in China, the Company mainly engages in offering comprehensive services for merchants, consumers and partners through operation and management of Portfolio shopping malls, managed shopping malls, shopping malls operated through franchising and strategic cooperation. At the same time, the Company also involved in pan-home furnishing consumption services, including internet retail, home decoration and design.

As a nationwide home improvement and furnishing shopping mall operator in China, the Company has a wide geographic coverage, a large number of malls and a large area of operational premises. As at the end of the Reporting Period, the Company operated 87 Portfolio shopping malls, 275 Managed Shopping Malls and 8 home furnishing shopping malls through strategic cooperation. In addition, the Company opened 46 franchised home improvement material projects, including a total of 448 home improvement material stores/industry streets. The Company's Portfolio shopping malls and Managed Shopping Malls spread over 215 cities in 30 provinces, municipalities and autonomous regions in China, with a total operating area of 21,724,717.18 sq.m., and the Company's shopping malls have a branded inventory of more than 38,500 brands. The Company's strong brand influence, management's extensive industry experience and national distribution network system give the Company an absolute leading edge in China's steadily growing home improvement and furnishing retail industry.

The Group constantly shoulders the responsibility of "building cozy and harmonious homes and improving quality of shopping and home life". The Group will continue to follow the operational management mode of "market-oriented operation and shopping mall-based management" to provide customers with better and more professional services, so as to consolidate our leading position in the market as well as the professional status of "Red Star Macalline" as an expert of home life in our customers' minds, to pursue our enterprise development goal of growing into China's most advanced and professional "omni-channel platform service provider for the pan-home improvement and furnishings industry".

# Corporate Information

## BOARD OF DIRECTORS

### Executive Directors

Mr. CHE Jianxing  
Mr. SHI Yaofeng  
Mr. LI Jianhong  
Mr. YANG Yingwu

### Non-executive Directors

Mr. ZHENG Yongda (*Chairman*)  
Mr. WANG Wenhui  
Mr. ZOU Shaorong  
Mr. SONG Guangbin  
Ms. XU Di

### Independent Non-executive Directors

Mr. XUE Wei  
Mr. HUANG Jianzhong  
Mr. CHEN Shanang  
Mr. WONG Chi Wai  
Mr. CAI Qinghui

## SUPERVISORS

Mr. CHEN Jiasheng (*Chairman*)  
Ms. MA Chenguang  
Mr. TANG Rongzhen  
Mr. WANG Shouyi

## AUDIT COMMITTEE

Mr. XUE Wei (*Chairman*)  
Mr. HUANG Jianzhong  
Mr. ZOU Shaorong

## REMUNERATION AND EVALUATION COMMITTEE

Mr. HUANG Jianzhong (*Chairman*)  
Mr. WONG Chi Wai  
Mr. ZHENG Yongda

## NOMINATION COMMITTEE

Mr. CHEN Shanang (*Chairman*)  
Mr. CAI Qinghui  
Mr. HUANG Jianzhong  
Mr. ZHENG Yongda  
Mr. CHE Jianxing

## STRATEGY AND INVESTMENT COMMITTEE

Mr. ZHENG Yongda (*Chairman*)  
Mr. WANG Wenhui  
Mr. ZOU Shaorong  
Mr. CHE Jianxing  
Mr. SHI Yaofeng  
Mr. LI Jianhong  
Mr. HUANG Jianzhong

## JOINT COMPANY SECRETARIES

Ms. QIU Zhe  
Ms. NG Sau Mei

## AUTHORIZED REPRESENTATIVES

Mr. CHE Jianxing  
Ms. QIU Zhe

## REGISTERED OFFICE

Suite F801, 6/F  
No. 518, Linyu Road  
Pudong New District  
Shanghai  
The PRC

## HEADQUARTERS IN THE PRC

Red Star Macalline Headquarter  
No. 2/5, Lane 1466, Shenchang Road  
Minhang District  
Shanghai  
The PRC

## Corporate Information

### PRINCIPAL PLACE OF BUSINESS IN HONG KONG

31/F, Tower 2  
Times Square  
1 Matheson Street  
Causeway Bay, Hong Kong

### H SHARE REGISTRAR

#### Computershare Hong Kong Investor Services Limited

Shops 1712-1716, 17th Floor  
Hopewell Centre  
183 Queen's Road East  
Wan Chai, Hong Kong

### LEGAL ADVISORS

#### As to Hong Kong and United States law

Clifford Chance  
27/F Jardine House  
One Connaught Place  
Central  
Hong Kong

#### As to the PRC law

King & Wood Mallesons  
17th Floor, One ICC  
999 Middle Huai Hai Road  
Xuhui District  
Shanghai  
The PRC

### AUDITOR

RSM China  
901-22 to 901-26, Waijingmao Mansion  
No. 22 Fuwaida Street  
Xicheng District  
Beijing  
China

CL Partners CPA Limited  
3203A-5, Tower 2, Lippo Centre  
89 Queensway  
Central  
Hong Kong

### PRINCIPAL BANKS

#### Industrial and Commercial Bank of China

Shanghai Branch Banking Department  
No. 24 Zhongshan Dongyi Road  
Shanghai  
The PRC

#### China Minsheng Bank Corp., Ltd.

Shanghai Xuhui Branch  
No. 1033 Zhaojiabang Road, Xujiahui  
Shanghai  
The PRC

#### Bank of Communications

Shanghai Putuo Branch  
No. 2000 Zhongshan North Road  
Shanghai  
The PRC

### STOCK CODES

Hong Kong Stock Exchange: 1528  
Shanghai Stock Exchange: 601828

### COMPANY'S WEBSITE

[www.chinaredstar.com](http://www.chinaredstar.com)

# Financial and Operational Highlights

## FINANCIAL HIGHLIGHTS

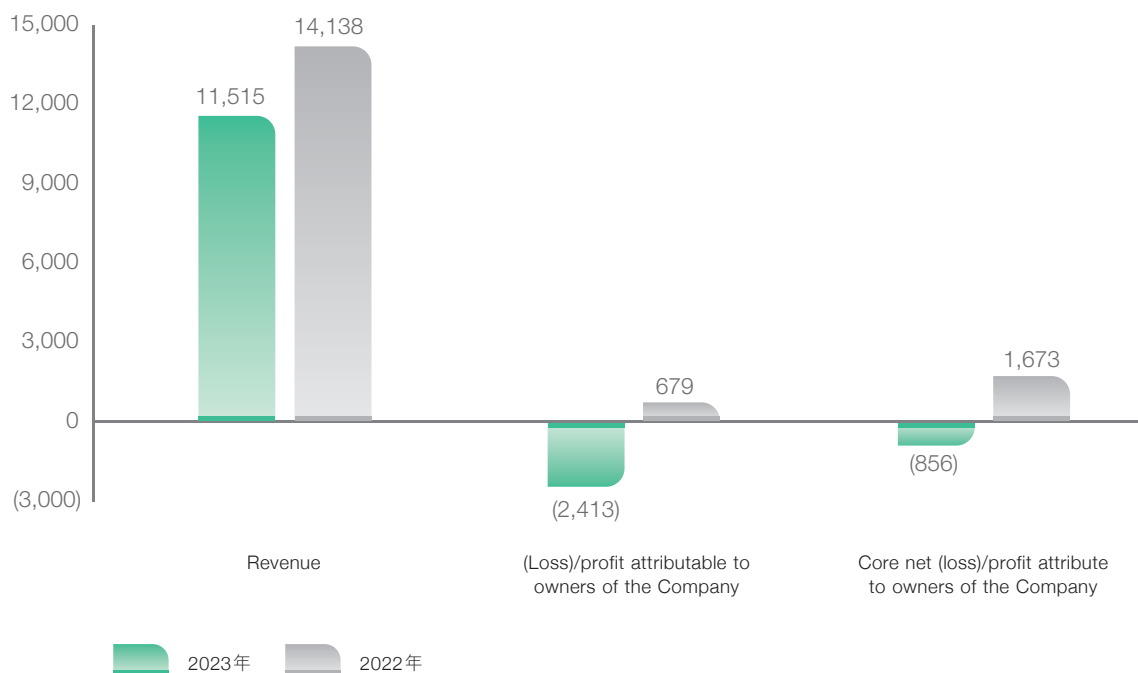
	For the year ended 31 December	
	2023	2022
	(RMB'000, except otherwise stated)	
Revenue	11,514,983	14,138,320
Gross profit	7,033,253	8,844,699
Gross profit margin	61.1%	62.6%
(Loss)/profit for the year	(2,570,418)	816,884
(Loss)/profit attributable to owners of the Company	(2,412,713)	678,566
Profit margin attributable to owners of the Company	-21.0%	4.8%
Core net (loss)/profit attributable to owners of the Company <sup>(2)</sup>	(856,433)	1,672,882
Core net (loss)/profit margin attributable to owners of the Company <sup>(3)</sup>	-7.4%	11.8%
Earnings per share (basic and diluted)	RMB(0.55)	RMB0.16
Dividend per share (tax inclusive)	RMB0	RMB0.034

### Notes:

- (1) In the event of any inconsistency between the Chinese version and the English version of this report, the Chinese version shall prevail.
- (2) Core net profit attributable to owners of the Company represents the profits attributable to owners of the Company after deducting the after-tax effects of changes in fair values of investment properties, other income, other gains and losses and other expenses etc., which are not related to daily operating activities.
- (3) Core net profit margin attributable to owners of the Company represents the ratio of core net profits attributable to owners of the Company divided by revenue.

### KEY FINANCIAL PERFORMANCE INDICATORS

RMB million



## Financial and Operational Highlights

### OPERATIONAL HIGHLIGHTS

The following table sets forth certain operating statistics of Portfolio Shopping Malls<sup>(1)</sup> and Managed Shopping Malls<sup>(1)</sup> in operation as at the dates indicated:

	As at 31 December 2023	As at 31 December 2022
Number of shopping malls	362	378
Operating area of shopping malls (sq.m.)	21,724,717	22,508,291
Number of cities covered	215	223
Number of Portfolio Shopping Malls	87	94
Operating area of Portfolio Shopping Malls (sq.m.)	7,984,656	8,369,802
Average occupancy rate of Portfolio Shopping Malls	82.8%	85.2%
Number of Managed Shopping Malls	275	284
Operating area of Managed Shopping Malls (sq.m.)	13,740,061	14,138,489
Average occupancy rate of Managed Shopping Malls	85.7%	86.7%

*Note:*

(1) For the definition, please refer to the prospectus (the "Prospectus") of the Company dated 16 June 2015.

# Chairman's Statement



**ZHENG Yongda** Chairman

Dear shareholders,

On behalf of the Board of Directors, I present to all of you the results of the Company and its subsidiaries (the “**Group**” or “**we**”) for the year ended 31 December 2023 (the “**Reporting Period**”): in 2023, we achieved the revenue of RMB11,515.0 million, the loss attributable to owners of the Company amounted to RMB2,412.7 million, and the core loss attributable to owners of the Company amounted to RMB856.4 million.

In 2023, due to fluctuations in the macroeconomic environment and shifts in industry channels, the occupancy rate of shopping malls experienced a phased decline. With focus on the operating decisions of the Board, the Company steadfastly embraced its role as an explorer and standard-bearer of the industry. While actively implementing the “focusing on operation” strategy, the Company deeply built ten theme pavilions, optimized the layout of shopping malls categories, continuously to expand the area of smart electrical appliances, catering and other categories, and explored new hot selling brands to settle in. In addition, the Company further explored a new online and offline integrated retail model through methods such as the “10,000 Top Shopping Guides Live Streaming”, the “Tongcheng Station Product Aggregation” and expanding sources of traffic relying on M+ High-End Design Center, aiming to create a comprehensive online and offline home retail business network that integrates multiple store formats, category expansion, brand selection, scene experience and systematic marketing.

The Company consistently prioritized shareholder returns and shared its growth with shareholders. In view of the fact that the net profit attributable to the shareholders of the Company was negative in 2023 and the Company has not achieved profitability, on the premise of ensuring normal operations and long-term development of the Company, the Board of the Company, while taking into account the sustainable development plan, profitability, operating plan and capital arrangements of the Company, and in accordance with relevant laws, and regulations and the Articles of Association, the final dividend distribution proposal of the Company for 2023 is that: there will be which no cash dividend will be distributed and no capital reserve will be converted into share capital in 2023.



### MAINTAINING INDUSTRY-LEADING OPERATIONAL PRESENCE AND ESTABLISHING A SOLID FOUNDATION RELYING ON SELF-OPERATED BUSINESS

As of the end of the Reporting Period, the Company operated 87 Portfolio Shopping Malls, 275 Managed Shopping Malls and 8 shopping malls through strategic cooperation, 46 franchised home improvement material projects, including a total of 448 home improvement material stores/industry streets.

Based on the self-operation mode, the Company further strengthened its market leading position in first-tier and second-tier cities. Meantime, leveraging its sound brand reputation, mature shopping mall development, tenant sourcing and operation and management capabilities in the home improvement and furnishing industry, the Company expanded its penetration and optimized its network of shopping malls in the third-tier cities and other cities through the asset-light management and franchise business model. The sound operating conditions of Portfolio Shopping Malls of the Company fully reflected the professional level and management ability of the Company as a leading home improvement and furnishings shopping mall operator, and played a positive exemplary role in continuously attracting potential high-quality brand merchants, and expanding and consolidating its cooperation with partners under asset-light management and local governments. More than 80% of the Company's Portfolio Shopping Malls are located in prime areas in first-tier and second-tier cities, and some of these shopping mall properties are owned by the Company, which eliminated the burden of property rental costs. Therefore, the Company was capable to maintain relatively stable operating cash flow and profitability even amidst adverse market fluctuations.

### ACHIEVING REMARKABLE RESULTS IN CATEGORY EXPANSION STRATEGY THROUGH REFINED OPERATIONS, AND MAINTAINING A STRONG MOMENTUM IN THE INTEGRATED DEVELOPMENT ACROSS MULTIPLE FORMATS

As the home improvement and furnishings market transitioned from rapid growth to stable structural adjustment stage with more diversified consumer traffic and increasing online channel market scale, service-oriented home improvement and furnishings shopping malls remained indispensable. Red Star Macalline has always been emphasizing on operations, creating a harmonious and win-win ecosystem and continuously refining and deepening the traffic of home furnishing industry, with a view to bringing a complete transformation from fragmentation to concentration of home furnishing consumption. And in the meantime, it has been continuing to implement the strategy of "expansion of categories and focus on operations", optimizing the brand structure and accelerating the creation of category-themed pavilions, with a view to meeting the increasingly diversified needs of consumers in the stock age. The Company deeply built ten major theme pavilions to stabilize occupancy rates by combining high-end electrical appliances, home decoration and design, and new energy vehicle segments. In 2023, the Company launched the automobile business, successfully combined automobile category with home improvement category, and carried out a trial on the new "one-stop home ownership" business from home decoration to home furnishings, home appliances and automobiles. The Company continued to improve the refined rental management level, implement reasonable rent pricing, and further refine the floor level and category price difference specifications with the requirement of "five levels, and separate price for each level", thus ensuring the healthy and sustainable growth of overall rent.

### **BECOMING A NEW RETAIL BENCHMARK IN THE HOME DECORATION AND FURNISHINGS INDUSTRY RELYING ON DIGITAL ECOLOGICAL EMPOWERMENT**

In line with the tenet of “focusing on user needs”, the Company continues to deepen its strategic cooperation with Alibaba and establish an integrated online and offline operation system around the “Tmall Tongcheng Station”. During the Reporting Period, the Company has always attached importance to building the self-building and operation capacities of Tongcheng Station, and has completed the upgrading and innovation of product selection, product operation, traffic undertaking, content supply form and marketing mode. In terms of basic capacity construction, the “Tmall Tongcheng Station” continues to deepen its product operation, upgrading from basic product listing optimization to core product pool operation, further improving product quality. The content operation continued to build the “10,000 Top Shopping Guides Live Streaming” IP, and explored and built the second channel, TikTok. While maintaining the refined operation of stores, we attracted users with content, online promotion and offline comparison to provide users with a one-stop consumption experience.

### **LAUNCHING THE M+ HIGH-END DESIGN CENTER TO STRENGTHEN THE USER MINDSET OF “CHOOSING DECORATION AND PURCHASING HOME FURNISHINGS AT RED STAR MACALLINE”**

As another pivotal strategy following the success of the high-end electrical appliance category, the M+ High-End Design Center signifies a crucial step for Red Star Macalline to create a truly sustainable, high-quality and high-end traffic ecosystem. The capability to offer life-enhancing ideas is paramount in defining the competitiveness of the big home furnishings industry. With the design scheme as the center, shopping malls, designers, distributors and brand factories will be bundled together deeply. We can realize value co-creation and benefit sharing from design scheme to material bundled, so as to significantly improve the conversion rate of traffic, reduce customer acquisition cost, and build a sustainable, high-quality and high-end traffic ecosystem.

### PROACTIVELY COPING WITH CHALLENGES, DEEPENING STRATEGIC LAYOUT AND LEADING INDUSTRY CHANGES

In 2024, the Company will continue to implement the three-year business plan, constantly promote category expansion based on consumer demand, prioritize the strategy of “sticking to the main track, expanding new categories, and penetrating into new fields”, and accelerate the implementation of intelligent automobile ecosystem complex. In terms of high-end electrical appliances, the Company will deeply explore the stock housing market and carry out “trade-in” activities on home electrical appliances appliances, which will strengthen the user mindset of purchasing high-end electrical appliances at Red Star Macalline and attract targeted store traffic for shopping malls based on the trade-in demand as a contact point. The home improvement business will promote the platform-based transformation and advance the launch of M+ High-End Design Center in an orderly manner, so as to build sustainable high-quality offline traffic sources. In terms of online operations, the Company will continue to deepen its strategic cooperation with various core online traffic platforms, consolidate the primary channel of “Tmall Tongcheng Station”, and focus on operating and upgrading the second channel of TikTok. Through optimizing shareholder structure, the Company will gradually develop a more diversified corporate culture, optimize its corporate governance structure and enhance its operational and management efficiency.

Under the strategic guidance of “light-asset, operation-focused and leverage reduction”, the Company will continue to promote various changes and optimization initiatives, uphold the deep understanding of “ingenuity” and keen consumer insight, and give full play to its solid operation and management experience and advantages of its nationwide commercial network. Closely following its original aspiration and mission, the Company will remain agile in adapting to market dynamics, proactively cope with various challenges, and lead industry changes.

**ZHENG Yongda**

*Chairman*

28 March 2024



# Management Discussion and Analysis

## INDUSTRY OVERVIEW

In 2023, faced with the complex and severe international environment and the difficult and heavy task of domestic reform, development and stabilization, under the strong leadership of the Party Central Committee, the decisions and deployment of the Party Central Committee and the State Council have been conscientiously implemented throughout the country, the general tone of seeking progress while maintaining stability has been adhered to, and intensified the efforts of macro-control adjustments, so that the economic operation continued to rebound to a better position despite the external pressure and overcame the internal difficulties.

According to relevant data from the National Bureau of Statistics of China, in 2023, China's GDP increased by 5.2% year-on-year, a growth rate 2.2 percentage points faster than that in 2022, which was higher than the estimated global growth rate of around 3% and also ranked among the world's major economies. The sustained economic recovery has ensured steady growth in the income of urban and rural residents, with per capita disposable income of all residents increasing by 6.3% in nominal terms over the same period of the previous year, and 6.1% increasing in real terms after deducting price factors impact. In 2023, the per capita consumption expenditure of all residents increased by 9.2% in nominal terms over the same period of the previous year, and 9.0% increasing in real terms after deducting price factors. With the continuous improvement of the economy, the effect of policies to promote consumption continuing to be manifested and the consumption potential continuing to be released, residents' consumption expenditure was accelerating recovery.

In 2023, total retail sales of social consumer goods (the **"total retail sales"**) increased by 7.2% year-on-year. Among the total retail sales, the retail sales of goods increased by 5.8% year-on-year, with furniture increased by 2.8% year-on-year, household electrical and audio – visual appliances increased by 0.5% year-on-year, and building and decoration materials fell by 7.8% year-on-year. In 2023, various parties implemented in-depth strategies to expand domestic demand and actively launched a series of policies and measures to boost consumption, which pushed the consumer market back to a positive trend and steadily expanded the market scale. In 2024, as the national economy continues to rebound and improve, the relevant policies to promote consumption continue to take effect, new consumer industries and new modes of consumption are gradually cultivated and strengthened, and the incomes of urban and rural residents continue to grow, the trend of expansion dynamics of the consumer market will be consolidated and strengthened.

In 2023, the total population decreased slightly, but China still has a population of over 1.4 billion, and the advantages of population scale and super large-scale market will exist for a long time. In 2023, the level of urbanization continued to improve, with the urban population accounting for 66.16% of the national population (urbanization rate), an increase of 0.94 percentage point compared to the end of the previous year. The spatial layout of urbanization continued to be optimized, and the quality of new urbanization steadily improved.

Real estate has an important impact on the national economy, and although it is currently in the adjustment stage of adjustment and transformation, there is a relatively good foundation for the long-term healthy development of the real estate market. First, China is still in the stage of sustained urbanization development, and there is still room for improvement in the urbanization rate in China compared to the world's developed economies; Second, the new mode of real estate development is being actively constructed, among which, the construction of subsidized housing, the construction of public infrastructure for "dual use in normal and emergency situations", and the transformation of urban villages are all being actively promoted. With the strong and orderly progress of these projects, it will be conducive to solving the urgent and difficult problems of the people in housing and living, and will also drive real estate-related investment and consumption and promote the healthy development of the real estate market.





## Management Discussion and Analysis

In addition, the dividends of the existing real estate market have gradually emerged. Although the per capita housing area in China is not small, many houses are not reasonable in terms of function and structure, and many people have more urgent needs for improved housing condition, which will form an important driving force for the real estate market. According to the monitoring of 70 large and medium-sized cities by the National Bureau of Statistics of China, the demand for improved housing condition is very obvious, and the transaction volume of second-hand houses has exceeded that of new houses.

In the long run, factors such as the growth of residents' income level, the continuous increase in quality demand, the popularity of the concept of green environmental protection, the continuous promotion of urbanization, the accelerated establishment of a new and healthy real estate market, and the continuous growth in demand for renovation of existing housing will all bring sustained and stable development to the home decoration and furniture industry. The Company will give full play to the advantages as a leading enterprise and actively seize the development opportunities in the industry.

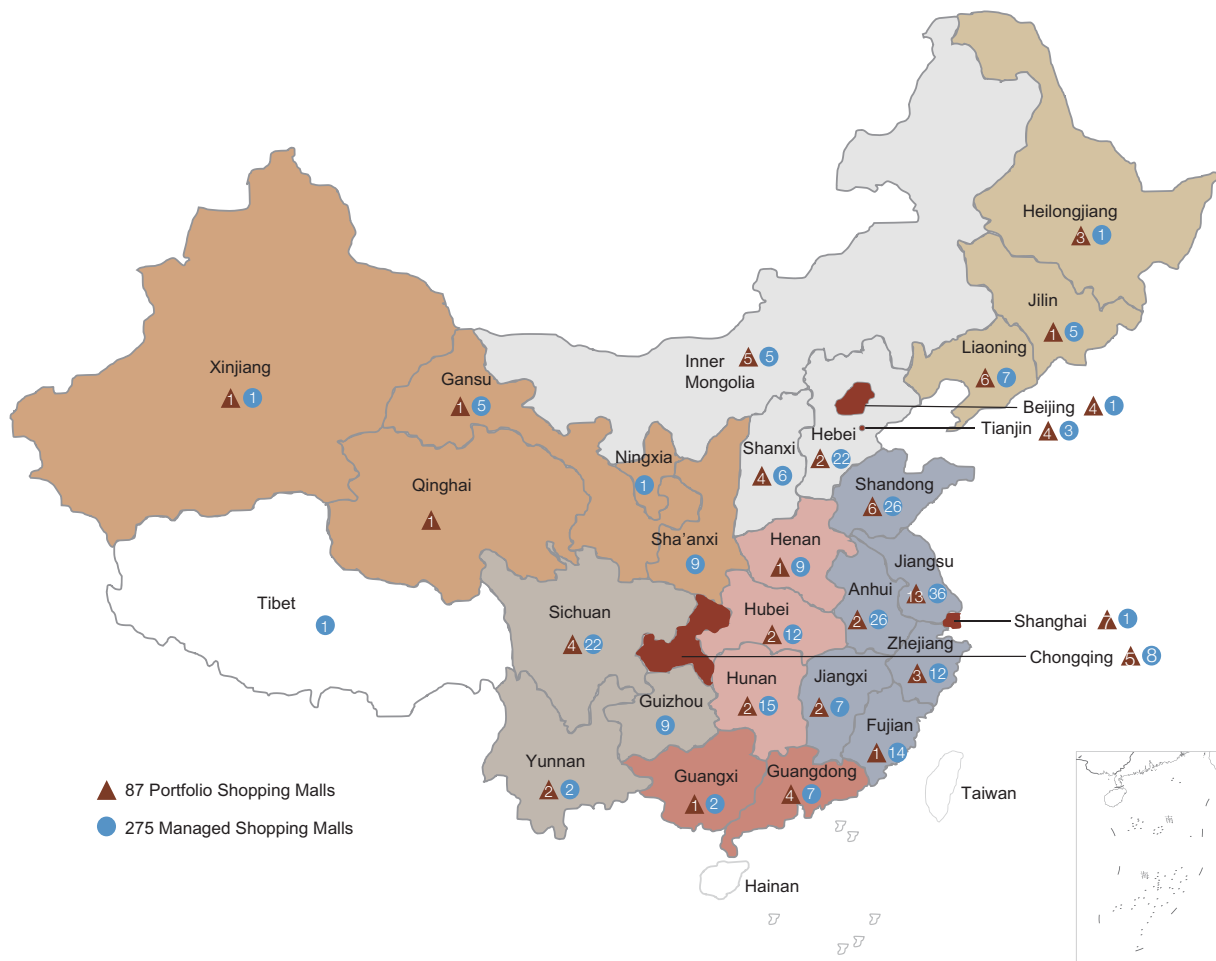
## BUSINESS REVIEW

Under the macro-control policies on real estate, the domestic real estate market as a whole showed a trend towards a steady rebound, and the demand for partial refurbishment and renovation of old houses from the stock market demonstrated consumption vitality during the Reporting Period. While boosting consumption, the Company's operations emphasize industry upgrading and lay out its future core competencies in advance with a long-term vision. In recent years, with the strategy of "expansion of categories and focusing on operation", the Company has deeply built ten major categories of theme pavilions, such as high-end electrical appliances and systematic doors and windows. In March 2023, the Company launched an M+ High-End Design Center, which has now formed a "10+1" full – chain, three-dimensional and large-scale home furnishings ecology with the online and offline comprehensive layout, full coverage of home furnishings, home decoration and high-end electrical appliances, and brand owner and designer resources.

## 1. BUSINESS DEVELOPMENT AND LAYOUT

### 1.1 A mature omni-channel commercial network covering the whole country, continuously improving the refined management of rents

The following map sets forth the geographical distribution of our shopping malls as at the end of the Reporting Period:



*Note:* Geographically, Northeast China includes Heilongjiang Province, Jilin Province, Liaoning Province; North China (excluding Beijing and Tianjin) includes Shanxi Province, Hebei Province, Inner Mongolia Autonomous Region; East China (excluding Shanghai) includes Shandong Province, Jiangsu Province, Zhejiang Province, Anhui Province, Jiangxi Province, Fujian Province; Central China includes Hunan Province, Hubei Province, Henan Province; South China includes Hainan Province, Guangdong Province, Guangxi Zhuang Autonomous Region; West China (excluding Chongqing) includes Shaanxi Province, Gansu Province, Qinghai Province, Ningxia Hui Autonomous Region, Xinjiang Uygur Autonomous Region, Yunnan Province, Sichuan Province, Guizhou Province, Tibet Autonomous Region

## 1. BUSINESS DEVELOPMENT AND LAYOUT (Continued)

### 1.1 A mature omni-channel commercial network covering the whole country, continuously improving the refined management of rents (Continued)

As of the end of the Reporting Period, the Company operated 87 Portfolio Shopping Malls, 275 Managed Shopping Malls and 8 shopping malls through strategic cooperation, 46 franchised home improvement material projects, including a total of 448 home improvement material stores/industry streets, covering 215 cities in 30 provinces, municipalities and autonomous regions in China, with a total operating area of 21,724,717 sq.m..

In terms of occupancy rates, the average occupancy rate of Portfolio Shopping Malls was 82.8% and the average occupancy rate of Managed Shopping Malls was 85.7%. In addition, among the pipeline Managed Shopping Malls, the Company has obtained land use rights/land parcels for 292 contractual projects.

The Company has constantly improved the refined rental management level, implemented the rational rent pricing mechanism, and further refined the floor level and category price difference specifications, with the requirement of “five levels, one level and one price”. The booth rent grading and pricing mechanism was improved, and through the integration of big data systems, system and manual calibration functions were added to further refine management, improve overall management efficiency, and ensure the healthy and sustainable growth of overall rent.

### 1.2 Continuously expanding categories and integrated consumption in multiple industries

By tapping and introducing high-quality resources in the industry, the Company has continuously selected mainstream categories and brands that meet the needs of consumers, thereby optimizing the structure of merchants and business formats, maintaining full categories and differentiated advantages, and promoting experiential and immersive consumption. The Company deeply built ten major theme pavilions to stabilize occupancy rates by combining electrical appliances, home furnishing design, and new energy vehicle segments. The annual area of electrical appliances increased by 45,000 sq.m., accounting for 10.8%; the area of home furnishing design increased by 110,000 sq.m., accounting for 3.3%; the area of new hot-selling brands accounted for 11.1%; and the area of Category A and import accounted for 49.6%.

The Company has continuously introduced catering categories and regarded catering as a basic support for shopping malls. The Company created a multi-functional catering product portfolio in line with the space of Red Star Macalline by means of co-branding of home furnishing brands, chain catering, regional cooperation and other forms. During the Reporting Period, the Company proactively sought cooperation with core catering brands such as McDonald's, KFC, Pizza Hut, Starbucks, Luckin Coffee and NAIXUE. Based on “user thinking”, the Company is aimed to improve the quality of food courts and the shopping experience in malls. In 2023, the coverage of catering categories in shopping malls across the country increased from 43% to 54%, while the catering coverage in 100 Malls increased from 78% to 100%.

# 1. BUSINESS DEVELOPMENT AND LAYOUT (Continued)

## 1.2 Continuously expanding categories and integrated consumption in multiple industries (Continued)

In addition to fashionable catering services, the Company put an eye on the big automobile ecosystem to meet the household users with middle and high-end consumption levels. As a mid-to-high end home retail platform, the Company has a high degree of overlap with the user consumption portraits of new energy vehicles, high-end used cars and other businesses. In July 2023, the Company entered into strategic cooperation with Shanghai Carnex Automobile Service Co., Ltd. (上海卡乃馳汽車服務有限公司) and other parties to combine automobile category with home furnishings category and to carry out a trial on the new “one-stop home ownership” business from home decoration to home furnishings, home appliances, automobiles, etc. By leveraging this strategic cooperation, the Company will actively expand its cooperation in the field of new energy vehicles. During the Reporting Period, the new energy vehicle stores and high-end used cars were admitted to the Company with an area of more than 10,000 sq.m.. Top brands in the new energy vehicle sector, such as Tesla, Fangchengbao series under BYD, AITO series under Huawei, SKYWORTH and Ford were admitted to the Company and started cooperation. More than ten luxury used car brands were also settled in the Company. The Company has entered into a headquarters-based cooperation with GAC New Energy to achieve revenue from consulting services. The Company has been carrying out multi-dimensional pilot cooperation with new energy vehicle brands on brand marketing, shop opening and energy layout in Shanghai, Beijing, Shenzhen, Wuhan, Zhengzhou, Tianjin, Chongqing, Kunming, Suzhou, Fuzhou, Xi’an, Xining, Shenyang and other cities.

## 1.3 Deeply expanding the integration of home improvement and home furnishings, and building a high-quality and high-end traffic ecology

In March 2023, the Company launched the M+ High-End Design Center, positioned as a hyperlinker, aiming at becoming the first entrance for high-quality home improvement traffic. The increasing demand for design from consumers, the Company’s continuous accumulation in the design field and its complete supply chain ecosystem for home improvement, home furnishings and electrical appliances, and the solid category integration management and operation capabilities of our teams have created a mature opportunity for the launch of the M+ High-End Design Center. With the design segment officially included in our corporate strategy, the M+ High-end Design Center will operate in synergy with the other ten theme pavilions to comprehensively enhance the customer acquisition and business capabilities of shopping malls, brands and dealers. In the future, with the design scheme as the center, shopping malls, designers, distributors and brand factories will be bundled together deeply. We can realize value co-creation and benefit sharing from design scheme to material bundled, so as to significantly improve the conversion rate of traffic, reduce customer acquisition cost, and build a sustainable, high-quality and high-end traffic ecosystem.



## 1. BUSINESS DEVELOPMENT AND LAYOUT (Continued)

### 1.4 Optimizing the online and offline integration ecology and operating omni-channel traffic

Online and offline integration is one of the leading development focuses of the Company in recent years. Since the launch of our strategic cooperation with Alibaba in 2019, the Company has joined hands with Alibaba, a strategic investor, to digitally upgrade our offline stores. We established Tmall “Online Tongcheng Station” and built an omni-channel user operation system centered on users to empower offline distributors and help merchants effectively and accurately convert online traffic to offline stores for consumption.

During the Reporting Period, 295 core shopping malls of the Company realized digital upgrades. In addition to the digital upgrades of the field domain of shopping malls, the Company has successively completed the upgrades and innovation of commodity operation, user operation and content operation. The content operation continued to build the “10,000 Top Shopping Guides Live Streaming” IP. Meanwhile, we made efforts to explore and built the second channel, TikTok. Relying on the local living business model of TikTok, we carried out an analysis and formulated a plan for TikTok operation. While maintaining the refined operation of stores, we attracted users with content, online promotion and offline comparison to provide users with a one-stop consumption experience.

In terms of commodity operation, “Tmall Tongcheng Station” continuously conducted commodity operation to establish an online hierarchical operation system for commodities, focused on all the resources in the store, and built a pyramid top product operation system to create over 100 top commodities with  $DAU \geq 100$ . In terms of content operation, to implement the “10,000 Top Shopping Guides Live Streaming” scheme, the headquarters transformed the complex and professional live streaming content into the live streaming tutorials easier for merchant guides to learn and practice during the Reporting Period. Through nationwide promotion, offline training and multiple online training sessions, it has been effectively promoted among employees and shopping guides for more than 10,000 times, driving more shopping malls to join the live streaming business and improving the live streaming enthusiasm of merchants. The number of live streaming sessions in the whole year has increased by 180% year-on-year, representing the year-on-year traffic growth of 234%. In the future, we will continue to incubate and cultivate the live streaming capabilities of organizations, empower practitioners in the home furnishings industry with live streaming operation capabilities, and promote the “10,000 Top Shopping Guides Live Streaming 2.0” superstar live streamer scheme.

## 2. MARKETING MANAGEMENT: CONTINUOUSLY CARRYING OUT INNOVATIVE MARKETING ACTIVITIES TO CREATE THE HOME FURNISHING MARKETING IP

Due to the active consumption promotion initiatives and industrial policies in 2023, home furnishings consumption has become an important driver for stabilizing growth. The Company has continued to implement its category strategy with the aim of brand upgrading, and has constantly carried out innovative marketing activities to create marketing IPs in the home furnishing industry.

Based on the core connotation of home culture, we continued to build “Loving Home Day”, the corporate culture IP during the Reporting Period. By combining traditional festivals and emerging popular festivals, seven hotspot posters were designed to evoke people’s deep emotions towards traditional culture, family and home, while leveraging the opportunity to spread brand awareness. Six national unified promotions were carried out, thus the marketing IPs in the home furnishing industry were successfully created: “315FUN Sihai Shopping Festival (315FUN肆嗨購節)” and “818FUN Sihai Shopping Festival (818FUN肆嗨購物節)”. The “818 Promotion” has for the first time developed a national “Super League” operating mechanism to stimulate momentum. During the Year, we carried out a number of activities to introduce key categories, including electrical appliances, customization, soft decoration, and imports. We aim to enhance the reputation of the Company’s category operations, continue to expand the influence of different categories in the industry, and focused on creating the category mindset of choosing Red Star Macalline to buy high-end electrical appliances. We are committed to promoting business development and transmitting high-quality brands. Public relations activities have planned and launched five “industry conferences”, and nearly 20 communication projects for six key promotion conferences in collaboration, the green running strategic signing ceremony, China quality conference, sleep week, import appraisal month, Dunhuang research and study on sintered stones and other related activities.

In terms of content operation, we established relationship with young users on mainstream traffic platforms. 92 original videos concerning new hot-selling brands, promotions and category marketing were created to support business operations. We continuously operated the official we-media matrix, including WeChat, Weibo, TikTok, Video Accounts, Xiaohongshu and Bilibili, the reading quantity of which reached more than 110 million. We have more than 5 million followers. As the spokesperson took part in publicity campaign in Beijing, the global online publicity quantity exceeded 1 billion. October 1st Promotion also received warm response.

In terms of digital tools, we made the utmost of the enterprise WeChat marketing tool and the online gift management tool. The number of enterprise WeChat friends increased by 12,000 per day on average, and increased by more than 4 million throughout the Year. We continuously improved and promoted the use of the online gift system in shopping malls across the country, which covered 264 shopping malls under normal operation. Gift distribution efficiency and compliance management were enhanced to help improve the efficiency in use of planning expenses and realize the effective saving of budgets. Through nationwide marketing, community operation, intelligent marketing and CRM digital system, we carried out omni-channel and full lifecycle operations to attract consumer traffic and effectively reduce the cost of customer acquisition.

### 3. OPERATIONAL MANAGEMENT: IMPROVING THE MANAGEMENT OF SHOPPING MALLS, OPTIMIZING SERVICE EXPERIENCE AND PROMOTING THE GREEN AND ENVIRONMENTAL MANAGEMENT SYSTEM

The Company continuously promoted the upgrading of operation management with on-site management, risk management, commodity management, merchant management, service improvement and talent construction as the core, and advanced the green and environment-protection commercialization. Also, it continued to carry out customer evaluations, paid close attention to the feedback on customer experience, and improved customers' home furnishing consumption experience and satisfaction in an all-round way.

Improving the home-based services, integrating the promotion and category activities, and boosting the operation of theme pavilions, the Company has successively launched five home service themed activities in 2023, including "315 Service Month", "Spring Renewal Service Month", "618 Cool Summer Home Care Service Season", "818 Household Appliances Cleaning Season", and "Gratitude and Giving Back Month". In 2023, more than 300 shopping malls nationwide have cumulatively served more than 400,000 households, with the services covering 6 major product lines and more than 50 items, with a customer satisfaction rate of 100%. Strengthening and upgrading the membership system with service as the core, the number of member service malls nationwide expanded from 75 to 96 in 2023, with a customer satisfaction rate of 97%.

The Company established a tenant management system with credit classification as the core, empowering nationwide Shopping malls merchants management. The Company optimized and upgraded the credit management program for merchants, and continuously deepened the storefront design and publicity materials, aiming at "customers first" and integrating and displaying information such as consumption tips and Green Pacemaker, so as to comprehensively improve the customer reach rate. By the end of 2023, a total of 259 shopping malls have been upgraded, with the coverage rate of upgraded shopping malls participating in the national assessment exceeding 88%. Tenant credit will be integrated online and offline. By 2023, 100% of shopping malls will be online.

### 3. OPERATIONAL MANAGEMENT: IMPROVING THE MANAGEMENT OF SHOPPING MALLS, OPTIMIZING SERVICE EXPERIENCE AND PROMOTING THE GREEN AND ENVIRONMENTAL MANAGEMENT SYSTEM (Continued)

We continued to promote the green and environmental protection management system for commodities, and there was not a single major green and environmental protection quality incident throughout the year. The annual access qualification compliance rate was 90%, and a total of 2,580 batches participated in environmental protection quality inspection, with an inspection pass rate of 95.12%. The Company signed the third 5-year strategic cooperation agreement with China Quality Certification Center (CQC), and released the annual list of leading green and environmental protection home furnishing brands, with 68 new furniture and building materials brands on the list. Empowered leading green brands through top industry summits such as the Home Expo and the Construction Expo, and created the “Green Pacemaker Highlight Exhibition”. The Company and FT Quality Data jointly organized the 3rd Home Furnishing Quality Conference, launching the joint initiative of “Building Brands, Renewing Consumption”, and at the same time, 37 brands won the first batch of “Testing and Mutual Recognition” Environmental Benchmark Awards for the Green Pacemaker and FT Quality Award. We adhered to the regularization of green environmental protection publicity, so that environmental protection can empower the brand at the end. Jointly organized the “Green 0 Decibels” special seminar for the 10 major green door and window brands. Organized the 6th “Green and Environmental Protection Week” special event in shopping malls across the country to empower leading green brands.

As at the end of the Reporting Period, the net customer recommendation value was 68.1%, the overall service satisfaction rate was 95.96%, the service satisfaction rate was 96.3%, the delivery and installation satisfaction rate was 95.1%, the goods satisfaction rate was 94.5%, and the environmental satisfaction rate was 97.4%, all of which were better than the level of the same period in the industry.



# Management Discussion and Analysis

## FINANCIAL REVIEW

The key financial performance indicators of the Company can generally be categorized into revenue, profit attributable to owners of the Company and core net profit attributable to owners of the Company. These indicators provide a measurement of our performance against the key drivers of the Company. For details of the financial performance indicators, please refer to “Revenue” and “Total (Loss)/Profit for the Year Attributable to Owners of the Company, Core Net (Loss)/Profit Attributable to Owners of the Company and (Loss)/Earnings per Share” on page 20 and page 22, respectively.

### 1. Revenue

During the Reporting Period, the Group’s revenue amounted to RMB11,515.0 million, representing a decrease of 18.6% from RMB14,138.3 million in 2022. During the Reporting Period, the rental and related income of our Portfolio Shopping Malls decreased by 13.8%, which was mainly due to the phased decline in the occupancy rate of the Group’s Portfolio Shopping Malls affected by the fluctuations in the overall economic environment, and the increase in the Company’s incentives for stabilizing and retaining tenants in order to support the continued operation of the tenants. The related income from our Managed Shopping Malls decreased by 14.5% during the Reporting Period, mainly due to the decrease in related income from our Managed Shopping Malls as a result of the decrease in the number of Managed Shopping Malls, as well as the delay in performance of contracts of managed consultancy projects and the decrease in business consultancy projects due to the fluctuations in the overall economic environment. Meanwhile, due to the overall economic fluctuations, the revenue from construction and design, sales of merchandise and home decoration and other revenue have declined by different degrees compared to 2022.

The following table sets forth our revenue by segments:

	For the year ended 31 December			
	2023		2022	
	RMB’000	%	RMB’000	%
Owned/Leased Portfolio Shopping Malls	6,780,669	59.0	7,867,647	55.6
Managed Shopping Malls	2,030,714	17.6	2,375,962	16.8
Construction and design	1,212,210	10.5	1,233,331	8.7
Related home decoration and sales of merchandise	313,093	2.7	641,384	4.5
Others	1,178,297	10.2	2,019,996	14.4
Total	11,514,983	100.0	14,138,320	100.0

### 2. Cost of Sales

The cost of sales of the Group mainly included the cost of operation and management of Owned/Leased Portfolio Shopping Malls, the cost of project consulting and management service, the cost of construction and design, the cost of related home decoration and sales of merchandise. The cost of sales of the Group decreased from RMB5,293.6 million in 2022 to RMB4,481.7 million in 2023, representing a decrease of 15.3%, mainly due to the decrease in the corresponding cost resulted from the decline in the scale of business related to Managed Shopping Malls and home decoration and sales of merchandise.

## FINANCIAL REVIEW (Continued)

### 2. Cost of Sales (Continued)

The following table sets forth our cost of sales by segments:

	For the year ended 31 December			
	2023		2022	
	RMB'000	%	RMB'000	%
Owned/Leased Portfolio Shopping Malls	1,481,708	33.1	1,512,648	28.6
Managed Shopping Malls	1,141,145	25.5	1,410,068	26.6
Construction and design	1,219,687	27.2	1,044,100	19.7
Related home decoration and sales of merchandise	323,531	7.2	488,147	9.2
Others	315,659	7.0	838,658	15.9
<b>Total</b>	<b>4,481,730</b>	<b>100.0</b>	<b>5,293,621</b>	<b>100.0</b>

### 3. Gross Profit and Gross Profit Margin

During the Reporting Period, the Group's gross profit was RMB7,033.3 million, representing a decrease of 20.5% from RMB8,844.7 million in 2022; the Group's integrated gross profit margin was 61.1%, representing a decrease of 1.5 percentage points from 62.6% in 2022, primarily due to the increase in the incentives for stabilizing and retaining tenants in Portfolio Shopping Malls affected by the fluctuations in the overall economic environment, as well as the decrease in the number and gross profit of construction and design and home decoration projects during the Reporting Period.

The following table sets forth our gross profit margin by business segments:

	For the year ended 31 December	
	2023	2022
Owned/Leased Portfolio Shopping Malls	78.1%	80.8%
Managed Shopping Malls	43.8%	40.7%
Construction and design	-0.6%	15.3%
Related home decoration and sales of merchandise	-3.3%	23.9%
Others	73.2%	58.5%
<b>Total</b>	<b>61.1%</b>	<b>62.6%</b>

### 4. Selling and Distribution Expenses

During the Reporting Period, the Group's selling and distribution expenses amounted to RMB1,483.1 million (accounting for 12.9% of the revenue), representing a decrease of 4.6% from RMB1,555.3 million (accounting for 11.0% of the revenue) in 2022, which was primarily due to the decrease in labor expenses and energy and maintenance expenses during the Reporting Period.

# Management Discussion and Analysis

## FINANCIAL REVIEW (Continued)

### 5. Administrative Expenses

During the Reporting Period, the Group's administrative expenses amounted to RMB1,762.5 million (accounting for 15.3% of the revenue), representing a decrease of 5.3% from RMB1,861.8 million (accounting for 13.2% of the revenue) in 2022, which was primarily due to the decrease in labor expenses during the Reporting Period.

### 6. Finance Cost

During the Reporting Period, the Group's finance cost amounted to RMB2,654.6 million in 2023, representing an increase of 6.0% from RMB2,503.3 million in 2022, which was primarily due to the decrease in the Group's capitalized interest during the Reporting Period.

### 7. Treasury Policies and Objectives

The Group adopted prudent liquidity risk management policies in order to maintain flexibility of fund utilization, which included maintaining sufficient cash and funding through an adequate amount of committed credit facilities.

### 8. Income Tax Expenses

During the Reporting Period, the income tax expenses of the Group amounted to RMB30.8 million, representing a decrease of 96.1% from RMB780.8 million in 2022, which was mainly due to the loss for the year.

### 9. Total (Loss)/Profit for the Year Attributable to Owners of the Company, Core Net (Loss)/Profit Attributable to Owners of the Company and (Loss)/Earnings per Share

During the Reporting Period, total loss for the year attributable to owners of the Company amounted to RMB2,412.7 million, representing a decrease of 455.6% from the total profit for the year attributable to owners of the Company of RMB678.6 million in 2022; the core net loss attributable to owners of the Company amounted to RMB856.4 million, representing a decrease of 151.2% from the core net profit attributable to owners of the Company amounted to RMB1,672.9 million in 2022.

	For the year ended 31 December		Increase/ Decrease
	2023 RMB'000	2022 RMB'000	
Total (loss)/profit for the year attributable to owners of the Company	<b>(2,412,713)</b>	678,566	-455.6%
Profit margin for the year attributable to owners of the Company	<b>-21.0%</b>	4.8%	a decrease of 25.8 percentage points
Core net (loss)/profit attributable to owners of the Company	<b>(856,433)</b>	1,672,882	-151.2%
Core net (loss)/profit margin attributable to owners of the Company	<b>-7.4%</b>	11.8%	a decrease of 19.2 percentage points

During the Reporting Period, the Group's loss per share was RMB0.55, as compared to earnings per share of RMB0.16 in the same period of 2022.

### FINANCIAL REVIEW (Continued)

#### 10. Accounts Receivable

As of the end of the Reporting Period, the book value of accounts receivable of the Group amounted to RMB1,203.3 million (including the balance of accounts receivable of RMB3,169.5 million and the bad debt allowance of RMB1,966.2 million), representing a decrease of RMB758.9 million from RMB1,962.2 million as at the end of 2022.

#### 11. Deposits, Prepayment and Other Receivables

As of the end of the Reporting Period, the book value of deposits, prepayment and other receivables of the Group was RMB5,035.5 million, representing a decrease of RMB1,061.1 million from RMB6,096.6 million as at the end of 2022, which was mainly due to a decrease in collection and payment of merchant goods and prepaid taxes during the reporting period.

#### 12. Financial Instrument at FVTOCI

As of the end of the Reporting Period, the book value of financial instruments at FVTOCI of the Group was RMB1,757.6 million, which was mainly due to the disposal of investment projects and changes in fair value in the current period.

#### 13. Investment Properties and Loss on Fair Value Changes

As of the end of the Reporting Period, the book value of the Group's investment properties amounted to RMB98,480.2 million, representing a decrease of RMB1,542.0 million from RMB100,022.2 million as at the end of 2022. During the Reporting Period, the investment properties of the Group realized a loss on fair value changes of RMB1,546.0 million. It was mainly due to the increase in the incentives for stabilizing and retaining tenants to support the continued operation of tenants, which resulted in a phased decline in the Group's rental income and management fee income, and a corresponding downward adjustment in the valuation of investment properties.

#### 14. Capital Expenditure

During the Reporting Period, the Group's capital expenditure amounted to RMB351.3 million (2022: RMB1,049.4 million), which mainly includes purchase expenditure of investment properties and construction development expenditure. The expenditure in 2023 decreased by 66.5% as compared with 2022, mainly because the Group has deepened its business strategy of light asset, operation focused and leverage reduction, effectively controlling capital expenditures, and will further expand its asset-light business.



## FINANCIAL REVIEW (Continued)

### 15. Bank Balances and Cash and Cash Flow

As of the end of the Reporting Period, the cash and bank balances of the Group amounted to RMB2,529.8 million (of which, the balance of cash and cash equivalents amounted to RMB2,506.8 million), representing a decrease of RMB96.4 million from RMB2,626.2 million (of which, the balance of cash and cash equivalents amounted to RMB2,608.2 million) as at the end of 2022 (of which, the balance of cash and cash equivalents representing a decrease of RMB101.4 million).

	For the year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Net cash flow from operating activities	<b>2,363,641</b>	3,879,003
Net cash flow from investment activities	<b>701,361</b>	687,695
Net cash flow from financing activities	<b>(3,165,956)</b>	(8,059,246)
Impact of exchange rate changes on cash and cash equivalents	<b>(510)</b>	2,825
Net cash and cash equivalents	<b>(101,464)</b>	(3,489,723)

During the Reporting Period, the Group's net cash inflow from operating activities amounted to RMB2,363.6 million, representing a decrease of RMB1,515.4 million from a net cash inflow of RMB3,879.0 million in 2022, mainly due to the decrease in operating cash inflow from various business segments affected by the fluctuations in the overall economic environment, the phased decline in the occupancy rate of shopping malls, and the increase in the incentives for stabilizing and retaining tenants during the Reporting Period.

During the Reporting Period, the Group's net cash inflow from investment activities amounted to RMB701.4 million, representing an increase in inflow of RMB13.7 million from a net cash inflow of RMB687.7 million in 2022, mainly due to the control of capital expenditures during the Reporting Period.

During the Reporting Period, the Group's net cash outflow from financing activities amounted to RMB3,166.0 million, representing a decrease in outflow of RMB4,893.2 million from a net cash outflow of RMB8,059.2 million in 2022, mainly due to the decrease in net cash outflow for acquisition and repayment of debts during the Reporting Period as compared to the same period of the previous year.

## FINANCIAL REVIEW (Continued)

### 16. Debt Profile and Debt Ratio

As of the end of the Reporting Period, the total amount of debt of the Group was RMB34,448.8 million, of which banks and other borrowings were RMB32,690.3 million, bonds were RMB1,758.5 million.

The following table sets out our profile debt:

	As at 31 December 2023 (RMB'000)	As at 31 December 2022 (RMB'000)
<b>Bank and other borrowings</b>		
Secured	26,074,003	28,269,466
Unsecured	3,431,749	50,080
Commercial mortgage-backed securities	3,184,527	3,289,806
<b>Total</b>	<b>32,690,279</b>	31,609,352
Fixed-rate borrowings	16,269,128	11,573,044
Floating-rate borrowings	16,421,151	20,036,308
<b>Total</b>	<b>32,690,279</b>	31,609,352
<b>The borrowings are repayable</b>		
Within one year or on demand	12,976,625	7,100,362
More than one year, but not exceeding two years	3,898,734	7,295,674
More than two years, but not exceeding five years	9,015,530	8,305,398
More than five years	6,799,390	8,907,918
<b>Total</b>	<b>32,690,279</b>	31,609,352
<b>Actual interest rate range</b>		
Fixed-rate borrowings	3.80-15.40	4.79-15.40
Floating-rate borrowings	4.25-8.00	3.65-8.00

# Management Discussion and Analysis

## FINANCIAL REVIEW (Continued)

### 16. Debt Profile and Debt Ratio (Continued)

	As at 31 December 2023 RMB '000	As at 31 December 2022 RMB '000
<b>Medium-term notes:</b>		
Medium-term notes of 2020 (First tranche)	–	500,000
<b>Public offering:</b>		
Public offering of Corporate Bonds of 2019 (First tranche) (Type 2)	–	829
Public offering of Corporate Bonds of 2020 (First tranche) (Type 1) to professional investors	–	30,000
<b>USD Bonds:</b>		
USD Bonds of 2022 (3-year)	1,758,512	1,723,400
<b>Total</b>	<b>1,758,512</b>	<b>2,254,229</b>

Among the total debts of the Group, the portion repayable within one year or on demand amounted to RMB12,976.6 million, the portion repayable over one year but less than two years amounted to RMB3,898.7 million, the portion repayable over two years but less than five years amounted to RMB10,774.0 million and the portion repayable over five years amounted to RMB6,799.4 million; the Group will promptly repay the above debts at maturity.

The following table sets out our major debt ratios:

	As at 31 December 2023	As at 31 December 2022
Asset-liability ratio <sup>(1)</sup>	55.6%	55.2%
Net gearing ratio <sup>(2)</sup>	64.7%	61.4%
	<b>For the year ended 31 December</b>	
	<b>2023</b>	<b>2022</b>
Interest expenses coverage ratio <sup>(3)</sup>	1.42	2.01

Notes:

- (1) Asset-liability ratio is calculated as the total liabilities divided by total assets as at the end of each period.
- (2) Net gearing ratio means interest-bearing liabilities (including short-term borrowing, long-term borrowing, bond payables, financial lease payables, and commercial mortgage-backed securities payables) less cash and bank balances and then divided by total equity at the end of each period.
- (3) Interest expense coverage ratio is our adjusted EBITDA divided by our interest expenses before capitalization for each period. Adjusted EBITDA represents profit before tax, adding back finance costs, depreciation, amortisation and impairment, further adjusted to exclude loss on fair value changes, share of results of associates, share of results of joint ventures, other gains and losses, other expenses and other income.

### FINANCIAL REVIEW (Continued)

#### 17. Collateralized and Pledged Assets

As of the end of the Reporting Period, the Group had collateralized investment properties and fixed assets with a total book value of RMB87,753.4 million, and other equity instrument investments, interests in joint ventures and restricted cash and bank balances with a total book balance of RMB730.4 million for obtaining loans, the balance of such loans is RMB31,680.1 million; the Group holds restricted cash and bank with a balance of RMB379.4 million for deposit reserve placed with the central bank, etc.

#### 18. Contingent Liabilities

There is no contingent liability at the end of the Reporting Period.

#### 19. Financial Resources

In the future, the main sources of capital of the Group will be from cash generated from our operating activities, bank borrowings, issuance of bonds and share capital contributions from shareholders. To ensure that the capital of the Group is effectively utilized, the Group will continue to regularly monitor its liquidity needs, comply with its financing agreements and maintain sufficient cash reserves and appropriate credit limits so as to meet its liquidity demand.

#### 20. Material Acquisitions and Disposals of Subsidiary, Associates and Joint Ventures

There is no material acquisitions and disposals of subsidiary, associates and joint ventures of the Company during the Reporting Period.

#### 21. Capital Commitment

As of the end of the Reporting Period, the amount of capital expenditure in respect of the acquisition and development of investment properties which the Group has contracted for but not recognized in the financial statements was RMB1,151.4 million. In addition, the Group has entered into agreements with its partners, pursuant to which the Group's commitment to contributing funds for development of investment properties jointly with the partners amounted to RMB353.7 million.

## FINANCIAL REVIEW (Continued)

### 22. Significant Investment

During the Reporting Period, the Group did not have any significant investment. As of the date of this report, the Group does not have any plan for material investments.

### 23. Foreign Exchange Risk

As at the end of the Reporting Period, financial assets and liabilities denominated in currencies other than the functional currency of the Group mainly included USD-denominated notes, HKD short-term borrowings and certain deposits denominated in other currencies. To manage these additional foreign exchange risk exposures, the management of the Group has actively adopted relevant risk control measures, including selecting appropriate forward contracts and currency swaps and other foreign debt hedging instruments, enhancing internal control awareness and strategies, increasing discussion with international banks and closely monitoring and anticipating trends of foreign exchange market, in order to be prepared to hedge our risk in a timely manner. We believe that foreign exchange risks related to such assets and liabilities denominated in other currencies will not have material impacts on operating results of the Group.

### 24. Human Resources

As of the end of the Reporting Period, the Group had 14,461 employees (as at 31 December 2022: 18,101 employees). The Group signs labor contracts with employees according to the Labor Law of the People's Republic of China and the relevant provisions of the employee's locality. The Group will determine the employees' basic wage and bonus level according to the employees' performance, work experience and the market wage standard, and shall pay social insurance and housing provident fund for the employees. In 2023, the Group paid a total of RMB2,584.8 million for salary expenditure (2022: RMB3,016.4 million). Meanwhile, the Group also kept investing resources to provide various education and training opportunities for its employees, aiming to standardize the management work and improve the operation performance, and continuously improved the knowledge and technical competence as well as professional practice competence of the employees.



## RISK FACTORS

There is no significant change in risk factors faced by the Company for current year as compared with those for the previous year, and the specific risk factors are as follows:

### 1. Risks Caused by Slackened Macro-Economy and Cyclical Fluctuation of Real Estate Industry

In recent years, China's macroeconomic growth has continued to show a slowdown trend. In the meantime, the real estate industry, as a basic industry under continuous regulation and control in China, is closely related to the country's macroeconomic development and exhibits strong cyclical characteristics. The slowdown in macroeconomic growth and the adverse changes caused by cyclical fluctuations in the real estate industry may weaken the demand in the home improvement and furniture retail industries, which will have a certain negative impact on the Company's operating results.

Real estate has an important impact on the national economy, and although it is currently in the adjustment stage of adjustment and transformation, there is a relatively good foundation for the long-term healthy development of the real estate market. First, China is still in the stage of sustained urbanization development, and there is still room for improvement in the urbanization rate in China compared to the world's developed economies; Second, the new mode of real estate development is being actively constructed, among which, the construction of subsidized housing, the construction of public infrastructure for "dual use in normal and emergency situations", and the transformation of urban villages are all being actively promoted. With the strong and orderly progress of these projects, it will be conducive to solving the urgent and difficult problems of the people in housing and living, and will also drive real estate-related investment and consumption and promote the healthy development of the real estate market.

In addition, the dividends of the existing real estate market have gradually emerged. Although the per capita housing area in China is not small, many houses are not reasonable in terms of function and structure, and many people have more urgent needs for improved housing condition, which will form an important driving force for the real estate market. According to the monitoring of 70 large and medium-sized cities by the National Bureau of Statistics of China, the demand for improved housing condition is very obvious, and the transaction volume of second-hand houses has exceeded that of new houses.

With the growth of residents' income level, the continuous increase in quality demand, the deepening of green environmental protection concepts, and the continuous promotion of urbanization, the consumption demand for home decoration and furniture by the people will continue to be promoted; The accelerated establishment of a new and healthy real estate market and the continuous growth of demand for refurbishment of existing houses will also bring sustained development space to the industry.

The Company will give full play to the advantages as a leading enterprise, actively seize the development opportunities in the industry, and consolidate its market leadership through steady expansion of shopping mall network and refined operation. Meanwhile, the Company will also enhance its scale benefits and operating efficiency, and strengthen the stable profitability, thus better responding to and resisting the risks of macroeconomic and industrial fluctuations.

## RISK FACTORS (Continued)

### 2. Risks Associated with Talent Shortage and Loss

As our business scale is under continuous development and expansion, demand for high-level management talent and professionals increases continuously. If the Company's reserve of talent cannot keep up with the rapid development rate of the business, then it will pose an adverse impact on the Company's operational stability.

We have set up different personnel training and reserve plans for the fresh graduates, excellent employees and supervisory employees, and have continued to contribute resources to provide various types of education and training opportunities for the employees so as to enhance their knowledge and technical level as well as the ability of practicing business. Meanwhile, the Company has been strengthening information construction so as to improve the efficiency of business, and thus providing guarantee for the building of our pool of talent required for business expansion.

### 3. Risks Associated with Expanding Business Development

Based on the brand influence of national distribution network and the rich industry resources from decades of experience in the home improvement and furnishing industry, we plan to further develop the attractive supply chain and other related services. Compared with our shopping mall business, the business model and risks of expanding business may vary, but we may not have enough experience to effectively manage such expanding business and the related risks. Such expanding business may bring us new challenges and risks.

By relying on a strong industrial influence in the existing business accumulation, rich management experience and national distribution network system, we will provide high-quality resources support for the implementation of the above-mentioned expanding business. It will flexibly select and adjust the operating mode based on the market changes and business needs, so as to reduce the uncertainty of expanding business and other related risks.

### RISK FACTORS (Continued)

#### 4. Other Risks

As of the end of 2023, the Company operated 87 portfolio shopping malls, including 61 self-owned portfolio shopping malls, and the fair value model was adopted for subsequent measurement. As of the end of the Reporting Period, the book value of the Company's investment properties was RMB98.48 billion, accounting for 79.3% of total assets.

On the one hand, as the Company's future expansion focuses on the asset-light model, there will be limited investment in the construction of self-owned properties reserved, and the scale of investment real estate will be relatively stable in the future.

On the other hand, although consumption demand has gradually recovered, the consumption level and consumption confidence of residents have not yet fully recovered. The economic situation is still facing many challenges. The post-cycle consumption in the real estate industry is slowly recovering, and the industry is accelerating clearance, resulting in a phased decline in the occupancy rate of shopping malls on a year-on-year basis. Based on the dynamic changes in the market, the Company has reduced part of the rents and management fees for qualified merchants so as to support their continuous operations. Meanwhile, the Company has adjusted its strategic direction and category layout of shopping malls to attract designers, home decoration companies, new energy automobiles and other high-quality brands to settle in the shopping malls with favorable business terms. This has diversified the brand portfolio, and offered preferential business terms on rents and management fees for the admission of new categories, resulting in a phased decline in the Company's income from rents and management fees, which has further lowered the valuation of the Company's investment properties accordingly. During the Reporting Period, the investment properties of the Company realized a loss on fair value changes of RMB1.55 billion, while the book value of the investment properties was RMB98.48 billion, representing a relative change ratio of -1.6%. During the Reporting Period, the fair value of the Company's investment properties was relatively stable overall, which did not have material negative effect on the financial position, operating performance and shareholder dividends of the Company.

The changes in the fair value of the Company's investment properties are affected by factors such as China's macroeconomic growth momentum, urbanization process, residents' disposable income level, control policies and prosperity of the real estate market, and the consumption environment of the home improvement and furnishing industry. If there is any significant adverse change in the above factors, the value of the Company's investment properties measured at fair value will fluctuate downwards, and the gain from fair value changes included in the current profit and loss will correspondingly reduce or even cause losses, thereby adversely affecting the Company's financial conditions and operating results. The decline in the fair value of investment properties will affect the Company's profit available for distribution, which may adversely affect the future dividends of the Company.

In addition, the fair value model is adopted for subsequent measurement of the Company's investment properties, which is not comparable with the cost model commonly used by A-share listed companies in the industry. Therefore, investors are advised to exercise caution.

### OUTLOOK AND PROSPECTS

The Company has persistently adhered to the mission of “building a warm and harmonious homeland and enhancing consumption and lifestyle”. In 2024 and thereafter, the Company will continue to follow the operation and management model of “market-oriented management and shopping mall management”, to provide better and more professional services for consumers, consolidate our market leadership and strengthen the brand image of “Home Furnishing Expert” of “Red Star Macalline” in the consumers’ mind to build the most pioneering and professional “omni-channel platform provider in the home improvement and furnishing industry”.

The Company’s future development plans are as follows:

#### 1. The Group will continue to transform into “asset-light and operation-heavy”, and further strengthen the market leadership

In terms of shopping mall network construction, the Company will fully ride the good opportunities for the continuous and stable development of the industry brought by factors such as the growth of residents’ income level, the continuous increase in quality demand, the deepening of green and environmental protection concepts, the continuous promotion of urbanization process, the accelerated establishment of new and healthy real estate market, and the sustained growth in demand for existing house renovation. The Company will continue to improve the operational efficiency and performance of existing shopping malls, and continue to strategically supplement the existing home furnishing shopping mall network in attractive cities in an orderly manner.

The Company strengthen the market leading position in first-tier and second-tier cities through self-operation mode. At the same time, by relying on the sound brand reputation, mature shopping mall development, merchants sourcing and operation and management capabilities in the home improvement and furnishing industry, the Company will deploy and optimize the shopping mall network in third-tier cities and other cities through the asset-light management and franchise business model.

For already opened home furnishing malls, the Company will continue to deepen the operation of theme pavilions. By targeting the segment consumption circles, the Company will accurately operate the traffic to the store, thereby guiding connected sales between categories and extending the consumption chain of consumers in shopping malls. Gathering consumers by category can also realize the flow of consumers across brands, thereby enhancing the operation efficiency of shopping malls. The Company will continue to upgrade the operation capabilities, categories and brands, consumer services and reputation, marketing and other aspects of shopping malls, create more and better shopping malls, and deliver value samples of in-depth operations to consumers and the industry. In addition, the Company will continue to explore and promote cross industry cooperation, improve the rental rate in the mall, and achieve the integration of multiple formats.

The Company will continue to empower brands and merchants on the marketing side. The Company will further advance national promotions, category festivals and other marketing activities, and will continue to operate two major home furnishing marketing IPs to deepen consumers’ mindset. As the largest operator of home improvement and furniture shopping malls in China, the Company will deepen the R&D of digital tools to enhance its digital marketing capabilities based on the complete information of home improvement and furniture consumer portraits and product portraits it has mastered, so as to further empower brands and merchants, strengthen their stickiness to the Company, and use joint marketing as a way to leverages more marketing budgets of brands and merchants into the Company.

### OUTLOOK AND PROSPECTS (Continued)

#### 2. The Group will carry out home decoration track, and build up consumers' image

The Company will continue to strengthen the consumer mentality of “choosing decoration and buying home is all in Red Star Macalline”. On the one hand, the Company will rely on the operation capability of the whole category and the integration capability of the supply chain to operate the household decoration brands of different consumer groups, improve the service quality, standardize the construction process, improve the construction technology, and strengthen the monitoring and management; On the other hand, the Company will transform towards platformization and build M+ High-End Design Centers, with designer studios as important traffic entry points, connecting the home decoration and home furnishing consumption needs of young and high-end groups.

#### 3. The Group will promote the development of new retail and empower shopping mall operations

The Company will strengthen the digital operation of shopping malls, while consolidating the development of “Tmall Same City Station”, explore more new online retail channels that reach consumers, and achieve global customer acquisition and marketing.

The Company will continue to support traditional brand merchants and distributors in various aspects such as product selection, digital upscaling, and traffic acquisition to have the ability to operate online. At the same time, we will deepen our commodity operations, carry out regular live streaming, and enhance our organizational capabilities.

The Company will adhere to and continuously deepen the integration of online and offline, deepen the consumer mentality of “online pre-selection, offline experience and transaction”, and improve consumer profiles and help consumers clarify their consumption needs through in-depth online operations, thereby achieving precise drainage of offline transactions and efficient conversions.

#### 4. The Group will adhere to the leverage reduction strategy to achieve high-quality development

Benefited from the asset-light business expansion model, the Company can penetrate into third-tier and lower-tier cities while controlling capital expenditures. The Company will continue to cut down capital expenditures, adjust and optimize debt structure and liquidity, reduce financing costs, and adhere to the effective implementation of the “lowering leverage” strategy.

#### 5. The Group will continue to improve corporate governance of the Company, standardize our operation and implement social responsibilities

The Company will make continuous improvement in its corporate governance structure, organizational process and management mechanism, abide by national laws and business ethics and create the commercial atmosphere of “standardized operation” as well as proactively undertake and fulfill its social responsibility.

# Directors, Supervisors and Senior Management

## EXECUTIVE DIRECTORS

**Mr. CHE Jianxing**, aged 57, the founder of the Group. Mr. CHE started his career in furniture manufacturing in the late 1980s. He established Changzhou Red Star Furniture General Factory Co., Ltd. (常州市紅星傢俱總廠有限公司) in December 1990 and served as its general manager from 1990 to 1994; he founded Red Star Furniture Group Co., Ltd. (紅星傢俱集團有限公司) in June 1994 and served as its chairman of the board of directors and general manager from 1994 to 2007; he founded Shanghai Red Star Macalline Home Furnishings Company Limited (上海紅星美凱龍家居傢飾品有限公司), the predecessor of the Company, in 2007, served as the chairman of the Board and the general manager from 2007 to August 2023, and has served as an executive Director and the general manager since August 2023. Mr. CHE has served as a director and other positions in several subsidiaries of the Company, including Xiamen Red Star Macalline Commercial Operation Management Co., Ltd. (廈門紅星美凱龍商業運營管理有限公司). Mr. CHE is a member of the executive committee of All-China Federation of Industry & Commerce, the vice president of Shanghai Federation of Industry and Commerce and a standing member of the fourteen session of the Political Consultative Conference Shanghai Committee (上海市政協第十四屆委員會). Mr. CHE was awarded the “Outstanding Individual in the Work of Unionization of Shanghai (上海市統一戰線工作先進個人)” by Shanghai Unionization Department (上海市統戰部) in December 2018 and the “Excellent Entrepreneur of Shanghai (上海市優秀企業家)” by Shanghai Enterprise Association in February 2019.

**Mr. LI Jianhong**, aged 50, joined the Company in February 2013 and has been serving as a vice general manager of the Company since March 2013, primarily responsible for the investment and financing of the Company. He has been serving as an executive Director since February 2023. Prior to joining the Company, Mr. LI worked as the head of the finance department of Xiamen Customs in the 1990s. Mr. LI joined Man Wah Holdings Limited (敏華控股有限公司, a company listed on the Stock Exchange under the stock code of 1999), in September 2000 and served as its executive director and chief operating officer from April 2005 to October 2011. Mr. LI has also been the chairman of the board of directors of Dongfeng Design Research Institute Co., Ltd. (東風設計研究院有限公司), a subsidiary of RSM Holding, since June 2019. Mr. LI has served as a director and other positions in several subsidiaries of the Company, including Xiamen Red Star Macalline Commercial Operation Management Co., Ltd.. Mr. LI graduated with a bachelor’s degree in accounting from Xiamen University (廈門大學) in July 1994, and obtained a master of business administration degree in distance education for senior managers from Peking University (北京大學) in January 2007. Mr. LI obtained a master of business administration degree from Booth School of Business, University of Chicago in March 2010. Mr. LI was accredited as a Chinese Certified Public Accountant (non-practicing member) by Chinese Institute of Certified Public Accountant in June 2001.

**Mr. SHI Yaofeng**, aged 48, joined the Company in August 2023 and served as an executive Director since August 2023. Prior to joining the Company, Mr. SHI worked at Ningbo Boyang Textile Co., Ltd. Changsha Office (寧波博洋紡織有限公司長沙辦事處) from August 1997, at Hangzhou Jinguang Paper Co., Ltd. (杭州金光紙業有限公司) from August 1998, and at Xiamen C&D Paper & Pulp Co., Ltd. (廈門建發漿紙集團有限公司), formally known as Xiamen C&D Paper Co., Ltd. (廈門建發紙業有限公司) from December 2003 to July 2023, during which he successively served as the deputy general manager of subsidiaries, the general manager of subsidiaries, deputy general manager and other positions. Mr. SHI has served as an executive director and the chief executive officer of C&D Newin Paper & Pulp Corporation Limited (建發新勝漿紙有限公司, a company formerly known as Samson Paper Holdings Limited (森信紙業集團有限公司) and listed on the Stock Exchange under the stock code of 0731); a director of Greater Paper Development Limited (偉紙發展有限公司), a wholly-owned subsidiary of C&D Newin Paper & Pulp Corporation Limited; an executive director and the general manager of Greater Paper (Shenzhen) Paper Development Limited (偉紙(深圳)紙業發展有限公司); an executive director of Universal Pulp and Paper (Shandong) Co., Ltd. (遠通紙業(山東)有限公司) and an executive director of Shandong Yuantong Renewable Resources Recycling Company Limited (山東遠通再生資源回收有限公司).

Mr. SHI graduated from Ningbo University (寧波大學) in July 1997, majoring in economic management.





## Directors, Supervisors and Senior Management

**Mr. YANG Yingwu**, aged 39, joined the Company in August 2023 and served as an executive Director since August 2023. Prior to joining the Company, Mr. YANG had served at Xiamen Branch of Bank of China Limited (中國銀行股份有限公司廈門市分行) from October 2006 to August 2008. He worked at Xiamen C&D Inc. (廈門建發股份有限公司, a company listed on the Shanghai Stock Exchange under the stock code of 600153) from August 2008 to July 2023, where he successively served as the director of finance department, professional manager, senior professional manager, deputy general manager and other positions from August 2008 to February 2020. He served as the financial director of Xiamen C&D Property Asset Co., Ltd. (廈門建發物產有限公司) from February 2020 to March 2023, and the financial director of Xiamen C&D Paper & Pulp Co., Ltd. (廈門建發漿紙集團有限公司) from March 2023 to July 2023.

Mr. YANG graduated from Xiamen University with a bachelor's degree in July 2006.

### NON-EXECUTIVE DIRECTORS

**Mr. ZHENG Yongda**, aged 52, joined the Company in February 2023 and served as a non-executive Director, served as the vice chairman of the Board from February 2023 to August 2023 and served as the Chairman of the Board since August 2023. Mr. ZHENG has worked at Xiamen C&D Inc. since April 2004 and successively served as the general manager assistant, executive deputy general manager, general manager, and served as the secretary of the party committee and chairman since April 2020. He has worked as the deputy general manager and general manager of the No. 6 import and export department of Xiamen C&D Inc. from February 1998 to January 2002; the general manager of Xiamen C&D Packaging Co., Ltd. (廈門建發包裝有限公司) from January 2000 to January 2002; the general manager of Xiamen C&D Paper & Pulp Co., Ltd. (廈門建發紙業有限公司) from February 2002 to May 2010; the deputy general manager of Xiamen C&D Group Co., Ltd. (廈門建發集團有限公司) since December 2015; the deputy secretary of the party committee and general manager of Xiamen C&D Group Co., Ltd. since February 2022. He is also a director of C&D Real Estate Corporation Limited (建發房地產集團有限公司) since May 2020; a director of Lianfa (Group) Co., Ltd. (聯發集團有限公司) since June 2020.

Mr. ZHENG obtained his bachelor's degree from Xiamen University in July 1993.

**Mr. WANG Wenhui**, aged 51, joined the Company in February 2023 and served as a non-executive Director. Mr. WANG has successively served as the salesman, business director and deputy manager of the investment department, deputy manager (in charge of work), general manager and investment director of the No. 2 investment department since he joined Xiamen C&D Group Co., Ltd. in August 1998, and has acted as the deputy general manager since December 2015. He has been a member of the party committee of Xiamen C&D Corporation (廈門建發集團) since February 2018. He is also the chairman of Xiamen Jianfa Emerging Industry Equity Investment Co., Ltd. (廈門建發新興產業股權投資有限責任公司) since November 2014 and the chairman of King Dragon Life Insurance Co., Ltd. (君龍人壽保險有限公司) since May 2019.

Mr. WANG graduated from Xiamen University and obtained a master's degree in August 1998; he was awarded with the title of economist in December 1999.

**Mr. ZOU Shaorong**, aged 48, joined the Company in February 2023 and served as a non-executive Director. Mr. ZOU has successively served as the general manager of legal affairs department, legal affairs director, the secretary of the board, the investment director, the general legal counsel and the deputy general manager of Xiamen C&D Group Co., Ltd. since July 2000. He has served as a supervisor of Xiamen C&D Inc. from May 2016 to May 2022, a director of Xiamen C&D Inc. since May 2022 and a vice general manager of Xiamen C&D Group Co., Ltd. since July 2023.

Mr. ZOU graduated from Xiamen University with a master's degree in June 2011.

## Directors, Supervisors and Senior Management

**Ms. XU Di**, aged 35, joined the Company in August 2023 and served as a non-executive Director. Ms. XU joined Alibaba Group Holding Limited (阿里巴巴集團控股有限公司, a company listed on the New York Stock Exchange under the stock code of BABA and the Stock Exchange under the stock code of 9988, “Alibaba Group”) in July 2017, and is currently an investment director of Alibaba Group. Ms. XU previously worked as a research analyst at China International Capital Corporation Limited (中國國際金融有限公司, a company listed on the Shanghai Stock Exchange under the stock code of 601995 and the Hong Kong Stock Exchange under the stock code of 3908) from September 2010 to August 2011; an investment analyst at International Finance Corporation (國際金融公司) from September 2011 to July 2013; and an associate director of investment at CICC ALPHA (Beijing) Investment Fund Management Co., Ltd. (中金甲子(北京)私募投資基金管理有限公司) from August 2015 to July 2017.

Ms. XU graduated from the Wharton School of the University of Pennsylvania (美國賓夕法尼亞大學沃頓商學院) in June 2015 with a master’s degree in business administration.

**Mr. SONG Guangbin**, aged 41, joined the Company in August 2023 and served as a non-executive Director. Mr. SONG graduated from Beijing University of Technology (北京工業大學) in July 2005. with a bachelor’s degree in information and computing sciences. Mr. SONG has served as the chief operating officer of Jiabao Shengshi (Beijing) Network Technology Co., Ltd. (家寶盛世(北京)網路科技有限公司) from September 2005 to May 2013; the general manager of the e-commerce and marketing division of Beijing Fuyuan Pharmaceutical Co., Ltd. (北京福元醫藥股份有限公司) (a company listed on the Shanghai Stock Exchange under the stock code of 601089) from October 2013 to October 2015. He has worked at Alibaba Group since November 2015 and successively served as the general manager of Tmall Home Decoration and Building Materials Customization Industry, the general manager of Tmall Home Decoration and Appliances New Retail, and the general manager of Taobao Tmall Home Decoration and Home Furnishing New Retail.

## INDEPENDENT NON-EXECUTIVE DIRECTORS

**Mr. XUE Wei**, aged 45, has been appointed as our independent non-executive Director of the Company since August 2023. Mr. XUE has been serving as a lecturer and associate professor in Xiamen National Accounting Institute (廈門國家會計學院) since December 2015, and the director of the editorial department of “Yunding Caishuo” (雲頂財說) of Xiamen National Accounting Institute since January 2018, engaging in the teaching and training of finance and accounting, tax theory and practice and business practice, and was appointed as a researcher of the China Taxation Research Institute for Large Enterprises (中國大企業稅收研究所) in August 2022. He has been a consulting partner of Mazars CPA Limited LLP (中審眾環會計師事務所(特殊普通合伙)) and Haihua Tax Accountant Firm Co., Ltd. (海華稅務師事務所有限公司) since July 2020, engaging in the research of finance and taxation practice.

Mr. XUE graduated from Xiamen University and obtained a doctorate degree in management majoring in accounting in June 2015.

**Mr. CHEN Shanang**, aged 57, has been appointed as our independent non-executive Director of the Company Since August 2023. Mr. CHEN has been teaching in the Department of Finance, School of Economics, Xiamen University since March 1990. He had served as an independent director of listed companies including Xiamen Kehua Hengsheng Co., Ltd. (廈門科華恒盛股份有限公司, a company now known as Kehua Data Co., Ltd. (科華數據股份有限公司) and listed on the Shenzhen Stock Exchange under the stock code of 002335), Shenzhen Soling Industrial Co., Ltd. (深圳市索菱實業股份有限公司, a company listed on the Shenzhen Stock Exchange under the stock code of 002766) and Bank of Changsha Co., Ltd. (長沙銀行股份有限公司, a company listed on the Shanghai Stock Exchange under the stock code of 601577) and non-listed companies including China Industrial Asset Management Co., Ltd. (興業資產管理有限公司), Xiamen Keytop Comm. & Tech. Co., Ltd. (廈門科拓通訊技術股份有限公司) and Fujian Kaili Bio-product Co., Ltd. (福建凱立生物製品有限公司). He is currently an associate professor and postgraduate tutor in the Department of Finance, School of Economics, Xiamen University.

Mr. CHEN Shanang graduated from Xiamen University with a doctoral degree in finance in December 2003.



## Directors, Supervisors and Senior Management

**Mr. HUANG Jianzhong**, aged 61, has been appointed as our independent non-executive Director since August 2023. Mr. HUANG had served as the deputy director of the Department of Foreign Trade, the director of the Department of International Trade, the deputy dean of the School of Economics of Xiamen University and the director of the Fujian Province Enterprise Planning Center. He is currently the director of the WTO Asia Pacific Training Center (世界貿易組織亞太培訓中心); the deputy secretary-general and deputy party secretary (at deputy department director level) of the China Association of International Trade (中國國際貿易學會); the president of Shanghai Association of International Trade (上海市國際貿易學會); the head and chief expert of the “HUANG Jianzhong Studio” (“黃建忠工作室”) of the Decision-making Consultation Base of the Shanghai Municipal People’s Government; the director of the Academic Committee, a member of the Ethics Committee, a professor and a doctoral advisor of Shanghai University of International Business and Economics (上海對外經貿大學); a member of the Overseas Chinese Ethnic Religion Affairs Committee and the Foreign Affairs Committee of the 15th Shanghai Municipal People’s Congress (上海市第十五屆人民代表大會), and the deputy to the 16th Shanghai Municipal People’s Congress (上海市第十六屆人大代表).

Mr. HUANG Jianzhong graduated from Xiamen University with a doctoral degree in economics in April 1997.

**Mr. WONG Chi Wai**, aged 54, has been appointed as our independent non-executive Director since August 2023. Mr. WONG has served as the vice president and general counsel for Asia in Taubman Asia Management Limited (塔博曼亞洲管理有限公司) from 2011 to 2022 and the head of the legal department in Great Eagle Holdings Limited (香港鷹君集團有限公司, a company listed on the Stock Exchange under the stock code of 0041) from 2006 to 2011. Mr. WONG Chi Wai obtained his bachelor’s degree in laws from the University of Hong Kong (香港大學) and Peking University in 1991 and 1998 respectively, and obtained his master’s degree in laws from the University of Hong Kong in November 2018. Mr. WONG Chi Wai has worked in several international law firms, including Baker & McKenzie (貝克•麥堅時律師事務所), Sidley Austin LLP (美國盛德律師事務所) and Herbert Smith Freehills LLP (史密夫斐爾律師事務所).

**Mr. CAI Qinghui**, aged 49, has been appointed as our independent non-executive Director since August 2023. Mr. CAI has been working in the School of Law of Xiamen University since August 2000 and has been working as a teaching assistant in the Department of Law of Xiamen University, a lecturer in the Department of Law of Xiamen University and a part-time attorney in Fidelity Law Firm (福建聯合信實律師事務所), etc. He has been serving as an associate professor and a master advisor in the School of Law of Xiamen University since August 2005.

Mr. CAI graduated from Xiamen University and obtained a doctoral degree in law in May 2009.

# Directors, Supervisors and Senior Management

## SUPERVISORS

**Mr. CHEN Jiasheng**, aged 64, joined to Company in August 2023 and has been the chairman of the Supervisor Committee. Mr. CHEN successively served as the chief accountant and general manager of Jiannan Group (建南集團) of Xiamen University; the deputy director of property management committee of Xiamen University, the general manager of Shenzhen CITIC Stock Co., Ltd. of CITIC Group (中信集團深圳中信股份有限公司); the general manager, chairman and secretary of the party committee of CITIC Huizhou Company (中信惠州公司) and Huizhou Road & Bridge Company (惠州路橋公司); the general manager assistant and deputy general manager of CITIC (Shenzhen) Company (中信(深圳)公司), and the general manager of CITIC Suzhou Company (中信蘇州公司); the general manager of CITIC Shenzhen Investment Group (中信深圳投資集團), as well as the chairman of Reproductive and Genetics Hospital of CITIC-XIANGGYA (中信湘雅遺傳與生殖專科醫院)/China Southwest Resources Joint Development Co., Ltd (中國西南資源聯合開發有限公司), the chairman of CITIC Shenzhen Hong Kong Company (中信深圳香港公司) and the vice chairman and executive vice president of CITIC Dameng Mining Industries Co., Limited (中信大錳礦業有限責任公司); the president of Shenzhen Hao Chuang Investment Group Co., Ltd (深圳市昊創投資集團有限公司); the vice president of Dalian Yongjia Group Co., Ltd. (大連永嘉集團有限公司); the chief executive officer of RSM Holding and the chief investment officer of Xiamen Deyi Equity Investment Management Co., Ltd. (廈門德屹股權投資管理有限公司). He is currently served as an independent director of Zhongrun Resources Investment Corporation (中潤資源投資股份有限公司, a company listed on the Shenzhen Stock Exchange under the stock code of 000506).

Mr. CHEN Jiasheng graduated from Xiamen University with a master's degree in economics in June 2002.

**Ms. MA Chenguang**, aged 46, joined the Company in August 2023 and has been an independent Supervisor. Ms. MA has served as a senior partner of Shanghai Co-effort Law Firm (上海市協力律師事務所) since January 2023. She is currently the head of the Co-effort Mergers and Acquisitions Finance Professional Committee (協力併購金融專業委員會). Ms. MA has served as the legal specialist of Shanghai Yidong Construction Development Co., Ltd. (上海怡東建設發展有限公司) from 2000 to 2003.

Ms. MA graduated from Fudan University (復旦大學) and obtained a master of law degree in January 2012.

**Mr. TANG Rongzhen**, aged 37, has joined the Company and served as the vice president of the Company since July 2023, and he has been the employee representative Supervisor since August 2023. Mr. TANG worked as a recruiting specialist in Southeast Rongtong (China) System Engineering Co., Ltd. (東南融通(中國)系統工程有限公司) from July 2009 to July 2012. He successively served as a senior recruitment specialist and the human resource manager in Xiamen Tungsten Co., Ltd. (廈門鎢業股份有限公司) from August 2012 to January 2017. He successively served as the professional manager, the senior manager, the deputy general manager of the human resource department, the deputy general manager of the training center in Xiamen C&D Inc. (廈門建發股份有限公司, listed on the Shanghai Stock Exchange, stock code: 600153) and the director of the human resource department in Xiamen C&D Steel Group Co., Ltd.(廈門建發鋼鐵集團有限公司) from February 2017 to July 2023. Mr TANG graduated from the Wuhan University of Science and Technology Zhongnan Branch (武漢科技大學中南分校) currently known as Wuchang University of Technology (武昌理工學院) with a bachelor's degree in June 2009.

**Mr. WANG Shouyi**, aged 49, has joined the Company since 2008. He currently serves as the audit director and the general manager of the audit department of the Company, responsible for organizing internal audits and assessing the soundness and effectiveness of internal controls, and he has been the employee representative Supervisor since August 2023. Mr. WANG started working in 1995 and has extensive experience in financial management, risk management and internal audits, and has successively engaged in financial management and internal audits in state-owned enterprises and private enterprises. Mr. WANG graduated from East China Normal University (華東師範大學) with a master's degree in January 2016. He has been qualified as a senior accountant, a certified public accountant (non-practicing member), a certified tax agent, a CIA (international certified internal auditor), a CISA (international certified information system auditor), and a CAP (international certified anti-fraud practitioner).

### SENIOR MANAGEMENT

**Mr. JIANG Xiaozhong**, aged 54, joined our Company in June 2007. Mr. JIANG was an executive Director of our Company from December 2012 to January 2023 and has been a vice general manager of our Company since December 2012. Mr. JIANG is primarily responsible for business development and operation of our Group. Prior to joining our Company, from June 1994 to June 2007, Mr. JIANG served in various positions at Red Star Furniture Group, including as secretary of the communist party branch committee, secretary of the communist party committee and as vice president, primarily responsible for business operation, administration and communist party committee related work. Mr. JIANG completed a three-year correspondence course for cadre in administrative management at the Communist Party School of Jiangsu Province (江蘇省委黨校) in July 1992. He completed his studies in the executive master of business administration program at Cheung Kong Graduate School of Business (長江商學院) in September 2011.

**Mr. CHE Guoxing**, aged 49, has served as the general manager of Changzhou Red Star Furniture Industrial City Shopping Mall (常州紅星傢俱工業城商場), the general manager of shopping malls of Shanghai Red Star Macalline Decorative Furniture Mall Company Limited (上海紅星美凱龍裝飾傢俱城有限公司), the president of RSM Holding, and is currently the vice general manager and executive president of the Company; Mr. CHE is currently a member of the Standing Committee of the Seventeenth National People's Congress of the Putuo District of Shanghai, a deputy to the Seventeenth National People's Congress, and a vice president of the Federation of Industry and Commerce of the Putuo District of Shanghai. Mr. CHE was awarded the title of Shanghai Model Worker in 2020, the Shanghai May 1st Labor Medal in 2019, the Outstanding President of the Shanghai Federation of Industry and Commerce in 2017-2018, Shanghai Outstanding Builder in 2014, and Shanghai Top Ten Outstanding Youths in Cooperation and Exchange. Mr. CHE graduated from Arizona State University, USA and obtained a master's degree in December 2012.

**Ms. QIU Zhe**, aged 46, has been the Executive President since joining our Company in July 2021, and she has also served as the Secretary to the Board since December 2021, mainly responsible for the Company's legal compliance, corporate governance, internal control, investor relations and information disclosure. Ms. QIU has the practicing qualification of Chinese certified public accountant and was accredited as the Secretary to the Board by the Shanghai Stock Exchange in September 2021. Prior to joining our Company, Ms. QIU worked at Ernst & Young Hua Ming LLP Shanghai Branch from September 1999 to May 2018; she then worked at the Investor Relations Department of Alibaba Group and served as Director of Investor Relations from June 2018 to June 2021. Ms. QIU has obtained a master's degree in accounting from the Chinese University of Hong Kong, and was accredited as the certified public accountant by the Chinese Institute of Certified Public Accountants.

# Report of Directors

The Board of Directors of the Company is pleased to present this annual report together with the audited Consolidated Financial Statements of the Group as of the end of the Reporting Period.

## CORPORATE INFORMATION, GLOBAL OFFERING AND A-SHARE LISTING

The Company was incorporated in the PRC on 6 January 2011 as a sino-foreign joint stock company with limited liability. The Company's H Shares were listed on the Main Board of the Hong Kong Stock Exchange (stock code: 1528) on 26 June 2015. The A Shares of the Company were listed and commenced trading on the Shanghai Stock Exchange (stock code: 601828) on 17 January 2018.

## PRINCIPAL ACTIVITIES

The Group operates as a leading home improvement and furnishing shopping mall operator in China principally engaged in the operation of Owned/Leased Portfolio Shopping Malls, Managed Shopping Malls, construction and design, sales of merchandise and related services businesses. The principal activities of the Group are as follows:

- i. Owned/Leased Portfolio Shopping Malls including leasing floor areas to the tenants and providing comprehensive and continuous operation and management support to them;
- ii. Managed Shopping Malls including providing initiation, consultation and management services to the Group's partners and the construction contractors to develop and manage the shopping malls under the Group's own brand;
- iii. Construction and design including providing building installation and decorating services in shopping malls, which are held by owners of Managed Shopping Malls and owners of external commercial properties; and
- iv. Sales of merchandise and related services including retail sales of home furnishing merchandise and providing related decorating services.

Please refer to Note 53 to the Consolidated Financial Statements on page 313 for details of the principal activities of the principal subsidiaries of the Group. There were no significant changes in the nature of the Group's principal activities during the Reporting Period.



# SUMMARY OF FINANCIAL INFORMATION AND OPERATING RESULTS

Please refer to page 5 of this report for a summary of financial information and operating results of the Group as of the end of the Reporting Period.

## BUSINESS REVIEW

A review of the business of the Group during the year and a discussion on the Group's future business development are provided in the section headed "Chairman's Statement" on page 7 as well as the section headed "Management Discussion and Analysis" on page 11. Description of possible risks that the Group may be facing can be found in the section headed "Management Discussion and Analysis" on page 29. Also, the risk management objectives and policies of the Group can be found in the section headed "Corporate Governance Report" on page 86. Particulars of important events affecting the Group that have occurred since the end of the financial year ended 31 December 2023 are provided in the section headed "Report of Directors" on page 79. An analysis of the Group's performance during the year using financial key performance indicators is provided in the section headed "Management Discussion and Analysis" on page 20.

## ENVIRONMENTAL POLICIES AND PERFORMANCE

We are subject to certain environmental protection laws and regulations, including the Prevention and Control of Water Pollution Law of the People's Republic of China 《中華人民共和國水污染防治法》, the Prevention and Control of Atmospheric Pollution Law of the People's Republic of China 《中華人民共和國大氣污染防治法》, the Prevention and Control of Noise Pollution Law of the People's Republic of China 《中華人民共和國環境噪聲污染防治法》, the Prevention and Control of Environmental Pollution by Solid Waste Law of the People's Republic of China 《中華人民共和國固體廢物污染環境防治法》, the Environmental Impact Assessment Law of the People's Republic of China 《中華人民共和國環境影響評價法》, the Administrative Regulations on Environmental Protection for Acceptance Examination upon Completion of Buildings 《建設項目竣工環境保護驗收管理辦法》 and the Administrative Regulations on Environmental Protection for Development Projects 《建設項目環境保護管理條例》.



## Report of Directors

Each of our property development projects is required under the laws of China to undergo environmental impact assessments. We must submit the relevant environmental impact study or report to the environmental authorities, along with other required documents, for evaluation and approval by the authorized environmental protection authorities. The approval from the relevant government authorities will specify the standards applicable to the construction projects with respect to areas such as air pollution, noise emissions and water and waste discharge. Such measures are required to be incorporated into the design, construction and operation of the particular project. Upon completion of each project, the relevant government authorities will also inspect the site to ensure that all applicable environmental standards have been complied with.

We have taken and will continue to take specific measures to ensure our compliance with applicable environmental laws and regulations, including (i) strictly selecting construction contractors and supervising the process of construction; (ii) applying for review by the relevant government authorities in a timely manner after the project is completed; and (iii) actively adopting environmentally friendly equipment and designs. We also undertake voluntary environmental protection actions and make energy conservation and emission reduction our top considerations when designing our property projects. We expect the annual costs of compliance going forward to be substantially similar, assuming that there will not be any material changes in environmental protection laws and regulations.

As at the end of the Reporting Period, none of our shopping malls had received any material fines or penalties associated with any breach of any environmental laws or regulations since the commencement of their operations.

The Board has overall responsibility for our environmental, social and governance (“ESG”) strategy and reporting. The Board is responsible for evaluating and determining our ESG-related risks, and ensuring that appropriate and effective ESG risk management and internal control systems are in place. A confirmation regarding effectiveness of these systems has been provided to the Board for the year ended 31 December 2023. A separate ESG report complying with the disclosure requirements under Appendix C2 to the Listing Rules will be published by the Group on the same day as this report.

### COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

The Group and its activities are required to comply with the requirements of laws and regulations of China, including but not limited to The Company Laws of the People's Republic of China 《中華人民共和國公司法》, The Law of the PRC on Protection of Consumer Rights and Interest 《中華人民共和國消費者權益保護法》, The Law of Administration of Urban Real Estate of the PRC 《中華人民共和國城市房地產管理法》, Construction Law of the People's Republic of China 《中華人民共和國建築法》, laws, regulations and other normative documents. The Group focuses on internal risk management and control. The independent financial management center, legal department, internal control compliance department are established and are responsible for conducting specific analysis and review of the laws and regulations applicable to each business of the Company within the internal approval process and assign a professional team to effectively conduct management, inspections and rectification, to ensure that the Group is in compliance with relevant laws and regulations in all major aspects.

As far as the Board is aware, save as disclosed in this annual report, the Group has complied with the relevant laws and regulations that have a significant impact on the Group in all material respects. The Group has adopted the Model Code.

### DIVIDEND POLICY

The Articles of Association states that the Company may distribute dividends in cash or shares. The profit distribution of the Company should focus on the reasonable return for shareholders, and the profit distribution policy should maintain its continuity and stability; unless under special circumstances, the Company should distribute dividends mainly in cash if it records profit in the year and the accumulated undistributed profits are positive. The total profit distributed in cash for each year should not be less than 20% of the net profit that is available to distribute to shareholders of the Company.

The profit distribution policy of the Company is in compliance with the Articles of Association as well as the approval procedures. The policy, which has been reviewed by independent non-executive Directors, fully protects the legitimate rights and interests of medium and small investors and has clear standards on dividend distributions and dividend distribution ratio. The conditions and procedures of the adjustments and modification on the profit distribution policy are in compliance with relevant requirements and transparent.

### RELATIONS WITH EMPLOYEES, SUPPLIERS AND CUSTOMERS

The Group understands well that employees are valuable assets and thus offers a competitive remuneration portfolio to attract and motivate employees. The Group reviews the employees' remuneration portfolio on a regular basis and makes necessary adjustments to align the market standards. The Group also understands that it is of great importance to maintain good relations with suppliers and customers for the realization of the short-term and long-term goals. For the purpose of maintaining the competitiveness of brands and the leading position, the Group is committed to providing premium products and services to customers. During the Reporting Period, the Group has no material and significant dispute with suppliers and/or customers.

### KEY RISKS AND UNCERTAINTIES

For details of the Group's key risks and uncertain factors for the end of the Reporting Period, please refer to page 29 in the section headed "Management Discussion and Analysis – RISK FACTORS".

### BANK LOANS AND OTHER BORROWINGS

Please refer to Note 34 to the Consolidated Financial Statements on pages 224 for details of bank loans and other borrowings of the Group as of the end of the Reporting Period.

### BONDS/DEBT INSTRUMENTS

On 13 August 2022, the Group issued US\$-denominated bonds totally US\$249.7 million with fixed interest rate, at a coupon rate at 5.2%. The maturity of the bond is 3 years, shall be paid semi-annually. For details, please refer to the announcements of the Company dated 23 August 2022 and 24 August 2022 which were issued on the website of the Hong Kong Stock Exchange.

### CONTINGENT LIABILITIES

There are no contingent liabilities at the end of the Reporting Period.

## INVESTMENT PROPERTIES

All investment properties we owned were for rental income, and they are subject to medium-term lease in the PRC. Set out below are investment properties that are considered material by our Directors.

No.	Property	Existing use	Market value in existing state as at the end of the Reporting Period RMB '000
1.	Shanghai Zhenbei Phase II Mall No. 1058 Zhenbei Road Putuo District Shanghai The PRC	Shopping Mall	5,479,000
2.	Shanghai Pudong Hunan Mall No. 518 Linyu Road Pudong New District Shanghai The PRC	Shopping Mall	5,001,000
3.	Shanghai Wenshui Mall No. 1555 Wenshui Road Baoshan District Shanghai The PRC	Shopping Mall	4,555,000
4.	Zhengzhou Shangdu Mall No. 1 Shangdu Road Zhengdong New District Zhengzhou City Henan Province The PRC	Shopping Mall	4,280,000
5.	Nanjing Kazimen Mall No. 29 Kazimen Street Qinhuai District Nanjing City Jiangsu Province The PRC	Shopping Mall	4,244,000

## Report of Directors

No.	Property	Existing use	Market value in existing state as at the end of the Reporting Period RMB '000
6.	Shenyang Tiexi Mall No. 35 Bei Er East Road Tiexi District Shenyang City Liaoning Province The PRC	Shopping Mall	2,691,000
7.	Beijing East Fourth-Ring Mall No. 193 East Fourth-Ring Middle Road Chaoyang District Beijing The PRC	Shopping Mall	2,629,000
8.	Jinan Tianqiao Mall No. 225 Beiyuan Street Tianqiao District Jinan City Shandong Province The PRC	Shopping Mall	2,576,755
9.	Hangzhou Zhizun Mall No. 888 Gudun Road Xihu District Hangzhou City Zhejiang Province The PRC	Shopping Mall	2,457,000
10.	Chongqing Jiangbei Shopping Mall No. 888 Xinnan Road Yubei District Chongqing The PRC	Shopping Mall	2,354,000

## PROPERTY, PLANT AND EQUIPMENT

Please refer to Note 18 to the Consolidated Financial Statements on page 200 for details of movements in the property, plant and equipment of the Group for the end of the Reporting Period.

## DISTRIBUTABLE RESERVES

The distributable reserves of the Company as at the end of the Reporting Period amounted to RMB8,143.26 million.

Please refer to the Company's statement of changes in equity on page 123 and the Company's consolidated statement of financial position on page 120 for the change in reserves of the Group and information about the statement of financial position of the Company for the end of the Reporting Period.

## MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARY, ASSOCIATES AND JOINT VENTURES

The Group had no material acquisition or disposal of the subsidiaries, associates and joint ventures during the Reporting Period.

## FINAL DIVIDEND

The Board has proposed not to distribute cash dividend and not to convert capital reserve into share capital in 2023.

## TAXATION RELIEF

Pursuant to the PRC Individual Income Tax Law 《中華人民共和國個人所得稅法》, the Implementation Regulations of the PRC Individual Income Tax Law 《中華人民共和國個人所得稅法實施條例》, other laws and regulations and relevant regulatory documents promulgated by the State Taxation Administration of the PRC, the Company shall, as a withholding agent, withhold and pay individual income tax at the rate of 10% for the individual holders of H Shares in respect of the dividend to be distributed to them. The individual holders of H Shares may be entitled to certain tax preferential treatments pursuant to the tax treaties between the PRC and the countries (regions) in which the individual holders of H Shares are domiciled and the tax arrangements between mainland China, Hong Kong, or Macau.

For non-resident enterprise holders of H Shares, the Company will withhold and pay enterprise income tax at the tax rate of 10% for such holders of H Shares pursuant to relevant regulatory documents of the State Taxation Administration of the PRC.



## Report of Directors

For investors of the Shanghai Stock Exchange investing in the H Shares of the Company, the Company will distribute the cash dividend to the Shanghai Branch of China Securities Depository and Clearing Corporation Limited which, as the nominee of the investors of H Shares of Southbound Trading, will then distribute the cash dividends to the relevant investors of H Shares of Southbound Trading through its depository and clearing system. Pursuant to the Notice on the Tax Policies Related to the Pilot Program of the Shanghai-Hong Kong Stock Connect (Cai Shui [2014] No. 81) 《關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》, for domestic individual investors, the Company shall withhold and pay individual income tax at the rate of 20% on behalf of the investors. For domestic securities investment funds, the tax payable shall be the same as that for individual investors. The Company will not withhold and pay the income tax of dividends for domestic enterprise investors which shall report and pay the relevant tax themselves. The record date and the date of distribution of cash dividends and other arrangements for the investors of Southbound Trading will be the same as those for the holders of H Shares of the Company.

Should the holders of H Shares of the Company have any doubt in relation to the aforesaid arrangements, they are recommended to consult their tax advisors for relevant tax impact in mainland China, Hong Kong, and other countries (regions) on the possession and disposal of the H Shares of the Company.

## RETIREMENT BENEFITS

Please refer to Note 42 to the Consolidated Financial Statements on page 237 for details of retirement benefits of the Group for the end of the Reporting Period.

## FINANCIAL SUMMARY

The Group's financial summary for the last five financial years is set out on page 338 of this annual report. This summary does not form part of the Consolidated Financial Statements.

## MAJOR SUPPLIERS AND CUSTOMERS

The sales attributable to top five customers were RMB721.7 million, accounting for 5.1% of the total annual sales.

Purchases from the top five suppliers were RMB269.7 million, accounting for 7.8% of the total annual purchases.

Due to the nature of the Group's business, the sales attributable to top five customers accounted for less than 30% of the annual sales, and the purchases from the top five suppliers accounted for less than 30% of the total annual purchases.

## CHARITABLE DONATIONS

Please refer to Note 8 to the Consolidated Financial Statements on page 185 for the donations by the Group for the end of the Reporting Period.

## CONNECTED AND CONTINUING CONNECTED TRANSACTIONS

Among the related party transactions disclosed in Note 50 to the Consolidated Financial Statements, the following transactions constitute continuing connected transactions and connected transactions for the Company and are required to be disclosed in this annual report in accordance with Chapter 14A of the Listing Rules. The Company confirmed that it has complied with the disclosure requirements of Chapter 14A of the Listing Rules for all the continuing connected transactions and connected transactions.

Save as disclosed in this annual report, during the Reporting Period, the Company had no related party transactions which are required to be disclosed in accordance with the provisions under Chapter 14A of the Listing Rules in relation to the disclosure of connected transactions and continuing connected transactions.

### Connected Transactions

#### (i) Finance Lease Agreement

On 27 December 2023, the Board considered and approved the resolution in relation to the financial lease agreement (the “**Financial Lease Agreement**”) contemplated to be entered into between the Hohhot Red Star Macalline Shibo Home Furnishing Plaza Company Limited (呼和浩特市紅星美凱龍世博家居廣場有限責任公司) (the “**Lessee**”, a subsidiary of the Company) and the Xiamen Goldenstar Financial Leasing Co., Ltd. (廈門建發融資租賃有限公司) (the “**Lessor**”) pursuant to which, the Lessee agreed to sell the Leased Assets to the Lessor at a total consideration of RMB150 million and the Lessor agreed to leaseback the Leased Assets to the Lessee during the Leased Period. The Leased Period under the Finance Lease Agreement will be 12 months, subject to the terms and conditions provided therein. The entering into of the Finance Lease Agreement is for the purposes of meeting daily operating needs of the Company, increasing the liquidity of the Company’s assets, and improve asset usage efficiency and the Company’s work efficiency.

The Lessor is a subsidiary of Xiamen C&D Inc. (廈門建發股份有限公司, “**Xiamen C&D**”) a company listed on the Shanghai Stock Exchange, stock code: 600153.SH) and Xiamen C&D is a substantial Shareholder of the Company. Therefore, the transaction between the Lessee and the Lessor constitutes connected transaction of the Company under 14A of the Listing Rules. As the highest applicable percentage ratios in respect of the Finance Lease Agreement is more than 0.1% but less than 5%, the Transaction is subject to the reporting, announcement and annual review requirement, but exempt from the circular (including independent financial advice) and the independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules. For further details, please refer to the announcement of the Company dated 27 December 2023.

## Continuing Connected Transactions

### (i) Design Services Framework Agreement of RSM Holding

On 30 March 2023, Shanghai Red Star Macalline Building Design Company Limited (上海紅星美凱龍建築設計有限公司) ("**Shanghai Macalline Building Design**"), an indirect wholly-owned subsidiary of the Company entered into the design services framework agreement with RSM Holding effective from 1 April 2023. Pursuant to which, Shanghai Macalline Building Design provided design services to RSM Holding or its subsidiaries for a consideration of not more than RMB40,000,000 with a term of one year which expired on 31 March 2024. For further details, please refer to the announcement of the Company dated 30 March 2023.

RSM Holding is held as to 92% by Mr. CHE Jianxing, chief executive officer and an executive Director of the Company. Shanghai Macalline Building Design is an indirect wholly-owned subsidiary of the Company. As a result, RSM Holding and its associates are connected persons of the Company and the transactions under the above-mentioned design services framework agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

By virtue of the engineering design services provided by Shanghai Macalline Building Design, the Directors believe that the Group will be able to ensure that the design work necessitated by the commercial buildings managed by RSM Holding and its subsidiaries are of satisfactory quality. The Directors also consider that entering into the design services framework agreement allows the Group to better manage the quality of the relevant commercial buildings and lays a solid foundation for the long-term development of such commercial buildings. For further details, please refer to the announcements of the Company dated 30 March 2023.

During the Reporting Period, according to the above-mentioned design services framework agreements, the amount of engineering design services paid by RSM Holding was RMB5.49 million.

### (ii) **Service Framework Agreement in respect of Decoration and Renovation Engineering and Construction with RSM Holding**

On 30 March 2023, the Company and RSM Holding entered into the Service Framework Agreement in respect of Decoration and Renovation Engineering and Construction with effect from 1 April 2023, pursuant to which the Company or its subsidiaries will provide renovation engineering and construction services to RSM Holding or its subsidiaries for a consideration of up to RMB110,000,000, with a term of one year which expired on 31 March 2024. For further details, please refer to the announcement of the Company dated 30 March 2023.

RSM Holding is the substantial shareholder of the Company, therefore, RSM Holding and its associates are connected persons of the Company, and the transactions under the Service Framework Agreement in respect of Decoration and Renovation Engineering and Construction with RSM Holding constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

The Directors believe that the Group will be able to further expand the scale of decoration and renovation business and improve the ability to undertake business through the decoration engineering and construction services provided by the Group, which will lay a foundation for the long-term development of decoration and renovation engineering businesses and supply chain business of the Group and has a positive impact on the current and future results.

During the Reporting Period, according to the Service Framework Agreement in respect of Decoration and Renovation Engineering and Construction with RSM Holding, the engineering construction fees actually incurred by RSM Holding was RMB11.43 million.

### (iii) **Framework Agreement for Software and Computer Information System Integration Services with Shanghai Red Star Cloud**

On 30 March 2023, the Company and Shanghai Red Star Cloud Computing Technology Co., Ltd. (“**Shanghai Red Star Cloud**”), an indirect subsidiary of RSM Holding, entered into a framework agreement for computer information system integration services, pursuant to which Shanghai Red Star Cloud will provide computer information system integration services to the Company and its subsidiaries at a consideration of up to RMB45,200,000, for a term from 1 April 2023 to 31 March 2024.

RSM Holding is the substantial shareholder of the Company, and Shanghai Red Star Cloud is its indirect subsidiary. Therefore, Shanghai Red Star Cloud is a connected person of the Company, and the transactions under the framework agreement for computer information system integration services constitute continuing connected transactions of the Company pursuant to Chapter 14A of the Listing Rules.

The Directors believe that through the computer information system integration services provided by Shanghai Red Star Cloud, the Company will be able to better communicate and understand project requirements, manage the project progress and quality, while in order to ensure the safety and stability of the system project, Shanghai Red Star Cloud can provide follow-up irregular services. For further details, please refer to the announcement of the Company dated 30 March 2023.

During the Reporting Period, according to the framework agreement for computer information system integration services, the real amount of computer information system integration services provided to the Company was RMB18.78 million.

### (iv) House Leasing Contract, Parking Space Leasing Agreement and Property Service Contract with Shanghai Xingzhiyu

On 30 December 2022, the Company and Shanghai Xingzhiyu Commercial Management Co., Ltd. (“**Shanghai Xingzhiyu**”) entered into the House Leasing Contract in relation to leasing of the commercial office building of the Company, and the House Leasing Contract in relation to the property management matters of the commercial office building of the Company. Pursuant to the House Leasing Contract, the Company will lease the commercial office building of the Company to Shanghai Xingzhiyu from 1 January 2023 to 31 December 2023, and the rental is RMB7.8 per square meter per day. For the year ended 2023, the annual cap for the rental was RMB51.3 million.

Furthermore, on the same day, the Company entered into the Property Service Contract with Shanghai Xingzhiyu in relation to the property management matters of the commercial office building of the Company. Pursuant to the Property Service Contract, Shanghai Xingzhiyu will provide property management services for the commercial office building of the Company from 1 January 2023 to 31 December 2023, with the property service fee of RMB28 per square meter per month. For the year ended 2023, the annual cap for the property service fee and other fees was RMB16.3 million.

On the same day, Shanghai Yuxu Enterpriser Management Company Limited (“**Shanghai Yuxu**”), a wholly-owned subsidiary of the Company, entered into the Parking Space Leasing Agreement with Shanghai Xingzhiyu in relation to leasing of the parking spaces. Pursuant to the Parking Space Leasing Agreement, Shanghai Yuxu will lease the parking spaces to Shanghai Xingzhiyu from 1 January 2023 to 31 December 2023, and the monthly rental for each parking space is RMB800. For the year ended 2023, the annual cap for the parking space rental was RMB0.29 million.

On 28 August 2023, the Company and Shanghai Xingzhiyu entered into the Supplemental Agreement, pursuant to which, the annual cap under the Property Service Contract is amended as follows: The annual cap for the transaction amounts payable by the Company under the Property Service Contract for the year ended 31 December 2023 is amended from RMB16.3 million (as disclosed in the announcement of the Company dated 30 December 2022) to RMB17.5 million for the year ended 31 December 2023.

Shanghai Xingzhiyu is a wholly-owned subsidiary of RSM Holding, and RSM Holding is a substantial shareholder of the Company, therefore, Shanghai Xingzhiyu is a connected person of the Company, and the transactions between Shanghai Xingzhiyu and the Company constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

The Directors believe that Shanghai Xingzhiyu, a wholly-owned subsidiary of RSM Holding, focuses on property service management with a relatively professional management team. The transactions are in line with the normal development needs of the Company and are conducive to making full use of the Company’s assets, improving the efficiency of asset utilization and operations of the Company, as well as unified management of the headquarters of the building, which will bring a positive impact on the future operations of the Company. For further details, please refer to the announcement of the Company dated 30 December 2022 and 28 August 2023, respectively.

During the Reporting Period, the housing rental and parking space rental paid and payable by Shanghai Xingzhiyu were RMB22.10 million and RMB0.26 million, respectively. During the Reporting Period, the property service fee and other fees paid and payable by the Company to Shanghai Xingzhiyu was RMB15.74 million.

(v) **Lease Agreement of Shanghai Xinhua Cheng Cheng**

On 17 April 2020, Shanghai Hongxin Oukai Home Furnishing Company Limited (上海虹欣歐凱家居有限公司) (“**Shanghai Hongxin Oukai**”), a subsidiary of the Company, entered into the lease agreement with Shanghai Xinhua Cheng Cheng Asset Management Co., Ltd. (上海新華成城資產管理有限公司) (“**Shanghai Xinhua Cheng Cheng**”) in connection with the leasing of the partial underground parking garage at Floor B1, Building 1, No. 1388, Wuzhong Road, Minhang District, Shanghai, which became effective from 1 May 2020. According to the agreement, Shanghai Xinhua Cheng Cheng rented the partial underground parking garage at Floor B1, Building 1, No. 1388, Wuzhong Road, Minhang District, Shanghai from Shanghai Hongxin Oukai as the parking garage for the commercial properties it held, with a term of three years expiring on 30 April 2023. The total rent is RMB60 million (that is, an annual rent of RMB20 million), payable over a period of three years in three equal instalments.

Shanghai Xinhua Cheng Cheng was indirectly held as to 60% by the Company’s executive Director Mr. CHE Jianxing. As a result, Shanghai Xinhua Cheng Cheng is a connected person of the Company. The Lease constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

The Directors believe that the mall on Wuzhong Road, held by Shanghai Hongxin Oukai, is located in one of the densely populated core business circles in Shanghai and as the Red Star Macalline Grand Mall, it is a large-scale high-end home furniture shopping mall with the main business of imported high-end home furniture brand. The shopping mall held by Shanghai Xinhua Cheng Cheng is adjacent to the mall on Wuzhong Road, with high footfall and garage use frequency. The transaction will increase the rate of garage usage and footfall in the home furniture shopping mall and further improve market share and influence in the business circle, which will help the Company further consolidate its leading position in the Shanghai market and will be beneficial to its long-term development. For further details, please refer to the announcement of the Company dated 17 April 2020.

During the Reporting Period, according to the Lease Agreement, the amount of rental paid and payable by Shanghai Xinhua Cheng Cheng was RMB6.35 million.

### (vi) Commercial Factoring Contract with Red Star Commercial Factoring

On 14 May 2021, the Company and RSM Holding entered into an equity transfer agreement in relation to Red Star Commercial Factoring, pursuant to which the Company agreed to dispose of and RSM Holding agreed to acquire a 100% equity interest in Red Star Commercial Factoring.

On 25 September 2020, Red Star Commercial Factoring entered into a commercial factoring contract (the “**Factoring Contract**”) with Sunan Construction. The upper limit for accounts receivable financing is RMB173,000,000, which will be provided by the factor in instalments.

Macalline Commercial Factoring has provided and will continue to provide Sunan Construction with accounts receivable financing services (“**Factoring**”). Immediately following the completion of the agreed transfer of a 100% equity interest in Red Star Commercial Factoring by the Company to RSM Holding, Red Star Commercial Factoring will become a wholly-owned subsidiary of RSM Holding, the substantial shareholder of the Company. Therefore, pursuant to Chapter 14A of the Listing Rules, Red Star Commercial Factoring will become a connected person of the Company, and the Factoring Contract and the transactions thereunder will become continuing connected transactions of the Company.

The Directors believe that reduction of risks from accounts receivable and debt structure improvement by Sunan Construction through the Factoring is conducive to further development of business of the Company. The terms of the Factoring Contract are fair and reasonable, and the Factoring thereunder is carried out on normal commercial terms and in the ordinary and usual course of business of the Company, and is in the interests of the Company and the shareholders of the Company as a whole.

During the Reporting Period, the amount of accounts receivable financing of Sunan Construction was RMB9.42 million in accordance with the Factoring Contract.



### Confirmation of Independent Non-executive Directors

The independent non-executive Directors, after taking into consideration of factors such as market environment, transaction amounts, corporate governance, have confirmed that the abovementioned continuing connected transactions and connected transactions for the year ended 31 December 2023 were entered into by the Group: (i) in the ordinary course of business; (ii) on normal commercial terms or better; and (iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### Internal Control Procedures Adopted by the Company in respect of the Implementation of Continuing Connected Transaction

The Company has assigned the finance department to monitor the continuing connected transactions. The finance department will prepare relevant information and materials in relation to the continuing connected transactions and submit the same to the Secretariat of the Board of Directors for compliance checking before submitting all relevant information and materials to the Board for consideration. All relevant information will be attached as appendices to the board resolutions. In relation to those continuing connected transactions conducted during the Reporting Period, the finance department and the Secretariat of the Board of Directors have reviewed and considered the relevant information and materials to ensure compliance with relevant requirements (such as not exceeding the annual caps and ensuring the transactions are carried out in accordance with their respective terms) so as to protect the interests of our Shareholders.

### Confirmation of Auditor

The auditor of the Company has issued its unqualified letter to the Board, which containing its findings and conclusions in respect of the abovementioned continuing connected transactions in accordance with Rule 14A.56 of the Listing Rules, confirming that (i) nothing has come to their attention that causes the auditor to believe that the abovementioned continuing connected transactions have not been approved by the Board of Directors, (ii) for transactions involving the provision of goods or services by the Group, nothing has come to their attention that causes the auditor to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Group, (iii) nothing has come to their attention that causes the auditor to believe that the transactions were not carried out, in all material respects, in accordance with the terms of the relevant agreements governing such transactions; and (iv) with respect to the aggregate amount of each of the transactions, nothing has come to their attention that causes the auditor to believe that the amounts have exceeded the related annual caps for the year ended 31 December 2023.

### SHARE CAPITAL

Please refer to Note 40 to the Consolidated Financial Statements on page 233 for details of movements in the Company's total issued shares for the end of the Reporting Period.

### EQUITY-LINKED AGREEMENT

Save as disclosed in this report, there was no equity-linked agreement entered into by the Company for the end of the Reporting Period.

### PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

The Group did not purchase, sell or redeem any listed securities of the Company during the year ended 31 December 2023.

### A Share Employee Stock Ownership Plan

In order to establish and improve the benefit-sharing mechanism between employees and the Shareholders to further improve the corporate governance of the Company, enhance the cohesion of employees and corporate competitiveness, and promote the Company's long-term, sustainable and healthy development, and in order to help enhance the employees' sense of responsibility towards the Company effectively, attract and retain outstanding management talents and core calibers, thus further enhancing employees' cohesion and the vitality of the Company, the Company formulated the Third Phase of the Employee Stock Ownership Plan of Red Star Macalline Group Corporation Ltd. (the "**Employee Stock Ownership Plan**") in accordance with the relevant laws and regulations and the Articles of Association. The relevant resolutions of the Employee Stock Ownership Plan have been approved by the Board and the general meeting of the Company by resolutions on 6 February 2021 and 19 March 2021, respectively.

The Employee Stock Ownership Plan does not involve granting the Company the option to issue new shares or any other new securities. The participants of the Employee Stock Ownership Plan are Directors, Supervisors, senior management of the Company and management and core personnel of its subsidiaries, the total number of which shall not be more than 800.

The source of the funds for the Employee Stock Ownership only Plan includes the participant's self-raised funds. The Company did not invest any fund in The funds raised by the Employee Stock Ownership Plan shall not exceed RMB300 million in total, divided into "units" for subscription and each unit is equal to RMB1.00. The total number of Shares of the Company held by any Holder according to the number of units he/she subscribed for in the plan shall not exceed 0.1% of the total share capital of the Company.

The Employee Stock Ownership Plan will be managed by an appointed professional agency with asset management qualifications through the establishment of the Directional Plan. The source of shares of the Employee Stock Ownership Plan is the shares of the Company obtained and held through purchases on the secondary market or other means as permitted under the laws and regulations within six months after consideration and approval of the plan at the shareholders' general meeting. As of 13 May 2021, all purchases of stocks had been completed under the Employee Stock Ownership Plan, among which, 15,780,000 shares of the Company had been bought through "Shaanxi International Investment – Macalline Phase III Employee Shareholding Single Fund Trust Plan" (the "**Trust Plan**"), accounting for approximately 0.36% of the Company's total share capital as at the date of this report, with an average transaction price of approximately RMB9.50 per share and a total transaction amount of about RMB149.943 million.

## Report of Directors

The lock-up period of the Employee Stock Ownership Plan shall be 12 months, commencing from the date when the Company announces the registration of the last tranche of the Underlying Shares under the Trust Scheme, i.e. 13 May 2021 to 12 May 2022. As at 12 May 2022, the lock-up period already expired. The Management Committee will, within 12 months after the expiry of the lock-up period, be entitled to authorize the Asset Management Agency to sell or transfer the purchased Shares of the Company in accordance with the arrangements of the Employee Stock Ownership Plan and the prevailing market conditions.

Having been approved by the second Employee Stock Ownership Plan holders' meeting and the Board, the term of the Employee Stock Ownership Plan was extended to 28 January 2024 and the Management Committee was authorized to determine, at its discretion, matters in relation to the temporary extension of the term of the Employee Stock Ownership Plan and the disposal of equities, if not all the shares held under the Employee Stock Ownership Plan can be sold before the expiry of the term due to objective reasons or special circumstances, provided that the Management Committee shall continue to promote the sale and disposal of shares held under the Employee Stock Ownership Plan as soon as the above impact disappears. Having been approved by the third Employee Stock Ownership Plan holders' meeting and the Board, the term of the Employee Stock Ownership Plan was extended to 27 September 2024.

Given that some holders of the Employee Stock Ownership Plan have indicated to the Employee Stock Ownership Plan Management Committee ("**Management Committee**") their intention not to continue to hold the units under the Employee Stock Ownership Plan during the extended term of the Employee Stock Ownership Plan and have issued in writing the confirmation letter of disposal of the units under the third phase of the Employee Stock Ownership Plan of Red Star Macalline Group Corporation Ltd. in advance during the extended term, after the expiration of the lock-up period of the Employee Stock Ownership Plan, the Employee Stock Ownership Plan Management Committee, in order to exercise its rights to manage the distribution of benefits under the Employee Stock Ownership Plan and to decide on the dispose and distribution of the Underlying Shares, had entrusted Shaanxi International Trust Co., Ltd. to dispose 2,919,000 A Shares of the Company held through the Trust Scheme, during the period between 8 May 2023 and 10 May 2023, and further dispose 3,243,100 A Shares of the Company held through the Trust Scheme, during the period between 18 December 2023 and 29 December 2023. As at the date of this report, the Employee Stock Ownership Plan held a total of 9,617,900 A Shares of the Company.

## USE OF PROCEEDS FROM A SHARE OFFERING

A shares of the Company were listed and traded on the Shanghai Stock Exchange on 17 January 2018 (Stock Code: 601828) at the issue price of RMB10.23 per share with an issuance size of 315,000,000 shares. The total proceeds raised from this offering was RMB3,222,450,000.00, and the net proceeds raised (after deducting the issuing expenses of A shares of RMB172,442,150.37) was RMB3,050,007,849.63 ("**A Shares Offering Proceeds**"). The net amount raised per subscribed share is RMB9.68 per share, and the closing price per share on the date of listing was RMB14.42. For details, please refer to the announcements of the Company dated 2 January 2018, 16 January 2018, 7 February 2018 and 7 September 2018, the Company has utilized the net proceeds in accordance with the purposes as disclosed. As of the end of the Reporting Period, the Group has utilized approximately 89% of the net proceeds in total for fund-raising investment projects and replenishing working capital as required.

Analysis of the use of proceeds from issuance of A share as of 31 December 2023 is as follows:

	Unit: RMB'000
Total amount of funds raised	3,222,450
Issuance expense	172,442
Net funds raised	3,050,008

## Report of Directors

Proposed investment projects		Total investment planned (RMB'000)	Accumulated investment amount as of the end of Reporting Period (RMB'000)	Balance of the investment amount as of the end of Reporting Period (RMB'000)	Remarks
Home furnishing shopping mall construction project	Tianjin Beichen Shopping Mall Project	245,137	245,137	-	Fully invested
	Hohhot Yuquan Shopping Mall Project	76,825	76,825	-	Fully invested
	Dongguan Wanjiang Shopping Mall Project	164,145	164,145	-	Fully invested
	Harbin Songbei Shopping Mall Project	294,809	294,809	-	Fully invested
	Urumqi Convention and Exhibition Mall Project	669,084	666,733	2,351 <sup>(1)</sup>	Fully invested
	Changsha Jinxia Shopping Mall Project	190,000	146,238	43,762	Proposed completion
	Xining Expo Shopping Mall Project	110,000	110,013 <sup>(2)</sup>	(13)	Fully invested
	Sub-total	1,750,000	1,703,900 <sup>(1)</sup>	46,100	-
	New intelligent home furnishing shopping mall project <sup>(3)</sup>	400,000	117,064	282,936	Proposed termination
Repayment of bank loans	400,000	400,000	-	Fully invested	
Supplement of liquidity	150,008	150,008	-	Fully invested	
Repayment of interest-bearing debts	350,000	350,000	-	Fully invested	
Total	3,050,008	2,720,972	329,049	-	

### Notes:

- (1) The Company would determine the actual usage of the remaining funds raised subject to the subsequent capital arrangements.
- (2) Including the interest generated from the account of raised funds and used for the project.
- (3) In January 2023, RMB5,000,000 was used for such project but was then fully returned to the special account for such project by batches.

## NON-PUBLIC ISSUANCE OF A SHARES AND USE OF PROCEEDS

In order to further expand the business deployment of the Company, optimize the financial structure and provide capital support for sustainable development of the Company, in September 2021, the Company issued 449,732,673 shares to specific investors in the non-public issuance, at an issue price of RMB8.23 per share, with the total proceeds of RMB3,701,299,898.79. After deducting issuance expenses (exclusive of tax) of RMB22,936,099.50, the actual net proceeds were RMB3,678,363,799.29. For details, please refer to the announcements of the Company dated 3 May 2020, 3 June 2020, 23 June 2020, 19 April 2021, 18 May 2021 and 21 October 2021 and the circulars of the Company dated 3 June 2020 and 26 April 2021. As of the end of the Reporting Period, the Company invested into the proceeds-funded projects as required, a total of approximately 50% of the proceeds from the non-public issuance of shares in 2021.

There are over six target subscribers of the non-public issuance of A Shares. They and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons, and after the completion of the subscription of A Shares by each of them in accordance with the Non-public Issuance of A Shares, none of them will become a substantial shareholder.

An analysis of the use of the proceeds from the non-public issuance of A shares as of 31 December 2023 is set out below:

	Unit: RMB'000
Total Proceeds	3,701,299.9
Issuance expenses	22,936.1
Net proceeds	3,678,363.8



## Report of Directors

Proposed Investment Project	Total Planned Investment (RMB'000)	Total Investment as of the end of the Reporting Period (RMB'000)	Balance of the investment amount as of the end of Reporting Period (RMB'000)	Explanation
Tmall "Home Decoration Tongcheng Station" Project	220,000.0	-	220,000.0	Proposed termination
3D Shejiyun Platform Construction Project	283,944.7	6,996.1	276,948.6	Proposed termination
Construction Project for New Generation Home Improvement Platform System	350,000.0	1,581.6	348,418.4	Proposed termination
Home Furnishing Mall Construction Project				
Foshan Lecong Shopping Mall Project	1,000,000.0	200,000.0	800,000.0	Proposed suspension
Nanning Dingqiu Shopping Mall Project	560,000.0	360,348.6	199,651.4	Proposed postponement
Nanchang Chaoyang Xincheng Shopping Mall Project	160,910.0	160,910.0	-	Fully invested
Sub-total	1,720,910.0	721,258.6	999,651.4	-
Repayment of Interest-bearing Debts of the Company	1,103,509.1	1,103,509.1	-	Fully invested
Total	3,678,363.8	1,833,345.4	1,845,018.4	-

On 28 March 2024, the Board considered and approved the "Proposal on the Completion, Postponement, Suspension, and Termination of Certain Fundraising Projects for A-shares", which includes postponement, suspension, completion and termination of certain fundraising projects. This proposal is still subject to considering and approving by the shareholders' meeting.

## BOARD OF DIRECTORS

The Directors of the Company during the end of the Reporting Period are:

### Executive Directors

Mr. CHE Jianxing  
Mr. SHI Yaofeng  
Mr. LI Jianhong  
Mr. YANG Yingwu

### Non-executive Directors

Mr. ZHENG Yongda (*Chairman*)  
Mr. WANG Wenhui  
Mr. ZOU Shaorong  
Mr. SONG Guangbin  
Ms. XU Di

### Independent Non-executive Directors

Mr. XUE Wei  
Mr. HUANG Jianzhong  
Mr. CHEN Shanang  
Mr. WONG Chi Wai  
Mr. CAI Qinghui

Each of our Directors entered into a contract with the Company in August 2023. In accordance with article 103 of the Articles of Association, the Directors shall be elected at general meetings for a term of three years, which is renewable upon re-election when it expires.

## DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at the end of the Reporting Period, the interests and short positions of the Directors, Supervisors and chief executive in the shares, underlying shares or debentures of the Company or any of our associated corporations (within the meaning of Part XV of the SFO), which were required (a) to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code, were as follows:

## SHARES AND UNDERLYING SHARES OF THE COMPANY AND ASSOCIATED CORPORATIONS

### (i) The Company

Name of Shareholder	Title	Class of Shares	Nature of Interest	Number of Underlying Shares Held	Approximate Percentage of the Relevant Class of Shares <sup>(1)</sup>	Approximate Percentage of Total Shares <sup>(1)</sup>
CHE Jianxing (車建興) <sup>(2)</sup>	Chief Executive Officer and Executive Director	A Shares	Interest of controlled corporation	1,083,618,667 (Long position)	29.99%	24.88%
			Beneficial owner	435,600 (Long position)	0.01%	0.01%
			Interest of spouse	48,620 (Long position)	0.00%	0.00%
LI Jianhong (李建宏)	Executive Director	A Shares	Beneficial owner	1,134,330 (Long position)	0.03%	0.03%

*Notes:*

- (1) As at 31 December 2023, the Company had a total of 4,354,732,673 issued shares, including 3,613,447,039 A Shares and 741,285,634 H Shares.
- (2) Mr. CHE Jianxing indirectly holds 24.88% of the total issued Shares of the Company through his 92.00% direct interest in Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) ("**RSM Holding**"), a limited liability company incorporated in the PRC, and is deemed to be interested in the 1,083,618,667 A Shares held by RSM Holding for the purpose of the SFO.

## (ii) Associated Corporation

Name of Director	Name of Associated Corporation	Nature of Interest	Equity Interest in the Associated Corporation Held	Approximate Percentage of the Relevant Class of Shares <sup>(1)</sup>
CHE Jianxing	RSM Holding <sup>(1)</sup>	Beneficial interest	184,000,000 (Long position)	92%

*Note:*

- (1) RSM Holding is the substantial shareholder of the Company, which is held as to 92% by Mr. CHE Jianxing and therefore an "associated corporation" of the Company within the meaning of Part XV of the SFO. As at 31 December 2023, RSM Holding held 1,083,618,667 A Shares of the Company which accounted for approximately 24.88% of the total issued Shares of the Company.

Save as disclosed above, as at the end of the Reporting Period, none of the Directors, Supervisors or chief executive has any interests or short positions in the shares, underlying shares and debentures of the Company or associated corporations (a) which will have to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); (b) which will be required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein; or (c) which will be required to be further notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

# SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at the end of the Reporting Period, the interests or short positions in the shares or underlying shares which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO, and which will be required, pursuant to Section 336 of the SFO, to be recorded in the register referred to therein, as well as persons (other than the Directors, Supervisors or chief executive of the Company), or corporations deemed, directly and/or indirectly, to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at our general meetings were as follows:

Name of Shareholders	Class of Shares	Capacity/nature of Interest	Number of Shares held	Approximate percentage in relevant class of Shares <sup>(1)</sup>	Approximate percentage in total share capital <sup>(1)</sup>
The State-owned Assets Supervision and Administration Commission of the Xiamen Municipal People's Government	A Shares	Interest of controlled corporation	1,304,242,436 (Long position)	36.09%	29.95%
RSM Holding	A Shares	Beneficial owner	997,595,667 (Long position)	27.61%	22.91%
		Interest of controlled corporation	86,023,000 (Long position)	2.38%	1.98%
CHEN Shuhong <sup>(2)</sup>	A Shares	Interest of spouse	1,084,054,267 (Long position)	30.00%	24.89%
		Beneficial owner	48,620 (Long position)	0.00%	0.00%
Alibaba Group Holding Limited <sup>(3)</sup>	A Shares	Interest of controlled corporation	290,747,243 (Long position)	8.05%	6.68%
	H Shares	Interest of controlled corporation	131,475,421 (Long position)	17.74%	3.02%
Taobao China Holding Limited <sup>(3)</sup>	A Shares	Interest of controlled corporation	248,219,904 (Long position)	6.87%	5.70%
	H Shares	Beneficial owner	65,737,711 (Long position)	8.87%	1.51%
Taobao Holding Limited <sup>(3)</sup>	A Shares	Interest of controlled corporation	248,219,904 (Long position)	6.87%	5.70%
	H Shares	Interest of controlled corporation	65,737,711 (Long position)	8.87%	1.51%
Zhejiang Tmall Technology Co., Ltd. (浙江天貓技術有限公司) <sup>(4)</sup>	A Shares	Interest of controlled corporation	248,219,904 (Long position)	6.87%	5.70%
Tao Bao (China) Software Co., Ltd. (淘寶(中國)軟件有限公司) <sup>(4)</sup>	A Shares	Interest of controlled corporation	248,219,904 (Long position)	6.87%	5.70%
Alibaba (China) Technology Co., Ltd. (阿里巴巴(中國)網絡技術有限公司) <sup>(4)</sup>	A Shares	Beneficial owner	248,219,904 (Long position)	6.87%	5.70%

Name of Shareholders	Class of Shares	Capacity/nature of Interest	Number of Shares held	Approximate percentage in relevant class of Shares <sup>(1)</sup>	Approximate percentage in total share capital <sup>(1)</sup>
Hangzhou Haoyue Enterprise Management Co., Ltd. (杭州灝月企業管理有限公司) <sup>(4)</sup>	A Shares	Beneficial owner	248,219,904 (Long position)	6.87%	5.70%
Alibaba Investment Limited <sup>(3)</sup>	H Shares	Interest of controlled corporation	65,737,710 (Long position)	8.87%	1.51%
New Retail Strategic Opportunities Fund GP, L.P. <sup>(3)</sup>	H Shares	Interest of controlled corporation	65,737,710 (Long position)	8.87%	1.51%
New Retail Strategic Opportunities Fund, L.P. <sup>(3)</sup>	H Shares	Interest of controlled corporation	65,737,710 (Long position)	8.87%	1.51%
New Retail Strategic Opportunities GP Limited <sup>(3)</sup>	H Shares	Interest of controlled corporation	65,737,710 (Long position)	8.87%	1.51%
New Retail Strategic Opportunities Investments 4 Limited <sup>(3)</sup>	H Shares	Beneficial owner	65,737,710 (Long position)	8.87%	1.51%
WONG Man Li <sup>(5)</sup>	H Shares	Interest of controlled corporation	47,904,600 (Long position)	6.46%	1.10%
Man Wah Investments Limited <sup>(5)</sup>	H Shares	Beneficial owner	47,904,600 (Long position)	6.46%	1.10%
HUI Wai Hing <sup>(5)</sup>	H Shares	Interest of the spouse	47,904,600 (Long position)	6.46%	1.10%
WONG Luen Hei <sup>(6)</sup>	H Shares	Interest of controlled corporation	60,442,281 (Long position)	8.15%	1.39%
UBS Trustees (B.V.I.) Limited <sup>(6)</sup>	H Shares	Interest of controlled corporation	60,442,281 (Long position)	8.15%	1.39%
New Fortune Star Limited <sup>(6)</sup>	H Shares	Interest of controlled corporation	60,442,281 (Long position)	8.15%	1.39%
Fuhui Capital Investment Limited <sup>(6)</sup>	H Shares	Interest of controlled corporation	60,442,281 (Long position)	8.15%	1.39%
China Lesso Group Holdings Limited <sup>(6)</sup>	H Shares	Interest of controlled corporation	60,442,281 (Long position)	8.15%	1.39%

# Report of Directors

## Notes:

- (1) As at 31 December 2023, the Company had 4,354,732,673 issued Shares in total, comprised of 3,613,447,039 A Shares and 741,285,634 H Shares.
- (2) Ms. CHEN Shuhong is the spouse of Mr. CHE Jianxing. Under the SFO, Ms. CHEN Shuhong is deemed to be interested in the same number of Shares in which Mr. CHE Jianxing is interested.
- (3) New Retail Strategic Opportunities Investments 4 Limited is directly interested in the 65,737,710 H shares of the Company.

New Retail Strategic Opportunities Investments 4 Limited is directly 100% controlled by New Retail Strategic Opportunities Fund, L.P..

New Retail Strategic Opportunities Fund GP, L.P. is the general partner of New Retail Strategic Opportunities Fund, L.P. and New Retail Strategic Opportunities GP Limited is the general partner of New Retail Strategic Opportunities Fund GP, L.P..

New Retail Strategic Opportunities Fund GP, L.P. is directly 100% controlled by Alibaba Investment Limited, the limited partner of New Retail Strategic Opportunities Fund GP, L.P.. Meanwhile, New Retail Strategic Opportunities GP Limited is directly 100% controlled by Alibaba Investment Limited. Alibaba Investment Limited is directly 100% controlled by Alibaba Group Holding Limited. Therefore, Alibaba Group Holding Limited is deemed to be interested in the 65,737,710 H shares.

Taobao China Holding Limited is directly interested in the 65,737,711 H shares of the Company.

Taobao China Holding Limited is directly 100% controlled by Taobao Holding Limited. Taobao Holding Limited is directly 100% controlled by Alibaba Group Holding Limited. Therefore, Alibaba Group Holding Limited is deemed to be interested in the 65,737,711 H shares.

Alibaba Group Holding Limited is deemed to be interested in the 131,475,421 H shares.

- (4) On 14 May 2019, RSM Holding completed the 2019 Non-public Issuance of Exchangeable Corporate Bonds (First Tranche) (the "**Exchangeable Bonds**"). In January 2023, the Exchangeable Bonds was completed the exchange of 248,219,904 A Shares.

On 30 November 2023, Alibaba (China) Technology Co., Ltd. entered into the Share Transfer Agreement with Hangzhou Haoyue Enterprise Management Co., Ltd., pursuant to which Alibaba (China) Technology Co., Ltd. transferred 248,219,904 A shares of the Company held by it to Hangzhou Haoyue Enterprise Management Co., Ltd. In January 2024, the registration of such share transfer has completed.

- (5) Man Wah Investments Limited is directly 80% controlled by Mr. WONG Man Li and Man Wah Investments Limited is directly interested in the 47,904,600 H Shares of the Company. Therefore, Mr. WONG Man Li is deemed to be interested in the 47,904,600 H shares through Man Wah Investments Limited.

Ms. HUI Wai Hing is the spouse of Mr. WONG Man Li. Under the SFO, Ms. HUI Wai Hing is deemed to be interested in the same number of shares in which Mr. WONG Man Li is or deemed to be interested.

- (6) UBS Trustees (B.V.I.) Limited who is the trustee and sole shareholder of Xi Xi Development Limited ("**Xi Xi Development**") which in turn is the sole shareholder of New Fortune Star Limited ("**New Fortune Star**") which in turn holds 68.28% of China Lesso Group Holdings Limited ("**China Lesso**") which in turn is the sole shareholder of Fuhui Capital Investment Limited ("**Fuhui Capital**"). The trust was established by Mr. WONG Luen Hei on 22 March 2017.

Accordingly, UBS Trustees (B.V.I.) Limited is deemed to be interested in the shareholding interest of each of Xi Xi Development, New Fortune Star, China Lesso and Fuhui Capital in the Company pursuant to the disclosure requirements under the SFO.

Save as disclosed above, as at the end of the Reporting Period, the Company is not aware of any other person (other than the Directors, Supervisors or chief executive of the Company) who had an interest or short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.



## BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Please refer to the section headed “Biographies of Directors, Supervisors and Senior Management” for biographical details of the Directors, Supervisors and senior management of the Company.

## DIRECTORS’ AND SUPERVISORS’ SERVICE CONTRACTS AND INTERESTS IN TRANSACTION, ARRANGEMENT AND CONTRACT OF SIGNIFICANCE

Each of our Directors entered into a contract with the Company in August 2023. The principal particulars of these service contracts comprise:

- (a) a term of three years commencing from the date on which the relevant Shareholders’ approvals for the appointment were obtained; and
- (b) termination provisions in accordance with their respective terms.

Each independent non-executive Director shall be subject to retirement by rotation for every two sessions, while other Directors shall be subject to retirement by rotation for every three sessions.

No Director has an unexpired service contract with the Company which is not determinable by the Company within one year without payment of compensation (other than normal statutory obligations).

Mr. TANG Rongzhen and Mr. WANG Shouyi, the employee representative Supervisors as well as Mr. CHEN Jiasheng and Ms. MA Chenguang, the independent Supervisors, entered into service contracts with the Company in August 2023. The principal particulars of these service contracts comprise:

- (a) a term of three years commencing from the date on which the relevant Shareholders’ approvals for the appointment were obtained (save as from the date on which the third session of the Supervisory Committee commences for the employee representative Supervisors); and
- (b) termination provisions in accordance with their respective terms. The Supervisors may be re-appointed for successive reappointments.

No Supervisor has an unexpired service contract with the Company which is not determinable by the Company within one year without payment of compensation (other than normal statutory obligations).

Save as disclosed in this annual report, as at the end of the Reporting Period, none of the Directors and the Supervisors or entities connected with the Directors and the Supervisors were materially interested, either directly or indirectly, in any transaction, arrangement or contract of significance in relation to the business of the Group to which the Company or any of its subsidiaries was a party.

### CONTRACTS OF SIGNIFICANCE WITH CONTROLLING SHAREHOLDERS

Save as disclosed in this annual report with regard to those connected transactions entered into with our Controlling Shareholders, no Controlling Shareholders or their subsidiaries had a material interest, either directly or indirectly, in any contract of significance, whether for the provision of services or otherwise, to the Group to which the Company or any of its subsidiaries was a party during the Reporting Period.

### MANAGEMENT CONTRACTS

For the year ended 31 December 2023, other than the service contracts of the Directors, the Company has not entered into any contract with any individual, firm or body corporate to manage the whole or any substantial part of any business of the Company during the reporting period.

### DIRECTORS' PERMITTED INDEMNITY PROVISION

At no time during the year ended 31 December 2023 and up to the date of this annual report, there was or is, any permitted indemnity provision being in force for the benefit of any of the Directors and Supervisors of the Company (whether made by the Company or otherwise) or of an associated company (if made by the Company). The Company has arranged appropriate directors' and senior officers' liability insurance coverage for the Directors and senior officers of the Group as at the end of the Reporting Period.

## DIRECTORS' INTERESTS IN COMPETING BUSINESS

As disclosed in the Prospectus, Mr. CHE and his Close Associates continue to hold interests in certain businesses (the “**Restricted Business**”), which are in competition, or are likely to compete with the core operations (i.e. the business of operating and managing home improvement and furnishing shopping malls in the PRC) of the Group (the “**Core Operations**”).

### 1. Property held by Changzhou RSHFC

Changzhou Macalline, a wholly-owned subsidiary of the Company, has leased a piece of property from Changzhou RSHFC for the operation and management of Changzhou Decoration Mall. Changzhou RSHFC is an individual proprietary enterprise (個人獨資企業) established by Mr. CHE under the PRC laws. Prior to April 2011, Changzhou RSHFC had used the property to operate its Portfolio Shopping Mall which was named as “**Changzhou Red Star Mall**” at that time. In order to consolidate the Group’s Core Operations and minimize potential competition and conflicts of interests with Mr. CHE and his Close Associates, Changzhou RSHFC ceased to engage in home improvement and furnishing shopping mall business from April 2011 and leased the property to Changzhou Macalline in view that the transfer of such property to the Group would give rise to tax implications.

We have adopted corporate governance measures to manage potential conflicts of interest between the Group, Mr. CHE and his Close Associates.

Save as disclosed in the Prospectus and in this annual report, none of Directors has interest in business which is in competition, or is likely to compete, with the Company.

### NON-COMPETITION UNDERTAKING

In order to ensure that there is no competition between our Core Operations and the other business activities of Mr. CHE and his Close Associates, Mr. CHE and RSM Holding have entered into a non-competition undertaking (the “**Non-Competition Undertaking**”) in favor of our Company, under which they have undertaken that they will not directly or indirectly, whether as principal or agent, either on their own account or in conjunction with or on behalf of any person, firm, or company, engage, participate or hold any right or interest in any Restricted Business and will use their best efforts to procure that their respective Close Associates (other than any member of our Group) will not, directly or indirectly, whether as principal or agent, either on their own account or in conjunction with or on behalf of any person, firm, or company, engage, participate or hold any right or interest in any Restricted Business.

Under the Non-Competition Undertaking, Mr. CHE and RSM Holding have, among others, (i) undertaken to offer new business opportunities in any Restricted Business to the Company on terms and conditions no less favorable than those offered to them or their respective Close Associates; (ii) undertaken to assist our repurchase of the relevant shopping malls, including Chengdu Jinniu Shopping Mall; and (iii) granted an option and right of first refusal for the Company to purchase the property leased from Changzhou RSHFC. For further details, please refer to the Prospectus – “Relationship with Our Controlling Shareholders”.

Mr. CHE and RSM Holding have confirmed their compliance with the Non-Competition Undertaking during the Reporting Period. The independent non-executive Directors have also reviewed the compliance with the Non-Competition Undertaking by Mr. CHE and RSM Holding and are satisfied that they have complied with the undertakings.

### DIRECTORS’ AND SUPERVISORS’ RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the section headed “Directors’, Supervisors’ and Chief Executives’ Interests and Short Positions in Shares, Underlying Shares and Debentures” above, at no time during the Reporting Period was the Company or any of its subsidiaries or holding company or any subsidiary of the Company’s holding company, a party to any arrangement that would enable the Directors or the Supervisors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors or the Supervisors or any of their spouses or children under the age of 18 were granted any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

## EMOLUMENTS OF THE DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT AND THE FIVE HIGHEST PAID INDIVIDUALS

Please refer to Note 14 to the Consolidated Financial Statements on page 193 for details of the emoluments of the Directors, Supervisors and senior management and the five highest paid individuals of the Company.

The table below shows the remuneration of senior management by band:

(RMB)	2023 (members of senior management)	2022 (members of senior management)
1-1,000,000	2	–
1,000,001-1,500,000	2	–
1,500,001-2,000,000	–	1
2,000,001-2,500,000	1	1
2,500,001-3,000,000	1	1
3,000,001-3,500,000	1	–
3,500,001-4,000,000	–	1
4,000,001-4,500,000	–	–
4,500,001-5,000,000	–	2
5,000,001-5,500,000	–	1
5,500,001-6,000,000	–	–
6,000,001-6,500,000	–	–
6,500,001-7,000,000	–	2

## REMUNERATION POLICY AND DIRECTORS' REMUNERATION

The remuneration of our employees consists of basic salary and performance bonuses. The Company conducts annual evaluations of our employees, supplemented by random checks from time to time. The evaluation results are linked directly with the employees' remuneration. Selected employees with outstanding work performance and records are promoted to managerial positions.

In accordance with the applicable PRC laws and regulations, as well as compulsory requirements of the local authorities where our shopping malls are located, the Company contributed to various social insurance plans such as pension contribution plans, medical insurance plans, unemployment insurance plans, maternity insurance plans and work injury insurance plans for our employees. The amount of required contribution as a percentage of our employees' salaries varies from place to place, depending on relevant salary levels, location of the operation and other factors such as the average age of our employees. During the Reporting Period, no forfeited contributions had been used by the Group to reduce the existing level of contributions.

## Report of Directors

Our Directors receive compensation in the form of Directors' fees, salaries, housing allowances and other allowances, benefits in kind, the employer's contribution to the pension schemes and discretionary bonuses. Please refer to Note 13 to the Consolidated Financial Statements on page 189 for details of the Directors' remuneration as at the end of the Reporting Period.

### CONFIRMATION OF INDEPENDENCE FROM THE INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the independent non-executive Directors, namely Mr. XUE Wei, Mr. HUANG Jianzhong, Mr. CHEN Shanang, Mr. WONG Chi Wai and Mr. CAI Qinghui, the confirmation of their respective independence pursuant to Rule 3.13 of the Listing Rules. The Company has duly reviewed the confirmation of independence of each of these Directors. The Company considers that the independent non-executive Directors have been independent from the date of their appointment to the end of the Reporting Period and remain so as at the date of this annual report.

### MATERIAL LEGAL PROCEEDINGS

As of the end of the Reporting Period, the Company was not involved in any material litigation or claims and no material litigation or arbitration was pending or threatened against the Company so far as the Company is aware.

### COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the Reporting Period, except deviation from code provision C.2.1 of the Corporate Governance Code, the Company has complied with the provisions of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules, which sets out principles of good corporate governance in relation to, among other matters, the Directors, the chairman and chief executive officer, board composition, the appointment, re-election and removal of directors, their responsibilities and remuneration and communications with shareholders. Our Directors are satisfied that sufficient corporate governance measures have been put in place to manage conflicts of interest between our Group and the Controlling Shareholders and/or Directors to protect the interest of our minority shareholders. Please refer to the section headed "Corporate Governance Report" on page 86 for details.

### AUDITOR

At the fourth extraordinary general meeting of 2023 held on 13 November 2023, the Shareholders considered and approved the ordinary resolutions proposing the change of auditors of the Company and decided to appoint CL Partners CPA Limited as the Company's auditor for 2023 in accordance with International Accounting Standards for the period until the conclusion of the next annual general meeting. For details, please refer to the circular dated 25 October 2023 and the announcement dated 20 October 2023 of the Company.

The consolidated financial statements have been audited by the Company's auditor, CL Partners CPA Limited, which is the Company's auditor for 2023 in accordance with International Accounting Standards.

### AUDIT COMMITTEE

The Audit Committee has reviewed the accounting principles and policies adopted by the Group and the Consolidated Financial Statements.

### PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles of Association or the laws of the PRC.

### SUFFICIENCY OF PUBLIC FLOAT

The Stock Exchange granted a waiver under Rule 8.08(1)(d) of the Listing Rules to accept a lower public float percentage of the Company's issued share capital (the "**Minimum Public Float**") on the conditions that:

- i. the Minimum Public Float of the Company should be at the highest of: (a) 15.10%; (b) such percentage of Shares held by the public after completion of the Global Offering; and (c) such percentage of Shares held by the public after the exercise of the over-allotment option;
- ii. the Company will confirm sufficiency of public float in successive annual reports after Listing;
- iii. the Company will implement appropriate measures to ensure continual maintenance of the Minimum Public Float prescribed by the Stock Exchange.

## Report of Directors

The over-allotment option has not been exercised. Accordingly, the Company has complied with the public float requirement, which is at the highest of such percentage (being 15.10%) of Shares held by the public immediately after the Global Offering. Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this annual report, the Company has maintained the prescribed public float under the waiver.

### VOTING BY POLL

During the Reporting Period, all votes of shareholders were taken by poll in the annual general meeting and extraordinary general meetings of the Company. Pursuant to the Rule 13.39(4) of the Listing Rules, all votes of shareholders will be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands.

### CLOSURE OF REGISTERS OF MEMBERS

The Registers of Members will be closed from Monday, 20 May 2024 to Thursday, 23 May 2024 (both dates inclusive), during which periods no transfer of shares will be registered. In order to qualify for attending and voting at the forthcoming AGM, unregistered holders of shares of the Company shall lodge share transfer documents with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration before 4:30 p.m. on Friday, 17 May 2024.

### CHANGES IN INFORMATION OF DIRECTORS AND SUPERVISORS

Pursuant to Rule 13.51B of the Listing Rules, the changes in information of Directors and Supervisors of the Company during the Reporting Period are set out below:

Name	Position	Details of Change	Reasons of Change
ZHENG Yongda	Non-executive Director	Appointed in August 2023	–
WANG Wenhui	Non-executive Director	Appointed in August 2023	–
ZOU Shaorong	Non-executive Director	Appointed in August 2023	–
SHI Yaofeng	Executive Director	Appointed in August 2023	–
YANG Yingwu	Executive Director	Appointed in August 2023	–



Name	Position	Details of Change	Reasons of Change
LI Jianhong	Executive Director	Appointed in August 2023	–
SONG Guangbin	Non-executive Director	Appointed in August 2023	–
XU Di	Non-executive Director	Appointed in August 2023	–
XUE Wei	Independent Non-executive Director	Appointed in August 2023	–
CHEN Shanang	Independent Non-executive Director	Appointed in August 2023	–
HUANG Jianzhong	Independent Non-executive Director	Appointed in August 2023	–
WONG Chi Wai	Independent Non-executive Director	Appointed in August 2023	–
CAI Qinghui	Independent Non-executive Director	Appointed in August 2023	–
GUO Binghe	Executive Director	Resigned in January 2023	Job change
CHE Jianfang	Executive Director	Resigned in January 2023	Job change
CHEN Shuhong	Non-executive Director	Resigned in January 2023	Job change
JIANG Xiaozhong	Executive Director	Resigned in January 2023	Job change
HU Xiao	Non-executive Director	Expired in August 2023	Expiration of the term
YANG Guang	Non-executive Director	Resigned in February 2023	Job change
CHEN Zhaohui	Non-executive Director	Expired in August 2023	Expiration of the term
JIANG Xiangyu	Non-executive Director	Expired in August 2023	Expiration of the term
WANG Xiao	Independent Non-executive Director	Expired in August 2023	Expiration of the term

## Report of Directors

Name	Position	Details of Change	Reasons of Change
ZHAO Chongyi	Independent Non-executive Director	Expired in August 2023	Expiration of the term
LEE Kwan Hung, Eddie	Independent Non-executive Director	Expired in August 2023	Expiration of the term
QIAN Shizheng	Independent Non-executive Director	Expired in August 2023	Expiration of the term
QIN Hong	Independent Non-executive Director	Expired in August 2023	Expiration of the term
CHEN Jiasheng	Independent Supervisor	Appointed in August 2023	–
MA Chenguang	Independent Supervisor	Appointed in August 2023	–
TANG Rongzhen	Employee Representative Supervisor	Appointed in August 2023	–
WANG Shouyi	Employee Representative Supervisor	Appointed in August 2023	–
PAN Ning	Employee Representative Supervisor	Expired in August 2023	Expiration of the term
CHAO Yanping	Employee Representative Supervisor	Expired in August 2023	Expiration of the term
CHEN Gang	Independent Supervisor	Expired in August 2023	Expiration of the term
ZHENG Hongtao	Independent Supervisor	Expired in August 2023	Expiration of the term

## FUTURE DEVELOPMENT

Please refer to the section headed “Outlook and Prospects” on page 32 for future development of the Company.

## IMPORTANT EVENTS AFTER THE REPORTING PERIOD

### 1. Subsistence and separation of shareholders

Due to the existence and division of Alibaba (China) Network Technology Co., Ltd. (阿里巴巴(中國)網絡技術有限公司) (“**Alibaba Network**”), all 248,219,904 shares of Red Star Macalline Group Corporation Ltd. (the “**Company**”) held by Alibaba Network will be succeeded by Hangzhou Haoyue Enterprise Management Co., Ltd. (杭州灝月企業管理有限公司) (“**Hangzhou Haoyue**”), the newly established company after the separation. 248,219,904 A shares of the Company held by Alibaba Network have been transferred to Hangzhou Haoyue. After the completion of this transfer registration, Alibaba Network will no longer hold any shares in the Company and Hangzhou Haoyue will hold 248,219,904 A shares of the Company, representing approximately 5.70% of the total share capital of the Company. Alibaba Network and Hangzhou Haoyue are concerted actors, and the merged shareholder equity has not changed.

For details, please refer to the announcements of the Company dated 2 December 2023 and 12 January 2024 which were disclosure on the designated media in China and the announcements of the Company dated 1 December 2023 and 11 January 2024 which were disclosure on the website of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>), respectively.

### 2. Matters related to shares of Red Star Holdings subject to judicial freezing, subordinated freezing order and marked

On 19 January 2024, the Company received the notice that some of its shares were subject to judicial freezing, and understood that some of the shares held by Red Star Holdings were subject to a subordinated freezing order. After further enquiries made by the Company with China Securities Depository and Clearing Corporation Limited Shanghai Branch, it understood that the shares of the Company held by Red Star Holdings and its concerted actors were subject to judicial freezing, subordinated freezing order and marked.

As of 12 January 2024, Red Star Holdings directly held 997,595,667 shares of the Company, representing 22.91% of the total share capital of 4,354,732,673 shares. The cumulative number of shares subject to freezing, subordinated freezing order and marked is 1,046,096,735, representing 104.86% of the total number of shares held by it.

### 3. Regarding the Company's receipt of the Decision of Administrative Penalty Matters from the Ministry of Finance 《財政部行政處罰決定書》

An inspection team of the Ministry of Finance conducted a review on the quality of the Company's accounting information and issued the "Decision of Administrative Penalty Matters of the Ministry of Finance (CJF[2024] No. 73, CJF[2024] No. 74, CJF[2024] No. 75)" ("**Decision of Penalty**"), as set out below:

The property located at No. 701 Gudun Road under the name of the Company's subsidiary, Hangzhou Red Star Macalline Shibo Furniture Plaza Company Limited (杭州紅星美凱龍世博家居有限公司), has not yet been titled because of the policy on collective land. According to the Housing Reservation Transfer and Lease Agreement between the Company and Hangzhou Zijin Industrial Investment Company Limited (杭州紫金實業投資有限公司), "The Company shall not, without the consent of Hangzhou Zijin Industrial Investment Company Limited, transfer the subscribed property or the interests under the Agreement to a third party (other than the Company's designated controlling subsidiaries) in any manner whatsoever, or the Company shall be deemed to be in breach of the Agreement. Unless otherwise agreed in the Agreement", the property cannot be sold separately.

The property located at No. 1 Courtyard, North Beach, Chaoyang District, held by Red Star Macalline Global (Beijing) Home Furnishing Plaza Company Limited (紅星美凱龍環球(北京)傢俱建材廣場有限公司), a wholly-owned subsidiary of the Company, is a land for scientific research purposes. As the property owner, Chinese Academy of Agricultural Mechanization Sciences, has not completed all necessary change procedures for converting the allocated land to leased land and converting the land use to commercial operation, the property cannot be sold separately.

The above two properties did not satisfy the condition of "investment properties should be able to be measured and sold separately" as required by the "Accounting Standards for Business Enterprise No. 3 – Investment Properties" and should not be accounted for as investment properties. In accordance with Article 42 of the Accounting Law of the People's Republic of China, the Ministry of Finance decided to impose an administrative penalty of RMB50,000 on the Company; decided to impose an administrative penalty of RMB20,000 on CHE Jianxing, the former responsible person of the Company; and imposed an administrative penalty of RMB10,000 on XI Shichang, the former responsible person of the Company in charge of accounting work.

Given the immaterial impact of this correction on the financial statements for the years prior to 2019, the Company made retrospective adjustments to the financial statements for the years 2019 to 2022. The impact of the correction of the accounting error on the net profit attributable to owners of the parent company for the years 2019 to 2022 accounted for 6.50%, 0.81%, 2.56% and 25.39% of the net profit attributable to the owner of the parent Company for the current year; and the impact on the total assets accounted for 1.37%, 1.29%, 1.31% and 1.58% of the total assets of the Company for the current period, respectively. The adjustments will not result in any change in the nature of profit or loss in the relevant disclosed statements of the Company.

The error correction was based on adjustments under Chinese Accounting Standard and did not involve adjustments under International Accounting Standards.

For details, please refer to the announcements of the Company dated 29 March 2024 and 16 April 2024 which were disclosure on the designated media in China and the announcements of the Company dated 28 March 2024 and 15 April 2024 which were disclosure on website of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>) respectively.

By Order of the Board

**ZHENG Yongda**

*Chairman*

Shanghai, 28 March 2024

# Report of Supervisors

## I. MEETINGS OF THE SUPERVISORY COMMITTEE AND RELEVANT RESOLUTIONS

The Supervisory Committee of Red Star Macalline Group Corporation Ltd. (“**Company**” or the “**Company**”) convened a total of ten meetings in 2023, and details of relevant meetings and resolutions are as follows:

- (1) On 18 January 2023, the sixteenth extraordinary meeting of the fourth session of the Supervisory Committee was convened, at which the Proposal on Waiver and Variation of the Undertakings of Intention to Hold Shares and Intention to Reduce Shareholding of the Controlling Shareholder and the De Facto Controller of the Company was considered and approved;
- (2) On 1 February 2023, the seventeenth extraordinary meeting of the fourth session of the Supervisory Committee was convened, at which the Resolution on Change of Auditors and Disclosure of Financial Statements in the H-Share Market in Accordance with IFRS was considered and approved;
- (3) On 3 March 2023, the eighteenth extraordinary meeting of the fourth session of the Supervisory Committee was convened, at which the Proposal on the Use of Certain Idle Proceeds for Temporary Replenishment of Working Capital was considered and approved;
- (4) On 30 March 2023, the thirteenth meeting of the fourth session of the Supervisory Committee was convened, at which the Work Report of the Supervisory Committee of the Company for 2022, the Final Account Report of the Company for 2022, the Financial Budget Report of the Company for 2023, the Financial Statements of the Company for the Year Ended 31 December 2022, the Annual Report and Annual Results of the Company for the Year Ended 31 December 2022, the Profit Distribution Plan of the Company for 2022, the Corporate Environment and Social Responsibility Report of the Company for 2022, the Exclusive Report on the Depositary and Actual Use of Funds Raised by the Company in 2022, the Proposal on the Remuneration of Supervisors of the Company for 2022, the Proposal on Re-Appointment of Auditor for the Financial Report and the Internal Control Auditor of the Company for 2023 and the Proposal on the Provision of Asset Impairment Allowances for 2022 were considered and approved;
- (5) On 28 April 2023, the fourteenth meeting of the fourth session of the Supervisory Committee was convened, at which the First Quarterly Report of the Company for 2023 and the proposal for special dividend of the Company were considered and approved;

- (6) On 26 July 2023, the nineteenth extraordinary meeting of the fourth session of the Supervisory Committee was convened, at which the Proposal on Nominating Candidates for Independent Non-executive Supervisors of the Fifth Session of the Supervisory Committee was considered and approved;
- (7) On 15 August 2023, the first extraordinary meeting of the fifth session of the Supervisory Committee was convened, at which the Proposal on Election of the Chairman of the Fifth Session of the Supervisory Committee was considered and approved;
- (8) On 30 August 2023, the first meeting of the fifth session of the Supervisory Committee was convened, at which the Interim Financial Statements of the Company as of 30 June 2023, the Interim Report and Interim Results as of 30 June 2023, the Special Report on the Depository and Actual Use of Funds Raised by the Company in the First Half of 2023, and the Proposal on the Provision of Asset Impairment Allowances in the First Half of 2023 were considered and approved;
- (9) On 19 October 2023, the second extraordinary meeting of the fifth session of was convened, at which the Proposal on Change of Auditor of the Company, and the Resolution on the Use of Certain Idle Proceeds for Temporary Replenishment of Working Capital were considered and approved;
- (10) On 27 October 2023, the second meeting of the fifth session of the Supervisory Committee was convened, at which the Third Quarterly Report of the Company for 2023, and the Proposal on the Provision of Asset Impairment Allowances in the Third Quarter of 2023.

## II. INDEPENDENT OPINIONS OF THE SUPERVISORY COMMITTEE REGARDING CERTAIN MATTER

- (1) Legal operations: During the year of 2023, members of the Supervisory Committee continued to supervise the Company's operations through attending Board meetings, reviewing exclusive reports, conducting onsite inspections and meetings with staff, conducting audit and specific survey. With reference to various regulations, the Supervisory Committee was of the opinion that the decision-making process of the Company was lawful, the internal control was effective, and the Directors and the senior management of the Company had diligently carried out their duties, and there was no behavior of violation of the laws, regulations, the Articles of Association, nor had they prejudiced the Company's and Shareholders' interests. The Supervisory Committee had reviewed the Company's internal control audit report from RSM China (容誠會計師事務所(特殊普通合夥)) for the year 2023, and was of the view that the report reflected the actual situation of the Company's corporate governance and internal control, that the audit opinions were objective, and agreed to publish the relevant report.
- (2) Monitoring the Company's financial situation: During the Reporting Period, the Supervisory Committee diligently performed its duty of monitoring the Company's financial conditions, including monitoring the Company's operations and its risks and providing review opinions to each periodic report. The Supervisory Committee was of the opinion that the Company's financial report reflected a true and fair view on the Company's financial conditions and operating results.

## Report of Supervisors

### (3) Use of Proceeds

#### Use of proceeds from the listing of 2018 initial public offering

The A Shares of the Company (stock code: 601828) were listed and commenced trading on the Shanghai Stock Exchange on 17 January 2018. The Company issued 315,000,000 A Shares at the issue price of RMB10.23 per share. The total proceeds raised from this issuance amounted to RMB3,222.45 million, and the net proceeds raised, after deducting the cost of the A Share offering of RMB172.4422 million, amounted to RMB3,050.0078 million. On 7 September 2018, the Company convened the 35th extraordinary meeting of the third session of the Board and the fourth extraordinary meeting of the third session of the Supervisory Committee, which considered and approved the Resolution on the Change in Part of the Fund-raising Investment Projects. The resolution was considered and approved at the second extraordinary general meeting of the Company held on 28 November 2018.

As of the end of the Reporting Period, the Company cumulatively used 89% of proceeds from 2018 initial public offering of the A Share in the abovementioned fund-raising investment projects.

#### Use of proceeds from the listing of 2021 non-public issuance

In September 2021, the Company issued 449,732,673 shares to specific investors in a non-public manner at an issue price of RMB8.23 per share, raising the total proceeds of RMB3,701,299,898.79. After deducting various tax-exclusive issue expenses of RMB22,936,099.50, the actual net proceeds as raised amounted to RMB3,678,363,799.29.

As of the end of the Reporting Period, the Company cumulatively used 50% of the proceeds raised from the non-public issuance of shares in 2021 to invest in the abovementioned fund-raising investment projects.

### (4) Stock incentive plan: During the Reporting Period, the Company did not carry out any stock incentive.



(5) Major asset acquisitions and disposals:

During the Reporting Period, the Company has not acquired or sold any significant assets.

(6) Provision for asset impairment:

During the Reporting period, the Supervisory Committee reviewed the Company's provision for asset impairment, and believed that the Company's provision for asset impairment was in line with the actual situation and relevant policies of the Company, the decision-making procedures of the Board in relation to such matter was in compliance with relevant laws and regulations and the Articles of Association, and the provision for asset impairment makes the accounting information on asset value of the Company more accurate, reliable and reasonable.

In the future, with the further development of the Company's businesses, the Supervisory Committee will, based on its existing work nature, firmly implement the Company's established strategies and policies, fulfill its duties strictly as prescribed by national laws and regulations as well as the Articles of Association, and supervise the Company to operate in such a way as to promote compliance in the Company's operation, and practically guarantee and safeguard the legitimate interests of the Company and Shareholders.

**The Supervisory Committee of Red Star Macalline Group Corporation Ltd.**

28 March 2024

# Corporate Governance Report

The Group is committed to high-standard corporate governance so as to protect the interests and legal rights of the Shareholders and to promote the Company's value and accountability. H Shares of the Company were listed on the main board of the Stock Exchange on 26 June 2015, and A Shares of the Company were listed on the Shanghai Stock Exchange on 17 January 2018.

The Company has adopted the following corporate governance principles and practices:

## COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Other than deviation from code provision C.2.1, during the Reporting Period, the Company has complied with the principles and all applicable code provisions as set out in part 2 of the Corporate Governance Code, Appendix C1 to the Listing Rules, which sets out the principles of good corporate governance in relation to, among other matters, the directors, the chairman and the chief executive, board composition, the appointment, re-election and removal of directors, their responsibilities and remuneration, and communications with shareholders. Directors are satisfied that sufficient corporate governance measures have been put in place to manage conflicts of interest between the Group and the Controlling Shareholders and/or Directors to protect the minority Shareholders' interests.

## DEVIATION FROM CODE PROVISION C.2.1 OF THE CORPORATE GOVERNANCE CODE

During the period from 1 January 2023 to 15 August 2023, Mr. CHE Jianxing is the Chairman and chief executive officer of the Company. In view of Mr. CHE's experience, personal profile and his roles in our Group as mentioned above, and that Mr. CHE has performed the role of chief executive officer and the general manager of the Group since June 2007, the Board considers it beneficial to the business prospects and operational efficiency of the Group that Mr. CHE, in addition to acting as the Chairman of the Board, continues to act as the chief executive officer of the Company. While this will constitute a deviation from code provision C.2.1 of the Corporate Governance Code, the Board believes that this structure will not impair the balance of power and authority between the Board and the management of the Company, given that: (i) any decision to be made by our Board requires approval by at least a majority of our Directors and that the Board comprises five independent non-executive Directors out of the 14 Directors as at the date of this report, which is in compliance with the Listing Rules requirement of one-third, and we believe that there are sufficient checks and balances in the Board; (ii) Mr. CHE and the other Directors are aware of and undertake to fulfill their fiduciary duties as Directors, which require, among other things, that he acts for the benefit and in the best interests of the Company and will make decisions for the Group accordingly; and (iii) the balance of power and authority is ensured by the operations of the Board, which comprises of experienced and high caliber individuals who meet regularly to discuss issues affecting the operations of the Company. Moreover, the overall strategic and other key business, financial and operational policies of the Group are made collectively after thorough discussion at both Board and senior management levels.

Reference is made to the announcement of the Company dated 15 August 2023, in relation to the election of Mr. ZHENG Yongda as the Chairman of the fifth session of the Board. After such adjustment, the role of Chairman and chief executive director were separated. Mr. CHE remains his role as the chief executive officer of the Company. Accordingly, the Company has complied with Code Provision C.2.1 of the Corporate Governance Code since 15 August 2023.

## COMPLIANCE WITH THE MODEL CODE

The Company has adopted a code of conduct regarding Directors' and Supervisors' securities transactions on terms as required under the Model Code. The Company has made specific queries to the Directors and Supervisors, and all Directors and Supervisors have confirmed their compliance with the provisions set out in the Model Code during the Reporting Period.

## CORPORATE CULTURE

The Board believes that corporate culture underpins the long-term business, commercial success and sustainable growth of the Group. A strong culture enables the Company to deliver long-term sustainable performance and fulfil its role as a responsible corporate citizen.

Belief: Professional entrepreneurship to make every life good and excellent!

Mission: Enhancing the home taste of Chinese people! Responsible for the environmental protection of every family's home!

Vision: Building world-top brand of Chinese nation!

The Board have always been ensuring that the goals, values and strategies made are aligned with the corporate culture, while all Directors take the lead in promoting the development of corporate culture.

## BOARD OF DIRECTORS

### Board Composition

As at the end of the Reporting Period, the Board of the Company comprises 14 Directors, including 4 executive Directors, 5 non-executive Directors and 5 independent non-executive Directors. The following list sets forth the information in respect of the current members of the Board.

Name	Positions	Date of Re-appointment or Appointment <sup>(1)</sup>
Mr. ZHENG Yongda	Chairman and Non-executive Director	15 August 2023
Mr. CHE Jianxing	Executive Director and General Manager	
Mr. WANG Wenhui	Non-executive Director	15 August 2023
Mr. ZOU Shaorong	Non-executive Director	15 August 2023
Mr. SHI Yaofeng	Executive Director and Deputy General Manager	15 August 2023
Mr. YANG Yingwu	Executive Director and Deputy General Manager	15 August 2023
Mr. LI Jianhong	Executive Director	15 August 2023
Mr. SONG Guangbin	Non-executive Director	15 August 2023
Ms. XU Di	Non-executive Director	15 August 2023
Mr. XUE Wei	Independent Non-executive Director	15 August 2023
Mr. CHEN Shanang	Independent Non-executive Director	15 August 2023
Mr. HUANG Jianzhong	Independent Non-executive Director	15 August 2023
Mr. WONG Chi Wai	Independent Non-executive Director	15 August 2023
Mr. CAI Qinghui	Independent Non-executive Director	15 August 2023

Biographies of the Directors are set out in the section headed "Directors, Supervisors and Senior Management" of this annual report.

# Corporate Governance Report

During the Reporting Period, the Board complied with the requirements of appointing at least three independent non-executive Directors (among whom at least one independent non-executive Director holds the appropriate professional qualifications or accounting or relevant financial management knowledge) set out in Rules 3.10(1) and 3.10(2) of the Listing Rules at any time.

The Company also complied with the requirements of appointing independent non-executive Directors, accounting for one-third of the members of the Board set out in Rule 3.10A of the Listing Rules. Independence of each independent non-executive Director has been confirmed in accordance with Rule 3.13 of the Listing Rules, and the Company regards them as independent.

All Directors (including the independent non-executive Directors) enabled the Board with different valuable experiences in business and professional knowledge so that the Board of Directors could fulfill its function efficiently and effectively. The independent non-executive Directors were invited to join the Audit Committee, the Remuneration and Evaluation Committee, the Nomination Committee and the Strategy and Investment Committee.

## Board Diversity

The Company regards increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. The Board of the Company will consider setting measurable objectives for the implementation of the Board diversity policy and will review them from time to time to ensure that they are appropriate and feasible and to ascertain progress towards such objectives. In designing the Board's composition, the Company considers the Board's diversity from a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service, so as to ensure a moderate balance of the Board members in skills, experience and diversity of views, which will in turn help them to provide the necessary conditions to support the Board in implementing its business strategies and to maintain the effective operation of the Board. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board. At present, the Nomination Committee considers that the Board members are fully diversified, and the Board has not set any quantifiable objectives. The Nomination Committee will continue to monitor the implementation of the Board diversity policy and will regularly review the Board diversity policy to ensure its continued effectiveness.

Taking into consideration of the Company's current business model and specific demands, as well as the different backgrounds, competence, ages and genders of the Directors, the Directors are of the opinion that all the Directors (including independent non-executive Directors) have brought various valuable business experience, knowledge and professional skills to the Board to ensure its effective operation and that the board diversity policy has been effectively implemented.

## Employee Diversity

The Company focuses on the growth and competitiveness of the Company as a result of employee diversity. As of 31 December 2023, the percentage of female employees (including senior management) of the Company and its principal subsidiaries was 42.73%, and the Company considers that gender diversity of employees has been achieved.

## Board Meeting

In accordance with the Articles of Association, the board meetings are divided into regular meetings and provisional meetings. Board meetings shall be convened at least four times a year and be called for by the Chairman. A notice of at least 14 days shall be sent to all Directors before the meeting is convened so that they may attend the meeting and include any relevant matters for discussion in the meeting agenda. The Directors may seek independent professional opinions when fulfilling their duties, and the cost will be borne by the Company.

Other than the connected transactions to be reviewed by the Board set out in the Articles of Association, Board meetings shall be attended by more than half of the Directors.

Minutes of the Board meetings and Committee meetings shall record all matters considered and decisions made by the Board and Committees, including all questions raised by the Directors. Drafts and final versions of the minutes of the Board meetings and Committee meetings are/will be sent to each Director within a reasonable period of time after the meeting for their consideration.

Save as disclosed in the Prospectus and in this report, to the best knowledge of the Company, there are no financial, business, family, or other material relationships among members of the Board.

### Appointment, Re-election and Re-appointment of Directors

In accordance with the provisions set out in the Articles of Association, the Directors shall be elected by the general meeting of Shareholders and shall serve three-year terms. Upon expiration of the term, the Directors may be re-elected and reappointed. Each independent non-executive Director shall be subject to retirement by rotation once every two sessions.

### Nomination Policy

The Company has implemented a set of effective procedures for the appointment of new Directors. The Nomination Committee and Remuneration and Evaluation Committee have priority to discuss nomination of the new Directors and shall submit proposals to the Board. New directors shall be elected by the general meeting of Shareholders.

This set of procedures aims to ensure that the skills and experience of the Board are evenly distributed to support them to provide the Company with different views and perspectives, to ensure the consistency of the Board and to ensure that the Board of Directors is under appropriate leadership.

In assessing candidates for Directors, the Nomination Committee will assess the suitability of the proposed personnel and their potential contributions to the Board in all aspects, including but not limited to the following:

- Reputation for integrity
- Guarantee for available time and related benefits
- Diversity in all aspects, including but not limited to gender, age (18 years old or older), cultural and educational background, race, professional experience, skills, knowledge and length of service

The Company will consider adopting the nomination policy for Directors, which sets out the selection criteria and procedures as well as the considerations related to the nomination and appointment of Directors in the succession plan of the Board.

The Nomination Committee reviews at least annually the structure, size and composition (including the skills, knowledge and experience) of the Board and, where appropriate, makes recommendations on changes to the Board to complement the Company's corporate strategy. The Company aims to maintain an appropriate balance of diverse perspectives within the Board that are relevant to the Company's business growth.

The Company has entered into service contracts or appointment letters for a service term of three years with all Directors (including the non-executive Directors).

# Corporate Governance Report

## Directors' Training

### Introductory and Continuous Professional Development

All newly appointed Directors are granted with necessary induction training and data so as to have an appropriate understanding of the operating status and business of the Company as well as their responsibilities under relevant laws, rules, provisions and articles. The Company also arranges periodical seminars for the Directors in order to provide the latest information on any development and changes in the Listing Rules, and other relevant laws and regulations. The Directors are also informed about the performance, current status and prospect of the Company regularly, so as to fulfill their responsibilities.

Trainings attended by all Directors in the Reporting Period are as below:

Name of Directors	Training Description
ZHENG Yongda	A, B
CHE Jianxing	A, B
WANG Wenhui	A, B
ZOU Shaorong	A, B
SHI Yaofeng	A, B
YANG Yingwu	A, B
LI Jianhong	A, B
SONG Guangbin	A, B
XU Di	A, B
XUE Wei	A, B
CHEN Shanang	A, B
HUANG Jianzhong	A, B
WONG Chi Wai	A, B
CAI Qinghui	A, B

*Notes:*

- A. Trainings related to governance of listed company and Directors' responsibility, organized by law firms, compliance advisor, external auditor etc.;
- B. Reading provisions connected to company governance, Directors' responsibilities and internal control risk management and attending lecture, forum, conference, etc..

## Duties Performed by the Board and Management

The Board is responsible to the general meeting of Shareholders and performs the following duties: to approve and supervise all policy issues, overall strategy, budgeting, internal control and risk management system, material transactions (especially the transactions in which the parties with conflict of interest may be involved), Directors' appointment and other material financial and operating affairs. The Directors may seek independent professional opinions when fulfilling their duties, and the cost will be borne by the Company. The Company also encourages the Directors to seek independent consultation with senior management of the Company.

The senior management is responsible for daily management, administration and operation of the Group, and the Board shall discuss the authorization of functions and duties periodically. Any material transactions established by the management shall be approved by the Board in advance.

The Company has established internal policies (including but not limited to the Articles of Association, the Rules of Procedure of the Board and Working Rules of the Remuneration and Evaluation Committee) to ensure that the Board is provided with independent views and opinions. These policies cover the Company's procedures and criteria for the election of directors (including independent non-executive directors), the mechanism for recusal of related directors from voting on Board-related resolutions, and the special terms of reference for independent directors to independently engage external auditors and advisory bodies. The Board has reviewed the implementation of the above mechanisms and considers that they are effective in ensuring that the Board is provided with independent views and opinions.

## CORPORATE GOVERNANCE FUNCTION

The Board is responsible for establishing the corporate governance policy of the Company and fulfilling the following corporate governance duties:

- (1) To develop and review the corporate governance policy and routines of the Company;
- (2) To review and monitor training and continuous professional development of the Directors and senior management;
- (3) To review and monitor compliance of policies and routines of the Company with the requirements of all applicable laws and regulations;
- (4) To establish, review and monitor code of conduct and compliance guidelines applicable to the employees and Directors (if available); and
- (5) To review the Company's compliance with the disclosure requirements as set out in the Corporate Governance Code and Corporate Governance Report.

## DIRECTORS' LIABILITY INSURANCE

The Company has purchased appropriate insurance against the litigations raised against the Directors during the Reporting Period.

# Corporate Governance Report

## BOARD COMMITTEES

The Board delegates responsibilities to various Committees. In accordance with the relevant PRC laws and regulations, the Corporate Governance Code, the Company has established four Board Committees, namely the Audit Committee, the Remuneration and Evaluation Committee, the Nomination Committee and the Strategy and Investment Committee.

## AUDIT COMMITTEE

We have established an Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and code provision D.3 of the Corporate Governance Code. The Audit Committee consists of one non-executive Director and two independent non-executive Directors as at the end of the Reporting Period, namely Mr. ZOU Shaorong, Mr. XUE Wei and Mr. HUANG Jianzhong. Mr. XUE Wei, who holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules, serves as the chairman of the Audit Committee. The primary duties of the Audit Committee include, but are not limited to, the following:

- proposing the appointment or change of external auditors;
- overseeing the internal audit system of the Company and its implementation;
- maintaining close communication between the internal auditors and external auditors;
- examining the financial information of the Company and its disclosure, and auditing significant connected transactions as authorized by the Board;
- monitoring integrity of the Company's financial statements, annual reports and accounts, interim reports, other periodic reports, agreed proceedings, audit reports (hereinafter referred to as the "**Materials**"), reviewing significant judgments on financial reporting set out in the Materials and making judgments on the completeness, accuracy and truthfulness of the preparation and disclosure of the Company's financial reports;
- examining the Company's financial reporting system, and the rationality, efficiency and implementation of the risk management and internal control systems of the Company and its subsidiaries and branch offices, and making recommendations to the Board;
- providing comments regarding the performance of internal auditors;
- overseeing the corporate governance of the Company, making recommendations to the Board, and reviewing the corporate governance report disclosed in our annual report;



- overseeing the Company's compliance with the Corporate Governance Code, the Listing Rules and related laws; and
- dealing with other matters that are authorized by the Board.

As at the end of the Reporting Period, the Audit Committee has performed its duties with due prudence in accordance with the requirements of the Company Law, the Articles of Association, the Terms of Reference of the Audit Committee of the Board of the Company and the relevant laws and regulations. The Audit Committee convened six meetings, details of which are set out below:

Name of Meeting	Date of Meeting	Contents of Meeting	Attendance at the Meeting
Audit Committee	1 February 2023	(1) The proposal on change of auditors and disclosure of financial statements in the H-Share market in accordance with IFRS.	QIAN Shizheng, LEE Kwan Hung, Eddie and WANG Xiao attended the meeting
	30 March 2023	(1) The internal control auditor's reports to the Audit Committee in respect of the audit matters for the internal control report of the Company for the year 2022;  (2) The internal control evaluation report of the Company for the year 2022;  (3) The auditor's reports to the Audit Committee in respect of the audit matters for the annual financial report of the Company for the year 2022;  (4) The financial statements of the Company for the year ended 31 December 2022;  (5) The annual report and annual results of the Company for the year ended 31 December 2022;  (6) The profit distribution plan of the Company for 2022;	QIAN Shizheng, LEE Kwan Hung, Eddie and WANG Xiao attended the meeting

## Corporate Governance Report

Name of Meeting	Date of Meeting	Contents of Meeting	Attendance at the Meeting
		(7) The exclusive report on the depositary and actual use of funds raised by the Company in 2022;	
		(8) The resolution concerning the provision for assets impairment of the Company for the year 2022;	
		(9) The resolution in respect of re-appointment of auditor and the internal control auditor for the financial report of the Company for 2023;	
		(10) The resolution concerning the expected ordinary related party transactions of the Company for the year 2023;	
		(11) The report on the performance of duties of the Audit Committee of the Board of the Company for the year 2022;	
		(12) The summary of internal audit works for the year 2022 and working plan for the year 2023 of the Company;	
		(13) The report on corporate environmental and social responsibility of the Company for the year 2022;	
		(14) The Corporate Governance Report as of 31 December 2022.	

## Corporate Governance Report

Name of Meeting	Date of Meeting	Contents of Meeting	Attendance at the Meeting
	28 April 2023	(1) The first quarterly report of the Company for 2023; (2) The proposal for special dividend of the Company.	QIAN Shizheng, LEE Kwan Hung, Eddie and WANG Xiao attended the meeting
	30 August 2023	(1) The interim financial statements of the Company as of 30 June 2023; (2) The interim report and interim results of the Company as of 30 June 2023; (3) The special report on the depositary and actual use of funds raised by the Company in the first half of 2023; (4) The proposal on the provision of asset impairment allowances in the first half of 2023; (5) The internal audit work report of the Company in the first half of 2023.	XUE Wei, HUANG Jianzhong and ZOU Shaorong attended the meeting
	19 October 2023	(1) The proposal on change of auditor of the Company.	XUE Wei, HUANG Jianzhong and ZOU Shaorong attended the meeting
	27 October 2023	(1) The third quarterly report of the Company for 2023; (2) The proposal on the provision of asset impairment allowances of the Company in the third quarter of 2023.	XUE Wei, HUANG Jianzhong and ZOU Shaorong attended the meeting

The Audit Committee oversees and monitors the risk management and internal control systems of the Company on an ongoing basis and review with our external auditors and management periodically, and not less than annually, the scope, adequacy and effectiveness of the Company's corporate accounting and financial controls, risk management and internal control systems, and any related significant findings regarding risks or disclosures and consider recommendations for improvement of such controls. The review should cover all material controls, including financial, operational and compliance controls. Further details regarding the annual review conducted by the Audit Committee are set out in the section headed "Risk Management and Internal Control".

## REMUNERATION AND EVALUATION COMMITTEE

The Company established a Remuneration and Evaluation Committee with written terms of reference in compliance with code provision E.1 of the Corporate Governance Code.

As at the end of the Reporting Period, the Remuneration and Evaluation Committee consists of three Directors, including one non-executive Director and two independent non-executive Directors, namely Mr. ZHENG Yongda, Mr. HUANG Jianzhong and Mr. WONG Chi Wai. Mr. HUANG Jianzhong serves as the chairman of the Remuneration and Evaluation Committee.

The primary duties of the Remuneration and Evaluation Committee include, but are not limited to, the following:

- formulating the remuneration plans for Directors, Supervisors and members of the senior management in accordance with the terms of reference of the Directors, Supervisors and members of the senior management and the importance of their positions as well as the remuneration benchmarks of relevant positions in other comparable companies;
- the remuneration plans include, but are not limited to, criteria and procedures of performance evaluation, the main evaluation system as well as the main reward and penalty scheme and system, etc.;
- making recommendations to the Board on the remuneration packages of individual executive Directors and senior management;
- examining the performance of Directors, Supervisors and members of the senior management of our Company, and conducting annual performance evaluation;
- reviewing or approving matters relating to share schemes under Chapter 17 of the Listing Rules;
- supervising the implementation of our Company's remuneration plan and incentive system; and
- dealing with other matters that are authorized by the Board.

## Corporate Governance Report

As at the end of the Reporting Period, the Remuneration and Evaluation Committee has performed its duties with due prudence in accordance with the requirements of the Company Law, the Articles of Association, the Terms of Reference of the Remuneration and Evaluation Committee of the Board of the Company and the relevant laws and regulations. The Remuneration and Evaluation Committee convened four meetings, details of which are set out below:

Name of Meeting	Date of Meeting	Contents of Meeting	Attendance at the Meeting
Remuneration and Evaluation Committee	18 January 2023	(1) The resolution on reviewing the remuneration of Mr. ZHENG Yongda, the candidate for non-executive Director of the fourth session of the Board;	CHE Jianxing, QIAN Shizheng and WANG Xiao attended the meeting
		(2) The resolution on reviewing the remuneration of Mr. WANG Wenhui, the candidate for non-executive Director of the fourth session of the Board;	
		(3) The resolution on reviewing the remuneration of Mr. ZOU Shaorong, the candidate for non-executive Director of the fourth session of the Board;	
		(4) The resolution on reviewing the remuneration of Mr. LI Jianhong, the candidate for executive Director of the fourth session of the Board.	
	16 February 2023	(1) The resolution on reviewing the remuneration of Mr. CHEN Xi, the candidate for non-executive Director of the fourth session of the Board.	CHE Jianxing, QIAN Shizheng and WANG Xiao attended the meeting
	30 March 2023	(1) The resolution on the remuneration of Directors and senior management of the Company in 2022.	CHE Jianxing, QIAN Shizheng and WANG Xiao attended the meeting

# Corporate Governance Report

Name of Meeting	Date of Meeting	Contents of Meeting	Attendance at the Meeting
	26 July 2023	<p>(1) The resolution on reviewing the remuneration of Mr. ZHENG Yongda, the candidate for non-executive Director of the fifth session of the Board;</p> <p>(2) The resolution on reviewing the remuneration of Mr. WANG Wenhui, the candidate for non-executive Director of the fifth session of the Board;</p> <p>(3) The resolution on reviewing the remuneration of Mr. ZOU Shaorong, the candidate for non-executive Director of the fifth session of the Board;</p> <p>(4) The resolution on reviewing the remuneration of Mr. SHI Yaofeng, the candidate for executive Director of the fifth session of the Board;</p> <p>(5) The resolution on reviewing the remuneration of Mr. YANG Yingwu, the candidate for executive Director of the fifth session of the Board;</p> <p>(6) The resolution on reviewing the remuneration of Mr. CHE Jianxing, the candidate for executive Director of the fifth session of the Board;</p> <p>(7) The resolution on reviewing the remuneration of Mr. LI Jianhong, the candidate for executive Director of the fifth session of the Board;</p> <p>(8) The resolution on reviewing the remuneration of Ms. XU Di, the candidate for non-executive Director of the fifth session of the Board;</p>	CHE Jianxing, QIAN Shizheng and WANG Xiao attended the meeting

Name of Meeting	Date of Meeting	Contents of Meeting	Attendance at the Meeting
		(9) The resolution on reviewing the remuneration of Mr. SONG Guangbin, the candidate for non-executive Director of the fifth session of the Board;	
		(10) The resolution on reviewing the remuneration of Mr. XUE Wei, the candidate for independent non-executive Director of the fifth session of the Board;	
		(11) The resolution on reviewing the remuneration of Mr. CHEN Shanang, the candidate for independent non-executive Director of the fifth session of the Board;	
		(12) The resolution on reviewing the remuneration of Mr. HUANG Jianzhong, the candidate for independent non-executive Director of the fifth session of the Board;	
		(13) The resolution on reviewing the remuneration of Mr. WONG Chi Wai, the candidate for independent non-executive Director of the fifth session of the Board;	
		(14) The resolution on reviewing the remuneration of Mr. CAI Qinghui, the candidate for independent non-executive Director of the fifth session of the Board.	

## NOMINATION COMMITTEE

The Company has established a Nomination Committee with written terms of reference in compliance with code provision B.5 of the Corporate Governance Code. The Nomination Committee may seek independent professional opinions when fulfilling its duties, and the cost will be borne by the Company. As at the end of the Reporting Period, the Nomination Committee consists of five Directors, including one executive Director, one non-executive Director and three independent non-executive Directors, namely Mr. CHE Jianxing, Mr. ZHENG Yongda, Mr. CHEN Shanang, Mr. CAI Qinghui and Mr. HUANG Jianzhong. Mr. CHEN Shanang serves as the chairman of the Nomination Committee.

The primary duties of the Nomination Committee include, but are not limited to, the following:

- making recommendations to the Board on size and composition of the Board in accordance with our Company's operating activities, asset size and shareholding structure;
- researching and developing criteria and procedures for the election of the Board members, general managers and other members of the senior management, and making recommendations to the Board;
- conducting thorough investigation on suitable candidates for Directors, general managers and other members of the senior management, and making recommendations to the Board;
- reviewing and examining candidates for Directors, general managers and other members of the senior management, and making recommendations to the Board; and
- dealing with other matters that are authorized by the Board.



## Corporate Governance Report

As at the end of the Reporting Period, the Nomination Committee has performed its duties with due prudence in accordance with the requirements of the Company Law, the Articles of Association, the Terms of Reference of the Nomination Committee of the Board of the Company and the relevant laws and regulations. The Nomination Committee convened four meetings, details of which are set out below:

Name of Meeting	Date of Meeting	Contents of Meeting	Attendance at the Meeting
Nomination Committee	18 January 2023	(1) The resolution on the addition of Mr. ZHENG Yongda as a non-executive Director of the fourth session of the Board;	CHE Jianxing, LEE Kwan Hung, Eddie and ZHAO Chongyi attended the meeting
		(2) The resolution on the addition of Mr. WANG Wenhui as a non-executive Director of the fourth session of the Board;	
		(3) The resolution on the addition of Mr. ZOU Shaorong as a non-executive Director of the fourth session of the Board;	
		(4) The resolution on the addition of Mr. LI Jianhong as an executive Director of the fourth session of the Board.	
	16 February 2023	(1) The resolution on the addition of Mr. CHEN Xi as a non-executive Director of the fourth session of the Board.	CHE Jianxing, LEE Kwan Hung, Eddie and ZHAO Chongyi attended the meeting
	30 March 2023	(1) Regarding the structure, number, composition and diversity of the Board for 2022.	LEE Kwan Hung, Eddie, CHE Jianxing, ZHAO Chongyi, ZHENG Yongda and QIN Hong attended the meeting

# Corporate Governance Report

Name of Meeting	Date of Meeting	Contents of Meeting	Attendance at the Meeting
	26 July 2023	<p>(1) The resolution on the nomination of Mr. ZHENG Yongda as a candidate of non-executive Director of the fifth session of the Board;</p> <p>(2) The resolution on the nomination of Mr. WANG Wenhui as a candidate of non-executive Director of the fifth session of the Board;</p> <p>(3) The resolution on the nomination of Mr. ZOU Shaorong as a candidate of non-executive Director of the fifth session of the Board;</p> <p>(4) The resolution on the nomination of Mr. SHI Yaofeng as a candidate of executive Director of the fifth session of the Board;</p> <p>(5) The resolution on the nomination of Mr. YANG Yingwu as a candidate of executive Director of the fifth session of the Board;</p> <p>(6) The resolution on the nomination of Mr. CHE Jianxing as a candidate of executive Director of the fifth session of the Board;</p> <p>(7) The resolution on the nomination of Mr. LI Jianhong as a candidate of executive Director of the fifth session of the Board;</p> <p>(8) The resolution on the nomination of Ms. XU Di as a candidate of non-executive Director of the fifth session of the Board;</p> <p>(9) The resolution on the nomination of Mr. SONG Guangbin as a candidate of non-executive Director of the fifth session of the Board;</p> <p>(10) The resolution on the nomination of Mr. XUE Wei as a candidate of independent non-executive Director of the fifth session of the Board;</p> <p>(11) The resolution on the nomination of Mr. CHEN Shanang as a candidate of independent non-executive Director of the fifth session of the Board;</p> <p>(12) The resolution on the nomination of Mr. HUANG Jianzhong as a candidate of independent non-executive Director of the fifth session of the Board;</p>	LEE Kwan Hung, Eddie, CHE Jianxing, ZHAO Chongyi, ZHENG Yongda and QIN Hong attended the meeting

Name of Meeting	Date of Meeting	Contents of Meeting	Attendance at the Meeting
		(13) The resolution on the nomination of Mr. WONG Chi Wai as a candidate of independent non-executive Director of the fifth session of the Board;	
		(14) The resolution on the nomination of Mr. CAI Qinghui as a candidate of independent non-executive Director of the fifth session of the Board.	

## STRATEGY AND INVESTMENT COMMITTEE

We have established a Strategy and Investment Committee with written terms of reference. As at the end of the Reporting Period, the Strategy and Investment Committee consists of seven Directors, including three executive Directors, three non-executive Directors and one independent non-executive Director: namely Mr. CHE Jianxing, Mr. SHI Yaofeng, Mr. LI Jianhong, Mr. ZHENG Yongda, Mr. WANG Wenhui, Mr. ZOU Shaorong and Mr. HUANG Jianzhong. Mr. ZHENG Yongda serves as the chairman of the Strategy and Investment Committee.

The primary duties of the Strategy and Investment Committee include, but are not limited to, the following:

- researching and recommending to the Board the long-term development and strategic plans of our Company;
- researching and recommending to the Board material investments, financing proposals, capital operation and asset management of our Company, which must be approved via Board meetings or Shareholders' meetings in accordance with the Articles of Association;
- researching and recommending to the Board matters that are material to the development of our Company;
- checking the implementation of above-mentioned matters that are approved via Board meetings or Shareholders' meetings; and
- dealing with other strategic matters that are authorized by the Board.

As at the end of the Reporting Period, the Strategy and Investment Committee has performed its duties with due prudence in accordance with the requirements of the Company Law, the Articles of Association, the Terms of Reference of the Strategy and Investment Committee of the Board of the Company and the relevant laws and regulations. The Strategy and Investment Committee convened one meeting, details of which are set out below:

Name of Meeting	Date of Meeting	Contents of Meeting	Attendance at the Meeting
Strategy and Investment Committee	30 March 2023	(1) The resolution on the development strategy and business plan of the Company for 2023.	CHE Jianxing, HU Xiao, ZHAO Chongyi, QIN Hong and WANG Wenhui attended the meeting

## ATTENDANCE RECORD OF BOARD MEETINGS

Attendance record of all Directors to the general meetings, Board meetings and Committee meetings during the Reporting Period are as below:

Director's Name	Number of attending/ convening meetings of Board meetings	Number of attending/ convening meetings of Audit Committee	Number of attending/ convening meetings of Remuneration and Evaluation Committee	Number of attending/ convening meetings of Nomination Committee	Number of attending/ convening meetings of Strategy and Investment Committee	Number of attending/ convening general meetings
ZHENG Yongda	23/27	-	-	2/4	-	8/8
WANG Wenhui	23/27	-	-	-	1/1	8/8
ZOU Shaorong	23/27	3/6	-	-	-	8/8
SHI Yaofeng	12/27	-	-	-	-	4/8
YANG Yingwu	12/27	-	-	-	-	4/8
CHE Jianxing	27/27	-	4/4	4/4	1/1	8/8
LI Jianhong	23/27	-	-	-	-	8/8
XU Di	12/27	-	-	-	-	4/8
SONG Guangbin	12/27	-	-	-	-	4/8
XUE Wei	12/27	3/6	-	-	-	4/8
CHEN Shanang	12/27	-	-	-	-	4/8
HUANG Jianzhong	12/27	3/6	-	-	-	4/8
WONG Chi Wai	12/27	-	-	-	-	4/8
CAI Qinghui	12/27	-	-	-	-	4/8
CHEN Zhaohui (resigned)	15/27	-	-	-	-	4/8
HU Xiao (resigned)	15/27	-	-	-	1/1	4/8
YANG Guang (resigned)	15/27	-	-	-	-	1/8
JIANG Xiangyu (resigned)	4/27	-	-	-	-	4/8
GUO Binghe (resigned)	0/27	-	-	-	-	0/8
CHE Jianfang (resigned)	0/27	-	-	-	-	0/8
JIANG Xiaozhong (resigned)	0/27	-	-	-	-	0/8
CHEN Shuhong (resigned)	0/27	-	-	-	-	0/8
LEE Kwan Hung, Eddie (resigned)	15/27	3/6	-	4/4	-	4/8
QIAN Shizheng (resigned)	15/27	3/6	4/4	-	-	4/8
WANG Xiao (resigned)	15/27	3/6	4/4	-	-	4/8
ZHAO Chongyi (resigned)	15/27	-	-	4/4	1/1	4/8
QIN Hong (resigned)	15/27	-	-	2/4	1/1	4/8

### DIRECTORS' FINANCIAL STATEMENTS REPORTING RESPONSIBILITY

The Directors are fully aware of their responsibility of preparing the Consolidated Financial Statements of the Company for the year ended 31 December 2023 so as to provide a true and fair view of the situation of the Company and the Group as well as the results and cash flows of the Group.

The management has provided necessary explanation and data to the Board, thus the Board is able to evaluate the financial statements of the Company which are submitted for approval of the Board with full knowledge. The Company has also periodically provided updated information about performance, status and prospect of the Company to all members of the Board.

The Directors were not aware of any material uncertainties with respect to any event or situation which may pose important threat to the sustainable operation of the Group.

Statement of the Directors' reporting responsibilities of Consolidated Financial Statements of the Company made by auditors of the Company is recorded in Independent Auditors' Report on page 112 of this annual report.

### RISK MANAGEMENT AND INTERNAL CONTROL

The Board has established the risk management and internal control systems, monitored and reviewed their effectiveness on an ongoing basis in compliance with paragraph D.2 of the Corporate Governance Code. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board reviews the effectiveness of the risk management and internal control systems on an annual basis, and assesses all important monitoring aspects including financial monitoring, operation monitoring and compliance monitoring as per five internal control elements, namely, internal environment, risk assessment, control activities, information and communication and internal supervision and make sure the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit and financial reporting functions to ensure that effective risk management and internal control systems are in place.

# RISK MANAGEMENT AND INTERNAL CONTROL ORGANISATIONAL SYSTEM

The Company has established a complete and competent risk management and internal control organisational system, which consists of the Board, the Audit Committee, the Internal Control Management Committee (a sub-committee under the Audit Committee), the Internal Control Compliance Department, the Audit Department and various functions of the Company. Various functions of the Company form the first line of defence of risk management and internal control, which are responsible for the direct identification and management of the risks arising in the course of business during our daily operation, and developing risk response strategies and specific solutions. The Internal Control Compliance Department and Internal Control Management Committee form the second line of defence of risk management and internal control, which is responsible for building and maintaining the comprehensive risk management framework of the Company, and coordinating the establishment of risk management between various functions of the headquarter and different regions and shopping malls. The Audit Department and the Audit Committee form the third line of defence of risk management and internal control, which is responsible for conducting independent supervision which involves supervision and examination to determine if the Company is able to conduct risk management and internal control in accordance with relevant policies, systems and processes for risk management and internal control, and if such measures are effective; meanwhile, the Audit Department reports the monitoring results to the Audit Committee, enabling it to better assess the Company's control and the effectiveness and frequency of risk management. The Board undertakes the ultimate responsibility for the establishment and perfection of the risk management and internal control systems as well as the effective implementation of risk management, and acts as the ultimate decision-making body in the Company with respect to risk management and internal control.

In addition, the Board arranges adequate training courses and related budget in respect of the risk management and internal control systems on an annual basis, and has also conducted periodic training on the concept, knowledge, process of risk management and methods of internal control to ensure the adequacy of management resources in risk management and internal control.

### CARRYING OUT RISK MANAGEMENT WORK

In order to better cope with the changing market environment and ensure the realization of the Company's business objectives, in 2023, the Company implemented a comprehensive risk management system at the company-wide level. The system is designed to manage various potential risks to which the Company is exposed in the course of operation through procedures and measures of risk identification, risk assessment, risk response, risk reporting and monitoring. The Company has systematically established a database for risks based on the status quo of our current business and management, with a view to achieving comprehensive identification of and response to risks.

On the basis of risk identification, the Company has established the major risk evaluation criteria from two dimensions, namely the probability of occurrence and the magnitude of influence of relevant risks. Various forms of measures, including risk questionnaire, risk investigation and interviews, as well as forum for risk assessment, were conducted to carry out the multilevel and comprehensive risk assessment work. These measures are developed to identify major risk areas affecting the objectives of the Company and to specify the priority and allocation of resources on risk management.

In order to align the risk points with specific control measures and responsibilities of different roles in the management system, and to ensure sufficient control of such risks, the Company implements basic risk management measures of internal control through specific business processes, including financial reporting, inside information processing and disclosure and other management procedures for significant processes in accordance with laws, regulations and regulatory requirements of the Listing Rules.

In respect of external information and communication, the Company developed information disclosure and reporting management rules, such as Information Disclosure Management System, News Release and News Spokesman System, etc., to establish a standardized control procedure for information collection, collation, validation and disclosure and set out confidentiality measures for inside information. Before the information is completely disclosed to the public, the Company will ensure that the information is kept absolutely confidential. For information which is difficult to maintain confidential or is already leaked, our Company will disclose the relevant information in a timely manner, so as to ensure the effective protection of the interests of investors and stakeholders.

The major risks which the Company are exposed to will vary with the changes in internal and external business environment and business situations. The Company will continuously monitor the significant risks and information on changes in risks arising from the operation and management of the different risk liability departments, and conduct supervision and evaluation on whether each of the departments is able to carry out risk management and the effectiveness of their efforts in accordance with relevant provisions, with a view to further improving the risk management mechanism.

### OPERATION OF INTERNAL CONTROL MECHANISM

The management of the Company has set up the Internal Control Management Committee, which leads the Internal Control Compliance Department in the overall planning, design and guidance in relation to the building of the risk management and internal control management system of the Company. In 2023, the Internal Control Compliance Department led the Internal Control Evaluation Working Group to conduct an internal control self-evaluation, which assessed the effectiveness of the design and implementation of internal control for the Company's main business and matters. For all deficiencies in internal control as identified in the assessment, the management of the Company has developed feasible rectification plans and promoted the implementation of such rectification. The Internal Control Compliance Department has followed up on such areas subject to rectification, and continued to monitor the progress and the overall effectiveness of the rectification of deficiencies, thus achieving the organized operation of overall internal control.

The Board and the Audit Committee are responsible for the continuous supervision and review of the effective implementation of the Company's risk management and internal control management system and the deficiencies of internal control. Specific supervision and review is carried out by the Audit Department. The Audit Department exercises the right of audit supervision independently without any interference from other departments, units and individuals. This mechanism is designed to maintain the independence, impartiality and authority of the internal audit function.

The Board has reviewed risk management and internal control work carried out in 2023. There has been no significant risk control failure, and no significant risk control weakness has been identified within the Company. The management processes including financial report, inside information handling and disclosure of the Company are in strict compliance with the Listing Rules. The Board has reviewed the risk management and internal control work conducted by the Company during the Reporting Period and considers the risk management and internal control system effective and adequate within the Group.

### AUDITOR'S REMUNERATION

Statement of the Company's external auditor related to the reporting responsibilities of consolidated financial statements is recorded in the Independent Auditors' Report on pages 112 of this annual report. During the year ended 31 December 2023, no fees were paid/payable by the Company to the external auditor, RSM China and CL Partners CPA Limited, except for the remuneration for audit services amounted to RMB5 million and RMB1.5 million, respectively. Remuneration of the Company's external internal control consultant, RSM China, paid/payable for the year ended 31 December 2023 was RMB1.3 million.



### COMPANY SECRETARY

Ms. QIU Zhe is one of the joint company secretary of the Company responsible for raising corporate governance-related suggestions to the Board, and ensuring compliance with policies and procedures of the Board, applicable laws, rules and regulations.

As Ms. QIU Zhe is not eligible under Rules 3.28 and 8.17 of the Listing Rules, the Company has applied to the Stock Exchange and was exempted by the Stock Exchange from strict compliance with the Listing Rules. The Company has engaged Ms. NG Sau Mei of TMF Hong Kong Limited (a corporate secretarial service provider) as another joint company secretary of the Company to provide assistance to Ms. QIU Zhe in the discharge of her duties as the company secretary. Ms. NG Sau Mei's main contact person in the Company is Ms. QIU Zhe.

For the year ended 31 December 2023, Ms. QIU Zhe and Ms. NG Sau Mei have completed professional training of no less than 15 hours in accordance with Rule 3.29 of the Listing Rules.

### AMENDMENTS TO THE ARTICLES OF ASSOCIATION

For the year ended 31 December 2023, there had been various alternations to the Articles of Association. The existing Articles of Association are published on the websites of the Hong Kong Stock Exchange and the Company respectively. For further details, please refer to Company's announcements dated on 1 December 2023 and 27 December 2023.

### COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company believes that effective communication with Shareholders is very important to enhance investor relations and investors' understanding of the Company's business, performance and strategies. We are also deeply convinced of the importance of disclosing information of the Company in time without preservation to the Shareholders and investors to make informed investment decisions.

The annual general meeting and extraordinary general meeting of the Company provide an opportunity for shareholders to communicate directly with the Directors. All shareholders are encouraged to attend the annual general meeting and extraordinary general meeting by receiving notices of the meetings at least 20 business days before the annual general meeting and at least 10 business days and not less than 15 days before the extraordinary general meeting. The chairman of the Board and directors of the Committees will attend the annual general meeting and extraordinary general meeting if possible, to answer questions raised by the shareholders. The external auditor of the Company will attend the annual general meeting and answer the questions regarding auditing items, preparation and contents of the auditor's report, accounting policy and independence of the auditor.

The Company adopted a shareholder communication policy so as to promote the effectiveness of communication and establish a bridge between the Company and its Shareholders. Further, a website ([www.chinaredstar.com](http://www.chinaredstar.com)) and enquiry channels for the investors (tel: (86)21-52820220; e-mail: [ir@chinaredstar.com](mailto:ir@chinaredstar.com)) are also available. The Company will release the latest information about the business operation and development, corporate governance practices and other latest information to the public on the website and the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk). The Company proactively communicates with the market through various means and channels, including but not limited to public presentations, roadshows, videos and conference calls, to improve communication effectiveness and facilitate value recognition. All these efforts have helped to deepen the capital market's understanding of the Company. Besides, maintaining good communication with institutional investors, the Company has also established diverse channels to communicate with minority investors to provide better investor services and protect their interests, including but not limited to corporate websites, email and hotlines. Moreover, the Company is committed to strengthening the analysis and reporting of capital market situations and the collection of shareholders' information, paying special attention to addressing investors' concerns and advice in order to further enhance the operations, management and corporate governance of the Company. We constantly improve internal workflows and system construction to provide investors with more convenient services precisely and efficiently. The Board regularly reviews the shareholder communications policy, ensures its effectiveness, and believes the shareholder communications policy is effective and adequate.

## SHAREHOLDERS' RIGHTS

In order to protect shareholders' interest and rights, the Company will submit the items for the review of the Shareholders' general meeting in the form of an independent resolution. The resolution submitted to the Shareholders' general meeting will be voted pursuant to the Listing Rules, and the voting result will be published on the websites of the Hong Kong Stock Exchange and the Company in time after the meeting.

### Extraordinary Shareholders' Meeting Convening and Proposal

Pursuant to the Articles of Association, where the Shareholders separately or jointly holding more than 10% of the Shares request the Board to convene an extraordinary Shareholders' meeting or Shareholders' class meeting, the following procedures shall be followed:

- (1) Shareholders who separately or jointly hold more than 10% of the Company's total voting Shares may request the Board to convene an extraordinary Shareholders' meeting or Shareholders' class meeting by signing a written requirement or several copies with the same format and to illustrate the subject of the meetings. The Board shall provide a written feedback on whether to agree to convene an extraordinary meeting within ten days upon receipt of the aforesaid written request. If the Board agrees to convene an extraordinary meeting, it will issue a notice about convening the meeting within five days after passing the resolution. If the notice modifies the original request, consent shall be obtained from the relevant shareholder. The aforesaid amount of shareholding is calculated as of the day when the relevant shareholder makes the written request.
- (2) If the Board fails to issue a notice of meeting within 30 days after receipt of the aforesaid written request, the requesting shareholder may itself convene a meeting within four months after the Board receives the said request, and the meeting convening procedure shall to the extent possible be the same as the procedure by which the Board convenes a general meeting.
- (3) If the Board does not agree to convening an extraordinary general meeting or provides no feedback within 10 days after receiving the request, the shareholder who individually or collectively holds more than 10% of the Company's shares has the right to propose convening an extraordinary general meeting and shall make a written request to the Supervisory Committee.

If the Supervisory Committee approves the request, it will issue a notice about convening the meeting within five days of receiving the request. If the notice modifies the proposed resolution in the original request, consent must be obtained from the relevant shareholder.

If the Supervisory Committee fails to issue a notice of the general meeting, it will be deemed that the Supervisory Committee will not convene or preside over the meeting. Therefore, the shareholders who individually or collectively hold more than 10% of the total shares of the Company for over 90 consecutive days can convene and preside over the meeting by themselves.



If any general meeting is called by the shareholders themselves, the shares held by those shareholders shall not be less than 10% of the total shares of the Company, before announcing the resolutions of the meeting.

Shareholder(s) individually or jointly holding 3% or more of the Company's shares may submit a written motion to the convener 10 days before a general meeting is convened; the convener shall issue a supplementary notice of general meeting within two days after receipt of the said provisional motion, to notify other shareholders and to submit the said provisional proposal to the general meeting for consideration.

### Queries Made to Board of Directors

The Shareholders may send queries for attention of the Board to [ir@chinaredstar.com](mailto:ir@chinaredstar.com) by e-mail.

# Independent Auditors' Report



TO THE SHAREHOLDERS OF RED STAR MACALLINE GROUP CORPORATION LTD.  
*(Incorporated in the People's Republic of China with limited liability)*

## OPINION

We have audited the consolidated financial statements of Red Star Macalline Group Corporation Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 118 to 337, which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board (the "IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

## BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
<p><b>Valuation of investment properties</b></p> <p>Refer to Notes 4, 5 and 17 to the consolidated financial statements</p> <p>As of 31 December 2023, the Group's investment properties at fair value were RMB98,480,200,000, accounting for about 79.3% of the Group's total assets. The fair value was determined by management with reference to the valuations performed by an independent professional valuer engaged by the Group (the "Valuer").</p> <p>Due to the facts that the amount of investment properties is significant, and the assessment of the fair value of investment properties involves significant estimates, assumptions and judgments of the management, including estimated rental income, discount rate, vacancy rate, the economic environment in the region where the investment properties were located and the analysis of future trend etc., the uncertainty was relatively high. Therefore, we considered the measurement of investment properties at fair value as a key audit matter.</p>	<p>Our procedures in relation to management's valuation of investment properties included, but were not limited to:</p> <ul style="list-style-type: none"> <li>• evaluating the independent external valuers' competence, capabilities and objectivity;</li> <li>• assessing the valuation methodologies used and the reasonableness of the key assumptions and parameters based on our knowledge of the property industry and using our auditors' valuation experts;</li> <li>• checking on sample basis, the accuracy and relevance of the input data used; and</li> <li>• reviewing the adequacy of disclosure related to the investment properties at fair value in the consolidated financial statement.</li> </ul>

# Independent Auditors' Report

## KEY AUDIT MATTERS (continued)

Key audit matter	How our audit addressed the key audit matter
<p><b>Allowance for expected credit losses on the financial assets and contract assets</b></p> <p>Refer to Notes 4, 5, 27, 28, 29, 30 and 47 to the consolidated financial statements</p> <p>As at 31 December 2023, the Group had the account receivables, deposits and other receivables, loan receivables and contract assets of approximately RMB3,169,493,000, RMB1,941,195,000, RMB2,952,103,000 and RMB2,242,770,000 respectively before the loss allowance amounting to approximately RMB1,966,173,000, RMB539,958,000, RMB372,248,000 and RMB856,027,000 has been made on account receivables, deposits and other receivables, loan receivables and contract assets respectively.</p> <p>Loss allowances for expected credit losses from financial assets and contract assets are based on management's estimate of the lifetime or 12-month expected credit losses to be incurred, which is estimated by taking into account the credit loss experience, ageing of overdue account receivables, repayment history, collaterals and financial position and the assessment of both the current and forecast general economic conditions, all of which involve significant degree of management judgement and estimation.</p> <p>We focused on this area due to the impairment assessment on the financial assets and contract assets under the expected credit losses model involved the use of significant management judgements and estimates.</p>	<p>Our procedures in relation to management's allowance for expected credit losses on the financial assets and contract assets included, but were not limited to:</p> <ul style="list-style-type: none"><li>• understanding the policies of the Group's allowance for expected credit losses on the financial assets and contract assets and the method adopted by the management for assessing the amount of expected credit losses;</li><li>• assessing the reasonableness of management's loss allowance estimate on financial assets and contract assets by examining the information used by management to form such judgements, including on a sample basis, testing the accuracy of the historical default data, evaluating whether the historical loss rates are appropriately adjusted based on current conditions and forward-looking information;</li><li>• assessing the reasonableness of recoverability of financial assets and contract assets with reference to historical utilisation pattern and credit history of counterparties including default or delay in payments, settlement records, subsequent settlements and repayment ability; and</li><li>• reviewing the adequacy of disclosure of expected credit losses on the financial assets and contract assets.</li></ul>

### OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditors' report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the IASB and the disclosure requirements of the Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

# AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion solely to you, as a body, in accordance our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSA's, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



### AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Ruan Qianting.

#### **CL Partners CPA Limited**

Certified Public Accountants

#### **Ruan Qianting**

Practising Certificate Number: P08288

Hong Kong, 28 March 2024

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2023

	<i>Notes</i>	<b>2023</b> <i>RMB'000</i>	<b>2022</b> <i>RMB'000</i>
<b>Revenue</b>	6	<b>11,514,983</b>	14,138,320
Cost of sales and services		<b>(4,481,730)</b>	(5,293,621)
<b>Gross profit</b>		<b>7,033,253</b>	8,844,699
Other income	7	<b>319,480</b>	447,559
Other gains or losses, net	8	<b>(1,200,524)</b>	(590,361)
Selling and distribution expenses		<b>(1,483,138)</b>	(1,555,295)
Administrative expenses		<b>(1,762,508)</b>	(1,861,835)
Research and development expenses	9	<b>(19,631)</b>	(46,329)
Change in fair value of investment properties, net	17	<b>(1,546,044)</b>	(725,834)
Impairment losses under expected credit loss model, net of reversal	47	<b>(1,303,571)</b>	(385,205)
Share of results of associates, net		<b>65,295</b>	1,032
Share of results of joint ventures, net		<b>12,409</b>	(27,465)
Finance cost	10	<b>(2,654,625)</b>	(2,503,313)
<b>(Loss)/profit before tax</b>		<b>(2,539,604)</b>	1,597,653
Income tax expenses	11	<b>(30,814)</b>	(780,769)
<b>(Loss)/profit for the year</b>	12	<b>(2,570,418)</b>	816,884

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2023

	<i>Notes</i>	2023 RMB'000	2022 RMB'000
<b>Other comprehensive (loss)/income</b>			
<i>Item that will not be reclassified to profit or loss:</i>			
Changes in fair value of other equity instrument investments		(225,987)	(661,135)
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Effective part of fair value hedging		–	(86,871)
Exchange differences from translation of financial statements		750	3,102
<b>Other comprehensive loss</b>		<b>(225,237)</b>	<b>(744,904)</b>
<b>Total comprehensive (loss)/income for the year</b>		<b>(2,795,655)</b>	<b>71,980</b>
<b>(Loss)/profit for the year attributable to:</b>			
Owners of the Company		(2,412,713)	678,566
Non-controlling interests		(157,705)	138,318
		<b>(2,570,418)</b>	<b>816,884</b>
<b>Total comprehensive (loss)/income attributable to:</b>			
Owners of the Company		(2,639,982)	(64,954)
Non-controlling interests		(155,673)	136,934
		<b>(2,795,655)</b>	<b>71,980</b>
<b>(Loss) /earnings per share</b>			
Basic and diluted (loss)/earnings (RMB per share)	16	(0.55)	0.16

# Consolidated Statement of Financial Position

As at 31 December 2023

	<i>Notes</i>	<b>2023</b> <i>RMB'000</i>	<b>2022</b> <i>RMB'000</i>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment properties	17	98,480,200	100,022,185
Property, plant and equipment	18	2,978,655	3,082,253
Right-of-use assets	19	10,787	39,257
Intangible assets	20	97,830	107,285
Goodwill	21	97,597	97,597
Interests in associates	22	2,415,082	2,701,530
Interests in joint ventures	23	1,027,419	1,055,532
Financial instruments at fair value through profit or loss	24	260,025	332,275
Financial instruments at fair value through other comprehensive income	25	1,757,631	2,586,569
Deferred tax assets	39	3,145,906	3,027,514
Loan receivables	27	324,064	975,130
Restricted bank deposits	31	444,253	302,205
Deposits, prepayment and other receivables	30	3,163,522	4,001,743
<b>Total non-current assets</b>		<b>114,202,971</b>	<b>118,331,075</b>
<b>Current assets</b>			
Inventories	26	159,514	302,869
Loan receivables	27	2,255,791	1,405,903
Financial instruments at fair value through profit or loss	24	570,321	921,838
Account receivables	28	1,203,320	1,962,169
Note receivables	28	6,176	19,016
Contract assets	29	1,386,743	1,818,468
Deposits, prepayment and other receivables	30	1,871,973	2,094,857
Bank balances and cash	32	2,529,800	2,626,264
<b>Total current assets</b>		<b>9,983,638</b>	<b>11,151,384</b>
<b>Total assets</b>		<b>124,186,609</b>	<b>129,482,459</b>

# Consolidated Statement of Financial Position

As at 31 December 2023

	<i>Notes</i>	<b>2023</b> <i>RMB'000</i>	<b>2022</b> <i>RMB'000</i>
<b>Current liabilities</b>			
Trade and other payables	33	12,194,197	12,996,449
Rental and service fee received in advance		876,845	873,855
Contract liabilities	29	1,137,850	1,839,930
Tax payables		378,302	1,005,648
Lease liabilities	36	954,445	940,871
Bank and other borrowings	34	12,976,625	7,100,362
Other current liabilities	38	73,277	73,648
Bonds	35	-	530,829
<b>Total current liabilities</b>		<b>28,591,541</b>	<b>25,361,592</b>
<b>Net current liabilities</b>		<b>(18,607,903)</b>	<b>(14,210,208)</b>
<b>Total assets less current liabilities</b>		<b>95,595,068</b>	<b>104,120,867</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities	39	14,037,866	14,020,244
Bank and other borrowings	34	19,713,654	24,508,990
Bonds	35	1,758,512	1,723,400
Lease liabilities	36	2,822,379	3,421,588
Other payables	33	510,349	556,241
Deferred income	37	210,046	218,121
Contract liabilities	29	455,413	582,559
Other non-current liabilities	38	943,714	1,087,008
<b>Total non-current liabilities</b>		<b>40,451,933</b>	<b>46,118,151</b>
<b>Net assets</b>		<b>55,143,135</b>	<b>58,002,716</b>

# Consolidated Statement of Financial Position

As at 31 December 2023

	<i>Notes</i>	<b>2023</b> <i>RMB'000</i>	<b>2022</b> <i>RMB'000</i>
<b>Equity</b>			
Share capital	40	<b>4,354,733</b>	4,354,733
Reserves		<b>47,477,661</b>	50,092,232
<b>Equity attributable to owners of the Company</b>		<b>51,832,394</b>	54,446,965
Non-controlling interests	41	<b>3,310,741</b>	3,555,751
<b>Total equity</b>		<b>55,143,135</b>	58,002,716

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 28 March 2024 and are signed on its behalf by:

\_\_\_\_\_  
**CHE Jianxing**  
Director

\_\_\_\_\_  
**YANG Yingwu**  
Director

# Consolidated Statement of Changes in Equity

For the year ended 31 December 2023

	Share capital	Capital reserve	Fair value through other comprehensive income reserve (note a)	Hedging reserve (note b)	Investment properties reserves (note c)	Exchange difference (note d)	Surplus reserve (note e)	Retained earnings	Sub-total	Non-controlling interest	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2023	4,354,733	6,876,592	931,929	-	81,398	(601)	2,293,731	39,909,183	54,446,965	3,555,751	58,002,716
Loss for the year	-	-	-	-	-	-	-	(2,412,713)	(2,412,713)	(157,705)	(2,570,418)
Fair value change	-	-	(228,019)	-	-	-	-	-	(228,019)	2,032	(225,987)
Exchange differences on translating foreign operations	-	-	-	-	-	750	-	-	750	-	750
Total comprehensive loss for the year	-	-	(228,019)	-	-	750	-	(2,412,713)	(2,639,982)	(155,673)	(2,795,655)
Acquisition of non-controlling interests	-	58,715	-	-	-	-	-	-	58,715	(71,737)	(13,022)
Contribution from a shareholder (note f)	-	300,000	-	-	-	-	-	-	300,000	-	300,000
Contributions from shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	5,455	5,455
Dividend paid	-	-	-	-	-	-	-	(348,295)	(348,295)	-	(348,295)
Distributions to shareholders	-	-	-	-	-	-	-	-	-	(43,267)	(43,267)
Change in ownership interests of subsidiaries	-	-	-	-	-	-	-	-	-	18,693	18,693
Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	1,519	1,519
Disposal of financial instruments at fair value through other comprehensive income	-	-	(161,182)	-	-	-	-	161,182	-	-	-
Others	-	14,991	-	-	-	-	-	-	14,991	-	14,991
As at 31 December 2023	4,354,733	7,250,298	542,728	-	81,398	149	2,293,731	37,309,357	51,832,394	3,310,741	55,143,135

# Consolidated Statement of Changes in Equity

For the year ended 31 December 2023

	Share capital	Capital reserve	Fair value through other comprehensive income reserve (note a)	Hedging reserve (note b)	Investment properties reserves (note c)	Exchange difference (note d)	Surplus reserve (note e)	Retained earnings	Sub-total	Non-controlling interest	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>As at 31 December 2021 and 1 January 2022</b>	4,354,733	6,880,494	1,713,167	86,871	81,398	(3,703)	2,206,429	39,631,905	54,951,294	3,628,204	58,579,498
Profit for the year	-	-	-	-	-	-	-	678,566	678,566	138,318	816,884
Fair value change	-	-	(659,751)	(86,871)	-	-	-	-	(746,622)	(1,384)	(748,006)
Exchange differences on translating foreign operations	-	-	-	-	-	3,102	-	-	3,102	-	3,102
Total comprehensive income for the year	-	-	(659,751)	(86,871)	-	3,102	-	678,566	(64,954)	136,934	71,980
Repurchase of shares	-	(5,003)	-	-	-	-	-	-	(5,003)	-	(5,003)
Acquisition of non-controlling interests	-	1,101	-	-	-	-	-	-	1,101	11,830	12,931
Appropriate to reserve	-	-	-	-	-	-	87,302	(87,302)	-	-	-
Dividend paid	-	-	-	-	-	-	-	(435,473)	(435,473)	-	(435,473)
Distributions to shareholders	-	-	-	-	-	-	-	-	-	(165,947)	(165,947)
Change in ownership interests of subsidiaries	-	-	-	-	-	-	-	-	-	(55,270)	(55,270)
Disposal of financial instruments at fair value through other comprehensive income	-	-	(121,487)	-	-	-	-	121,487	-	-	-
<b>As at 31 December 2022</b>	4,354,733	6,876,592	931,929	-	81,398	(601)	2,293,731	39,909,183	54,446,965	3,555,751	58,002,716

## Notes:

- Fair value through other comprehensive income reserve comprises the cumulative net change in the fair value of equity investments designated at FVTOCI under IFRS 9 that are held at the end of the reporting period.
- The hedging reserve represents the cumulative amount of gains and losses on hedging instruments deemed effective in hedging. The cumulative deferred gain or loss on the hedging instrument is recognised in profit or loss only when the hedged transaction impacts the profit or loss, or is included directly in the initial cost or other carrying amount of the hedged non-financial items (basis adjustment).
- Investment properties reserve represents difference arising between the carrying amount under IAS 16 at that date and the fair value is dealt with as a revaluation under IAS 16 from a transfer owner-occupied property to investment property carried at fair value.
- Exchange differences comprises all foreign exchange differences arising from the translation of the financial statement of operations.
- According to the relevant rules and regulations in the People's Republic of China ("PRC"), subsidiaries of the Company established in the PRC are required to transfer 10% of their net profit, as determined in accordance with the PRC accounting standards and regulations, to the reserve fund until the balance of the reserve reaches 50% of their respective registered capital. The transfer to this reserve must be made before distribution of dividends to owners of these subsidiaries. Reserve fund can be used to set off previous years' losses, if any, and may be converted into capital in proportion to existing equity owners' equity percentage, provided that the balance after such issuance is not less than 25% of their registered capital.
- Pursuant to the supplementary agreement of the share transfer agreement jointly signed by Red Star Macalline Holding Group Limited ("RSM Holding"), Mr. Che Jianxing (the former ultimate controlling shareholder of the Company), Xiamen C&D Inc. (廈門建發股份有限公司), and Lianfa Group Company Limited (a subsidiary of Xiamen C&D Inc.), the Company received RMB300,000 thousand compensation borne by RSM Holding. The compensation of RMB300,000 thousand was credited to capital reserve. Please refer to the announcement of the Company dated 8 February 2024 for details.



# Consolidated Statement of Cash Flows

For the year ended 31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
<b>Operating activities</b>			
(Loss)/profit before tax		(2,539,604)	1,597,653
Adjustments for:			
Amortisation of intangible assets	12&20	40,855	40,180
Changes in fair value of investment properties	17	1,546,044	725,834
Changes in fair value of financial instruments at FVTPL	8	44,744	48,327
Depreciation of property, plant and equipment	12&18	270,504	314,221
Depreciation of right-of-use assets	19	6,780	16,032
Dividend income	7	(53,682)	(42,837)
Exchange loss		29,489	–
Finance costs	10	2,654,625	2,503,313
Loss/(gain) on disposal of associates	8	94,350	(633)
Gain on disposal of financial instruments at FVTPL	8	(183)	(30,127)
Loss/(gain) on lease modification	8	44,608	(53,295)
Loss/(gain) on disposal of property, plant and equipment	8	11,064	(3,197)
Loss on disposal of intangible assets		19	–
Impairment loss on interests in associates	8	131,053	–
Impairment loss on interests in joint ventures	8	34,829	–
Impairment losses under expected credit losses model, net of reversal	47	1,303,571	385,205
Impairment loss on earning right related to land consolidation	8&30	315,070	574,829
Interest income	7	(167,317)	(230,572)
(Gain) /loss on disposal of subsidiaries, net	8	(16,600)	338
Share of results of associates, net		(65,295)	(1,032)
Share of results of joint ventures, net		(12,409)	27,465
Write-down of inventories	8	92,139	–
Written-off of property, plant and equipment	8	6,988	–
Written off of intangible assets	8	302	–
Operating cash flows before movements in working capital		3,771,944	5,871,704
Change in inventories		42,692	26,219
Change in contract assets		(31,332)	(192,776)
Change in trade and other receivables		625,466	(205,940)
Change in rental and service fee received in advance		2,990	(818,823)
Change in trade and other payables		(346,660)	(336,272)
Change in contract liabilities		(827,024)	(368,393)
Change in deferred income		(8,075)	4,265
Change in other current liabilities		(371)	(373)
Change in other non-current liabilities		(143,294)	161,482
Cash generated from operations		3,086,336	4,141,093
Income tax paid		(722,695)	(262,090)
<b>Net cash generated from operating activities</b>		<b>2,363,641</b>	<b>3,879,003</b>

The attached notes below to the financial statements are the constituent part of this financial statement

# Consolidated Statement of Cash Flows

For the year ended 31 December 2023

	<i>Notes</i>	2023 RMB'000	2022 RMB'000
<b>Investing activities</b>			
Acquisition of subsidiaries		(12,500)	–
Dividends received		90,543	42,837
Disposal of subsidiaries		(8,813)	–
Grant of loans		(523,317)	(1,331)
Interest received		11,526	230,572
Payment of restricted bank deposits		(555,063)	(580,000)
Placement of bank deposits with original maturity over three months		–	(18,000)
Proceeds from sale of investment properties		35,315	–
Proceeds on disposal of associates		123,579	58,518
Proceeds on disposal of intangible assets		235	13,679
Proceeds on disposal of joint ventures		519,202	76,316
Proceeds on disposal of property, plant and equipment		120,272	48,601
Purchase of property, plant and equipment		(40,237)	(201,595)
Purchase of intangible assets		(1,342)	(33,802)
Purchase of investment properties		(309,725)	(814,013)
Purchases of financial instruments at FVTOCI		–	(162,577)
Purchases of financial instruments at FVTPL		(88,060)	(2,243,312)
Redemption of financial instruments at FVTOCI		–	1,217,204
Redemption of financial instruments at FVTPL		456,663	1,971,074
Refunds of prepayment for acquisition of equity investments		140,000	–
Repayment of loan receivables		336,636	–
Withdrawal of bank deposits with original maturity over three months		(5,000)	21,926
Withdrawal of restricted bank deposits		411,447	1,061,598
<b>Net cash generated from investing activities</b>		<b>701,361</b>	<b>687,695</b>

The attached notes below to the financial statements are the constituent part of this financial statement

# Consolidated Statement of Cash Flows

For the year ended 31 December 2023

	<i>Notes</i>	2023 RMB'000	2022 RMB'000
<b>Financing activities</b>			
Advance from related parties and third parties		6,331,986	3,289,811
Capital injection by non-controlling shareholders of subsidiaries		–	2,730
Contribution from a shareholder		300,000	–
Contributions from shareholders of subsidiaries		5,455	–
Dividends paid		(167,781)	(574,310)
Distributions to shareholders		(43,141)	(165,947)
Interest paid		(2,222,086)	(2,492,644)
Proceeds from new bank and other borrowings		5,877,644	7,866,782
Proceeds from new bonds		–	1,697,888
Repayment of bank and other borrowings		(4,918,385)	(10,695,294)
Redemption of bonds		(530,829)	(4,131,427)
Repayment of lease liabilities		(536,287)	(646,109)
Payment for acquisition of additional interests in subsidiaries		(3,022)	(42,339)
Repurchase of share		–	(5,003)
Repayment to related parties and third parties		(7,259,510)	(2,163,384)
<b>Net cash used in financing activities</b>		<b>(3,165,956)</b>	<b>(8,059,246)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(100,954)</b>	<b>(3,492,548)</b>
<b>Effect of foreign exchange rate changes</b>		<b>(510)</b>	<b>2,825</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>2,608,264</b>	<b>6,097,987</b>
<b>Cash and cash equivalents at end of year, represented by bank balances and cash</b>	32	<b>2,506,800</b>	<b>2,608,264</b>

Major non-cash transactions:

The consideration for the disposal of investment properties of approximately RMB510,000,000 during the year ended 31 December 2022 have been settled by netting off other payable from an independent third parties amounted to RMB510,000,000.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 1. GENERAL INFORMATION

The Company was incorporated in the People's Republic of China (the "PRC") on 6 January 2011 as a sino-foreign joint stock limited company under the PRC laws upon the conversion of Shanghai Red Star Macalline Enterprise Management Company Limited (上海紅星美凱龍企業管理有限公司), a company with limited liability incorporated in the PRC. On 21 June 2023, Red Star Macalline Holding Group Limited (紅星美凱龍控股集團有限公司) ("RSM Holding", formerly known as Shanghai Red Star Macalline Investment Company Limited (上海紅星美凱龍投資有限公司)), a company with limited liability incorporated in the PRC, transferred 29.95% of its shareholding in the Company to Xiamen C&D Inc. (廈門建發股份有限公司) ("Xiamen C&D", a company listed on the Shanghai Stock Exchange (SH: 600153)) and its subsidiary, Lianfa (Group) Co., Ltd., and Xiamen C&D became the largest shareholder of the Company. For the details, please refer to the Company announcement dated 23 June 2023. On 15 August 2023, the proposals for electing directors of the fifth session of the Board of the Company was reviewed and passed at the general meeting of the Company, and the number of non-independent directors nominated by Xiamen C&D to the fifth session of the Board of the Company reached five. For the details, please refer to the Company announcement dated 15 August 2023. In the opinion of the directors of the Company, Xiamen C&D exercises control over the Company and is the parent company of the Company. State-owned Assets Supervision and Administration Commission of Xiamen Municipal People's Government (廈門市人民政府國有資產監督管理委員會) is the ultimate controlling shareholder of the Company.

The H shares of the Company was listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on June 2015 and the A shares of the Company were listed on Shanghai Stock Exchange in January 2018.

The respective addresses of the registered office and the principal place of business of the Company are disclosed in the corporate information section of the annual report. The principal activities of the Company and its subsidiaries (collectively the "Group") are operating and managing home furnishing shopping malls. The Group is also involved in pan home furnishings consumption, including internet home decoration, internet retail, as well as logistics and delivery services.

The consolidated financial statements are presented in Renminbi ("RMB"), which is also the functional currency of the Company and its subsidiaries. Details of the Company's subsidiaries are set out in Note 53.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 2. BASIS OF PREPARATION

### 2.1 Basis of measurement

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) issued by the International Accounting Standards Board (the “IASB”). For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”) and by the Hong Kong Companies Ordinance (“CO”).

Except for investment properties and certain financial instruments which are measured at fair value, these financial statements have been measured on the historical cost basis. In case of any impairment of any assets, corresponding impairment provision will be made in accordance with relevant requirements.

A fair value measurement of a non-financial asset takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial instruments and investment properties which are transacted at fair value and a valuation technique that unobservable inputs are to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equal the transaction price.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1: inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2: inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3: inputs are unobservable inputs for the asset or liability.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 2. BASIS OF PREPARATION (continued)

### 2.2 Going concern

The Group incurred loss of RMB2,570,418 thousand for the year ended 31 December 2023, and the Group had net current liabilities of RMB18,607,903 thousand as at 31 December 2023.

In view of such circumstances, the directors of the Company continue to implement a series of plans and measures to improve the Group's liquidity and financial position, which include but not limited to the following:

- The management had assessed the ongoing operations of the Group for the 12 months starting from 1 January 2024, and after taking into account unutilised bank facilities granted to the Group and the Group's expected operating cash inflows and financing arrangements as of 31 December 2023, believed that the liquidity risks that the Group is exposed to due to the fact that it has net current liabilities at 31 December 2023 fall within the range of controllable risks, and thus will not have material effects on the ongoing operations and financial position of the Group.
- Continuing to negotiate with banks and financial institutions for financing.

The directors of the Company are therefore of the opinion that it is appropriate to prepare the audited consolidated financial statements on a going concern basis. Should the Group be unable to continue as a going concern, adjustments would have to be made to the audited consolidated financial statements to adjust the value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively.



## Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

### 3. APPLICATION OF AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”)

#### Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following new and amendments to IFRSs issued by the International Accounting Standards Board (“IASB”) for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2023 for the preparation of the consolidated financial statements:

IFRS 17 (including the June 2020 and December 2021 Amendments to IFRS 17)	Insurance Contracts
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 12	International Tax Reform – Pillar Two model Rules
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies

The application of the new and amendments to IFRSs in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements except as described below.

#### Impacts on application of Amendments to IAS 1 and IFRS Practice Statement 2 Disclosure of Accounting Policies

Financial Statements is amended to replace all instances of the term “significant accounting policies” with “material accounting policy information”. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 3. APPLICATION OF AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”) (continued)

### Amendments to IFRSs that are mandatorily effective for the current year (continued)

#### Impacts on application of Amendments to IAS 1 and IFRS Practice Statement 2 Disclosure of Accounting Policies (continued)

IFRS Practice Statement 2 Making Materiality Judgements (the “Practice Statement”) is also amended to illustrate how an entity applies the “four-step materiality process” to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement. The application of the amendments has had no material impact on the Group’s financial positions and performance but has affected the disclosure of the Group’s accounting policies set out in Note 4 to the consolidated financial statements.

In accordance with the guidance set out in the amendments, accounting policy information that is standardised information, or information that only duplicates or summarises the requirements of the IFRSs, is considered immaterial accounting policy information and is no longer disclosed in the notes to the consolidated financial statements so as not to obscure the material accounting policy information disclosed in the notes to the consolidated financial statements.

### New and amendments to IFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to IFRSs that have been issued but are not yet effective:

Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>1</sup>
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback <sup>2</sup>
Amendments to IAS 1	Classification of Liabilities as Current or Non-current <sup>2</sup>
Amendments to IAS 1	Non-current Liabilities with Covenants <sup>2</sup>
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements <sup>2</sup>
Amendments to IAS 21	Lack of Exchangeability <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after a date to be determined.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2024.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2025.

The directors of the Company anticipate that the application of all the new and amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.





# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 4. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

### Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 4. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### Basis of consolidation (continued)

#### Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interest in existing subsidiaries that do not result in the Group losing control over the subsidiary are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 *Financial Instruments* or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

#### Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or group of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units).



## Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

### 4. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

#### Goodwill (continued)

On disposal of the relevant cash-generating unit or any of the cash-generating unit within the group of cash-generating units, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the cash-generating unit (or a cash-generating unit within a group of cash-generating units), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the cash-generating unit) disposed of and the portion of the cash-generating unit (or the group of cash-generating units) retained.

#### Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. Changes in net assets of the associate/joint venture other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate or joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 4. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### Investments in associates and joint ventures (continued)

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is objective evidence that the interest in an associate or a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset within the scope of IFRS 9, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate or joint venture and the fair value of any retained interest and any proceeds from disposing of the relevant interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associate or joint venture.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.



## Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

### 4. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

#### Changes in the Group's interests in associates and joint ventures

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

#### Acquisition of additional interests in associates or joint ventures

When the Group increases its ownership interest in an associate or a joint venture but the Group continues to use the equity method, goodwill is recognised at acquisition date if there is excess of the consideration paid over the share of carrying amount of net assets attributable to the additional interests in associates or joint ventures acquired. Any excess of share of carrying amount of net assets attributable to the additional interests in associates or joint ventures acquired over the consideration paid are recognised in the profit or loss in the period in which the additional interest are acquired.

#### Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 4. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### Revenue from contracts with customers (continued)

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

### Revenue from the brand consulting and management service for the early stage of the project

It refers to the revenue received by the Group under the relevant contract or agreement, pursuant to which the Group is permitted by developers to use the brands that are intangible assets of its own, from the provision of consultation, tenant sourcing and other services to partners of or project companies established by the Managed Shopping Malls. The revenue arising therefrom is recognised by the Group in the period of time that the relevant consulting and management services are provided in accordance with the performance schedule.

### Revenue from annual brand consulting and management service for the project

After the opening of business of Managed Shopping Malls, the Group shall, on the terms and within the validity period of the contracts, permit the Managed Shopping Malls to continuously use the names of the brands that are intangible assets of the Group, and continuously provide management services (covering layout, planning, tenant sourcing, leasing, business planning, advertising, operation and after-sales service, etc.) to the Managed Shopping Malls, while the Managed Shopping Malls may, within the validity period of the contracts, continuously use the names of the brands that are intangible assets of the Group. Relevant management services are provided on an on-going basis within the validity period of the contracts. The revenue arising therefrom is recognised by the Group in the period that the management services are provided at the amount calculated and determined in accordance with charging methods agreed in the contract.



## Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

### 4. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

#### Revenue from contracts with customers (continued)

##### Revenue from tenant sourcing commissions

It refers to the revenue received by the Group arising from the provision of tenant sourcing and consultation services for Managed Shopping Malls. The revenue arising therefrom is recognised by the Group in the period that the tenant sourcing services are provided at the amount calculated and determined in accordance with charging methods agreed in the contract.

##### Revenue from commercial management and consultation fees for construction project

It refers to revenue received by the Group from the provision of management and consultation services of Red Star Macalline to builders, including shopping mall design, consultation on construction and decoration solution, coordination and supervision on the site of construction as well as control of project cost and progress. The amount thereof is determined by the Group in consultation with the builders in line with the specific conditions of the project. The revenue arising therefrom is recognised by the Group at the amount agreed in the contracts under the circumstance that relevant services have been provided, relevant Managed Shopping Malls have been completed and reached operational status, and relevant service confirmation issued by the builder is obtained.

##### Revenue from commercial consultation fees

It refers to the revenue received by the Group from the provision of commercial consultation services in the stage of development planning for properties in operation other than Owned/Leased/Joint Venture/Associate Portfolio Shopping Malls and Managed Shopping Malls. The revenue arising therefrom is recognised by the Group in the period that the commercial consultation services are provided at the amount calculated and determined in accordance with charging methods agreed in the contract.

##### Revenue from construction and design service

As customers can control assets in progress during the Group's performance, the Group takes the construction contracts between it and customers as the performance obligations fulfilled within a certain period and recognises the revenue according to performance schedule, except that the performance schedule cannot be reasonably determined. The Group determines the performance schedule of the service it provides in accordance with the input method and the costs occurred. Where the performance schedule cannot be reasonably determined and the costs incurred to the Group are expected to be recovered, the revenue arising therefrom is recognised according to the amount of costs incurred until the performance schedule can be reasonably determined.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 4. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### Revenue from contracts with customers (continued)

#### Revenue from home decoration and sales of merchandises

Revenue from home decoration refers to the revenue received by the Group from the provision of home design and decoration engineering services. The revenue arising therefrom is recognised by the Group based on the performance schedule in the period that the relevant services are provided. Revenue from sales of merchandise is the revenue which the Group's self-operated shopping malls obtained from sales of home decoration and furnishing products. Relevant revenue from sales of merchandise is recognised when the Group fulfilled the performance obligations in the contract and customers obtained control over relevant goods or services.

#### Revenue from strategic consultation fees

It refers to the revenue received by the Group for the continuous provision of operational analysis, information consultation, brand rating and assessment consultation, tenant sourcing and matching and booth coordination and other services within the validity period of the agreement entered into between the Group and home decoration companies and furniture manufacturers. The revenue arising therefrom is recognised by the Group at the amount agreed in the agreement according to the performance schedule within the validity period of the agreement.

#### Joint marketing revenue

It refers to the revenue received by the Group for the provision of business planning service, media production and other services during the joint marketing activities with brand manufacturers and tenants. The revenue arising therefrom is recognised when the Group fulfilled the performance obligations in the contract and customers obtained control over relevant goods or services.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with IFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.





# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 4. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### Revenue from contracts with customers (continued)

#### Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

##### *Input method*

The progress towards complete satisfaction of a performance obligation is measured based on input method, which is to recognise revenue on the basis of the Group's efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation, that best depict the Group's performance in transferring control of goods or services.

### Leases

#### Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application of IFRS 16 or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed. As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the consolidated financial statements would not differ materially from individual leases within the portfolio.

#### The Group as a lessee

##### *Allocation of consideration to components of a contract*

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components, including contract for acquisition of ownership interests of a property which includes both leasehold land and non-lease building components, unless such allocation cannot be made reliably.

The Group applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 4. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### Leases (continued)

#### The Group as a lessee (continued)

##### *Short-term leases and leases of low-value assets*

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

##### *Right-of-use assets*

Except for those that are classified as investment properties and measured under fair value model, right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets that do not meet the definition of investment property or inventory as a separate line item on the consolidated statement of financial position. Right-of-use assets that meet the definition of investment property and inventory are presented within “investment properties”.

##### *Refundable rental deposits*

Refundable rental deposits paid are accounted under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.



## Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

### 4. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

#### Leases (continued)

##### The Group as a lessee (continued)

###### *Lease liabilities*

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

###### *Lease modifications*

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability, less any lease incentives receivable, based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset.

When the modified contract contains one or more additional lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component. The associated non-lease components are included in the respective lease components.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 4. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### Leases (continued)

#### The Group as a lessor

##### *Classification and measurement of leases*

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Amounts due from lessees under finance leases are recognised as receivables at commencement date at amounts equal to net investments in the leases, measured using the interest rate implicit in the respective leases. Initial direct costs (other than those incurred by manufacturer or dealer lessors) are included in the initial measurement of the net investments in the leases. Interest income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

Interest and rental income which are derived from the Group's ordinary course of business are presented as revenue.

##### *Allocation of consideration to components of a contract*

When a contract includes both leases and non-lease components, the Group applies IFRS 15 Revenue from Contracts with Customers ("IFRS 15") to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

##### *Refundable rental deposits*

Refundable rental deposits received are accounted for under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

##### *Sublease*

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.



## Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

### 4. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

#### Leases (continued)

##### The Group as a lessor (continued)

###### *Lease modification*

Changes in considerations of lease contracts that were not part of the original terms and conditions are accounted for as lease modifications, including lease incentives provided through forgiveness or reduction of rentals.

###### (i) Operating leases

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

For rent concession under which the Group legally releases the lessee from its obligation to make specifically identified lease payment, of which some of these lease payments are contractually due but not paid and some of them are not yet contractually due, the Group accounts for the portions which have been recognised as operating lease receivables (i.e. the lease payments which are contractually due but not paid) by applying the ECL and derecognition requirements under IFRS 9 and applies lease modification requirements for the forgiven lease payments that the Group has not recognised (i.e. the lease payments which are not yet contractually due) as at the effective date of modification.

###### (ii) Finance leases

The Group accounts for a change in the lease payments of a finance lease as a lease modification, that is not accounted for as a separate lease, in accordance with the requirements of IFRS 9. If the change represents a substantial modification, the finance lease receivables of the original lease are derecognised and a derecognition gain or loss calculated using the revised lease payments discounted at the revised discount rate is recognised in profit or loss on the date of the modification. If the change does not represent a substantial modification, the Group continues to recognise the finance lease receivables in which such carrying amount will be calculated at the present value of the modified contractual cash flows discounted at the related receivables' original discount rate. Any adjustment to the carrying amount is recognised in profit or loss at the effective date of modification.

###### *Changes in the basis for determining the future lease payments as a result of interest rate benchmark reform*

For changes in the basis for determining the future lease payments as a result of interest rate benchmark reform for a finance lease that is not accounted for as a separate lease, the Group applies the same accounting policies as those applicable to financial instruments.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 4. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. RMB) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange difference (attributed to non-controlling interests as appropriate).

### Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

Any specific borrowing that remain outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.



## Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

### 4. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

#### Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income/a deduction from the carrying amount of the relevant asset in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Government grants relating to compensation of expenses are deducted from the related expenses, other government grants are presented under "other income".

#### Employee benefits

##### Retirement benefit costs

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement.

The retirement benefit obligation recognised in the consolidated statement of financial position represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 4. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### Employee benefits (continued)

#### Retirement benefit costs (continued)

Discretionary contributions made by employees or third parties reduce service cost upon payment of these contributions to the plan.

When the formal terms of the plans specify that there will be contributions from employees or third parties, the accounting depends on whether the contributions are linked to service, as follows:

- If the contributions are not linked to services (for example contributions are required to reduce a deficit arising from losses on plan assets or from actuarial losses), they are reflected in the remeasurement of the net defined benefit liability or asset.
- If contributions are linked to services, they reduce service costs. For the amount of contribution that is dependent on the number of years of service, the Group reduces service cost by attributing the contributions to periods of service using the attribution method required by IAS 19 paragraph 70 for the gross benefits. For the amount of contribution that is independent of the number of years of service, the Group reduces service cost in the period in which the related service is rendered/reduces service cost by attributing contributions to the employees' periods of service in accordance with IAS 19 paragraph 70.

#### *Termination benefits*

A liability for a termination benefit is recognised at the earlier of when the Group entity can no longer withdraw the offer of the termination benefit and when it recognises any related restructuring costs.





## Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

### 4. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

#### Employee benefits (continued)

##### Short-term and other long-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another IFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date. Any changes in the liabilities' carrying amounts resulting from service cost, interest and remeasurements are recognised in profit or loss except to the extent that another IFRS requires or permits their inclusion in the cost of an asset.

##### Pension schemes

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for certain of its employees. Under the MPF Scheme, each of the Group and the employees are required to make contributions to the MPF Scheme at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK\$30,000, and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in trustee-administered funds independently. There are no forfeited contributions for the MPF Scheme as the Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's subsidiaries which operate in the PRC are required to participate in a central pension scheme (the "PRC Pension Scheme") operated by the local municipal government. These subsidiaries are required to contribute a certain percentage of their payroll costs to the PRC Pension Scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the PRC Pension Scheme. Under the PRC Pension Scheme, no forfeited contributions will be used by the employers to reduce the existing level of contributions.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 4. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### Taxation

Income tax expense represents the sum of current and deferred income tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit/(loss) before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.



## Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

### 4. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

#### Taxation (continued)

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale, except for freehold land, which is always presumed to be recovered entirely through sale.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 Income Taxes requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption. Temporary differences arising from subsequent revision to the carrying amounts of right-of-use assets and lease liabilities, resulting from remeasurement of lease liabilities and lease modifications, that are not subject to initial recognition exemption are recognised on the date of remeasurement or modification.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 4. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes (other than construction in progress as described below). Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Buildings in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including costs of testing whether the related assets is functioning properly and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Sale proceeds of items that are produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management (such as samples produced when testing whether the asset is functioning properly), and the related costs of producing those items are recognised in the profit or loss. The cost of those items are measured in accordance with the measurement requirements of IAS 2. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" in the consolidated statement of financial position except for those that are classified and accounted for as investment properties under the fair value model. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

Depreciation is recognised so as to write off the cost of assets other than freehold land and properties under construction less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.



## Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

### 4. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

#### Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including properties under construction for such purposes). Investment properties include land held for undetermined future use, which is regarded as held for capital appreciation purpose.

Investment properties also include leased properties which are being recognised as right-of-use assets and subleased by the Group under operating leases.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at fair value, adjusted to exclude any prepaid or accrued operating lease income.

Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

Construction costs incurred for investment properties under construction are capitalised as part of the carrying amount of the investment properties under construction.

#### Intangible assets

##### Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less any subsequent accumulated impairment losses.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 4. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### Intangible assets (continued)

#### Internally-generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as intangible assets that are acquired separately.



## Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

### 4. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

#### Intangible assets (continued)

##### Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at costs less accumulated amortisation and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Intangible assets acquired in a business combination with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

##### Impairment on property, plant and equipment, right-of-use assets, contract costs and intangible assets other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets, contract costs and intangible assets other than goodwill to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any). Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

The recoverable amount of property, plant and equipment, right-of-use assets, contract costs and intangible assets other than goodwill are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 4. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### Impairment on property, plant and equipment, right-of-use assets, contract costs and intangible assets other than goodwill (continued)

Before the Group recognises an impairment loss for assets capitalised as contract costs under IFRS 15, the Group assesses and recognises any impairment loss on other assets related to the relevant contracts in accordance with applicable standards. Then, impairment loss, if any, for assets capitalised as contract costs is recognised to the extent the carrying amounts exceeds the remaining amount of consideration that the Group expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services that have not been recognised as expenses. The assets capitalised as contract costs are then included in the carrying amount of the cash-generating unit to which they belong for the purpose of evaluating impairment of that cash-generating unit.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.





## Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

### 4. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

#### Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statement of financial position include:

- a) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and
- b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value and restricted deposits arising from pre-sale of properties that are held for meeting short-term cash commitments. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts which are repayable on demand and form an integral part of the Group's cash management. Such overdrafts are presented as short-term borrowings in the consolidated statement of financial position.

Bank balances for which use by the Group is subject to third party contractual restrictions are included as part of cash unless the restrictions result in a bank balance no longer meeting the definition of cash. Contractual restrictions affecting use of bank balances are disclosed in Note 31.

#### Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 4. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

### Contingent liabilities

A contingent liability is a present obligation arising from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Where the Group is jointly and severally liable for an obligation, the part of the obligation that is expected to be met by other parties is treated as a contingent liability and it is not recognised in the consolidated financial statements.

The Group assesses continually to determine whether an outflow of resources embodying economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognised in the consolidated financial statements in the reporting period in which the change in probability occurs, except in the extremely rare circumstances where no reliable estimate can be made.



## Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

### 4. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

#### Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date/settlement date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

#### Financial assets

##### *Classification and subsequent measurement of financial assets*

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 4. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### Financial instruments (continued)

#### Financial assets (continued)

##### *Classification and subsequent measurement of financial assets (continued)*

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 Business Combinations applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.



## Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

### 4. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

#### Financial instruments (continued)

#### Financial assets (continued)

##### *Classification and subsequent measurement of financial assets (continued)*

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost and debt instruments/receivables subsequently measured at FVTOCI. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

(ii) Receivables classified as at FVTOCI

Subsequent changes in the carrying amounts for receivables classified as at FVTOCI as a result of interest income calculated using the effective interest method, and foreign exchange gains and losses are recognised in profit or loss. All other changes in the carrying amount of these receivables are recognised in other comprehensive income and accumulated under the heading of FVTOCI reserve. Impairment allowances are recognised in profit or loss with corresponding adjustment to other comprehensive income without reducing the carrying amounts of these receivables. When these receivables are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

(iii) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the other comprehensive income reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained profits.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "other income" line item in profit or loss.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 4. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### Financial instruments (continued)

#### Financial assets (continued)

##### *Classification and subsequent measurement of financial assets (continued)*

##### (iv) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the “other gains and losses” line item.

##### *Impairment of financial assets and contract assets subject to impairment assessment under IFRS 9*

The Group performs impairment assessment under expected credit loss (“ECL”) model on financial assets and contract assets which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL (“12m ECL”) represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables and contract assets without significant financing component.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.



## Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

### 4. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

#### Financial instruments (continued)

#### Financial assets (continued)

*Impairment of financial assets and contract assets subject to impairment assessment under IFRS 9 (continued)*

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 4. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### Financial instruments (continued)

#### Financial assets (continued)

*Impairment of financial assets and contract assets subject to impairment assessment under IFRS 9 (continued)*

(i) Significant increase in credit risk (continued)

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if (i) it has a low risk of default, (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of “investment grade” as per globally understood definitions.

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a loan commitment, the Group considers changes in the risk of a default occurring on the loan to which a loan commitment relates; for financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.





## 4. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### Financial instruments (continued)

#### Financial assets (continued)

*Impairment of financial assets and contract assets subject to impairment assessment under IFRS 9 (continued)*

#### (iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- a) significant financial difficulty of the issuer or the borrower;
- b) a breach of contract, such as a default or past due event;
- c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- e) the disappearance of an active market for that financial asset because of financial difficulties.

#### (iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 4. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### Financial instruments (continued)

#### Financial assets (continued)

*Impairment of financial assets and contract assets subject to impairment assessment under IFRS 9 (continued)*

#### (v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade receivables using a provision matrix taking into consideration historical credit loss experience and forward looking information that is available without undue cost or effort.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

For a lease receivable, the cash flows used for determining the ECL is consistent with the cash flows used in measuring the lease receivable in accordance with IFRS 16.

For a financial guarantee contract, the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed. Accordingly, the ECL is the present value of the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

Lifetime ECL for certain trade receivables/contract assets are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.



## 4. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### Financial instruments (continued)

#### Financial assets (continued)

*Impairment of financial assets and contract assets subject to impairment assessment under IFRS 9 (continued)*

(v) Measurement and recognition of ECL (continued)

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

Except for investments in debt instruments/receivables that are measured at FVTOCI, financial guarantee contracts, the Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables and contract assets where the corresponding adjustment is recognised through a loss allowance account. For investments in debt instruments that are measured at FVTOCI, the loss allowance is recognised in other comprehensive income and accumulated in the FVTOCI reserve without reducing the carrying amount of these debt instruments/receivables. Such amount represents the changes in the FVTOCI reserve in relation to accumulated loss allowance.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 4. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### Financial instruments (continued)

#### Financial assets (continued)

##### *Derecognition of financial assets*

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the FVTOCI reserve is reclassified to profit or loss.

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the FVTOCI reserve is not reclassified to profit or loss, but is transferred to retained profits.

##### *Classification as debt or equity*

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

##### *Equity instruments*

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Perpetual instruments, which include no contractual obligation for the Group to deliver cash or other financial assets or the Group has the sole discretion to defer payment of distribution and redemption of principal amount indefinitely are classified as equity instruments.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 4. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### Financial instruments (continued)

#### Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

#### *Financial liabilities at FVTPL*

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination to which IFRS 3 applies, (ii) held for trading or (iii) it is designated as at FVTPL.

A financial liability is held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at FVTPL.

For financial liabilities that are designated as at FVTPL, the amount of changes in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. For financial liabilities that contain embedded derivatives, the changes in fair value of the embedded derivatives are excluded in determining the amount to be presented in other comprehensive income. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained profits upon derecognition of the financial liability.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 4. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### Financial instruments (continued)

#### Financial liabilities (continued)

##### *Financial liabilities at amortised cost*

Financial liabilities including borrowings, trade payables and other payables, rental and service fee received in advance, lease liabilities, bank and other borrowings, bonds and other non-current liabilities are subsequently measured at amortised cost, using the effective interest method.

##### *Financial guarantee contracts*

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument. Financial guarantee contract liabilities are measured initially at their fair values. It is subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with IFRS 9; and
- the amount initially recognised less, where appropriate, cumulative amortisation recognised over the guarantee period.

##### *Derecognition of financial liabilities*

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 4. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### Financial instruments (continued)

#### Financial liabilities (continued)

##### *Changes in the basis for determining the contractual cash flows as a result of interest rate benchmark reform*

For changes in the basis for determining the contractual cash flows of a financial asset or financial liability to which the amortised cost measurement applies as a result of interest rate benchmark reform, the Group applies the practical expedient to account for these changes by updating the effective interest rate, and such change in effective interest rate normally has no significant effect on the carrying amount of the relevant financial asset or financial liability.

A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if and only if, both these conditions are met:

- the change is necessary as a direct consequence of interest rate benchmark reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis (i.e. the basis immediately preceding the change).

##### *Derivative financial instruments*

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

##### *Offsetting a financial asset and a financial liability*

A financial asset and a financial liability are offset and the net amount is presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 4, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

### Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

#### Operating lease – as a lessor

The Group has entered into leasing contracts for its investment properties. The Group is of the opinion that, according to the terms of such leasing contracts, the Group has retained substantially all of the material risks and rewards of the ownership of these properties, and thus they are regarded as operating lease.

#### Determination of single performance obligation and allocation of transaction prices to single performance obligation

The Group's brand consulting and management service for the project covers three service commitments: (1) brand consulting and management service for the early stage of the project; (2) annual brand consulting and management service for the project; (3) tenant sourcing commissions. Customers are able to obtain benefits from the use of the three service commitments or the joint use of the three service commitments and other easily available resources, and the three service commitments can be separately distinguished from other service commitments, so each of the above service commitments constitutes a separate single performance obligation.

On the commencement date of the contract, the Group allocates the transaction prices to the above three service commitments so that the transaction price allocated to the Group's single performance obligation can reflect the consideration amount that it is expected to receive due to the transfer of the service commitments to the customer. When the standalone selling price cannot be directly observed, the Group will comprehensively consider all relevant information that it can reasonably obtain, and reasonably estimate the standalone selling price by adopting the market adjustment method. Information considered includes market conditions, enterprise specific factors, and customer-related information.





## Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

### 5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

#### Critical judgements in applying accounting policies (continued)

##### Methods for determining the performance schedule of construction contracts

The Group determines the performance schedule of the brand consulting and management service and construction service contracts for the project in accordance with the input method. Specifically, the Group determines the performance schedule based on the percentage of cumulative actual costs in the estimated total costs. The cumulative actual costs include the direct and indirect costs incurred by the Group in transferring goods and services to customers. The Group believes that the price of the construction contract with the customer is determined on the basis of the construction cost, and the percentage of actual construction costs in the estimated total costs can accurately reflect the performance schedule of the construction service. The brand consulting and management service and construction service contracts for the project may span certain accounting periods. In particular, the Group thinks that the price of construction service contract with the customer is determined on the basis of the construction cost, and the percentage of actual construction costs in the estimated total costs can accurately reflect the performance schedule of the construction service. The Group will review and revise the budget as the construction service contract advances and adjust revenue recognition accordingly.

##### Business models

The classification of financial assets at initial recognition depends on the business model of the Group's management of financial assets. In judging the business model, the Group takes into account the corporate evaluation and ways to report the performance of financial assets to key management personnel, risks affecting the performance of financial assets and their management style, and the manner in which relevant business management personnel are paid. In assessing whether the business model aims at the collection of contractual cash flows, the Group needs to analyse and judge the reasons, timing, frequency and value of the sale of financial assets before the maturity date.

##### Division of investment properties and property, plant and equipment

The Group will exercise its discretion to classify investment properties and property, plant and equipment. Investment property is any property for rental earnings or capital appreciation or both. Fixed assets are mainly tangible assets that are held by the Group for use in the production or supply of goods or services, or for administrative purposes, and have useful lives of more than one accounting year. Therefore, in classifying investment properties and fixed assets, the Group will fully consider the management's intention, whether relevant lease agreements are concluded, and other factors.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

### Critical judgements in applying accounting policies (continued)

#### Pending litigation

The Group judges the amount and possibility of the current obligations arising from the pending litigation of the Group based on the progress of the case trial and the judgment and opinions of the lawyer on the outcome of the case. If the performance of the current obligation is not likely to cause economic benefits to flow out of the enterprise, or the amount of the current obligation cannot be measured reliably, the Group will disclose as a contingent liability; if the performance of the current obligation is likely to cause economic benefits to flow out of the enterprise, and if the amount of the current obligation can be measured reliably, the Group regards it as an estimated liability.

#### Judgment of significant influence on invested enterprise

The Group is based on whether it has the power to participate in decision-making on the financial and operating policies of the invested enterprise, but cannot control or jointly control the formulation of these policies with other parties as a criterion for judging whether it has a significant impact on the invested enterprise. The Group recognises equity investments that the Group has a significant impact on the investee as interests in associates and interests in joint ventures.



## Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

### 5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

#### Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

#### Estimated impairment of property, plant and equipment, right-of-use assets and intangible asset

Property, plant and equipment, right-of-use assets and intangible asset are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgement and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset (including right-of-use assets), the Group estimates the recoverable amount of the cash generating unit to which the assets belongs, including allocation of corporate assets when a reasonable and consistent basis of allocation can be established, otherwise recoverable amount is determined at the smallest group of cash generating units, for which the relevant corporate assets have been allocated. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the recoverable amounts.

As at 31 December 2023, the carrying amounts of property, plant and equipment, right-of-use assets and intangible assets subject to impairment assessment were RMB2,978,655 thousand, RMB10,787 thousand and RMB97,830 thousand (2022: RMB3,082,253 thousand, RMB39,257 thousand and RMB107,285 thousand) respectively.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

### Key sources of estimation uncertainty (continued)

#### Fair values of investment properties

Investment properties are stated at fair value based on the valuation performed by independent professional valuers. The determination of the fair value involves certain assumptions of market conditions which are set out in Note 17.

In determining the fair values, the valuers have based on a method of valuation which involves certain estimates of market condition. In relying on the valuation report, the directors of the Company have exercised their judgment and are satisfied that the assumptions used in the valuation are reflective of the current market conditions. Changes to these assumptions would result in changes in the fair values of the Group's investment properties and the corresponding adjustments to the amount of fair value gain or loss reported in profit or loss.

As at 31 December 2023, the carrying amount of the Group's investment properties is RMB98,480,200 thousand (2022: RMB100,022,185 thousand).

#### Deferred tax asset

As at 31 December 2023, a deferred tax asset of RMB1,239,510 thousand (2022: RMB1,310,769 thousand) in relation to unused tax losses for certain operating subsidiaries has been recognised in the consolidated statement of financial position. No deferred tax asset has been recognised on the tax losses for non-operating subsidiaries due to the unpredictability of future profit streams. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future, which is a key source of estimation uncertainty. In cases where the actual future taxable profits generated are less or more than expected, or change in facts and circumstances which result in revision of future taxable profits estimation, a material reversal or further recognition of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such a reversal or further recognition takes place.

#### Fair value measurement of financial instruments at FVTPL and FVTOCI

As at 31 December 2023, certain of the Group's financial instruments at FVTPL and FVTOCI, amounting to RMB1,963,079 thousand (2022: RMB2,692,121 thousand) are measured based on significant unobservable inputs using valuation techniques. Judgement and estimation are required in establishing the relevant valuation techniques and the relevant inputs thereof. Changes in assumptions relating to these factors could result in material adjustments to the fair value of these instruments. See Note 48 for further disclosures.



## Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

### 5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

#### Key sources of estimation uncertainty (continued)

##### Provision of ECL on the financial assets and contract assets

The loss allowances for financial assets are based on assumption about risk of default and expected loss rates. The Group use judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period.

In addition, the Group uses practical expedient in estimating ECL on account receivables and contract assets, which are not assessed individually, by using a provision matrix. The provision rates are based on aging of debtors as groupings of various debtors taking into consideration the Group's historical default rates and forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECL assessment is disclosed in Notes 47 to the consolidated financial statements.

##### Lessee's incremental borrowing rate

For leases where the interest rate within the lease cannot be determined, the Group adopts the Group's incremental borrowing rate as the discount rate to calculate the present value of the lease payments. When determining the incremental borrowing rate, the observable interest rate is used as reference basis according to the economic environment in which it operates. Based on this, the reference interest rate is adjusted to get applicable incremental borrowing rate according to its own situation, the underlying asset situation, lease term, the amount of the lease liability and other specific conditions of leasing business.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 6. SEGMENT INFORMATION AND REVENUE

The Group is organised into business units based on their types of activities. These business units are the basis of information that is prepared and reported to the Group's chief operating decision maker (i.e. the Chairman of the Company) for the purposes of resource allocation and assessment of performance. The Group's operating segments under IFRS 8 are identified as the following five business units:

**Owned/leased Portfolio Shopping Malls:** this segment derives revenue from leasing floor areas to the tenants and providing comprehensive and continuous operation and management support to them.

**Managed Shopping Malls:** this segment derives revenue from providing initiation, consultation and management services to the Group's partners and the construction contractors to develop and manage the shopping malls under the Group's own brand.

**Construction and design:** this segment derives revenue from providing construction and design services.

**Related home decoration and sales of merchandise:** this segment derives revenue from retail sales of home furnishing merchandise and providing related decorating services.

**Others:** this segment derives revenue from providing other comprehensive service to the customers, including strategy consultation, home design consultation, construction service, internet home decoration, internet retail, as well as logistics and delivery services.

The accounting policies applied in determining segment revenue and segment results of the operating segments are the same as the Group's accounting policies described in Note 4. Segment profit represents the profit earned by each segment without allocation of other incomes, other gains or losses, research and development expenses, changes in fair value of investment properties, impairment loss under expected credit losses, share of results of associates, share of results of joint ventures, finance costs, central administrative expenses and income tax expenses. This is the measure reported to the Group's chief operating decision maker for the purpose of resource allocation and performance assessment.

No segment assets and liabilities, and other segment information are presented as they were not regularly provided to the chief operating decision maker for the purpose of resource allocation and performance assessment.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 6. SEGMENT INFORMATION AND REVENUE (continued)

The following is an analysis of the Group's revenue and results by reportable and operating segment.

	Owned/Leased Portfolio Shopping Malls <i>RMB'000</i>	Managed Shopping Malls <i>RMB'000</i>	Construction and design <i>RMB'000</i>	Related home decoration and sales of merchandise <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Year ended 31 December 2023</b>						
Segment revenue from external customers	6,780,669	2,030,714	1,212,210	313,093	1,178,297	11,514,983
Segment profit	3,381,871	190,442	(98,740)	(216,888)	573,686	3,830,371
<b>Unallocated:</b>						
Other income						319,480
Other gains or losses, net						(1,200,524)
Administrative expenses						(42,764)
Research and development expenses						(19,631)
Change in fair value of investment properties, net						(1,546,044)
Impairment losses under expected credit loss model, net of reversal						(1,303,571)
Share of results of associates, net						65,295
Share of results of joint ventures, net						12,409
Finance cost, net						(2,654,625)
Loss before tax						(2,539,604)
<b>Other information:</b>						
Depreciation	149,281	14,129	9,087	21,008	83,779	277,284
Amortisation	289	23,313	1,788	2,158	13,307	40,855

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 6. SEGMENT INFORMATION AND REVENUE (continued)

	Owned/Leased Portfolio Shopping Malls <i>RMB'000</i>	Managed Shopping Malls <i>RMB'000</i>	Construction and design <i>RMB'000</i>	Related home decoration and sales of merchandise <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
Year ended 31 December 2022						
Segment revenue from external customers	7,867,647	2,375,962	1,233,331	641,384	2,019,996	14,138,320
Segment profit	4,598,821	195,396	62,640	(214,945)	822,877	5,464,789
<b>Unallocated:</b>						
Other income						447,559
Other gains or losses, net						(590,361)
Administrative expenses						(37,220)
Research and development expenses						(46,329)
Change in fair value of investment properties, net						(725,834)
Impairment losses under expected credit loss model, net of reversal						(385,205)
Share of results of associates, net						1,032
Share of results of joint ventures, net						(27,465)
Finance cost, net						(2,503,313)
Profit before tax						1,597,653
<b>Other information:</b>						
Depreciation	164,903	16,055	18,049	41,608	89,638	330,253
Amortisation	289	18,732	1,324	4,738	15,097	40,180

### The revenue of sales set out as follows:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Revenue from contracts with customers	4,679,789	6,193,737
Rental income from investment properties	6,835,194	7,944,583
	<b>11,514,983</b>	14,138,320



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 6. SEGMENT INFORMATION AND REVENUE (continued)

The following is an analysis of revenue from contracts with customers:

	Managed Shopping Malls <i>RMB'000</i>	Construction and design <i>RMB'000</i>	Related home decoration and sales of merchandise <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Year ended 31 December 2023</b>					
Principal operating region					
Mainland China	2,030,714	1,212,210	313,093	1,123,772	4,679,789
<b>Timing of revenue recognition</b>					
<b>At point in time</b>					
Revenue from sales of goods	-	-	64,581	-	64,581
Other revenues	-	-	-	474,078	474,078
<b>Over-time</b>					
Revenue from the brand consulting and management service for the early stage	67,142	-	-	-	67,142
Revenue from annual brand consulting and management service for the project	1,937,800	-	-	-	1,937,800
Revenue from commercial consultation fees and tenant sourcing commissions	25,772	-	-	-	25,772
Revenue from construction and design service	-	1,212,210	-	-	1,212,210
Revenue from decoration	-	-	248,512	-	248,512
Other revenues	-	-	-	649,694	649,694
<b>Total</b>	<b>2,030,714</b>	<b>1,212,210</b>	<b>313,093</b>	<b>1,123,772</b>	<b>4,679,789</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 6. SEGMENT INFORMATION AND REVENUE (continued)

	Managed Shopping Malls <i>RMB'000</i>	Construction and design <i>RMB'000</i>	Related home decoration and sales of merchandise <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Year ended 31 December 2022</b>					
Principal operating region					
Mainland China	2,375,962	1,233,331	641,384	1,943,060	6,193,737
<b>Timing of revenue recognition</b>					
<b>A point in time</b>					
Revenue from commercial management and consultation service for construction	6,994	–	–	–	6,994
Revenue from sales of goods	–	–	146,781	–	146,781
Other revenues	–	–	–	1,186,583	1,186,583
<b>Over-time</b>					
Revenue from the brand consulting and management service for the early stage	114,641	–	–	–	114,641
Revenue from annual brand consulting and management service for the project	2,174,031	–	–	–	2,174,031
Revenue from commercial consultation fees and tenant sourcing commissions	80,296	–	–	–	80,296
Revenue from construction and design service	–	1,233,331	–	–	1,233,331
Revenue from decoration	–	–	494,603	–	494,603
Other revenues	–	–	–	756,477	756,477
<b>Total</b>	<b>2,375,962</b>	<b>1,233,331</b>	<b>641,384</b>	<b>1,943,060</b>	<b>6,193,737</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 6. SEGMENT INFORMATION AND REVENUE (continued)

### Transaction price allocated to the remaining performance obligation for contracts with customers

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2023 and the expected timing of recognising revenue are as follows:

	Managed Shopping Malls <i>RMB'000</i>	Construction and design <i>RMB'000</i>	Related home decoration and sales of merchandise <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
Within one year	491,606	587,948	40,114	33,247	1,152,915
More than one year	10,564,797	105,798	302,840	-	10,973,435
	11,056,403	693,746	342,954	33,247	12,126,350

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2022 and the expected timing of recognising revenue are as follows:

	Managed Shopping Malls <i>RMB'000</i>	Construction and design <i>RMB'000</i>	Related home decoration and sales of merchandise <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
Within one year	1,175,962	928,714	305,814	323,513	2,734,003
More than one year	11,404,266	535,222	27,762	116,887	12,084,137
	12,580,228	1,463,936	333,576	440,400	14,818,140

### Geographic information

All the revenue and operating results of the Group are derived from the PRC based on location of the operations. All the Group's non-current assets are located in PRC based on geographical location of the assets.

### Revenue from major customers

No revenue from transactions with a single external customer amounted to 10% or more of the Group's revenue during the year.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 7. OTHER INCOME

	2023 RMB'000	2022 RMB'000
Interest income on		
– bank deposits	14,536	33,220
– other loans and receivables	152,781	197,352
Total interest income	167,317	230,572
Government grants		
– tax refund and subsidies	33,921	49,678
– special industry-supporting fund	37,153	101,962
– other policy reward support funds	40	2,327
Subsidy for land supporting expense and subsidy for gas-fired air conditioning equipment	5,850	5,849
Dividend income from financial instruments at fair value through other comprehensive income	53,682	41,243
Dividend income from financial instruments at fair value through profit or loss	10,101	1,594
Income from default compensation	1,038	2,529
Income from project termination	10,378	11,805
	319,480	447,559

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 8. OTHER GAINS OR LOSSES, NET

	2023 RMB'000	2022 RMB'000
(Loss)/gain on disposal of associates and a joint venture	(94,350)	633
Gain on disposal of financial instruments at FVTPL	183	30,127
(Loss)/gain on disposal of property, plant and equipment	(11,064)	3,197
Loss on disposal of intangible assets	(19)	–
Gain/(loss) on disposal and deregistration of subsidiaries, net	16,600	(338)
(Loss)/gain on lease modification	(44,608)	53,295
Impairment loss on earning right related to land consolidation	(315,070)	(574,829)
Impairment loss on interests in associates	(131,053)	–
Impairment loss on interests in joint ventures	(34,829)	–
Fair value change on financial instruments at FVTPL	(44,744)	(48,327)
Charitable donations	(57)	(5,977)
Compensation expenses	(14,575)	(6,515)
Written off of property, plant and equipment	(6,988)	–
Written off of intangible assets	(302)	–
Write-down of inventories	(92,139)	–
Exchange loss	(30,885)	(13,373)
Others (note a)	(396,624)	(28,254)
	<b>(1,200,524)</b>	<b>(590,361)</b>

Note:

- (a) Other losses include (1) individual projects for which the decision to discontinue further investment was made after evaluation by the relevant departments of the Company, the related loss arising from the discontinued projects amounted to RMB253,156 thousand; (2) The estimated loss arising from asset repurchase obligations amounted to RMB65,000 thousand; and (3) The estimated loss amounted to RMB40,000 thousand arising from failure to execute contracts in accordance with the agreements.

## 9. RESEARCH AND DEVELOPMENT EXPENSES

	2023 RMB'000	2022 RMB'000
Salaries, bonus and benefits	16,192	44,466
Depreciation and amortisation	3,321	1,058
Others	118	805
	<b>19,631</b>	<b>46,329</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 10. FINANCE COST

	2023 RMB'000	2022 RMB'000
Interest on bank and other borrowings	2,587,565	2,382,624
Interest on lease liabilities	188,915	224,229
Interest on bonds	96,173	248,421
	2,872,653	2,855,274
Less: amount capitalised in the cost of qualifying assets (note)	(218,028)	(351,961)
	2,654,625	2,503,313

*Note:* Borrowing costs capitalised during the year arose on the general borrowing pool and are calculated by applying a capitalisation rate of 6.01% (2022: 5.52%) per annum to expenditure on qualifying assets.

## 11. INCOME TAX EXPENSES

	2023 RMB'000	2022 RMB'000
Income tax expenses comprise:		
Current tax:		
PRC enterprise income tax	181,610	684,503
Over-provision in prior year	(99,543)	(26,580)
	82,067	657,923
Deferred tax – current year (Note 39)	(51,253)	122,846
Income tax expenses	30,814	780,769

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 11. INCOME TAX EXPENSES (continued)

The income tax expenses for the year can be reconciled to the (loss) profit before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2023 RMB'000	2022 RMB'000
(Loss)/profit before tax	(2,539,604)	1,597,653
Income tax expenses calculated based on statutory tax rate	(634,901)	399,413
Impact of different tax rates applicable to subsidiaries	29,334	(78,499)
Over-provision in prior year	(99,543)	(26,580)
Tax effect of share of results of associates	26,921	1,138
Tax effect of share of results of joint ventures	(3,102)	6,866
Tax effect of income not taxable for tax purpose	(9,555)	(10,709)
Tax effect of expenses that are not deductible for tax purpose	97,856	15,572
Utilisation of tax losses and recognise deductible losses of deferred income tax previously unrecognised	(17,800)	(82,335)
Effect of tax losses not recognised and deductible temporary differences not recognised	641,604	326,379
Tax implications of disposal of subsidiaries	-	229,524
	<b>30,814</b>	<b>780,769</b>

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

The Group's subsidiaries, Chengdu Red Star Macalline Xinnan Business Management Company Limited (成都紅星美凱龍新南商業管理有限公司), Chongqing Liangjiang New Area Red Star Macalline Business Management Company Limited (重慶兩江新區紅星美凱龍商業管理有限公司), Chongqing Red Star Macalline Global Home Furnishing Plaza Company Limited (重慶紅星美凱龍環球家居生活廣場有限責任公司) and Kunming Red Star Macalline Shibo Home Furnishing Plaza Company Limited (昆明紅星美凱龍世博家居廣場有限公司), are entitled to preferential policies on enterprise income tax pursuant to the Announcement of the Ministry of Finance, the General Administration of Taxation and the National Development and Reform Commission No. 23 of 2020 "Announcement of the General Administration of Taxation of the Ministry of Finance and the National Development and Reform Commission on the Continuation of the Enterprise Income Tax Policies for the Development of Western Region" (《財政部稅務總局國家發展改革委關於延續西部大開發企業所得稅政策的公告》). The aforesaid subsidiaries met the relevant conditions and the applicable tax rate for the current year was 15%.

In December 2022, a subsidiary of the Group, Shanghai Red Star Macalline Building Design Company Limited (上海紅星美凱龍建築設計有限公司), obtained the Certificate for Hi-tech Enterprise, whose certificate number was GR202231004738 with a validity of three years, and was subject to a tax rate of 15% for the year.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 12. (LOSS)/PROFIT FOR THE YEAR

	2023 RMB'000	2022 RMB'000
(Loss)/profit for the year has been arrived at after charging (crediting):		
Staff costs (including directors emoluments)		
Salaries and other benefits	2,367,509	2,743,027
Retirement benefits scheme contributions	217,335	273,395
<b>Total staff costs</b>	<b>2,584,844</b>	<b>3,016,422</b>
Auditors' remuneration	6,500	6,762
Cost of inventories recognised as an expense	124,649	167,480
Depreciation of property, plant and equipment	270,504	314,221
Depreciation of right-of-use assets	6,780	16,032
Amortisation of intangible assets	40,855	40,180
Advertising and promotional expenses	890,759	847,582
Gross rental income from investment properties	(6,835,194)	(7,867,647)
Less: Direct operating expenses incurred for investment properties that generated rental income	1,490,506	1,512,648
	<b>(5,344,688)</b>	<b>(6,354,999)</b>



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 13. DIRECTORS', CHIEF EXECUTIVE'S AND SUPERVISORS' EMOLUMENTS

	Fees <i>RMB'000</i>	Salaries and other benefits <i>RMB'000</i>	Retirement benefit scheme contributions <i>RMB'000</i>	Performance related incentive payments <i>RMB'000</i>	Total <i>RMB'000</i>
<b>For the year ended 31 December 2023</b>					
<b>Executive directors</b>					
CHE Jianxing	–	2,880	143	–	3,023
LI Jianhong (note a)	–	2,149	16	–	2,165
SHI Yaofeng (note b)	–	1,065	57	–	1,122
YANG Yingwu (note b)	–	479	57	–	536
GUO Binghe (note c)	–	88	6	–	94
CHE Jianfang (note c)	–	1,197	87	–	1,284
JIANG Xiaozhong (note c)	–	1,296	143	–	1,439
Total	–	9,154	509	–	9,663
<b>Non-executive directors</b>					
ZHENG Yongda (note d)	–	–	–	–	–
WANG Wenhui (note d)	–	–	–	–	–
ZOU Shaorong (note d)	–	–	–	–	–
XU Di (note b)	–	–	–	–	–
SONG Guangbin (note b)	–	–	–	–	–
CHEN Shuhong (note c)	–	52	4	–	56
JIANG Xiangyu (note e)	–	–	–	–	–
CHEN Zhaohui (note f)	–	–	–	–	–
HU Xiao (note g)	–	–	–	–	–
YANG Guang (note h)	–	–	–	–	–
Total	–	52	4	–	56

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 13. DIRECTORS', CHIEF EXECUTIVE'S AND SUPERVISORS' EMOLUMENTS

	Fees <i>RMB'000</i>	Salaries and other benefits <i>RMB'000</i>	Retirement benefit scheme contributions <i>RMB'000</i>	Performance related incentive payments <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Independent non-executive directors</b>					
XUE Wei (note b)	76	-	-	-	76
CHEN Shanang (note b)	76	-	-	-	76
HUANG Jianzhong (note b)	76	-	-	-	76
WONG Chi Wai (note b)	76	-	-	-	76
CAI Qinghui (note b)	76	-	-	-	76
LEE Kwan Hung (note k)	374	-	-	-	374
QIAN Shizheng (note k)	374	-	-	-	374
ZHAO Chongyi (note k)	374	-	-	-	374
WANG Xiao (note k)	374	-	-	-	374
QIN Hong (note k)	374	-	-	-	374
Total	2,250	-	-	-	2,250
<b>Supervisors</b>					
MA Chenguang (note b)	-	57	-	-	57
CHEN JiaSheng (note b)	-	57	-	-	57
TANG Rongzhen (note b)	-	418	57	-	475
WANG Shouyi (note b)	-	210	57	-	267
PAN Ning (note k)	-	1,340	87	-	1,427
CHAO Yanping (note k)	-	299	87	-	386
CHEN Gang (note k)	-	112	-	-	112
ZHENG Hongtao (note k)	-	112	-	-	112
Total	-	2,605	288	-	2,893

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 13. DIRECTORS', CHIEF EXECUTIVE'S AND SUPERVISORS' EMOLUMENTS (continued)

	Fees RMB'000	Salaries and other benefits RMB'000	Retirement benefit scheme contributions RMB'000	Performance related incentive payments RMB'000	Total RMB'000
<b>For the year ended 31 December 2022</b>					
<b>Executive directors</b>					
CHE Jianxing	–	4,800	133	2,000	6,933
GUO Binghe (note c)	–	2,464	120	–	2,584
CHE Jianfang (note c)	–	2,049	133	4,419	6,601
JIANG Xiaozhong (note c)	–	1,491	133	2,204	3,828
LI Jianhong (note a)	–	–	–	–	–
<b>Total</b>	<b>–</b>	<b>10,804</b>	<b>519</b>	<b>8,623</b>	<b>19,946</b>
<b>Non-executive directors</b>					
CHEN Shuhong (note c)	–	1,835	125	–	1,960
JIANG Xiangyu (note e)	–	–	–	–	–
XU Hong (note j)	–	–	–	–	–
CHEN Zhaohui (note f)	–	–	–	–	–
JING Jie (note k)	–	–	–	–	–
HU Xiao (note g)	–	–	–	–	–
YANG Guang (note h)	–	–	–	–	–
WANG Wenhui (note d)	–	–	–	–	–
ZHENG Yongda (note d)	–	–	–	–	–
ZOU Shaorong (note d)	–	–	–	–	–
<b>Total</b>	<b>–</b>	<b>1,835</b>	<b>125</b>	<b>–</b>	<b>1,960</b>
<b>Independent non-executive directors</b>					
LEE Kwan Hung (note k)	600	–	–	–	600
QIAN Shizheng (note k)	600	–	–	–	600
ZHAO Chongyi (note k)	600	–	–	–	600
WANG Xiao (note k)	600	–	–	–	600
QIN Hong (note k)	600	–	–	–	600
<b>Total</b>	<b>3,000</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>3,000</b>
<b>Supervisors</b>					
PAN Ning (note k)	–	997	133	–	1,130
CHAO Yanping (note k)	–	516	133	–	649
CHEN Gang (note k)	–	180	–	–	180
ZHENG Hongtao (note k)	–	180	–	–	180
<b>Total</b>	<b>–</b>	<b>1,873</b>	<b>266</b>	<b>–</b>	<b>2,139</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 13. DIRECTORS', CHIEF EXECUTIVE'S AND SUPERVISORS' EMOLUMENTS (continued)

note a: Appointed as executive director on 15 February 2023. During the year ended 31 December 2022, Mr. Li Jianhong received key management remuneration of RMB4,855 thousand from the Group, which included in key management personnel emoluments, set out in Note 50.

note b: Appointed on 14 August 2023.

note c: Resigned on 17 January 2023.

note d: Appointed on 15 February 2023.

note e: Appointed on 28 September 2021, and not received any remuneration from the Company for the years ended 31 December 2023 and 2022.

Retired on 15 August 2023.

note f: Retired on 15 August 2023, and not received any remuneration from the Company for the years ended 31 December 2023 and 2022.

note g: Appointed on 29 March 2022, and not received any remuneration from the Company for the year ended 31 December 2023 and 2022.

Retired on 15 August 2023.

note h: Appointed on 29 March 2022, and not received any remuneration from the Company for the year ended 31 December 2023 and 2022.

Resigned on 15 February 2023.

note i: Resigned on 19 January 2022, and not received any remuneration from the Company for the year ended 31 December 2022.

note j: Resigned on 9 March 2022, and not received any remuneration from the Company for the year ended 31 December 2022.

note k: Retired on 15 August 2023.

The supervisors' remuneration shown above were mainly for their services in connection with the management of the affairs of the Company and the Group.

Mr. Che Jianxing is also the chief executive of the Company and his emolument for the role as chief executive is also included above.

Performances bonuses were determined by the management having regard to the performance of the directors and supervisors of the Company and the Group's operating results.

During the year, except for RMB802,000 paid to Pan Ning as compensation for loss of office, no emoluments were paid by the Group to any director or supervisor of the Company as an inducement to join or upon joining the Group or as compensation for loss of office (2022: nil). No director or supervisor of the Company waived any emoluments during the year (2022: nil).

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 14. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included one director (2022: two directors) and one executive (2022: two executives), and details of directors' remuneration are set out in Note 13. Details of the remaining four (2022: three) non-directors who were the five highest paid employees are set out as follows:

	2023 RMB'000	2022 RMB'000
Salaries and allowance	15,049	8,649
Bonuses	7,866	10,005
Pension	223	187
Social insurance and reserve fund other than pensions	243	210
	<b>23,381</b>	19,051

The number of the non-directors of five highest paid employees whose pre-tax remuneration fell within the following bands is as follows:

	2023 Number of employee	2022 Number of employee
HK\$3,000,001 (equivalent to RMB2,700,000) to HK\$3,500,000 (equivalent to RMB3,150,000)	1	–
HK\$5,500,001 (equivalent to RMB4,950,000) to HK\$6,000,000 (equivalent to RMB5,400,000)	1	2
HK\$7,000,001 (equivalent to RMB6,300,000) to HK\$7,500,000 (equivalent to RMB6,750,000)	1	–
HK\$10,000,001 (equivalent to RMB9,000,000) to HK\$10,500,000 (equivalent to RMB9,450,000)	1	1

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 15. DIVIDEND

Dividends for ordinary shareholders of the Company recognised as distribution during the year:

	2023 RMB'000	2022 RMB'000
2022 Final Dividend (RMB0.034 per share)	148,025	–
Special Dividend (RMB0.046 per share)	200,270	–
2021 Final Dividend (RMB0.1 per share)	–	435,473
	<b>348,295</b>	435,473

The final dividend that relates to the year ended 31 December 2022 (the “2022 Final Dividend”) amounting to RMB148,025 thousand was approved at the annual general meeting on 26 June 2023 and has been paid on 25 August 2023 (The final dividend related to the year ended 31 December 2021 of RMB435,473 thousand was approved at the annual general meeting on 20 May 2022 and paid on 20 July 2022). On 28 April 2023, the Board has proposed the distribution of a special dividend of RMB0.46 per 10 shares (“Special Dividend”). The Special Dividend amounting to RMB200,270 thousand was approved at the annual general meeting on 26 June 2023 and has been paid on 25 August 2023.

## 16. (LOSS)/EARNINGS PER SHARE

The calculation of basic and diluted (loss)/earnings per share as of 31 December 2023 and 2022 is based on the following data:

	2023 RMB	2022 RMB
Basic and diluted (loss)/earnings per share	(0.55)	0.16

The basic (loss)/earnings per share is calculated by dividing the (loss)/profit attributable to the owners of the Company by the weighted average number of ordinary shares.

No diluted effect on the earnings per share for 2022 as the Company’s share options granted were not assumed to be exercised due to the exercise price of those share options was higher than the average market price for shares for 2022.

There was no dilutive potential ordinary shares outstanding for the year ended 31 December 2023. Accordingly, the diluted loss per share is same as basic loss per share for the year ended 31 December 2023.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 16. (LOSS)/EARNINGS PER SHARE (continued)

As of 31 December 2023 and 2022, the calculation of basic and diluted (loss)/earnings per share is detailed as follows:

	2023	2022
<i>(Loss)/earnings</i>		
Net (loss)/profit for the year attributable to owner of the Company (RMB'000)	<b>(2,412,713)</b>	678,566
<i>Number of the ordinary shares</i>		
Weighted average number of the ordinary shares of the Company ('000)	<b>4,354,733</b>	4,354,733

## 17. INVESTMENT PROPERTIES

The Group leases out shops and buildings under operating leases with rentals payable monthly. The leases typically run for an initial period of 6 months to 2 years (2022: 6 months to 2 years), with unilateral rights to extend the lease beyond initial period held by lessees only. Majority of the lease contracts contain market review clauses in the event the lessee exercises the option to extend.

The Group is not exposed to foreign currency risk as a result of the lease arrangements, as all leases are denominated in the respective functional currencies of group entities. The lease contracts do not contain residual value guarantee and/or lessee's option to purchase the property at the end of lease term.

For the year ended 31 December 2023, the total cash outflow for investment properties is RMB886,247 thousand (2022: RMB1,308,209 thousand), including RMB576,522 thousand (2022: RMB494,196 thousand) paid for leased properties under subleases and RMB309,725 thousand (2022: RMB814,013 thousand) paid for acquiring investment properties.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 17. INVESTMENT PROPERTIES (continued)

The leased properties with the leased term of 1 year to 30 years (2022: 3 years to 30 years).

	Completed investment properties <i>RMB'000</i>	Properties under construction <i>RMB'000</i>	Leased properties <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Fair value</b>				
As at 1 January 2022	88,337,000	7,238,000	5,198,070	100,773,070
Additions	83,364	631,029	8,141	722,534
Lease modification	–	–	(237,585)	(237,585)
Disposal of assets	(510,000)	–	–	(510,000)
Changes in fair value	(1,129,364)	1,058,971	(655,441)	(725,834)
As at 31 December 2022 and 1 January 2023	<b>86,781,000</b>	<b>8,928,000</b>	<b>4,313,185</b>	<b>100,022,185</b>
Additions	<b>51,960</b>	<b>367,072</b>	<b>63,228</b>	<b>482,260</b>
Lease modification	–	–	(135,494)	(135,494)
Disposal of assets	(44,000)	–	–	(44,000)
Transfer to property, plant and equipment	(298,707)	–	–	(298,707)
Changes in fair value	(677,054)	(192,072)	(676,918)	(1,546,044)
As at 31 December 2023	<b>85,813,199</b>	<b>9,103,000</b>	<b>3,564,001</b>	<b>98,480,200</b>

The investment properties are all situated on the land under medium-term lease in the PRC. The fair values of the Group's investment properties at the end of the reporting period were valued by Shanghai Orient Appraisal CO., LTD. and Beijing Zhuoxindahua Appraisal CO., LTD., two firms of independent qualified professional valuers not connected with the Group, who have appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations.

The valuation of completed investment properties has been arrived at with adoption of income approach based on the rental income of the property derived from the existing leases and achievable in the existing market with due allowance for the reversionary income potential of the leases, which have been then capitalised to determine the market value at an appropriate capitalisation rate.

The valuation of certain investment properties at an early development stage has been arrived at by direct comparison approach assuming sale of the property interests in their existing state with the benefit of immediate vacant possession and by making reference to comparable sales transactions as available in the relevant market.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 17. INVESTMENT PROPERTIES (continued)

The valuation of other investment properties under development has been arrived at with adoption of residual approach which assumed that they will be developed and completed in accordance with the latest development proposal. In arriving at the opinion of value, reference has been made to comparable evidence as available in the relevant market and the valuation also take into account the accrued construction cost and professional fees relevant to the stage of construction as at the valuation date and the remainder of the cost and fees expected to be incurred for completing the development.

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

The following table gives information about how the fair values of these investment properties are determined (in particular, the valuation techniques and inputs used), as well as the fair value hierarchy into which the fair value measurements are categorised based on the degree to which the inputs to the fair value measurements is observable.

As at 31 December 2023

	Fair value Hierarchy	Valuation technique(s)	Significant unobservable input(s)	Range
Completed investment properties	Level 3	Income approach/Direct comparison approach	Price of unit area leasable (per square meter per month) Capitalisation Rate	RMB14 to RMB241 6.0% to 7.0%
Investment properties at an early development stage	Level 3	Direct comparison approach/Hypothetical development approach	Unit area price of investment properties (per square meter)	RMB372 to RMB40,636
Other investment properties under development	Level 3	Direct comparison approach	Price of unit area leasable per square meter per month Capitalisation rate	RMB57 to RMB78 6% to 7%
Leased properties	Level 3	Income approach	Price of unit area leasable (per square meter per month) Capitalisation rate	RMB45 to RMB19,046 6% to 7%

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 17. INVESTMENT PROPERTIES (continued)

As at 31 December 2022

	Fair value Hierarchy	Valuation technique(s)	Significant unobservable input(s)	Range
Completed investment properties	Level 3	Income approach/Direct comparison approach	Price of unit area leasable (per square meter per month) Capitalisation Rate	RMB158 to RMB264 4.5% to 7.0%
Investment properties at an early development stage	Level 3	Direct comparison approach/ Hypothetical development approach	Unit area price of investment properties (per square meter)	RMB1,277 to RMB54,133
Other investment properties under development	Level 3	Direct comparison approach	Price of unit area leasable per square meter per month Capitalisation rate	RMB40 to RMB65 6.5% to 7.0%
Leased properties	Level 3	Income approach	Price of unit area leasable (per square meter per month) Capitalisation rate	RMB5 to RMB258 6.0% to 10.5%

There were no transfers into or out of Level 3 during the years 31 December 2023 and 2022.

The unrealised loss on property revaluation amounting to RMB1,546,044 thousand was recognised in profit or loss during the current year (2022: RMB725,834 thousand).

The Group was in process of obtaining the relevant ownership property certificates for the investment properties with carrying amounts of RMB3,304,000 thousand and RMB3,092,000 thousand as at 31 December 2023 and 2022, respectively. In the opinion of the directors of the Company, the relevant property ownership certificates can be obtained in due time without incurring significant costs.

The Group's investment properties of RMB85,231,000 thousand (2022: RMB84,678,000 thousand) was pledged to secure the bank and other borrowing of the Group as detailed in Notes 34 and 44.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 18. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings RMB'000	Special equipment RMB'000	Transportation equipment RMB'000	Electronic equipment, appliances and fixtures RMB'000	Construction in progress RMB'000	Total RMB'000
<b>Cost</b>						
As at 1 January 2022	3,789,039	183,801	138,103	458,455	88,911	4,658,309
Additions	69,753	2,050	2,964	16,375	110,453	201,595
Transfer from construction in progress	101,407	–	–	–	(101,407)	–
Transfer to intangible assets	–	–	–	–	(8,532)	(8,532)
Disposal/written off	(64,523)	(1,759)	(27,308)	(16,370)	–	(109,960)
As at 31 December 2022 and 1 January 2023	<b>3,895,676</b>	<b>184,092</b>	<b>113,759</b>	<b>458,460</b>	<b>89,425</b>	<b>4,741,412</b>
Additions	15,397	44	210	15,186	9,400	40,237
Transfer from construction in progress	51,326	–	–	–	(51,326)	–
Transfer from investment properties	298,707	–	–	–	–	298,707
Transfer to intangible assets	–	–	–	–	(30,614)	(30,614)
Disposal of subsidiaries	(151)	–	–	(348)	–	(499)
Disposal/written off	(8,375)	(174,588)	(14,586)	(35,668)	–	(233,217)
As at 31 December 2023	<b>4,252,580</b>	<b>9,548</b>	<b>99,383</b>	<b>437,630</b>	<b>16,885</b>	<b>4,816,026</b>
<b>Accumulated depreciation</b>						
As at 1 January 2022	974,120	43,282	88,734	303,359	–	1,409,495
Depreciation charge	230,330	15,138	12,838	55,915	–	314,221
Disposal/written off	(31,393)	(8)	(21,790)	(11,366)	–	(64,557)
As at 31 December 2022 and 1 January 2023	<b>1,173,057</b>	<b>58,412</b>	<b>79,782</b>	<b>347,908</b>	<b>–</b>	<b>1,659,159</b>
Depreciation charge	201,930	7,766	10,038	50,770	–	270,504
Disposal of subsidiaries	(3)	–	–	(154)	–	(157)
Disposal/written off	(1,050)	(59,355)	(12,778)	(18,952)	–	(92,135)
As at 31 December 2023	<b>1,373,934</b>	<b>6,823</b>	<b>77,042</b>	<b>379,572</b>	<b>–</b>	<b>1,837,371</b>
<b>Carrying amount</b>						
As at 31 December 2023	<b>2,878,646</b>	<b>2,725</b>	<b>22,341</b>	<b>58,058</b>	<b>16,885</b>	<b>2,978,655</b>
As at 31 December 2022	2,722,619	125,680	33,977	110,552	89,425	3,082,253

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 18. PROPERTY, PLANT AND EQUIPMENT (continued)

As of 31 December 2023, the Group's houses and buildings with carrying value of RMB2,522,396 thousand (2022: RMB2,284,558 thousand) were used as mortgaged collateral. Details, please refer to Notes 34 and 44.

During the year ended 31 December 2023, the Group transferred a property with carrying value of RMB298,707 thousand from investment properties to property, plant and equipment due to the usage of the property changed from rental to self-use.

The above items of property, plant and equipment, other than construction in progress, are depreciated using the straight-line method after taking into account of their estimated residual values over the following estimated useful lives:

Land and buildings – 40 years

Special equipment – 10 years

Transportation equipment – 5 years

Electronic equipment, appliances and fixtures – 3 to 5 years

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 19. RIGHT-OF-USE ASSETS

	Houses and buildings RMB'000	
<b>Cost</b>		
As at 1 January 2022		124,249
Additions		33,777
Lease expired		(4,209)
Modification		(93,810)
As at 31 December 2022 and 1 January 2023		<b>60,007</b>
Additions		<b>5,082</b>
Modification		<b>(43,455)</b>
As at 31 December 2023		<b>21,634</b>
<b>Accumulated depreciation</b>		
As at 1 January 2022		24,752
Depreciation change		16,032
Lease expired		(4,209)
Modification		(15,825)
As at 31 December 2022 and 1 January 2023		<b>20,750</b>
Depreciation change		<b>6,780</b>
Modification		<b>(16,683)</b>
As at 31 December 2023		<b>10,847</b>
<b>Carrying amount</b>		
As at 31 December 2023		<b>10,787</b>
As at 31 December 2022		39,257
	<b>2023</b>	<b>2022</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Expense relating to short-term leases	<b>37,819</b>	23,561
Total cash outflow for leases	<b>763,021</b>	549,556

For both years, the Group leases various offices, warehouses, retail stores for its operations. Lease contracts are entered into for fixed term of 2 to 28 years (2022: 2 to 28 years), but may have extension and termination options as described below. Lease terms are negotiated on an individual basis and contain different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 20. INTANGIBLE ASSETS

	Software RMB'000	Trademark use right RMB'000	Others RMB'000	Total RMB'000
<b>Cost</b>				
As at 1 January 2022	262,872	525,000	27,552	815,424
Additions	2,495	–	164	2,659
Internal research and development	12,523	–	–	12,523
Transfer from construction in progress	3,006	–	5,526	8,532
Disposal/written off	(13,711)	–	(164)	(13,875)
As at 31 December 2022 and 1 January 2023	<b>267,185</b>	<b>525,000</b>	<b>33,078</b>	<b>825,263</b>
Additions	<b>1,268</b>	–	–	<b>1,268</b>
Internal research and development	<b>74</b>	–	–	<b>74</b>
Transfer from construction in progress	<b>19,546</b>	–	<b>11,068</b>	<b>30,614</b>
Disposal/written off	<b>(3,145)</b>	–	<b>(207)</b>	<b>(3,352)</b>
As at 31 December 2023	<b>284,928</b>	<b>525,000</b>	<b>43,939</b>	<b>853,867</b>
<b>Accumulated amortisation and impairment</b>				
As at 1 January 2022	140,299	525,000	12,695	677,994
Amortisation	33,880	–	6,300	40,180
Disposal/written off	(196)	–	–	(196)
As at 31 December 2022 and 1 January 2023	<b>173,983</b>	<b>525,000</b>	<b>18,995</b>	<b>717,978</b>
Amortisation	<b>31,747</b>	–	<b>9,108</b>	<b>40,855</b>
Disposal/written off	<b>(2,745)</b>	–	<b>(51)</b>	<b>(2,796)</b>
As at 31 December 2023	<b>202,985</b>	<b>525,000</b>	<b>28,052</b>	<b>756,037</b>
<b>Carrying amount</b>				
As at 31 December 2023	<b>81,943</b>	–	<b>15,887</b>	<b>97,830</b>
As at 31 December 2022	93,202	–	14,083	107,285

As at 31 December 2023 and 2022, the Software are mainly internal generated.



## Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

### 20. INTANGIBLE ASSETS (continued)

RMB525,000,000 in the initial gross carrying amount of the right to use the trademarks was used to purchase the right to use the registered trademark of Jisheng Wellborn from Shanghai Jisheng Wellborn Furniture Company Limited (上海吉盛偉邦家居市場經營管理有限公司) by the Company. In May 2014, the Company and the controlling shareholders of the JSWB Furniture entered into the Registered Trademark Licensing Contract, pursuant to which, Shanghai Jisheng Wellborn Furniture Company Limited authorises the Group to use eight of its registered trademarks (the “licensed trademarks”) on an exclusive basis, and the Group has the right to use the licensed trademarks in our Portfolio Shopping Malls or Managed Shopping Malls and in the business operation course related with those shopping malls. Meanwhile, the Group has the right to authorise any third parties to use the licensed trademarks within the properties of the shopping malls from 1 June 2014 to 30 May 2044. The right to use the trademark was amortised on a straight-line basis within 30 years of the licensed period contracted by the Group since June 2014 which is fully impaired in 2021.

The above intangible assets have finite useful lives. Such intangible assets are amortised on a straight-line basis over the following periods.

Software	– from 2 to 10 years
Trademark use right	– 30 years
Others	– 3 years

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 21. GOODWILL

	2023 RMB'000	2022 RMB'000
Suzhou Industrial Park Red Star Macalline Home Co., Ltd	16,592	16,592
Xinsheng Property Management (Shanghai) Co., Ltd.	81,005	81,005
	97,597	97,597

### Suzhou Industrial Park Red Star Macalline Home Co., Ltd (蘇州工業園區紅星美凱龍家居有限公司) (“Suzhou Industrial Park”)

The subsidiary to which goodwill belongs is deemed as a cash generating unit (the “CGU”) when being tested for goodwill impairment. The recoverable amount of the CGU to which goodwill belongs is determined based on the present value of the estimated future cash flows of the CGU which are determined based on the financial budget for the 5 years forecast period approved by the management. The pre-tax discount rate used to forecast the cash flows of CGU during the forecast period was 6.5% (2022:6.5%), and the growth rate used to extrapolate the cash flows beyond the forecast period is 0% (2022:0%). Since, after calculation, the present value of the estimated future cash flows of Suzhou Industrial Park was higher than the carrying amount of the portfolios of asset groups, the Group believed that there were no impairment of goodwill arising from the acquisition of Suzhou Industrial Park.

### Xinsheng property management (Shanghai) Co., Ltd. (鑫笙物業管理(上海)有限公司) (“Shanghai Xinsheng”)

The subsidiary to which goodwill belongs is deemed as CGU when being tested for goodwill impairment. The recoverable amount of the CGU to which goodwill belongs is determined based on the net amount of fair value of a CGU after deducting costs of disposal, and the carrying amount of Shanghai Xinsheng's CGU for impairment test was the carrying amount of an assets group after deducting the non-core goodwill arising from the recognition of deferred income tax liabilities. According to the calculation, the net amount of fair value of Shanghai Xinsheng after deducting costs of disposal was higher than the carrying amount of the assets group. The Group believes that there is no impairment of the goodwill arising from the acquisition of Shanghai Xinsheng.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 22. INTERESTS IN ASSOCIATES

	2023 RMB'000	2022 RMB'000
Cost of investments in unlisted associates	2,279,102	2,481,715
Share of post-acquisition profits and other comprehensive income, net of dividends received	135,980	219,815
	<b>2,415,082</b>	<b>2,701,530</b>

As at 31 December 2023 and 2022, the Group had interests in the following principal associates:

Name of entities	Place of registration	Proportion of nominal value of registered capital		Proportion of voting power held		Principal activities
		2023	2022	2023	2022	
Haier Consume Financing Company Limited (海爾消費金融有限公司) ("Haier Financing")	PRC	25.00%	25.00%	25.00%	25.00%	Finance
Shandong Inzone Green Home Co., Ltd. (山東銀座家居有限公司) ("Shandong Inzone")	PRC	46.50%	46.50%	46.50%	46.50%	Leasing and commercial services
Shenyudao Cultural Tourism Holding Co., Ltd. (神玉島文化旅遊控股股份有限公司)	PRC	35.00%	35.00%	35.00%	35.00%	Residential services, maintenance and other services
Yaxiya New Materials Technology Co., Ltd. (亞細亞新材料科技股份有限公司) (note)	PRC	19.53%	19.53%	19.53%	19.53%	Wholesale and retail
Guangdong Sanweijia Information Technology Co., Ltd. (廣東三維家信息科技有限公司) (note)	PRC	10.53%	11.04%	10.53%	11.04%	Information transmission, software and information technology services
SUNSEAPARKING INC (note)	Cayman	5.21%	5.21%	5.21%	5.21%	Leasing and commercial services
Wuhan Zhengkai Logistics Co., Ltd. (武漢市正凱物流有限公司) (note)	PRC	18.00%	18.00%	18.00%	18.00%	Transportation, storage and postage
Guangdong VIFA Customized Home Furnishings Co., Ltd. (廣東威法定制家居股份有限公司) (note)	PRC	0.00%	6.40%	0.00%	6.40%	Manufacture
Weifang Binxing Properties Co., Ltd. (濰坊濱星置業有限公司)	PRC	30.00%	30.00%	30.00%	30.00%	Real estate
Zhejiang Zhongguang Electric Appliances Group Co., Ltd. (浙江中廣電器集團股份有限公司) (note)	PRC	8.14%	8.14%	8.14%	8.14%	Wholesale and retail

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 22. INTERESTS IN ASSOCIATES (continued)

Name of entities	Place of registration	Proportion of nominal value of registered capital		Proportion of voting power held		Principal activities
		2023	2022	2023	2022	
Shanghai Xincheng'an Construction Co., Ltd. (上海鑫誠安建設有限公司)	PRC	30.00%	30.00%	30.00%	30.00%	Construction
Shanghai Tianhe Smart Home Technology Company Ltd. (上海天合智能科技股份有限公司) (note)	PRC	10.00%	10.00%	10.00%	10.00%	Science research and technology service
LEAWOD Door and Window Group Co., Ltd. (良木道門窗集團有限公司) (note)	PRC	0.00%	18.03%	0.00%	18.03%	Manufacture
Suzhou Supin Home Culture Co., Ltd. Company Limited (蘇州市蘇品宅配文化有限公司) (note)	PRC	15.00%	15.00%	15.00%	15.00%	Manufacture
Shenzhen Red Star Macalline Home Furnishing Plaza Company Limited (深圳紅星美凱龍家居生活廣場有限公司)	PRC	37.00%	37.00%	37.00%	37.00%	Wholesale and retail
Ant live (Tianjin) Network Technology Co., Ltd. (蟻安居(天津)網絡技術有限公司) (note)	PRC	0.00%	16.67%	0.00%	16.67%	Science research and technology service
Beijing Bilin Hongke Technology Co., Ltd. (北京比鄰弘科科技有限公司) (note)	PRC	10.00%	10.00%	10.00%	10.00%	Science research and technology service
Shanghai Qiangshang Environmental Technology Company Limited (上海牆尚環保科技有限公司) (note)	PRC	14.99%	14.49%	14.99%	14.49%	Wholesale and retail
ICOLOR PRIVATE LIMITED (note)	Cayman	8.00%	8.00%	8.00%	8.00%	Construction
Super Smart Home (Shanghai) Internet of Things Technology Co., Ltd. (超級智慧家(上海)物聯網科技有限公司) (note)	PRC	10.25%	11.78%	10.25%	11.78%	Science research and technology service
Chengdu Rhine Etam Furniture Co., Ltd. (成都艾格傢俱有限公司) (note)	PRC	12.17%	20.87%	12.17%	20.87%	Manufacture
Jiangsu Baili Aijia Home Technology Co., Ltd. (江蘇佰麗愛家居科技有限公司) (note)	PRC	10.00%	10.00%	10.00%	10.00%	Science research and technology service
Shanghai Jinjiang United Purchasing Supply Chain Co., Ltd. (上海錦江聯採供應鏈有限公司) (note)	PRC	0.00%	10.00%	0.00%	10.00%	Transportation, storage and postage
BigZone Information Technology (Shanghai) Company Limited (大域信息科技(上海)有限公司) (note)	PRC	14.29%	14.29%	14.29%	14.29%	Science research and technology service

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 22. INTERESTS IN ASSOCIATES (continued)

Name of entities	Place of registration	Proportion of nominal value of registered capital		Proportion of voting power held		Principal activities
		2023	2022	2023	2022	
ArtPollo Network Technology (Beijing) Company Limited (愛菠蘿網絡科技(北京)有限公司) (note)	PRC	15.00%	15.00%	15.00%	15.00%	Technology promotion and application service
Shengbao (Shanghai) Intelligent Technology Co., Ltd. (晟葆(上海)智能科技有限公司) (note)	PRC	10.00%	10.00%	10.00%	10.00%	Construction
Beijing Canny-Robot Technology Co., Ltd. (北京康力優藍機器人科技有限公司) (note)	PRC	6.00%	6.00%	6.00%	6.00%	Science research and technology service
Shanghai Jiazhan Construction Engineering Company Limited (上海嘉展建築裝潢工程有限公司) (note)	PRC	4.90%	4.90%	4.90%	4.90%	Construction
Guangzhou Huoshu Yinhuo Information Technology Co., Ltd. (廣州火數銀花信息科技有限公司) (note)	PRC	11.66%	11.66%	11.66%	11.66%	Information transmission, software and information technology services
Shenzhen Huasheng Home Furnishing Group Co., Ltd. (深圳華生大家居集團有限公司) (note)	PRC	9.00%	9.00%	9.00%	9.00%	Leasing and commercial service
Yimeijisi Optoelectronics Technology (Fujian) Co., Ltd. (誼美吉斯光電科技(福建)有限公司) (note)	PRC	0.00%	4.95%	0.00%	4.95%	Science research and technology service
Anka Household Products (Shanghai) Co., Ltd. (安咖家居用品(上海)有限公司) (note)	PRC	10.00%	10.00%	10.00%	10.00%	Wholesale and retail
Shenzhen Long Life Basics Sleep Science and Technology Co., Ltd. (深圳市朗樂福睡眠科技有限公司) (note)	PRC	0.00%	10.00%	0.00%	10.00%	Wholesale and retail
Wuhu Meihe Asset Management Company Limited (蕪湖美和資產管理有限公司)	PRC	49.00%	49.00%	49.00%	49.00%	Finance
Shanghai AI.Pure Intelligent Technology Co., Ltd. (上海智諦智能科技有限公司)	PRC	30.00%	30.00%	30.00%	30.00%	Wholesale and retail
Shanghai Zhenyang Decoration Co., Ltd. (上海振洋建築裝潢工程有限公司)	PRC	0.00%	22.41%	0.00%	22.41%	Construction

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 22. INTERESTS IN ASSOCIATES (continued)

Name of entities	Place of registration	Proportion of nominal value of registered capital		Proportion of voting power held		Principal activities
		2023	2022	2023	2022	
Meishang (Guangzhou) Cosmetics Co., Ltd. (美尚(廣州)化妝品股份有限公司) (note)	PRC	8.29%	8.29%	8.29%	8.29%	Wholesale and retail
Shanghai Weilaishi Decoration Technology Co., Ltd. (上海威來適裝飾科技有限公司)	PRC	40.00%	40.00%	40.00%	40.00%	Wholesale and retail
Zhongzhuang Central Purchasing (Beijing) Information Technology Co., Ltd. (中裝集採(北京)信息技術有限公司)	PRC	35.00%	35.00%	35.00%	35.00%	Science research and technology service
Xingpai Commercial Property Management (Guangzhou) Co., Ltd. (星派商業物業經營(廣州)有限公司)	PRC	32.00%	32.00%	32.00%	32.00%	Leasing and commercial service
CSSC Cruise Industry Development (Shanghai) Co., Ltd. (中船郵輪產業發展(上海)有限公司)	PRC	42.86%	42.86%	42.86%	42.86%	Water transport
Shanghai Macalline Property Management Service Co., Ltd. (上海美凱龍物業管理服務有限公司)	PRC	20.00%	20.00%	20.00%	20.00%	Property management
Shanghai Kaishen Enterprise Management Co., Ltd. (上海凱坤企業管理有限公司) (note)	PRC	10.00%	10.00%	10.00%	10.00%	Business service
Nanchang Xinshi Enterprise Management Co., Ltd. (南昌歆獅企業管理有限公司)	PRC	50.00%	50.00%	50.00%	50.00%	Business service
Xi'an Jiahexing Home Furnishing Co., Ltd. (西安佳和興家居有限責任公司)	PRC	19.00%	19.00%	19.00%	19.00%	Wholesale and retail
Shanghai Red Star Macalline Creative Design Co., Ltd. (上海麗浩創意設計有限公司)	PRC	19.90%	N/A	19.90%	N/A	Construction
META (Shanghai) Building Technology Co., Ltd. (美宅(上海)建築科技有限公司) (note)	PRC	10.00%	N/A	10.00%	N/A	Construction
Shenzhen Red Star Macalline Century Centre Home Life Plaza Co., Ltd. (深圳紅星美凱龍家居生活廣場有限公司)	PRC	37.00%	37.00%	37.00%	37.00%	Leasing and commercial service
Zhejiang Mingdu Investment Co., Ltd. (浙江名都投資有限公司)	PRC	19.00%	19.00%	19.00%	19.00%	Wholesale and retail

Note: The Group delegates directors to the investee, which has significant influence to the investee.

## 22. INTERESTS IN ASSOCIATES (continued)

### Summarised financial information of material associates

Summarised financial information in respect of the Group's material associates are set out below. The summarised financial information below represents amounts shown in the associates' financial statements prepared in accordance with IFRSs.

The material associates are accounted for using the equity method in the consolidated financial statements.

#### Haier Financing

	2023 RMB'000	2022 RMB'000
Current assets	25,903,685	20,778,841
Non-current assets	363,607	346,262
Current liabilities	(23,741,356)	(16,671,899)
Non-current liabilities	(140,167)	(2,432,237)
Net assets	2,385,769	2,020,967

	2023 RMB'000	2022 RMB'000
Revenue	2,489,336	1,709,811
Profit and total comprehensive income for the year	364,802	274,463

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statements:

	2023 RMB'000	2022 RMB'000
Net assets of the associate	2,385,769	2,020,967
Proportion of the Group's ownership interest in the associate	25%	25%
Carrying amount to the Group's interest in Haier Financing	596,442	505,242

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 22. INTERESTS IN ASSOCIATES (continued)

### Summarised financial information of material associates (continued)

#### Shandong Inzone

	2023 RMB'000	2022 RMB'000
Current assets	308,425	366,712
Non-current assets	1,381,398	1,484,780
Current liabilities	(266,273)	(464,089)
Non-current liabilities	(817,775)	(817,678)
Net assets	605,775	569,725

	2023 RMB'000	2022 RMB'000
Revenue	343,595	384,813
Profit (loss) and total comprehensive income (loss) for the year	36,050	(18,102)

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statements:

	2023 RMB'000	2022 RMB'000
Net assets of the associate	605,775	569,725
Proportion of the Group's ownership interest in the associate	46.5%	46.5%
Proportion of the Group's ownership interest	281,685	264,923
Goodwill	153,287	153,287
Carrying amount to the Group's interest in Shandong Inzone	434,972	418,210

Aggregate information of associates that are not individually material

	2023 RMB'000	2022 RMB'000
The Group's share of loss and total comprehensive loss for the year	(42,669)	(61,456)
Aggregate carrying amount of the Group's interests in these associates	1,383,668	1,778,078

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 23. INTERESTS IN JOINT VENTURES

	2023 RMB'000	2022 RMB'000
Cost of investments in unlisted joint ventures	462,143	462,636
Share of post-acquisition profits and other comprehensive income, net of dividends received	565,276	592,896
	<b>1,027,419</b>	1,055,532

As at 31 December 2023 and 2022, the Group had interests in the following principal joint venture:

Name of entities	Place of registration	Proportion of nominal value of registered capital		Proportion of voting power held		Principal activities
		2023	2022	2023	2022	
Chengdu Dongtai Shopping Mall Company Limited ("Chengdu Dongtai") (成都東泰商城有限公司)	PRC	50.00%	50.00%	50.00%	50.00%	Site lease management
Shanghai CTME Economy & Trade Development Co., Ltd. (上海中貿美凱龍經貿發展有限公司) (note a)	PRC	40.00%	40.00%	40.00%	40.00%	Wholesale and retail
Shanghai Mingyi Enterprise Development Co., Ltd. (上海名藝商業企業發展有限公司)	PRC	50.00%	50.00%	50.00%	50.00%	Leasing and commercial services
Wuhu Minghui Business Management Co., Ltd. (蕪湖明輝商業管理有限公司) (note b)	PRC	48.00%	48.00%	48.00%	48.00%	Leasing and commercial services
Wuhu Red Star Macalline Equity Investment Fund Management Company Limited (蕪湖紅星美凱龍股權投資基金管理有限公司)	PRC	50.00%	50.00%	50.00%	50.00%	Leasing and commercial services
Shenzhen Red Star Macalline Expo Home Plaza Co., Ltd. (深圳紅星美凱龍世博家居廣場有限公司) (note c)	PRC	0.00%	43.00%	0.00%	43.00%	Wholesale and retail
Shenzhen Red Star Macalline Business Management Company Limited (深圳紅星美凱龍商業管理有限公司) (note d)	PRC	60.00%	60.00%	60.00%	60.00%	Leasing and commercial services
Guangzhou Red Star Macalline Expo Home Plaza Co., Ltd. (廣州紅星美凱龍世博家居廣場有限公司)	PRC	50.00%	50.00%	50.00%	50.00%	Leasing and commercial services
Hefei Longmao Home Co., Ltd. Xiansen Home Furnishing Co., Ltd. (合肥龍貓先森家居有限公司)	PRC	0.00%	30.00%	0.00%	30.00%	Wholesale and retail

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 23. INTERESTS IN JOINT VENTURES (continued)

note a: The board of directors of Shanghai Zhongmao Macalline Economic and Trade Development Co., Ltd. is composed of five people, of which the Group nominated two. The resolution of meetings of the board must be approved by at least two-thirds of the directors. The shareholders formed joint control, so it is a joint venture company.

note b: The Group delegates directors to this entity, which could form joint control over it.

note c: Major matters should be approved after the unanimous consent of all directors, so Shenzhen Red Star Macalline Expo Home Plaza Co., Ltd. is a joint venture company.

note d: The daily operation and management of the Company requires unanimous consent of both parties. Therefore, Shenzhen Red Star Macalline Business Management Company Limited (深圳紅星美凱龍商業管理有限公司) is a joint venture.

### Summarised financial information of material joint venture

Summarised financial information in respect of the Group's material joint venture is set out below. The summarised financial information below represents amounts shown in the joint venture's financial statements prepared in accordance with IFRSs.

The material joint venture is accounted for using the equity method in the consolidated financial statements.

#### Chengdu Dongtai

	2023 RMB'000	2022 RMB'000
Current assets	474,885	430,197
Non-current assets	1,426,098	1,557,197
Current liabilities	(82,344)	(89,571)
Non-current liabilities	(318,999)	(347,283)
Net assets	1,499,640	1,550,540
Revenue	94,872	122,997
Profit and total comprehensive income for the year	(50,900)	(115,665)



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 23. INTERESTS IN JOINT VENTURES (continued)

### Summarised financial information of material joint venture (continued)

Reconciliation of the above summarised financial information to the carrying amount of the interest in the joint venture recognised in the consolidated financial statements:

	2023 RMB'000	2022 RMB'000
Net assets of the joint venture	1,499,640	1,550,540
Proportion of the Group's ownership interest in the joint venture	50%	50%
Carrying amount to the Group's interest in Chengdu Dongtai	749,820	775,270

Aggregate information of joint ventures that are not individually material

	2023 RMB'000	2022 RMB'000
The Group's share of profit and total comprehensive income for the year	37,859	30,367
Aggregate carrying amount of the Group's interests in these joint ventures	277,599	280,262

## 24. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2023 RMB'000	2022 RMB'000
Fund	81,111	82,112
Non-listed equity instrument investments	260,025	332,275
Debt instruments	489,210	839,726
	830,346	1,254,113
Less: Current portion	(570,321)	(921,838)
Non-current portion	260,025	332,275

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 25. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2023 RMB'000	2022 RMB'000
Equity instrument investments listed in PRC	624,898	949,791
Equity instrument investments listed in US	–	116,658
Non-listed equity investments	1,132,733	1,520,120
	<b>1,757,631</b>	2,586,569

As the Group held the above investments not for the purpose of trading, thus the Group designated them as investments at FVTOCI.

The above listed equity instrument investments represent the initial public offer from the above non-listed equity investments. These investments are not held for trading, instead, they are held for long-term strategic purposes. The directors of the Company have elected to designate these investments in equity instruments as at FVTOCI as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run.

The Group disposed the equity instruments at FVTOCI of approximately RMB585,290 thousand (2022: RMB779,921 thousand) and accumulated profit and loss totaling RMB161,182 thousand (2022: RMB121,487 thousand) were reclassified from other comprehensive income to retained earnings.

As at 31 December 2023, the Group's equity instruments at FVTOCI with fair value of approximately RMB504,035 thousand (2022: RMB444,543 thousand) were used as pledge guarantees. Details, please refer to Notes 34 and 44.

## 26. INVENTORIES

	2023 RMB'000	2022 RMB'000
Commodities in inventory	121,246	267,982
Low-value consumables	38,268	34,887
	<b>159,514</b>	302,869

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 27. LOAN RECEIVABLES

	2023 RMB'000	2022 RMB'000
Current	2,255,791	1,405,903
Non-current	324,064	975,130
	<b>2,579,855</b>	2,381,033
Entrusted loans and lending	2,952,103	2,534,722
Less: provision of expected credit loss	(372,248)	(153,689)
	<b>2,579,855</b>	2,381,033

As at 31 December 2023, the material amount of loan receivables are as follow:

	Loan receivables amount RMB'000	Interest rate (%)	Expiry date
Henan Zhongheng Construction Development Co., Ltd. ("Zhongheng") (河南中亨建設開發有限公司) (note a)	47,550	5.23	Overdue
Zhejiang Mingdu Investment Co., Limited ("Mingdu") (浙江名都投資有限公司) (note b)	102,242	5.78	January 2023 – January 2025
Xian Jiahexing Home Furnishing Co., Ltd. ("Jiahexing") (西安佳和興家居有限責任公司) (note c)	506,239	11	March/ October 2024
Anhui Longtan Real Estate Co., Ltd ("Anhui Longtan") (安徽龍檀置業有限公司) (note d)	230,073	12	Overdue
Hancheng Xinding Real Estate Development Co., Ltd. ("Hancheng") (韓城市鑫鼎房地產開發有限責任公司) (note e)	35,607	9	Overdue
Ningbo Kai Chuang Real Estate Company Limited (寧波凱創置業有限公司)	198,429	12	May 2024
Tangshan Fikai Property Development Company Limited ("Fikai") (唐山斐凱房地產開發有限公司) (note f)	64,024	4.35	Overdue
Suzhou White Collar Home Plaza ("White Collar") (蘇州市白領家居廣場) (note g)	69,123	5.64	June 2030

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 27. LOAN RECEIVABLES (continued)

As at 31 December 2022, the material amount of loan receivables are as follow:

	Loan receivables amount RMB'000	Interest rate (%)	Expiry date
Henan Zhongheng Construction Development Co., Ltd. (河南中亨建設開發有限公司) (note a)	47,550	5.23	Overdue
Zhejiang Mingdu Investment Co., Limited (浙江名都投資有限公司) (note b)	103,275	5.78	September 2020 – January 2030
Xian Jiahexing Home Furnishing Co., Ltd. (西安佳和興家居有限責任公司) (note c)	581,314	11	March 2024
Anhui Longtan Real Estate Co., Ltd (安徽龍檀置業有限公司) (note d)	223,361	12	December 2023
Hancheng Xinding Real Estate Development Co., Ltd. (韓城市鑫鼎房地產開發有限責任公司) (note e)	64,830	9	April 2023

*Notes:*

- (a) As of 31 December 2023 and 2022, the Group's entrusted loan of approximately RMB47,550 thousand to Zhongheng was overdue. The loan was repayable on 24 August 2020 and secured by the land of Zhongheng. The management believes that there is no specific impairment risk for this loan. As at 31 December 2023, expected credit loss of approximately RMB476 thousand had been made for this entrusted loan.
- (b) As of 31 December 2023 and 2022, the borrowing granted by the Group to Mingdu had an interest rate of 5.78% (2022: 5.78%) and a balance amounting to approximately RMB103,275 thousand (2022: RMB103,275 thousand), with a term from September 2020 to January 2030. According to the repayment plan stipulated in the contract, approximately RMB75,735 thousand (2022: RMB89,505 thousand) was accounted as non-current assets as at the end of the year. As at 31 December 2023, expected credit loss of RMB1,033 thousand had been made for this entrusted loan.
- (c) The Group provided funds to Jiahexing with an interest rate of 11%, which was used for land construction supporting costs and costs at the early stage. The loan is secured by share of Jiahexing. As at 31 December 2023, the balance of principal and interest was approximately RMB506,239 thousand (2022: RMB581,314 thousand).
- (d) As at 31 December 2023, the entrusted loan granted by the Group to Anhui Longtan approximately RMB230,073 thousand (2022: RMB223,361 thousand) was overdue. The entrusted loan was repayable in December 2023, guaranteed by the shareholder of Anhui Longtan and its related parties and secured by 19% equity interest in Anhui Longtan. The management believes that there is no specific impairment risk for this loan. As at 31 December 2023, expected credit loss of RMB2,301 thousand had been made for this entrusted loan.
- (e) As of 31 December 2023 and 2022, the Group's entrusted loan of approximately RMB35,607 thousand (2022: RMB64,830 thousand) to Hancheng was overdue. The loan was repayable on 30 April 2023 and secured by the certain floors of Hongxin International Plaza (紅鑫國際廣場), 10 years profit of Hongxin International Plaza and trade receivables during the entrusted loan period. The management believes that there is no specific impairment risk for this loan. As at 31 December 2023, expected credit loss of RMB356 thousand had been made for this entrusted loan.
- (f) As of 31 December 2023 and 2022, the Group's entrusted loan of approximately RMB64,024 thousand (2022: RMB62,690 thousand) to Fikai was overdue. The loan was repayable on 31 December 2023. The management believes that there is no specific impairment risk for this loan. As at 31 December 2023, expected credit loss of RMB640 thousand had been made for this entrusted loan.
- (g) As of 31 December 2023 and 2022, the borrowing granted by the Group to White Collar had an interest rate of 5.64% (2022: 5.64%) and principal amounting to approximately RMB69,821 thousand (2022: RMB69,821 thousand), with a term from November 2021 to June 2030. According to the repayment plan stipulated in the contract, approximately RMB69,821 thousand (2022: RMB69,821 thousand) was accounted as non-current assets as at the end of the year. As at 31 December 2023, expected credit loss of RMB698 thousand had been made for this entrusted loan.

Details of impairment assessment of loan receivables for the years ended 31 December 2023 and 2022 are set out in Note 47 to the consolidated financial statements.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 28. ACCOUNT RECEIVABLES/NOTE RECEIVABLES

	2023 RMB'000	2022 RMB'000
Account receivables	3,169,493	3,584,087
Less: provision of expected credit loss	(1,966,173)	(1,621,918)
	<b>1,203,320</b>	1,962,169
Note receivables	6,176	19,016
	<b>1,209,496</b>	1,981,185

An ageing analysis of the account receivables as at the end of the reporting period, based on the invoice date and net of ECL, is as follows:

	2023 RMB'000	2022 RMB'000
Within 1 year	738,301	1,254,540
1 to 2 years	453,273	527,175
2 to 3 years	413,187	358,767
Over 3 years	1,564,732	1,443,605
Less: provision of expected credit loss	(1,966,173)	(1,621,918)
	<b>1,203,320</b>	1,962,169

The Group has not granted any credit period to its customers. Before accepting any new customers, the Group uses past experience to assess the potential customers' credit quality and defines credit limits for the customers. Limits attributed to customers are reviewed regularly.

Details of impairment assessment of account receivables for the years ended 31 December 2023 and 2022 are set out in Note 47 to the consolidated financial statements.

At 31 December 2023 and 2022, all the notes are with a maturity period of less than one year. The Group considers the credit risk is limited because counterparties are banks with good credit standing and are highly likely to be paid, and the ECL are considered as immaterial.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 29. CONTRACT ASSETS/CONTRACT LIABILITIES

### Contract assets

	2023 RMB'000	2022 RMB'000
Construction and design service	1,405,397	1,370,693
The brand consulting and management service for early stage of the project	837,373	840,745
	2,242,770	2,211,438
Less: provision of expected credit loss	(856,027)	(392,970)
	1,386,743	1,818,468

The Group provides construction and design services/the brand consulting and management service for the early stage of the project to customers, and recognises revenue within a period of time, to form contract assets. The contract asset formed an unconditional collection right at the time of settlement and was transferred to receivables.

The contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date. The contract assets are transferred to account receivables when the rights become unconditional. The Group's service contracts include payment schedules which require stage payments once certain specified milestones are reached.

Details of the impairment assessment are set out in Note 47 to the consolidated financial statements.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 29. CONTRACT ASSETS/CONTRACT LIABILITIES (continued)

### Contract liabilities

	2023 RMB'000	2022 RMB'000
Charges for the brand consulting and management service for the early stage of the project	703,847	930,166
Charges for annual brand consulting and management service for the project	121,202	102,129
Commercial consultation fees and tenant sourcing commissions	202,607	256,690
Construction and design service	135,455	277,057
Marketing service and others	430,152	856,447
	<b>1,593,263</b>	2,422,489
Current	<b>1,137,850</b>	1,839,930
Non-current	<b>455,413</b>	582,559
	<b>1,593,263</b>	2,422,489

Contract liabilities, that are not expected to be settled within the Group's normal operating cycle, are classified as current and non-current based on the Group's earliest obligation to transfer goods or services to the customers.

When the Group receives a deposit before the projects commences, this will give rise to contract liabilities at the start of a contract, until the revenue recognised on the relevant contract exceeds the amount of the deposit.

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities.

	2023 RMB'000	2022 RMB'000
Charges for the brand consulting and management service for the early stage of the project	161,186	49,644
Charges for annual brand consulting and management service for the project	64,314	159,572
Commercial consultation fees and tenant sourcing commissions	117,710	24,964
Construction and design service	253,713	117,781
Marketing service and others	673,775	675,154
	<b>1,270,698</b>	1,027,115

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 30. DEPOSITS, PREPAYMENT AND OTHER RECEIVABLES

	2023 RMB'000	2022 RMB'000
<b>Current portion:</b>		
Prepayment	291,327	366,585
Deposits	90,896	143,843
Interest receivables	35,999	27,947
Dividends receivables	31,000	31,000
Tax prepaid (note a)	659,693	736,644
Others (note e)	1,168,708	1,124,099
	<b>2,277,623</b>	2,430,118
Less: provision of expected credit loss/impairment loss	<b>(405,650)</b>	(335,261)
Total current portion	<b>1,871,973</b>	2,094,857
<b>Non-current portion:</b>		
Deposits	89,305	240,673
Lease deposits	72,290	67,448
Prepayments for purchase of properties (note d)	321,059	391,387
Others	515,899	683,419
	<b>998,553</b>	1,382,927
Less: provision of expected credit loss	<b>(134,308)</b>	(38,679)
	<b>864,245</b>	1,344,248
Prepayments for construction and advance payment for land compensation	1,416,377	1,459,525
Earning right related to land consolidation (note c)	1,835,868	1,835,868
	<b>3,252,245</b>	3,295,393
Less: impairment loss (note b)	<b>(952,968)</b>	(637,898)
	<b>2,299,277</b>	2,657,495
Total non-current portion	<b>3,163,522</b>	4,001,743



## 30. DEPOSITS, PREPAYMENT AND OTHER RECEIVABLES (continued)

Notes:

- (a) The Group's tax prepaid is mainly VAT to be deducted, which is expected to be deductible within the next year.
- (b) The management of the Group concluded there was indication of impairment and conducted impairment assessment on recoverable amounts of certain prepayment for construction and advance payment and earning right related to land consolidation with carrying amounts (before impairment) of RMB1,416,377 thousand (2022: RMB1,459,525 thousand) and RMB1,835,868 thousand (2022: RMB1,835,868 thousand), respectively. For the year ended 31 December 2023, the Group estimates the recoverable amounts of the individual assets based on higher of fair value less costs of disposal and value in use. Based on the result of assessments, an impairment of RMB238,489 thousand (2022: RMB216,418 thousand) and RMB714,479 thousand (2022: RMB421,480 thousand) has been recognised against the carrying amount of certain prepayment for construction and advance payment and earning right related to land consolidation respectively.
- (c) In August 2018, the Group acquired 70% equity interest in Yintai (Yongqing) New City Investment Co., Ltd. (銀泰(永清)新城投資有限公司) at a consideration of RMB1 billion, and acquired an earning right thereof related to land consolidation simultaneously.
- (d) As of 31 December 2023 and 2022, prepayments for purchasing properties were mainly prepayments paid by the Group for the purchase of several commercial properties and office buildings this year.
- (e) As at 31 December 2023, others included sale proceed collected and paid on behalf of the tenants of approximately RMB278,671 thousand (2022: RMB202,754 thousand).

Details of impairment assessment of deposits and other receivables for the years ended 31 December 2023 and 2022 are set out in Note 47 to the consolidated financial statements.

## 31. RESTRICTED BANK DEPOSITS

	2023 RMB'000	2022 RMB'000
Deposits pledged for banking facilities	64,863	151,468
Other restricted bank deposits	379,390	150,737
	<b>444,253</b>	302,205

As at 31 December 2023, restricted bank deposits of approximately RMB275,655 thousand (2022: RMB31,286 thousand) was frozen.

# Notes to the Consolidated Financial Statements

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## 32. BANK BALANCES AND CASH

	2023 RMB'000	2022 RMB'000
Cash	27,202	13,832
Bank deposits with original maturity within three months or less	2,479,598	2,594,432
Cash and cash equivalents	2,506,800	2,608,264
Bank deposits with original maturity over three months	23,000	18,000
Bank balances and cash	2,529,800	2,626,264

Bank balances and cash of the Group comprise cash and short-term bank deposits. The bank balances carry interest at market rates which is 0.3% per annum as at 31 December 2023 (2022: 0.3% per annum).

Bank deposits with original maturity over three months carry fixed interest rates range from 0.2% to 3.9% per annum as at 31 December 2023 (2022: 1.75% to 3.85% per annum).

Bank balances and cash as at 31 December 2023 and 2022 were mainly denominated in RMB which is not a freely convertible currency in the international market. At the end of the reporting period, the bank balances and cash of the Group not denominated in Renminbi amounted to RMB4,324 thousand (2022: RMB7,799 thousand). The exchange rate of RMB is determined by the government of the PRC and the remittance of these funds out of the PRC is subject to exchange restrictions imposed by the government of the PRC.

# Notes to the Consolidated Financial Statements

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## 33. TRADE AND OTHER PAYABLES

	2023 RMB'000	2022 RMB'000
Trade payables (note a)	2,054,926	2,452,582
Bills payables	13,552	44,412
Advance from tenants	905,877	588,213
Deposits received	3,063,003	3,209,664
Amounts due to partners (note b)	3,396,591	4,179,790
Amounts payable for property purchases	192,910	197,510
Amounts payable to construction contractors	329,862	412,769
Payroll payable	455,238	480,929
Other tax payable	556,874	546,810
Others (note c)	1,735,713	1,440,011
	<b>12,704,546</b>	13,552,690
Less: Current portion	<b>(12,194,197)</b>	(12,996,449)
	<b>510,349</b>	556,241

*Notes:*

- (a) An aging analysis of the trade payables as at the end of the reporting period is as follow:

	2023 RMB'000	2022 RMB'000
Within 1 year	1,139,438	1,821,085
1 to 2 years	503,801	457,990
2 to 3 years	266,271	157,763
Over 3 years	145,416	15,744
	<b>2,054,926</b>	2,452,582

- (b) Amounts due to partners included the borrowings provided by the minority shareholders of certain subsidiaries of the Group, and shall be repaid by agreements after the completion of relevant cooperation projects and existing surplus or be repaid on demands after one year. Therefore, such amounts of approximately RMB510,349 thousand (2022:RMB566,241 thousand) shall be recognised as non-current portion payables.
- (c) Others mainly represent the interest payables and accrual expense of approximately RMB103,114 thousand and RMB332,794 thousand respectively (2022: RMB139,914 thousand and RMB357,743 thousand respectively).

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 34. BANK AND OTHER BORROWINGS

	2023 RMB'000	2022 RMB'000
Bank and other borrowings:		
Secured (note a)	26,074,003	28,269,466
Unsecured (note a)	3,431,749	50,080
Commercial mortgage-backed securities (note b)	3,184,527	3,289,806
	<b>32,690,279</b>	31,609,352
Less: Current portion	<b>(12,976,625)</b>	(7,100,362)
Non-current portion	<b>19,713,654</b>	24,508,990
Fixed-rate borrowings	<b>16,269,128</b>	11,573,044
Floating-rate borrowings	<b>16,421,151</b>	20,036,308
	<b>32,690,279</b>	31,609,352
The borrowings are repayable:		
Within one year or on demand	<b>12,976,625</b>	7,100,362
More than one year but not exceeding two years	<b>3,898,734</b>	7,295,674
More than two years but not exceeding five years	<b>9,015,530</b>	8,305,398
More than five years	<b>6,799,390</b>	8,907,918
	<b>32,690,279</b>	31,609,352
Less: Amount due within one year shown under current liabilities	<b>(12,976,625)</b>	(7,100,362)
Amount due after one year	<b>19,713,654</b>	24,508,990

## 34. BANK AND OTHER BORROWINGS (continued)

*Notes:*

- (a) As at 31 December 2023 and 2022, no single borrowing is individually material, and terms and conditions of all borrowings are presented by appropriate groupings.
- (b) The Company issued the home furnishing shopping mall asset-backed securities, namely “Red Star Macalline Asset-Backed Special Project”, on 12 July 2018. Such asset-backed special project was pledged with the assets of two shopping malls of the Group in Beijing and Yantai and their rental income rights, which included Class A Preferred Securities (securities abbreviation: “18 Hongmei A1”, securities code: 156486), Class B Preferred Securities (securities abbreviation: “18 Hongmei A2”, securities code: 156487) and subordinated Securities (securities abbreviation: “18 Hongmei C”, securities code: 156488). 18 Hongmei A1 had an issuance size of RMB2,289 million, with an annualised return of 5.80% and a maturity of 18 years, the principal and interest of which shall be repaid annually. 18 Hongmei A2 had an issuance size of RMB211 million, with an annualised return of 6.30% and a maturity of 18 years, the principal of which shall be repaid in a one-off manner upon maturity. The Group, as a posterior investor of 18 Hongmei, subscribed RMB100 million with no annualised return and a maturity of 18 years. The securities ended its first 3-year sell-back period in December 2021 and will enter its second 3-year sell-back period in November 2024. The principal amount of approximately RMB2,214,000 thousand (2022: RMB68,000,000) was classified as current liabilities as at 31 December 2023.

The Company issued the home furnishing shopping mall asset-backed securities, namely “Red Star Macalline Asset-Backed Special Project”, on 1 August 2019. Such asset-backed special project was pledged with the assets of two shopping malls of the Group in Beijing and Wuhan and their rental income rights, which included Class A Preferred Securities (securities abbreviation: “19 Hongmei A”, securities code: 159557), Class B Preferred Securities (securities abbreviation: “19 Hongmei B”, securities code: 159558) and subordinated Securities (securities abbreviation: “19 Hongmei C”, securities code: 159559). 19 Hongmei A had an issuance size of RMB1.7 billion, with an annualised return of 5.80% and a maturity of 21 years, the principal and interest of which shall be repaid semi-annually. 19 Hongmei B had an issuance size of RMB410 million, with an annualised return of 7% and a maturity of 21 years, the interest of which shall be repaid semi-annually, and the principal of which shall be repaid at one time when due. The Group, as a posterior investor of 19 Hongmei, subscribed RMB150 million with no annualised return and a maturity of 21 years. The above asset-backed securities were redeemed upon maturity in 2022.

The Company issued the home furnishing shopping mall asset-backed securities, namely “Deppon-Wuxi Red Star Macalline Home Living Plaza No. 1 Store Asset-backed Special Project” on 22 September 2020. Such asset-backed special project was pledged with the assets of shopping mall of the Group in Wuxi and the rental income rights, which included Class A Preferred Securities and Class B Preferred Securities. Class A Preferred Securities had an issuance size of RMB420 million, with an annualised return of 5.50% and a maturity of 18 years, the principal and interest of which shall be repaid semi-annually. Class B Preferred Securities had an issuance size of RMB110 million, with an annualised return of 6% and a maturity of 18 years, the principal of which shall be repaid in a one-off manner upon maturity. The securities will enter the first 3-year sell-back period in June 2023, and therefore the securities balance of approximately RMB12,164 thousand (2022: RMB510,428,000.00) to be repayable within one year was classified as current liabilities as at 31 December 2023.

The Company listed on the CFAE 21CFZR0025 “Red Star Macalline Group Corporation Ltd. – 2021 first tranche of debt financing plan” (21S Red Star Macalline ZR001) on 5 January 2021. The listing amount totalled RMB500 million for a term of 3 years. The interest commencement date was 7 January 2021 and the interest rate was 4%. According to the confirmation of the listing price, RMB500 million has been fully credited to the account. The interest was paid annually on 7 January in the bond duration. The principal of which shall be repaid in a one-off manner upon maturity and was fully classified as current liabilities (2022: non-current) as at 31 December 2023.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 34. BANK AND OTHER BORROWINGS (continued)

The ranges of effective interest rates (which are also equal to contracted interest rates) on the Group's borrowings are as follows:

	2023 %	2022 %
Bank borrowings:		
Fixed rate bank borrowings	<b>3.80-15.40</b>	4.79-15.40
Floating rate bank borrowings	<b>4.25-8.00</b>	3.65-8.00

The floating rate bank borrowings are arranged at the interest rate based on benchmark interest rates of the People's Bank of China.

The Group's bank and other borrowings are denominated in RMB.

## 35. BONDS

	2023 RMB'000	2022 RMB'000
<i>Medium-term notes:</i>		
Medium-term notes of 2020 (First tranche) (note a)	–	514,250
<i>Public offering:</i>		
Public offering of Corporate Bonds of 2019 (First tranche) (Type 2) (note b)	–	851
Public offering of Corporate Bonds of 2020 (First tranche) (Type 1) to professional investors (note c)	–	30,000
<i>USD Bonds:</i>		
USD Bonds of 2022 (3-year) (note d)	<b>1,786,370</b>	1,767,387
	<b>1,786,370</b>	2,312,488
Less: – Principal amount of bonds due within one year	–	(530,829)
– Interest of bonds due within one year	<b>(27,858)</b>	(58,259)
Non-current portion of bonds	<b>1,758,512</b>	1,723,400

## 35. BONDS (continued)

*Notes:*

- (a) The Group's issuance in 2020. On 6 June 2019, the Company received the "Letter on Reducing the Registration Amount of Medium-Term Notes of Red Star Macalline Group Co., Ltd." (Zhong Shi Xie Zhu No. [2019]567) issued by NAFMII, and agreed to reduce the registration amount of RMB3 billion of medium-term notes under the aforementioned "Notice for Acceptance of Registration" (Zhong Shi Xie Zhu No. [2018]MTN506). Under the "Notice for Acceptance of Registration" (Zhong Shi Xie Zhu No. [2018]MTN506), the original registered amount is RMB5 billion, after being reduced by RMB3 billion, the remaining effective registration amount was RMB2 billion. From 16 January 2020 to 17 January 2020, the Company successfully issued the first tranche of 2020 medium-term notes, "Medium-term notes of 2020 of Red Star Macalline Group Corporation Ltd. (First tranche)", the bond was abbreviated as "20 Macalline MN001", which had a duration of 3 years, and the value date was 20 January 2020, and the redemption date was 20 January 2023. The total planned issuance scale is RMB500 million, and the actual issuance scale is RMB500 million, with an interest rate of 5.70%, and an issue price of RMB100/100 face value. The bond was fully redeemed on 20 January 2023.
- (b) In 2019, the Group publicly issued Corporate Bonds of 2019 of Red Star Macalline Group Corporation Ltd. (First tranche) (hereinafter referred to as the "2019 Corporate Bonds"), which classified into two types. The total issuance scale of the type 1 and type 2 does not exceed RMB2 billion (including RMB2 billion). In this tranche of bonds issue, the option to call back among varieties is introduced, and the call back percentage is not limited. The issue price is RMB100 par value, which is issued in the form of book keeping to qualified investors offline. Type 1 is 5-year (with the issuer's option to adjust the coupon rate and bondholders' resale option at the end of the third year), and type 2 is 4-year (with the issuer's option to adjust the coupon rate and bondholders' resale option at the end of the second year). In 2019, the actual issuance scale of corporate bonds type 2 was RMB2 billion, and the coupon rate was 5.35%; type 1 was not issued. The bond was registered for selling back in 2021, and the remaining RMB829,000 was included in the escrow plan and was mature and repaid in 2023.
- (c) The Group issued the "Public offering of Corporate Bonds of 2020 of Red Star Macalline Group Corporation Ltd. (First tranche) to professional investors" in October 2020. The Bond has an issue price of RMB100 par value and a duration of 3 years, with interest paid annually and the option to adjust the coupon rate and investors' resale option at the end of the second year (2022). The actual issuance scale was RMB500 million, with a coupon rate of 6.20%. The bonds were redeemed during 2022. The remaining RMB30,000,000 was mature and repaid in 2023.
- (d) During the year ended 31 December 2022, the Group issued United States dollars-denominated bonds totaling US\$249.7 million with fixed interest rate, at a coupon rate of 5.20%. The bond is matured in 3 years, and interest shall be paid semi-annually. The bond is pledged by certain properties, future income from certain shopping malls and equity share of some subsidiaries.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 35. BONDS (continued)

The movements of the Bonds are set out below:

	2023 RMB'000	2022 RMB'000
As at 1 January	2,312,488	4,494,576
Issuance of USD Bonds of 2022 of Hong Kong Red Star Macalline (3-year)	(35,112)	1,697,888
Redemption of Medium-term notes of 2020 (First tranche)	(500,000)	–
Redemption of Medium-term notes of 2019 (First tranche)	–	(500,000)
Redemption of Bonds Public offering of Corporate Bonds of 2016 (First tranche) (7-year)	–	(32,533)
Redemption of Bonds Public offering of Corporate Bonds of 2019 (First tranche) (Type 2)	(829)	–
Redemption of Bonds Public offering of Corporate Bonds of 2020 (First tranche)	(30,000)	(500,000)
Redemption of Bonds Public offering of Corporate Bonds of 2020 (Second tranche)	–	(500,000)
Redemption of Bonds Public offering of Corporate Bonds of 2020 (First tranche) (Type 1) to professional investors	–	(470,000)
Redemption of USD Bonds of 2017 (5-year)	–	(2,128,894)
Interests and issue cost amortised	96,173	248,421
Interest paid during the year	(85,839)	(237,752)
Exchange difference	29,489	240,782
As at 31 December	<b>1,786,370</b>	2,312,488



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 36. LEASE LIABILITIES

	2023 RMB'000	2022 RMB'000
Lease liabilities payable:		
Within one year	954,445	940,871
Within a period of more than one year but not exceeding two years	530,304	601,976
Within a period of more than two years but not exceeding five years	1,021,140	1,164,417
More than five years	1,270,935	1,655,195
	<b>3,776,824</b>	4,362,459
Less: Amount due for settlement with 12 months shown under current liabilities	<b>(954,445)</b>	(940,871)
Amount due for settlement after 12 months shown under non-current liabilities	<b>2,822,379</b>	3,421,588

The weighted average incremental borrowing rates applied to lease liabilities range from 4.65% to 6.6% (2022: from 4.65% to 6.75%).

## 37. DEFERRED INCOME

	2023 RMB'000	2022 RMB'000
Government grant	166,123	171,973
VAT additional deduction (note)	43,923	46,148
	<b>210,046</b>	218,121

The movement of deferred income was as follow:

	2023 RMB'000	2022 RMB'000
As at 1 January	218,121	213,856
Received during the year	15,727	30,804
Credit to profit or loss	<b>(23,802)</b>	(26,539)
As at 31 December	<b>210,046</b>	218,121

Note:

VAT additional deduction means that each single entity does not have enough output tax to be deducted, and the corresponding 10% additional deduction of VAT input tax is recognised as deferred income. The deferred income can be used from 1 April 2020 to 31 December 2024.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 38. OTHER NON-CURRENT LIABILITIES

	2023 RMB'000	2022 RMB'000
One-off discount received on pre-purchase of property service for 20 years (note a)	851,878	925,526
Others (note b)	165,113	235,130
Less: Current portion	(73,277)	(73,648)
	<b>943,714</b>	1,087,008

*Notes:*

- (a) The Group entered into the agreement with CIFI Ever Sunshine (Hainan) Investment Company Limited (旭輝永升(海南)投資有限公司) (hereinafter referred to as "CIFI Ever Sunshine") this year to agree that the property services of the Group's 71 Portfolio Shopping Malls in the next 20 years will be provided by Shanghai Macalline Property Management Service Co., Ltd. (上海美凱龍物業管理服務有限公司), a subsidiary of CIFI Ever Sunshine, and a discount will be charged. The discount shall be apportioned during the subsequent period of receiving property services to offset the cost of property services. As of 31 December 2023, the unamortised balance totaled RMB851,878 thousand (2022:RMB925,526 thousand), of which RMB73,277 thousand (2022:RMB73,648 thousand) will be amortised in next financial year.
- (b) The Group signed an agreement with Beijing Hongjing Parking Management Co., Ltd. 北京鴻景泊興停車管理有限公司 (hereinafter referred to as "Beijing Hongjing") during the year ended 31 December 2022, stipulating that Beijing Hongjing will obtain the long-term lease rights or income rights of the parking lots of 36 self-operated shopping malls of the Group for the next 6 years. The transaction consideration is RMB312,846 thousand, of which RMB165,113 thousand (2022:RMB235,130 thousand) is included in other non-current liabilities, and the revenue will be recognised in profit or loss from the period 2024 to 2028.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 39. DEFERRED TAX ASSETS/LIABILITIES

### Deferred tax assets

	Provision for impairment of assets <i>RMB'000</i>	Tax losses <i>RMB'000</i>	Assets-related deferred income <i>RMB'000</i>	One-off discount account charged for early purchase of 20-year property service <i>RMB'000</i>	Long-term assets capitalised in Group's internal transaction <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
As at 1 January 2022	656,600	1,135,652	44,455	249,887	82,562	528,173	2,697,329
(Charge)/credit to profit or loss	214,014	175,117	(1,462)	(18,505)	12,422	80,863	462,449
As at 31 December 2022 and 1 January 2023	<b>870,614</b>	<b>1,310,769</b>	<b>42,993</b>	<b>231,382</b>	<b>94,984</b>	<b>609,036</b>	<b>3,159,778</b>
Disposal of subsidiaries	-	-	-	-	-	(3,444)	(3,444)
(Charge)/credit to profit or loss	<b>398,633</b>	<b>(20,270)</b>	<b>(1,462)</b>	<b>(18,413)</b>	<b>(20,854)</b>	<b>(192,442)</b>	<b>145,192</b>
(Charge) to other comprehensive income	-	(50,989)	-	-	-	-	(50,989)
As at 31 December 2023	<b>1,269,247</b>	<b>1,239,510</b>	<b>41,531</b>	<b>212,969</b>	<b>74,130</b>	<b>413,150</b>	<b>3,250,537</b>

### Deferred tax liabilities

	Change in fair value of investment properties <i>RMB'000</i>	Change in fair value of other equity instrument <i>RMB'000</i>	Adjustment to the fair value arising from business combination <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
As at 1 January 2022	12,449,615	479,051	473,920	375,252	13,777,838
(Credit)/charge to profit or loss	594,900	-	-	(10,822)	584,078
(Credit) to other comprehensive income	-	(209,408)	-	-	(209,408)
As at 31 December 2022 and 1 January 2023	<b>13,044,515</b>	<b>269,643</b>	<b>473,920</b>	<b>364,430</b>	<b>14,152,508</b>
(Credit)/charge to profit or loss	<b>158,977</b>	-	-	<b>(65,038)</b>	<b>93,939</b>
(Credit) to other comprehensive income	-	(90,668)	-	-	(90,668)
Transfer to tax payables upon disposal of investments	-	(13,282)	-	-	(13,282)
As at 31 December 2023	<b>13,203,492</b>	<b>165,693</b>	<b>473,920</b>	<b>299,392</b>	<b>14,142,497</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 39. DEFERRED TAX ASSETS/LIABILITIES (continued)

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purpose:

	2023 RMB'000	2022 RMB'000
Deferred tax assets	3,145,906	3,027,514
Deferred tax liabilities	(14,037,866)	(14,020,244)
	<b>(10,891,960)</b>	(10,992,730)

No deferred taxation asset has been recognised in respect of the following unutilised tax losses and deductible temporary differences due to the unpredictability of future profit streams.

	2023 RMB'000	2022 RMB'000
Unutilised tax losses	7,992,028	5,927,296
Deductible temporary difference	–	89,807
	<b>7,992,028</b>	6,017,103

At the end of the reporting period, the Group has unused tax losses of approximately RMB13,028,957 thousand (2022: RMB11,221,081 thousand) available for offset against future profits. A deferred tax asset has been recognised in respect of approximately RMB5,036,929 thousand (2022: RMB5,293,785 thousand) of such losses. No deferred tax asset has been recognised in respect of the remaining approximately RMB7,992,028 thousand (2022: RMB5,927,296 thousand) due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of approximately RMB7,992,028 thousand (2022: RMB5,927,296 thousand) with expiry dates as disclosed in the following table.

	2023 RMB'000	2022 RMB'000
To be expired on:		
31 December 2023	–	598,044
31 December 2024	1,309,490	1,234,377
31 December 2025	1,290,960	1,616,772
31 December 2026	1,254,745	1,546,996
31 December 2027	1,715,225	931,107
31 December 2028	2,421,607	–
	<b>7,992,027</b>	5,927,296

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 40. SHARE CAPITAL

The movements to the Company's issued share capital during the years ended 31 December 2023 and 2022 are as follows:

	Number of H Shares '000	Number of A Shares '000	Share capital RMB'000
As at 1 January 2022, 31 December 2022, 1 January 2023 and 31 December 2023	741,286	3,613,447	4,354,733

All shares issued are of par value RMB1.

Note: During the year ended 31 December 2022, the Company repurchased A Shares of 1,044,800.

## 41. NON-CONTROLLING INTERESTS

The table below shows details of non-wholly owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiary	Place of Establishment and principal place of business	Proportion of equity interest held by non-controlling interest		(Loss)/profit allocated to non-controlling interest		Accumulated non-controlling interest	
		Year end December 31		Year ended December 31		Year ended December 31	
		2023	2022	2023	2022	2023	2022
		%	%	RMB'000	RMB'000	RMB'000	RMB'000
Zhengzhou Red Star Macalline International Home Furnishing Company Limited ("Zhengzhou Red Star") (鄭州紅星美凱龍國際家居有限公司) ("鄭州紅星")	PRC	39.69%	39.69%	(18,044)	227,455	1,153,122	1,171,166
Yintai (Yongqing) New City Investment Co., Ltd ("Yintai New City Investment") (銀泰(永清)新城投資有限公司) ("銀泰新城投資")	PRC	30.00%	30.00%	(2,304)	(95,270)	327,091	329,395
Suzhou Industry Park Red Star Macalline Home Furnishing Company Limited ("Suzhou Red Star") (蘇州工業園區紅星美凱龍家居有限公司) ("蘇州紅星")	PRC	45.00%	45.00%	84,748	28,654	634,246	549,498
Individual immaterial subsidiaries With non-controlling interests				(222,105)	(22,521)	1,196,282	1,505,692
				(157,705)	138,318	3,310,741	3,555,751

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 41. NON-CONTROLLING INTERESTS (continued)

### Zhengzhou Red Star

	2023 RMB'000	2022 RMB'000
Current assets	741,217	668,944
Non-current assets	4,066,655	4,376,912
Current liabilities	138,392	136,561
Non-current liabilities	1,570,462	1,764,815
Equity attributable to owners of the Company	1,945,896	1,973,314
Non-controlling interests	1,153,122	1,171,166

	2023 RMB'000	2022 RMB'000
Revenue	289,210	338,038
Expenses	(39,119)	(64,966)
(Loss)/profit and total comprehensive (loss)/income	(45,462)	573,080
(Loss)/profit and total comprehensive (loss)/income attributable to owners of the Company	(27,418)	345,625
(Loss)/profit and total comprehensive (loss)/income attributable to the non-controlling interests	(18,044)	227,455
	(45,462)	573,080
Dividends paid to non-controlling interests	-	109,100
Net cash inflow from operating activities	173,618	141,545
Net cash (outflow)/inflow from investing activities	(683)	8,397
Net cash outflow from financing activities	(163,539)	(295,617)
Net cash inflow/(outflow)	9,396	(145,675)

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 41. NON-CONTROLLING INTERESTS (continued)

### Yintai New City Investment

	2023 RMB'000	2022 RMB'000
Current assets	276,700	278,915
Non-current assets	2,218,291	2,383,543
Current liabilities	989,857	856,645
Non-current liabilities	386,002	459,252
Equity attributable to owners of the Company	792,041	1,017,166
Non-controlling interests	327,091	329,395
	2023 RMB'000	2022 RMB'000
Revenue	–	9
Expenses	(227,429)	(422,055)
Loss and total comprehensive loss	(227,429)	(317,566)
Loss and total comprehensive loss attributable to owners of the Company	(225,125)	(222,296)
Loss and total comprehensive loss attributable to the non-controlling interests	(2,304)	(95,270)
	(227,429)	(317,566)
Dividends paid to non-controlling interests	–	–
Net cash inflow/(outflow) from operating activities	4,063	(1,193)
Net cash outflow from investing activities	–	(408)
Net cash inflow from financing activities	–	580
Net cash inflow/(outflow)	4,063	(1,021)

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 41. NON-CONTROLLING INTERESTS (continued)

### Suzhou Red Star

	2023 RMB'000	2022 RMB'000
Current assets	487,504	466,879
Non-current assets	2,009,255	1,875,615
Current liabilities	129,986	155,383
Non-current liabilities	882,538	891,205
Equity attributable to owners of the Company	849,989	746,408
Non-controlling interests	634,246	549,498

	2023 RMB'000	2022 RMB'000
Revenue	145,360	169,247
Expenses	(93,850)	(86,001)
Profit and total comprehensive income	188,329	63,676
Profit and total comprehensive income attributable to owners of the Company	103,581	35,022
Profit and total comprehensive income attributable to the non-controlling interests	84,748	28,654
	188,329	63,676
Dividends paid to non-controlling interests	-	15,750
Net cash inflow from operating activities	2,942	518
Net cash outflow from investing activities	(326)	(699)
Net cash outflow from financing activities	(77,406)	(41,858)
Net cash outflow	(74,790)	(42,039)



## 42. RETIREMENT BENEFIT PLANS

According to the relevant laws and regulations in the PRC, the group entities in the PRC are required to participate in a defined contribution retirement scheme administrated by the local municipal government. The group entities in the PRC contribute funds which are calculated on a certain percentage of the average employee salary as agreed by local municipal government to the scheme to fund the retirement benefits of the employees. The principal obligation of the Group with respect to the retirement benefit scheme is to make the required contributions under the scheme. The total cost charged to profit or loss for the year ended 31 December 2023 amounted to RMB217,335 thousand (2022: RMB273,395 thousand) represent contributions paid or payable to the scheme by the Group.

## 43. DISPOSAL AND DEREGISTRATION OF SUBSIDIARIES

### (a) Shanghai Macalline Xingshang Modular Decoration Technology Company Ltd.

During the year ended 31 December 2023, the Group disposed 90% equity interest of META (Shanghai) Building Technology Co., Ltd. (美宅(上海)建築科技有限公司) and its subsidiaries at a consideration of RMB324,000.

Consideration received:	<i>RMB'000</i>
Cash received	324
Analysis of assets and liabilities over which control was lost:	
	<i>RMB'000</i>
Property, plant and equipment	337
Account receivables	3,905
Deposits, prepayment and other receivables	8,864
Bank balances and cash	3,329
Trade and other payables	(23,564)
Net liabilities disposed of	(7,129)
Gain on disposal of a subsidiary:	
Consideration received and receivable	324
Fair value of 10% equity interest retained	976
Net liabilities disposed of	7,129
Non-controlling interests	(1,256)
Gain on disposal	7,173
Net cash outflow arising on disposal:	
Cash consideration	324
Less: cash and cash equivalents disposed of	(3,329)
	(3,005)

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 43. DISPOSAL AND DEREGISTRATION OF SUBSIDIARIES (continued)

### (b) Shanghai Totoro Xiansen New Retail Home Co., Ltd.

During the year ended 31 December 2023, the Group disposed 50% equity interest of Shanghai Totoro Xiansen New Retail Home Co., Ltd. (上海龍貓先森新零售家居有限公司) and its subsidiaries at no consideration.

Analysis of assets and liabilities over which control was lost:

	<i>RMB'000</i>
Inventories	8,524
Interests in joint ventures	494
Intangible assets	42
Account receivables	8,902
Deposits, prepayment and other receivables	3,691
Bank balances and cash	444
Trade and other payables	(24,128)
Contract liabilities	(1,144)
<hr/>	
Net liabilities disposed of	(3,175)
<hr/>	
Gain on disposal of a subsidiary:	
Fair value of 20% equity interest retained	2,500
Net liabilities disposed of	3,175
Non-controlling interests	(1,090)
<hr/>	
Gain on disposal	4,585
<hr/>	
Net cash outflow arising on disposal:	
Cash and cash equivalents disposed of	(444)
<hr/>	

## 43. DISPOSAL AND DEREGISTRATION OF SUBSIDIARIES (continued)

### (c) Shanghai Red Star Macalline Creative Design Co., Ltd.

During the year ended 31 December 2023, the Group disposed 70.1% equity interest of Shanghai Red Star Macalline Creative Design Co., Ltd. (上海麗浩創意設計有限公司) and its subsidiaries (collectively referred to as “Creative Design”) at no consideration.

Analysis of assets and liabilities over which control was lost:

	<i>RMB'000</i>
Property, plant and equipment	5
Account receivables	1,113
Deposits, prepayment and other receivables	570
Bank balances and cash	5,364
Trade and other payables	(8,848)
Contract liabilities	(1,058)
<b>Net liabilities disposed of</b>	<b>(2,854)</b>
Gain on disposal of a subsidiary:	
Fair value of 19.9% equity interest retained	1,990
Net liabilities disposed of	2,854
Non-controlling interests	(73)
<b>Gain on disposal</b>	<b>4,771</b>
Net cash outflow arising on disposal:	
Cash and cash equivalents disposed of	(5,364)

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 43. DISPOSAL AND DEREGISTRATION OF SUBSIDIARIES (continued)

(d) The Group deregistered 22 subsidiaries during the year ended 31 December 2023.

Analysis of assets and liabilities over which control was lost:

	<i>RMB'000</i>
Deferred tax assets	3,444
Trade and other payables	(2,615)
<hr/>	
Net assets disposed of	829
<hr/>	
Gain on deregistration	
Net assets disposed of	(829)
Non-controlling interests	900
<hr/>	
Gain on deregistration	71
<hr/>	

No cash inflow and outflow arising on deregistration of subsidiaries.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 44. PLEDGED OF ASSETS AND REVENUE

### Pledge of assets

The following assets were pledged/restricted to secure certain bank and other borrowings, and banking facilities granted to the Group as set out in Note 34 at the end of the reporting period:

	2023 RMB'000	2022 RMB'000
Investment properties	85,231,000	84,678,000
Equity instrument at FVTOCI	504,035	444,543
Property, plant and equipment	2,522,396	2,284,558
Interests in joint ventures	161,468	–
Restricted bank deposits	444,253	302,205
	<b>88,863,152</b>	<b>87,709,306</b>

### Pledge of revenue

The revenue of operations from Harbin West Railway Station Shopping Mall, Jinshan Hangzhou Bay Shopping Mall, Nanjing Mingdu Shopping Mall, Nanjing Pukou Shopping Mall, Ningbo Red Star Macalline Shopping Mall, Shanghai Jinqiao Shopping Mall, Shanghai Pujiang Shopping Mall, Shanghai Wuzhong Road Shopping Mall, Shanghai Zhenbei Shopping Mall, Tianjin Hedong Shopping Mall, Zhengzhou Red Star Shopping Mall No. 1, Zhongshan World Expo Shopping Mall, Jinan Red Star Shopping Mall, Beijing West Fourth Ring Shopping Mall, Wuhan World Expo Shopping Mall, Xinwei Property Shopping Mall, Shanghai Baoshan Shopping Mall and Yangzhou International Home Mall during relevant loan periods was used for loan pledge as set out in Note 34. The revenue of property operation from Beijing East Fourth Ring Mall, Yantai Red Star Mall, Wuxi Red Star Mall, Chongqing Global Furniture during relevant periods was used for Commercial mortgage-backed securities pledge as set out in Note 34. The operating income of Beijing North Fourth Ring Shopping Mall during the relevant loan periods was used to pledge the bonds.

## 45. COMMITMENTS

	2023 RMB'000	2022 RMB'000
Contracted but not provided for in the consolidated financial statements:		
Capital expenditure in respect of acquisition and construction of investment properties contracted for but not provided in the consolidated financial statements	1,151,337	1,412,969
Investment commitments	353,688	217,036
	<b>1,505,025</b>	<b>1,630,005</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 46. CAPITAL RISK MANAGEMENT

The key objective of the Group's capital management is to ensure the Group's ability to operate on a going concern basis and maintain healthy capital ratios so as to support business growth and maximise shareholder value.

The Group manages its capital structure and makes adjustments in response to changes in economic conditions and risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the distribution of profits to shareholders, return capital to shareholders or issue new shares. The Group is not constrained by any external mandatory requirements on capital. In 2023 and 2022, there was no change in the Group's capital management objectives, policies or procedures.

The Group manages its capital with the gearing ratio, which refers to net liabilities divided by the equity and net liabilities. Net liabilities include bank and other borrowings, notes payable, bonds payable, lease liabilities and other liabilities (net of cash and cash equivalents), and the equity of the Group. The gearing ratio of the Group as of the balance sheet date is as follows:

	2023 RMB'000	2022 RMB'000
Bank and other borrowings	32,690,279	31,609,352
Bills payables	13,552	44,412
Lease liabilities	3,776,824	4,362,459
Bonds	1,758,512	2,254,229
Others liabilities	954,992	1,065,437
	<b>39,194,159</b>	39,335,889
Less: cash and cash equivalents	(2,506,800)	(2,608,264)
Net liabilities	<b>36,687,359</b>	36,727,625
Equity	<b>55,143,135</b>	58,002,716
Capital and net liabilities	<b>91,830,494</b>	94,730,341
Gearing ratio	40%	39%

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 47. FINANCIAL INSTRUMENTS

### Categories of Financial instruments

	2023 RMB'000	2022 RMB'000
<b>Financial assets</b>		
Financial instruments at FVTPL	830,346	1,254,113
Financial instrument at FVTOCI	1,757,631	2,586,569
Note receivables at FVTOCI	–	767
Measured at amortised cost:		
Bank balance and cash	2,529,800	2,626,264
Restricted bank deposits	444,253	302,205
Account receivables	1,203,320	1,962,169
Note receivables	6,176	18,249
Deposits and other receivables	1,401,237	1,471,457
Loan receivables	2,579,855	2,381,033
	<b>10,752,618</b>	<b>12,602,826</b>
<b>Financial liabilities</b>		
Measured at amortised cost:		
Trade and other payables	11,814,876	12,485,023
Bank and other borrowings	32,690,279	31,609,352
Bonds	1,758,512	2,254,229
Lease liabilities	3,776,824	4,362,459
Other non-current liabilities	851,878	925,526
	<b>50,892,369</b>	<b>51,636,589</b>

### Financial Risk Management Objectives and Policies

The Group's major financial instruments include financial instruments at FVTPL, financial instruments at FVTOCI, bank balance and cash, restricted bank deposits, account receivables, deposits and other receivables, loan receivables, account payables, other payables, bank and other borrowings, lease liabilities, bonds and other non-current liabilities. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 47. FINANCIAL INSTRUMENTS (continued)

### Credit risk and impairment assessment

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's credit risk exposures are primarily attributable to debt instruments and bank deposits, restricted bank deposits, account receivables, note receivables, contract assets, deposits and other receivables, loan receivables. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

The maximum credit risk exposure faced by the Group on each balance sheet date is the total amount collected from customers minus the impairment allowance.

As the customers whose accounts are receivable by the Group are engaged in different departments and sectors, there is no significant credit concentration risk for the Group. The Group held no collateral or other credit enhancement on the balance of accounts receivable.

### Criteria for judging significant increases in credit risk

The Group assesses whether the credit risk of the relevant financial instruments has increased significantly since initial recognition at each balance sheet date. While determining whether the credit risk has increased significantly since initial recognition, the Group takes into account the reasonable and substantiated information that is accessible without exerting unnecessary cost or effort, including qualitative and quantitative analysis based on the historical data of the Group, external credit risk rating and forward-looking information. Based on the single financial instrument or the combination of financial instruments with similar characteristics of credit risk, the Group compares the default risk of financial instruments on the balance sheet date with that on the initial recognition date in order to figure out the changes of default risk in the expected lifetime of financial instruments.

The Group considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following quantitative or qualitative criteria have been met:

- Quantitative criteria mainly comprise the circumstance that at the reporting date, the increase in remaining lifetime probability of default is considered significant comparing with the one at initial recognition;
- Qualitative criteria mainly comprise significant adverse change in debtor's operation or financial status, and being listed on the watch-list etc.;





# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 47. FINANCIAL INSTRUMENTS (continued)

### Credit risk and impairment assessment (continued)

#### Definition of credit-impaired assets

The standard adopted by the Group to determine whether a credit impairment occurs is consistent with the internal credit risk management objectives of the relevant financial instrument, taking into account quantitative and qualitative criteria. When the Group assesses whether the credit impairment of debtor occurred, the following factors are mainly considered:

- significant financial difficulty of the issuer or the debtor;
- the debtor breached the contract, such as default or overdue payment of interest or principal;
- the creditor, for economic or contractual reasons relating to the debtor's financial difficulty, granting to the debtor a concession that the creditor would not otherwise consider;
- it becoming probable that the debtor will enter bankruptcy or other financial reorganization;
- the disappearance of an active market for that financial asset because of financial difficulty of the issuer or the debtor;
- the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses;

The credit impairment on a financial asset may be caused by the combined effect of multiple events and may not be necessarily caused by a single event.

#### Parameters of expected credit loss (ECL) measurement

According to whether there is a significant increase in credit risk and whether there is a credit impairment, the Group measures the impairment losses for different assets with ECL of 12 months or the entire lifetime respectively. The key measuring parameters of ECL include probability of default (PD), loss given default (LGD) and exposure at default (EAD). The Group takes into account the quantitative analysis of historical statistics (such as ratings of counterparties, manners of guarantees and types of collaterals, repayments, etc.) and forward-looking information in order to establish the model of PD, LGD and EAD.

Relevant definitions are as follows:

- PD refers to the possibility that the debtor will not be able to fulfil its obligations of repayment over the next 12 months or throughout the entire remaining lifetime. The Group's PD is adjusted based on the results of the mobility model, taking into account the forward-looking information to reflect the debtor's PD under the current macroeconomic environment;
- LGD refers to the Group's expectation of the extent of the loss resulting from the default exposure. Depending on the type of counterparty, the method and priority of the recourse, and the type of collaterals, the LGD varies. The LGD is the percentage of loss of risk exposure at the time of default, calculated over the next 12 months or over the entire remaining lifetime;

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 47. FINANCIAL INSTRUMENTS (continued)

### Credit risk and impairment assessment (continued)

#### Parameters of expected credit loss (ECL) measurement (continued)

- EAD is the amount that the Group should be reimbursed at the time of default in the next 12 months or throughout the entire remaining lifetime.

The assessment of a significant increase in credit risk and the calculation of ECL both involve forward-looking information. Through the analysis of historical data, the Group identifies the key economic indicators that affect the credit risk and ECL of various types of businesses.

#### Account receivables and contract assets arising from contracts with customers

The Group only conducts transactions with accredited and reputable third parties. According to the Group's policies, all the customers who require credit-based transactions are subject to credit audit. Moreover, the Group keeps monitoring the balances of accounts receivable to ensure it will not face material bad debt risks. The Group only accepts notes issued or guaranteed by reputable PRC banks if account receivables are settled by notes and therefore the management of the Group considers the credit risk arising from the endorsed or discounted notes is insignificant. Regarding transactions not settled in the recording currency of the relevant operating entities, the Group will not provide any credit transaction conditions, save as otherwise approved by the credit control department of the Group.

In addition, the Group performs impairment assessment under ECL model on account receivables and contract assets with credit-impaired individually. Except for items that are subject to individual evaluation, the Group applies the simplified approach to provide for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected credit loss provision for all account receivables and contract assets. To measure the expected credit losses, account receivables have been grouped based on shared credit risk characteristics. The Group has performed historical analysis and identified the key economic variables impacting credit risk and expected credit loss. Management makes periodic assessment on the recoverability of the trade and other receivables based on historical payment records, the length of overdue period, the financial strength of the debtors and whether there are any disputes with the debtors.

#### Loan receivables

The management estimates the estimated loss rates of loan receivables based on historical credit loss experience of the debtors as well as based on historical settlement records, past experience, the fair value of the collateral pledged, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. Based on assessment by the management, the loss rate is 12.61% (2022: 6.06%) and provision of expected credit loss on loan receivables during the year ended 31 December 2023 was approximately RMB220,205 thousand (2022: RMB41,821 thousand).

## 47. FINANCIAL INSTRUMENTS (continued)

### Credit risk and impairment assessment (continued)

#### Restricted bank deposits and bank deposits

Credit risk on restricted bank deposits and bank deposits is limited because the counterparties are reputable banks with high credit. The Group assessed 12m ECL for restricted bank deposits and bank deposits by reference to information relating to probability of default and loss given default of the respective credit rating grades published by external credit rating agencies. Based on the average loss rates, the 12m ECL on restricted bank deposits and bank deposits is considered to be insignificant and therefore no loss allowance was recognised/to specify the amount of impairment made.

#### Other receivables and deposits

For other receivables and deposits, the management makes periodic individual assessment on the recoverability of other receivables and deposits based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. Based on assessment by the management, the loss rate is 27.82% (2022: 20.26%) and provision of expected credit loss on other receivables and deposits during the year ended 31 December 2023 was approximately RMB202,696 thousand (2022: RMB24,663 thousand).

#### Provision matrix – debtors' ageing on account receivables and contract assets

As part of the Group's credit risk management, the Group uses debtors' ageing to assess the impairment for its customers in relation to its portfolio because these customers consist of a large number of small customers with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The following table provides information about the exposure to credit risk for account receivables and contract assets which are assessed on a collective basis by using provision matrix within lifetime ECL (not credit-impaired). Debtors with credit-impaired with gross carrying amounts of RMB1,168,297 thousand as at 31 December 2023 (2022: RMB820,351 thousand) were assessed individually.

	Gross amount		Provision of ECL	
	RMB'000	%	RMB'000	%
<b>As at 31 December 2023</b>				
Accounts receivable for which provision for ECL is assessed Individually	1,168,297	36.86%	1,166,732	100.00%
Accounts receivables for which provision for ECL is assessed by portfolio of credit risk characteristics	2,001,196	63.14%	799,441	40%
<b>As at 31 December 2022</b>				
Accounts receivable for which provision for ECL is assessed Individually	820,351	22.89%	820,351	100.00%
Accounts receivables for which provision for ECL is assessed by portfolio of credit risk characteristics	2,763,736	77.11%	801,567	29.00%

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 47. FINANCIAL INSTRUMENTS (continued)

### Credit risk and impairment assessment (continued)

#### Provision matrix – debtors' ageing on account receivables and contract assets (continued)

*Portfolio 1: Brand consulting and management services for the early stage of project:*

	Gross amount RMB'000	Expected Credit loss rate %	Lifetime expected credit loss RMB'000
As at 31 December 2023			
Within 1 year	27,682	19.12	5,294
1 to 2 years	8,500	28.94	2,460
2 to 3 years	51,217	36.78	18,840
3 to 4 years	87,076	43.26	37,672
4 to 5 years	136,748	64.89	88,742
5 to 6 years	117,366	72.52	85,119
Over 6 years	178,899	100.00	178,899
	<b>607,488</b>	<b>68.65</b>	<b>417,026</b>

	Gross amount RMB'000	Expected Credit loss rate %	Lifetime expected credit loss RMB'000
As at 31 December 2022			
Within 1 year	14,900	18.07	2,693
1 to 2 years	73,855	26.44	19,526
2 to 3 years	95,034	33.65	31,978
3 to 4 years	200,878	39.71	79,768
4 to 5 years	213,096	60.92	129,825
5 to 6 years	122,550	68.66	84,138
Over 6 years	95,547	100.00	95,549
	<b>815,860</b>	<b>54.36</b>	<b>443,477</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 47. FINANCIAL INSTRUMENTS (continued)

### Credit risk and impairment assessment (continued)

#### Provision matrix – debtors' ageing on account receivables and contract assets (continued)

*Portfolio 2: Construction and design services*

	Gross amount <i>RMB'000</i>	Expected Credit loss rate %	Lifetime expected credit loss <i>RMB'000</i>
As at 31 December 2023			
Within 1 year	133,102	5.56	7,403
1 to 2 years	126,898	21.69	27,524
2 to 3 years	168,303	40.55	68,239
Over 3 years	41,901	100.00	41,901
	<b>470,204</b>	<b>30.85</b>	<b>145,067</b>

	Gross amount <i>RMB'000</i>	Expected Credit loss rate %	Lifetime expected credit loss <i>RMB'000</i>
As at 31 December 2022			
Within 1 year	437,688	5.00	21,884
1 to 2 years	293,409	18.60	54,574
2 to 3 years	93,679	34.70	32,506
Over 3 years	24,868	100.00	24,868
	<b>849,644</b>	<b>15.75</b>	<b>133,832</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 47. FINANCIAL INSTRUMENTS (continued)

### Credit risk and impairment assessment (continued)

#### Provision matrix – debtors' ageing on account receivables and contract assets (continued)

##### Portfolio 3: Other consulting services

	Gross amount RMB'000	Expected Credit loss rate %	Lifetime expected credit loss RMB'000
As at 31 December 2023			
Within 1 year	114,242	26.04	29,753
1 to 2 years	75,861	44.55	33,794
2 to 3 years	63,883	70.03	44,740
Over 3 years	80,548	100.00	80,548
	<b>334,534</b>	<b>56.45</b>	<b>188,835</b>

	Gross amount RMB'000	Expected Credit loss rate %	Lifetime expected credit loss RMB'000
As at 31 December 2022			
Within 1 year	121,053	21.80	26,389
1 to 2 years	104,027	39.40	40,986
2 to 3 years	49,727	64.60	32,123
Over 3 years	65,919	100.00	65,919
	<b>340,726</b>	<b>48.55</b>	<b>165,417</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 47. FINANCIAL INSTRUMENTS (continued)

### Credit risk and impairment assessment (continued)

#### Provision matrix – debtors' ageing on account receivables and contract assets (continued)

##### Portfolio 4: Rental and related income

	Gross amount RMB'000	Expected Credit loss rate %	Lifetime expected credit loss RMB'000
As at 31 December 2023 Rental and related income	433,492	9.58	41,516
As at 31 December 2022 Rental and related income	572,870	8.82	50,533

##### Portfolio 5: Others

	Gross amount RMB'000	Expected Credit loss rate %	Lifetime expected credit loss RMB'000
As at 31 December 2023 Others	155,478	4.50	6,997
As at 31 December 2022 Others	184,636	4.50	8,308

### Contract assets

	Gross amount RMB'000	Expected Credit loss rate %	Lifetime expected credit loss RMB'000
As at 31 December 2023			
Construction and design	1,405,397	26.53	372,833
The brand consulting and management service for the early stage of the project	837,373	57.70	483,194
	2,242,770	38.17	856,027
As at 31 December 2022			
Construction and design	1,370,693	1.77	24,322
The brand consulting and management service for the early stage of the project	840,745	43.85	368,648
	2,211,438	17.77	392,970

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 47. FINANCIAL INSTRUMENTS (continued)

### Credit risk and impairment assessment (continued)

#### Internal credit risk grading categories

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Account receivables	Loan receivables	Deposit and other receivables
Stage 1	The counterparty has a low risk of default and does not have any past due amounts	Lifetime ECL - not credit-impaired	12-month ECL	12-month ECL
Stage 2	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL not credit-impaired	Lifetime ECL not credit-impaired	Lifetime ECL not credit impaired
Stage 3	There is evidence indicating the asset is credit-impaired	Lifetime ECL credit-impaired	Lifetime ECL credit-impaired	Lifetime ECL credit-impaired
Written-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written-off	Amount is written-off	Amount is written-off



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 47. FINANCIAL INSTRUMENTS (continued)

### Credit risk and impairment assessment (continued)

#### Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December 2023 and 2022:

	Stage 1	Stage 2	Stage 3	Simplified approach	Total	Allowance ECL	Loss rate
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	%
As at 31 December 2023							
Account receivables	-	-	1,168,297	2,001,196	3,169,493	1,966,173	62.03%
Note receivables	6,176	-	-	-	6,176	-	-
Loan receivables	1,334,433	1,035,974	64,960	516,736	2,952,103	372,248	12.61%
Deposit and other receivables	1,720,362	54,077	166,756	-	1,941,195	539,958	27.82%
Restricted bank deposits	444,253	-	-	-	444,253	-	-
Bank balances and cash	2,529,800	-	-	-	2,529,800	-	-
	6,035,024	1,090,051	1,400,013	2,517,932	11,043,020	2,878,379	26.07%
As at 31 December 2022							
Account receivables	-	-	820,351	2,763,736	3,584,087	1,621,918	45.25%
Note receivables	18,249	-	-	-	18,249	-	-
Loan receivables	2,402,448	-	132,274	-	2,534,722	153,689	6.06%
Deposit and other receivables	1,628,665	-	216,732	-	1,845,397	373,940	20.26%
Restricted bank deposits	302,205	-	-	-	302,205	-	-
Bank balances and cash	2,626,264	-	-	-	2,626,264	-	-
	6,977,831	-	1,169,357	2,763,736	10,910,924	2,149,547	19.70%

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 47. FINANCIAL INSTRUMENTS (continued)

### Credit risk and impairment assessment (continued)

#### Maximum exposure and year-end staging (continued)

The closing loss allowances for including account receivables, contract assets, loan receivables and deposits and other receivables as at 31 December 2023 and 2022 reconcile to the opening loss allowances as follows:

	Account receivables <i>RMB'000</i>	Contract assets <i>RMB'000</i>	Loan receivables <i>RMB'000</i>	Deposit and other receivables <i>RMB'000</i>	Total <i>RMB'000</i>
As at 1 January 2022	1,409,753	328,129	163,868	417,017	2,318,767
Allowance for ECL recognised in profit or loss during the year, net	238,938	79,783	41,821	24,663	385,205
Written-off during the year	(26,773)	(14,942)	(52,000)	(67,740)	(161,455)
As at 31 December 2022 and 1 January 2023	<b>1,621,918</b>	<b>392,970</b>	<b>153,689</b>	<b>373,940</b>	<b>2,542,517</b>
Allowance for ECL recognised in profit or loss during the year, net	<b>417,613</b>	<b>463,057</b>	<b>220,205</b>	<b>202,696</b>	<b>1,303,571</b>
Written-off during the year	<b>(73,358)</b>	<b>-</b>	<b>(1,646)</b>	<b>(36,678)</b>	<b>(111,682)</b>
As at 31 December 2023	<b>1,966,173</b>	<b>856,027</b>	<b>372,248</b>	<b>539,958</b>	<b>3,734,406</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 47. FINANCIAL INSTRUMENTS (continued)

### Liquidity risk

The Group manages its risk to deficiency of funds using a recurring liquidity planning tool. This tool considers both the maturity of its financial instruments and the projected flows from the Group's operations.

The Group's objective is to maintain a balance between continuity and flexibility of funding through the use of bank borrowings, bonds and other interest-bearing borrowings and other financing methods. 56.32% (2022: 44.40%) of the Group's debts would mature in less than one year or on demand as at 31 December 2023.

The following table details the Group's remaining contractual maturity for its financial liabilities and derivative instruments. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank loans with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates.

As at 31 December 2023

	Weighted average interest rate %	On demand or less than one year RMB'000	1-2 years RMB'000	2-5 years RMB'000	Over 5 years RMB'000	Total undiscounted cashflows RMB'000	Carrying amount RMB'000
Trade and other payables	8.42%	11,182,084	113,039	189,280	640,863	12,125,266	11,814,876
Bank and other borrowings	5.90%	15,944,293	4,439,163	10,158,246	7,029,837	37,571,539	32,690,279
Bonds	5.20%	92,892	1,879,261	-	-	1,972,153	1,758,512
Lease liabilities	4.75%	963,431	575,006	1,220,649	2,021,897	4,780,983	3,776,824
		28,182,700	7,006,469	11,568,175	9,692,597	56,449,941	50,040,491

As at 31 December 2022

	Weighted average interest rate %	On demand or less than one year RMB'000	1-2 years RMB'000	2-5 years RMB'000	Over 5 years RMB'000	Total undiscounted cashflows RMB'000	Carrying amount RMB'000
Trade and other payables	9.80%	11,968,710	136,215	187,971	687,809	12,980,705	12,485,023
Bank and other borrowings	5.90%	8,580,194	6,532,365	11,310,469	12,852,706	39,275,734	31,609,352
Bonds	5.31%	592,174	89,200	1,804,589	-	2,485,963	2,254,229
Lease liabilities	5.59%	1,787,799	885,710	2,011,047	4,175,802	8,860,358	4,362,459
		22,928,877	7,643,490	15,314,076	17,716,317	63,602,760	50,711,063

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 47. FINANCIAL INSTRUMENTS (continued)

### Liquidity risk (continued)

Bank and other borrowings with a repayment on demand clause are included in the “on demand or less than 1 year” time band in the above maturity analysis. As at 31 December 2023, the aggregate carrying amounts of these bank loans amounted to RMB2,135,979 thousand (2022: RMB126,000 thousand). Taking into account the Group’s financial position, the management does not believe that it is probable that the banks and other debtors will exercise their discretionary rights to demand immediate repayment. The management believes that such bank and other borrowings will be repaid in accordance with the scheduled repayment dates set out in the loan agreements, details of which are set out in the table below:

Maturity Analysis – Bank and other borrowings with a repayment on demand clause based on scheduled repayments:

	1 year RMB'000	1 to 2 years RMB'000	2 to 5 years RMB'000	Over 5 years RMB'000	Total undiscounted cash outflow RMB'000
31 December 2023	643,356	500,139	916,069	958,833	3,018,397
31 December 2022	34,476	34,018	70,765	–	139,259

The amounts included above for variable interest rate instruments are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

### Market risk

The Group’s activities expose primarily to the market risks of changes in interest rates. There has been no change in the Group’s exposure to these risks or the manner in which it manages and measures the risks.

#### (i) Currency risk

The Group collects all of its revenue in RMB and incurs almost all of its expenditures in RMB. A small portion of bank balances and cash of the Group are denominated in Hong Kong dollars (“HKD”), EURO and currency risk on United States dollars (“USD”) mainly represents the USD denominated bonds totalling USD249.7 million. The Group pays all dividends in respect of H shares in HKD. The Group monitors currency risk exposure by periodically reviewing foreign currency exchange rates and will consider hedging significant foreign currency exposure should the need arise.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 47. FINANCIAL INSTRUMENTS (continued)

### Market risk (continued)

#### (i) Currency risk (continued)

The table below is a sensitivity analysis of exchange rate risk, which reflects the impact on net profit or loss after tax, when there are reasonable and potential changes in USD, EURO and HKD exchange rates, under the presumption that all other variables remain unchanged.

2023

	Increase/ (decrease) in exchange rate %	Increase/ (decrease) in net profit or loss RMB'000	Increase/ (decrease) in total shareholders' equity RMB'000
Depreciation of RMB against USD	(5)	(65,454)	(65,454)
Appreciation of RMB against USD	5	65,454	65,454
Depreciation of RMB against HKD	(5)	10	10
Appreciation of RMB against HKD	5	(10)	(10)
Depreciation of RMB against EURO	(5)	7	7
Appreciation of RMB against EURO	5	(7)	(7)

2022

	Increase/ (decrease) in exchange rate %	Increase/ (decrease) in net profit or loss RMB'000	Increase/ (decrease) in total shareholders' equity RMB'000
Depreciation of RMB against USD	(5)	(64,136)	(64,136)
Appreciation of RMB against USD	5	64,136	64,136
Depreciation of RMB against HKD	(5)	38	38
Appreciation of RMB against HKD	5	(38)	(38)
Depreciation of RMB against EURO	(5)	6	6
Appreciation of RMB against EURO	5	(6)	(6)

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 47. FINANCIAL INSTRUMENTS (continued)

### Market risk (continued)

#### (ii) Interest rate risk

The Group is exposed to interest rate risk in relation to bank deposits, loan receivables, bank and other borrowings, bonds and lease liabilities. The Group cash flow interest rate risk is mainly concentrated on the fluctuation of interest rates on bank and other borrowings. The Group aims at keeping borrowings at variable rates. The Group manages its interest rate exposures by assessing the potential impact arising from any interest rate movements based on interest rate level and outlook. The management will review the proportion of borrowings in fixed and floating rates and ensure they are within reasonable range.

#### *Sensitivity analysis*

The sensitivity analyses below have been determined based on the exposure to interest rates at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 50 basis point (2022: 50 basis points) increase or decrease of variable-rate bank and other borrowings are used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. Bank balances are excluded from sensitivity analysis as the management considers that the exposure of cash flow interest rate risk arising from variable-rate bank balances is insignificant.

If interest rates had been 50 basis points (2022: 50 basis points) higher/lower and all other variables were held constant, the Group's:

- post-tax profit for the year ended 31 December 2023 would decrease/increase by RMB83,950 thousand (2022: decrease/increase by approximately RMB77,294 thousand). This is mainly attributable to the Group's exposure to interest rates on its variable-rate bank borrowings; and
- other equity reserves would decrease/increase by RMB83,950 thousand (2022: decrease/increase by approximately RMB77,294 thousand) mainly as a result of the changes in retain earning.

## 47. FINANCIAL INSTRUMENTS (continued)

### Market risk (continued)

#### (iii) Price risk of equity instrument investment

Price risk of equity instrument investment is the risk that the fair values of equity securities decrease as a result of changes in the levels of share indices and the value of individual securities. The Group was exposed to price risk of equity instrument investment arising from individual equity instrument investment classified as equity instrument investment measured at fair value through profit or loss and equity instrument investment measured at fair value through other comprehensive income as at 31 December 2023 and 2022. The Group's listed equity instrument investments are listed on the stock exchange in Shanghai and Shenzhen and are measured at quoted market prices at the balance sheet date.

#### *Sensitivity analysis*

Following are market stock indices of the following stock exchanges at the end of the trading day closest to the balance sheet date, and their respective highest closing point and the lowest closing point during the year:

	End of 2023	2023 Highest/Lowest	End of 2022	2022 Highest/Lowest
SSE – A share index	2,975	3,419/2,882	3,089	3,652/2,863
SZSE – A share index	9,525	12,246/9,106	11,015	14,941/10,087

The table below demonstrates the sensitivity of the Group's net profit or loss and net other comprehensive income after tax to every 10% change in the fair values of equity instrument investments, with all other variables held constant (based on their book values at the balance sheet date).

#### 2023

	Book value of equity instrument investment	Increase/ (decrease) in net profit or loss	Increase/ (decrease) in net other comprehensive income after tax	Increase/ (decrease) in total shareholders' equity
Equity instrument investment				
SSE – FVTOCI	284,155	-	21,311	21,311
SZSE – FVTOCI	337,996	-	25,985	25,985
NEEQ – FVTOCI	2,747	-	206	206
Non-listed equity instrument at FVTOCI	1,132,733	-	88,069	88,069

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 47. FINANCIAL INSTRUMENTS (continued)

### Market risk (continued)

#### (iii) Price risk of equity instrument investment (continued)

*Sensitivity analysis (continued)*

2022

	Book value of equity instrument investment	Increase/ (decrease) in net profit or loss	Increase/ (decrease) in net other comprehensive income after tax	Increase/ (decrease) in total shareholders' equity
Equity instrument investment				
SSE – FVTOCI	540,895	–	40,755	40,755
SZSE – FVTOCI	406,472	–	31,569	31,569
NEEQ – FVTOCI	2,424	–	182	182
NASDAQ – FVTOCI	116,658	–	9,741	9,741
Non-listed equity instrument at FVTOCI	1,520,120	–	128,166	128,166

### Fair value measurements of financial instruments

Some of the Group's financial instruments are measured at fair value for financial reporting purposes.

In estimating the fair value, the Group uses market-observable data to the extent it is available. For instruments with significant unobservable inputs under Level 3, the Group engages third party qualified valuers to perform the valuation. The management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 47. FINANCIAL INSTRUMENTS (continued)

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

### Fair value hierarchy as at 31 December 2023

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets at FVTPL				
– Debt instrument investments	–	–	489,210	489,210
– Funds	–	–	81,111	81,111
– Equity instrument investments	–	–	260,025	260,025
Equity instruments at FVTOCI	622,152	2,746	1,132,733	1,757,631

### Fair value hierarchy as at 31 December 2022

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets at FVTPL				
– Debt instrument investments	–	–	839,726	839,726
– Funds	–	–	82,112	82,112
– Equity instrument investments	–	–	332,275	332,275
Equity instruments at FVTOCI	1,064,026	2,423	1,520,120	2,586,569

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 47. FINANCIAL INSTRUMENTS (continued)

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)

Financial assets/financial liabilities	31 December 2023 RMB'000	31 December 2022 RMB'000	Fair value hierarchy	Valuation techniques and significant unobservable inputs
1) Debt instrument investments	489,210	839,726	Level 3	Discounted cash flow approach Risk-adjusted discount Rate: 6% (2022: 2.2%) (note a)
2) Funds	81,111	82,112	Level 3	Discounted cash flow approach Risk-adjusted discount Rate: 8% (2022: 8%)
3) Equity instrument investments – FVTPL	260,025	332,275	Level 3	Discounted cash flow approach Risk-adjusted discount Rate: 8%-14% (2022: 15%-18%) (note b)
4) Equity instrument investments-FVTOCI	1,132,733	1,520,120	Level 3	Comparable company approach Liquidity discount rate: 80%-88% (2022: 70%-80%) (note c)

notes:

- (a) The higher the discount rate, the lower the fair value.
- (b) An increase in the discount rate would result in a decrease in fair value measurement of the Equity instrument investment – FVTPL, and vice versa.
- (c) A slight increase in the liquidity discount rate would result in a significant decrease in the fair value of the equity instrument investments – FVTOCI and vice versa.

There were no transfers between Level 1 and 2 during the year.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 47. FINANCIAL INSTRUMENTS (continued)

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)

### Reconciliation measurements of Level 3 fair value

	Equity instruments at FVTOCI RMB'000	Debt instruments at FVTPL RMB'000	Equity instruments at FVTPL RMB'000
As at 1 January 2022	1,970,228	638,411	370,775
Transfer out of level 3	(443,338)	–	–
Included in profit or loss	–	8,404	(32,000)
Included in other comprehensive income	16,069	–	–
Additions	20,000	2,104,760	14,100
Disposal/settlements	(42,839)	(1,829,737)	(20,600)
As at 31 December 2022 and 1 January 2023	<b>1,520,120</b>	<b>921,838</b>	<b>332,275</b>
Included in profit or loss	–	15,406	(60,150)
Included in other comprehensive income	(63,115)	–	–
Additions	15,534	88,060	–
Disposal/settlements	(339,806)	(454,983)	(12,100)
As at 31 December 2023	<b>1,132,733</b>	<b>570,321</b>	<b>260,025</b>

*note:* There were no transfers into or out of Level 3 during the year.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 48. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Lease Liabilities RMB'000	Bonds RMB'000	Bank and other borrowings RMB'000	Others RMB'000	Total RMB'000
As at 1 January 2022	5,343,656	4,436,317	34,180,136	530,181	44,490,290
<b>Changes from financing cash flows:</b>					
Capital element of lease rentals paid	(646,109)	-	-	-	(646,109)
Proceeds from bank and other borrowings	-	-	8,187,190	-	8,187,190
Repayment of bank and other borrowings	-	-	(10,757,974)	-	(10,757,974)
Interest paid	(224,229)	(237,752)	(2,030,663)	-	(2,492,644)
Proceeds from new bonds raised	-	1,697,888	-	-	1,697,888
Redemption of bonds	-	(4,131,427)	-	-	(4,131,427)
Advance from related parties and third parties	-	-	-	3,289,811	3,289,811
Repayment to related parties and third parties	-	-	-	(2,163,384)	(2,163,384)
Total changes from financing cash flows	(870,338)	(2,671,291)	(4,601,447)	1,126,427	(7,016,649)
<b>Other non-cash changes:</b>					
Interest expenses	224,229	248,421	2,030,663	-	2,503,313
Addition of lease liabilities	33,777	-	-	-	33,777
Lease modification	(368,865)	-	-	-	(368,865)
Exchange difference	-	240,782	-	-	240,782
<b>As at 31 December 2022 and 1 January 2023</b>	<b>4,362,459</b>	<b>2,254,229</b>	<b>31,609,352</b>	<b>1,656,608</b>	<b>39,882,648</b>
Capital element of lease rentals paid	(536,287)	-	-	-	(536,287)
Proceeds from bank and other borrowings	-	-	5,877,644	-	5,877,644
Repayment of bank and other borrowings	-	-	(4,883,273)	-	(4,883,273)
Interest paid	(188,915)	(55,438)	(1,947,953)	(30,909)	(2,223,215)
Redemption of bonds	-	(565,941)	-	-	(565,941)
Advance from related parties and third parties	-	-	-	6,331,986	6,331,986
Repayment to related parties and third parties	-	-	-	(7,259,510)	(7,259,510)
Total changes from financing cash flows	(725,202)	(621,379)	(953,582)	(958,433)	(3,258,596)
<b>Other non-cash changes:</b>					
Interest expenses	188,915	96,173	2,034,509	553,056	2,872,653
Addition of lease liabilities	68,310	-	-	-	68,310
Lease modification	(117,658)	-	-	-	(117,658)
Exchange difference	-	29,489	-	-	29,489
<b>As at 31 December 2023</b>	<b>3,776,824</b>	<b>1,758,512</b>	<b>32,690,279</b>	<b>1,251,231</b>	<b>39,476,846</b>

## 49. CONTINGENT LIABILITIES

There is no material contingent liabilities at the end of Reporting Period.

## 50. RELATED PARTY TRANSACTIONS

### 1. Major Transactions between the Group and Related Parties

The following related party transactions are necessary for the development of the group's business. The transactions between the group and related parties are related to daily operations. The transactions follow the principles of openness, fairness and fairness. The transactions between both parties are settled at fair market prices.

#### (1) Purchase and sale of goods, provision and receipt of services from related parties

*Purchase of goods and receipt of services from related parties*

Details of Transactions		2023 RMB'000	2022 RMB'000
Sunsea Parking Holdings Limited and its subsidiaries (陽光海天停車控股有限公司及其附屬公司)	Purchase of goods	256	211
Alibaba Cloud Computing Co., Ltd (阿里雲計算有限公司)	Purchase of goods	656	641
Yimeijisi Optoelectronics Technology (Fujian) Co., Ltd. (誼美吉斯光電科技(福建)有限公司)	Purchase of goods	659	1,543
CSSC Cruise Industry Development (Shanghai) Co., Ltd. (中船郵輪產業發展(上海)有限公司)	Purchase of goods	555	2,411
Xiamen C&D Wine Sales Management Co., Ltd (廈門建發酒業銷售管理有限公司)	Purchase of goods	324	–
Shanghai Hongxing Cloud Computing Technology Co., Ltd. (上海紅星雲計算科技有限公司)	Purchase of goods	119	25,683
Huizhou Good Life Furniture Co., Ltd. (惠州美好生活傢俱有限公司)	Purchase of goods	80	–
Xiamen C&D Wine & Spirits Co., Ltd. (廈門建發美酒匯酒業有限公司)	Purchase of goods	76	–
Shanghai C&D Wine Sales Management Co., Ltd. (上海建發酒業銷售管理有限公司)	Purchase of goods	51	–
Chongqing Zerui Commercial Management Co., Ltd. (重慶澤瑞商業管理有限公司)	Purchase of goods	48	–
Wuhu Minghui Commercial Management Co., Ltd. (蕪湖明輝商業管理有公司)	Purchase of goods	37	–
Zhejiang Longkai Film Co., Ltd. (浙江龍凱影業有限公司)	Purchase of goods	35	–

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 50. RELATED PARTY TRANSACTIONS (continued)

### 1. Major Transactions between the Group and Related Parties (continued)

#### (1) Purchase and sale of goods, provision and receipt of services from related parties (continued)

*Purchase of goods and receipt of services from related parties (continued)*

		2023	2022
Details of Transactions		RMB'000	RMB'000
Shanghai Tukai Enterprise Management Co., Ltd. (上海投凱企業管理有限公司)	Purchase of goods	12	–
Asia New Materials (Beijing) Building Materials Co., Ltd. (亞細亞新材(北京)建築材料有限公司)	Purchase of goods	10	58
Taobao (China) Software Co., Ltd. (淘寶(中國)軟件有限公司)	Purchase of goods	3	–
Lan Zhou Red star Business Management Co., Ltd. (蘭州紅星商業管理有限公司)	Purchase of goods	–	934
Shanghai Yuanshang Property Co., Ltd. (上海遠緜物業有限公司)	Purchase of goods	–	548
Suzhou Supin Home Culture Co., Ltd. (蘇州市蘇品宅配文化有限公司)	Purchase of goods	–	51
Shanghai Yuanxing Huanyu Real Estate Group Co., Ltd. (上海遠星寰宇房地產集團有限公司)	Purchase of goods	–	34
Hangzhou Nabel Ceramics Co., Ltd. And its branches (杭州諾貝爾陶瓷有限公司及其分公司)	Purchase of goods	–	4
Chengdu Dongtai Shopping Mall Co., Ltd. (成都東泰商城有限公司)	Purchase of goods	2	1
Xishuangbanna cloud investment construction Pan Asia Real Estate Co., Ltd. (西雙版納雲投建設泛亞置業有限公司)	Purchase of goods	N/A	153
Baoshan Red Star Urban and Rural Investment and Real Estate Co., Ltd. (保山紅星城鄉投資置業有限公司)	Purchase of goods	N/A	139
		<b>2,923</b>	<b>32,411</b>

*Note:* Commodity purchases from related parties: during the year, the Group conducted commodity transactions with related parties based on market prices.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 50. RELATED PARTY TRANSACTIONS (continued)

### 1. Major Transactions between the Group and Related Parties (continued)

#### (1) Purchase and sale of goods, provision and receipt of services from related parties (continued)

*Purchase of goods and receipt of services from related parties (continued)*

Details of Transactions		2023 RMB'000	2022 RMB'000
YangGuang Haitian Parking Holdings Limited and its subsidiaries (陽光海天停車控股有限公司及其附屬公司)	Other services	2,475	–
Chongqing Jinke Real Estate Development Co., Ltd (重慶金科房地產開發有限公司)	Other services	240,566	–
		<b>243,041</b>	–

*Note:* Related parties provided other services for the Group: during the year, the Group conducted transactions with related parties based on market prices.

Details of Transactions		2023 RMB'000	2022 RMB'000
CSSC Cruise Industry Development (Shanghai) Co., Ltd. (中船郵輪產業發展(上海)有限公司)	Settlement of interest income from deposit	180	1,618
Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司)	Settlement of interest income from deposit	44	35
Wuhu Minghui Business Management Co., Ltd. (蕪湖明輝商業管理有限公司)	Settlement of interest income from deposit	7	51
		<b>231</b>	1,704

*Note:* Payment of interest on deposits to related parties: during the year, the Group conducted transactions with related parties based on market prices.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 50. RELATED PARTY TRANSACTIONS (continued)

### 1. Major Transactions between the Group and Related Parties (continued)

#### (1) Purchase and sale of goods, provision and receipt of services from related parties (continued)

*Purchase of goods and receipt of services from related parties (continued)*

		2023	2022
Details of Transactions		RMB'000	RMB'000
Shandong Inzone Green Home Co., Ltd. and its subsidiaries (山東銀座家居有限公司及其附屬公司)	Joint marketing	7,846	5,341
Wuhan Zhengkai Logistics Co., Ltd. (武漢市正凱物流有限公司)	Joint marketing	2,612	1,394
Wuhu Minghui Business Management Co., Ltd. (蕪湖明輝商業管理有限公司)	Joint marketing	1,911	1,786
Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司)	Joint marketing	1,105	4,196
Guangzhou Red Star Macalline Expo Home Plaza Co., Ltd. (廣州紅星美凱龍世博家居廣場有限公司)	Joint marketing	195	369
Shenzhen Red Star Macalline Business Management Company Limited (深圳紅星美凱龍商業管理有限公司)	Joint marketing	164	335
Shenzhen Red Star Macalline Expo Home Plaza Co., Ltd. (深圳紅星美凱龍世博家居廣場有限公司)	Joint marketing	98	535
Shaanxi Hongrui Home Life Square Co., Ltd. (陝西鴻瑞家居生活廣場有限公司)	Joint marketing	77	-
Jining Hongrui Market Management Company Limited (濟寧鴻瑞市場經營管理有限公司)	Joint marketing	-	958
Suzhou Supin Home Culture Co., Ltd. (蘇州市蘇品宅配文化有限公司)	Joint marketing	-	16
		<b>14,008</b>	<b>14,930</b>

*Note:* Related parties provided joint marketing services for the Group: during the year, the Group conducted transactions with related parties based on market prices.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 50. RELATED PARTY TRANSACTIONS (continued)

### 1. Major Transactions between the Group and Related Parties (continued)

#### (1) Purchase and sale of goods, provision and receipt of services from related parties (continued)

*Purchase of goods and receipt of services from related parties (continued)*

	Details of Transactions	2023 RMB'000	2022 RMB'000
Wuhu Minghui Business Management Co., Ltd. (蕪湖明輝商業管理有限公司)	Revenue from advertising space lease/Administrative expenses	237	413
Jining Hongrui Market Management Company Limited (濟寧鴻瑞市場經營管理有限公司)	Revenue from advertising space lease/Administrative expenses	142	347
Yangzhou Red Star Macalline Global Home Furnishings Plaza Property Co., Ltd. (揚州紅星美凱龍全球家居生活廣場置業有限公司)	Revenue from advertising space lease/Administrative expenses	224	321
Shaanxi Hongrui Home Furnishings Plaza Co., Ltd. (陝西鴻瑞家居生活廣場有限公司)	Revenue from advertising space lease/Administrative expenses	40	284
Xuzhou Red Star Macalline Global Home Furnishings Plaza Co., Ltd. (徐州紅星美凱龍全球家居生活廣場有限公司)	Revenue from advertising space lease/Administrative expenses	146	255
Shandong Inzone Green Home Co., Ltd. and its subsidiaries (山東銀座家居有限公司及其附屬公司)	Revenue from advertising space lease/Administrative expenses	171	201
Xuzhou Red Star Macalline International Furniture Decoration City Co., Ltd. (徐州紅星美凱龍國際傢俱裝飾城有限公司)	Revenue from advertising space lease/Administrative expenses	127	41
Shenzhen Red Star Macalline Expo Home Plaza Co., Ltd. (深圳紅星美凱龍世博家居廣場有限公司)	Revenue from advertising space lease/Administrative expenses	-	34
		<b>1,087</b>	<b>1,896</b>

*Note:* Related parties provided the Group with advertising space leasing/management services: during the year, the Group entered into transactions with related parties based on market prices.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 50. RELATED PARTY TRANSACTIONS (continued)

### 1. Major Transactions between the Group and Related Parties (continued)

#### (1) Purchase and sale of goods, provision and receipt of services from related parties (continued)

*Purchase of goods and receipt of services from related parties (continued)*

	Details of Transactions	2023 RMB'000	2022 RMB'000
Shanghai Macalline Property Management Service Co., Ltd. and its branches (上海美凱龍物業管理服務有限公司及其分公司)	Receipt of services	422,370	319,099
Shanghai Xingyue Property Service Co., Ltd. and its branches (上海星悅物業服務有限公司及其分公司)	Receipt of services	218,339	191,589
Zhejiang Tmall Technology Co., Ltd. (浙江天貓技術有限公司)	Receipt of services	50,440	55,497
Shanghai Xingzhiyu Commercial Management Co., Ltd. (上海星之域商業經營管理有限公司)	Receipt of services	15,739	13,023
Shanghai Hongxing Cloud Computing Technology Co., Ltd. (上海紅星雲計算科技有限公司)	Receipt of services	18,660	17,352
Shanghai Xincheng'an Construction Co., Ltd. (上海鑫誠安建設有限公司)	Receipt of services	8,838	357
Shanghai Zhenyang Decoration Co., Ltd. and its branches (上海振洋建築裝潢工程有限公司及其分公司)	Receipt of services	7,315	21,129
Hangzhou Alimama Software Service Co., Ltd (杭州阿里媽媽軟件服務有限公司)	Receipt of services	6,999	8,608
Shanghai Jiazhan Construction Engineering Co., Ltd (上海嘉展建築裝潢工程有限公司)	Receipt of services	3,226	11,669
Beijing Allgf Cultural and Scientific Consultation Co., Ltd. (北京國富縱橫文化科技諮詢股份有限公司)	Receipt of services	1,591	902
Yimeijisi Optoelectronics Technology (Fujian) Co., Ltd. (誼美吉斯光電科技(福建)有限公司)	Receipt of services	994	94
Alibaba Cloud Computing Co., Ltd (阿里雲計算有限公司)	Receipt of services	992	550
Alipay (China) Network Technology Co., Ltd. (支付寶(中國)網絡技術有限公司)	Receipt of services	746	–
Qianzhi (Beijing) Cultural Development Co., Ltd. (乾智(北京)文化發展有限公司)	Receipt of services	458	199
Hangzhou Ant Nest Supply Chain Service Co., Ltd (杭州蟻巢供應鏈服務有限公司)	Receipt of services	264	4,669

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 50. RELATED PARTY TRANSACTIONS (continued)

### 1. Major Transactions between the Group and Related Parties (continued)

#### (1) Purchase and sale of goods, provision and receipt of services from related parties (continued)

*Purchase of goods and receipt of services from related parties (continued)*

	Details of Transactions	2023 RMB'000	2022 RMB'000
Shanghai Macalline Aijia Property Management Consulting Co., Ltd. (上海美凱龍愛家房地產管理諮詢有限公司)	Receipt of services	239	1,110
Shanghai Longhong Cinema Management Co., Ltd. (上海龍紅影院管理有限公司)	Receipt of services	174	–
Tao Bao (China) Software Co., Ltd. (淘寶(中國)軟件有限公司)	Receipt of services	90	85
Alibaba (China) Technology Co., Ltd (阿里巴巴(中國)網絡技術有限公司)	Receipt of services	78	181
Zhejiang Alibaba Communication Technology Co., Ltd (浙江阿里巴巴通信技術有限公司)	Receipt of services	32	4,213
Alibaba (Sichuan) Network Technology Co., Ltd. (阿里(四川)網絡技術有限公司)	Receipt of services	8	38
Zhanjiang Haixin Meikai Investment Co., Ltd. (湛江市海新美凱投資有限公司)	Receipt of services	–	8,071
Chongqing Xinshengyue Media Co., Ltd (重慶鑫生悅傳媒有限公司)	Receipt of services	–	288
Jinke Smart Service Group Co., Ltd (金科智慧服務集團股份有限公司)	Receipt of services	–	246
Chongqing Jinke Hotel Co., Ltd (重慶金科大酒店有限公司)	Receipt of services	–	117
Chongqing New Starting Point Decoration Engineering Co., Ltd (重慶新起點裝飾工程有限公司)	Receipt of services	–	85
Yuyao Xingkai Real Estate Co., Ltd. (余姚星凱置業有限公司)	Receipt of services	–	55
Zhejiang Tonight Films Co., Ltd. (浙江龍凱影業有限公司)	Receipt of services	–	40
Shanghai Dijing Catering Management Co., Ltd (上海帝景餐飲管理有限公司)	Receipt of services	–	21
Wuhu Minghui Business Management Co., Ltd. (蕪湖明輝商業管理有限公司)	Receipt of services	–	11
Yangzhou Kailong Consulting Co., Ltd. (揚州凱龍管理諮詢有限公司)	Receipt of services	–	2
Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司)	Receipt of services	5	28

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 50. RELATED PARTY TRANSACTIONS (continued)

### 1. Major Transactions between the Group and Related Parties (continued)

#### (1) Purchase and sale of goods, provision and receipt of services from related parties (continued)

*Purchase of goods and receipt of services from related parties (continued)*

	Details of Transactions	2023 RMB'000	2022 RMB'000
Changyuanxin Supply Chain Management (Dongguan) Co., Ltd. (昌源鑫供應鏈管理(東莞)有限公司)	Receipt of services	N/A	2,016
		<b>757,597</b>	661,344

*Note:* Related parties provided labor services for the Group: during the year, the Group conducted transactions with related parties based on market prices.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 50. RELATED PARTY TRANSACTIONS (continued)

### 1. Major Transactions between the Group and Related Parties (continued)

#### (1) Purchase and sale of goods, provision and receipt of services from related parties (continued)

*Sales of goods and rendering of services to related parties*

		2023	2022
Details of Transactions		RMB'000	RMB'000
Shanghai Xingyue Property Service Co., Ltd. and its branches (上海星悦物業服務有限公司及其分公司)	Sales of goods	49,533	–
Shanghai Macalline Property Management Service Co., Ltd (上海美凱龍物業管理服務有限公司及其分公司)	Sales of goods	13,583	–
Danyang Rongjin Hongxing Real Estate Development Co., Ltd. (丹陽市融錦宏星置業發展有限公司)	Sales of goods	1,709	2,120
Lan Zhou Red star Business Management Co., Ltd. (蘭州紅星商業管理有限公司)	Sales of goods	913	934
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司)	Sales of goods	908	–
Yunnan Yuanzepinwei Property Management Co., Ltd. (雲南遠擇品唯物業管理有限公司)	Sales of goods	367	557
Sunsea Parking Holdings Limited and its subsidiaries (陽光海天停車控股有限公司及其附屬公司)	Sales of goods	307	2
Guangzhou Red Star Macalline Expo Home Plaza Co., Ltd. (廣州紅星美凱龍世博家居廣場有限公司)	Sales of goods	230	49
Shandong Inzone Green Home Co., Ltd. and its subsidiaries (山東銀座家居有限公司及其附屬公司)	Sales of goods	208	319
Wuhu Minghui Business Management Co., Ltd. (蕪湖明輝商業管理有限公司)	Sales of goods	197	349
Shenzhen Red Star Macalline Business Management Company Limited (深圳紅星美凱龍商業管理有限公司)	Sales of goods	172	66
Shanghai Red Star Parking Management Co., Ltd (上海紅星停車管理有限公司)	Sales of goods	162	–
Wuhan Zhengkai Logistics Co., Ltd. (武漢市正凱物流有限公司)	Sales of goods	109	153
Shanghai Weilaishi Decoration Technology Co., Ltd. (上海威來適裝飾科技有限公司)	Sales of goods	102	80

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 50. RELATED PARTY TRANSACTIONS (continued)

### 1. Major Transactions between the Group and Related Parties (continued)

#### (1) Purchase and sale of goods, provision and receipt of services from related parties (continued)

*Sales of goods and rendering of services to related parties (continued)*

	Details of Transactions	2023 RMB'000	2022 RMB'000
Shanghai Huojing Business Management Company Limited and its branches (上海或京商業管理有限公司及其分公司)	Sales of goods	94	15
Ultimate IOT (Shanghai) Technology Co., Ltd. (超級智慧家(上海)物聯網科技有限公司)	Sales of goods	77	74
Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司)	Sales of goods	74	185
Shenzhen Red Star Macalline Expo Home Plaza Co., Ltd. (深圳紅星美凱龍世博家居廣場有限公司)	Sales of goods	44	96
Shaanxi Hongrui Home Furnishings Plaza Co., Ltd. (陝西鴻瑞家居生活廣場有限公司)	Sales of goods	34	48
Qianzhi (Beijing) Cultural Development Co., Ltd. (乾智(北京)文化發展有限公司)	Sales of goods	25	–
Xingyuan Mei House (Sichuan) Decoration Design Co., Ltd (行遠美宅(四川)裝飾設計有限公司)	Sales of goods	20	–
Hangzhou Nabel Ceramics Co., Ltd. And its branches (杭州諾貝爾陶瓷有限公司及其分公司)	Sales of goods	16	29
Nanjing Oukailong Home Furnishing Co., Ltd (南京歐凱龍家居有限公司)	Sales of goods	9	–
Anka Household Products (Shanghai) Co., Ltd. (安咖家居用品(上海)有限公司)	Sales of goods	2	4
Shengbao (Shanghai) Intelligent Technology Co., Ltd. (晟葆(上海)智能科技有限公司)	Sales of goods	2	3
Jiaxing Longmao Xiansen Home Furnishing Co., Ltd. (嘉興龍貓先森家居有限公司)	Sales of goods	–	748
Hefei Longmao Xiansen Home Furnishing Co., Ltd. (合肥龍貓先森家居有限公司)	Sales of goods	–	734
Shanghai Dijing Catering Management Co., Ltd. (上海帝景餐飲管理有限公司)	Sales of goods	–	553
Mex Smart Home (Shenzhen) Co., Ltd. (美時智能家居(深圳)有限公司)	Sales of goods	–	196

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 50. RELATED PARTY TRANSACTIONS (continued)

### 1. Major Transactions between the Group and Related Parties (continued)

#### (1) Purchase and sale of goods, provision and receipt of services from related parties (continued)

*Sales of goods and rendering of services to related parties (continued)*

Details of Transactions		2023	2022
		RMB'000	RMB'000
Shanghai AI.Pure Intelligent Technology Co., Ltd. (上海智諦智能科技有限公司)	Sales of goods	–	173
Changxing Ronghao Trading Co., Ltd. (長興榮皓貿易有限公司)	Sales of goods	–	133
Jining Hongrui Market Management Company Limited (濟寧鴻瑞市場經營管理有限公司)	Sales of goods	–	18
Business Division of Nanjing Pukou Lilicheng Furniture (南京市浦口區立力成傢俱經營部)	Sales of goods	–	10
		<b>68,897</b>	7,648

*Note:* Sales of goods to related parties: during the year, the Group conducted transactions with related parties based on market prices.

Details of Transactions		2023	2022
		RMB'000	RMB'000
Quzhou Huicheng Ole Business Management Co., Ltd. (衢州市慧城奧萊商業管理有限公司)	Rendering of service	<b>450,368</b>	220,908
Yangzhou Xinglong Real Estate Development Co., Ltd. (揚州星龍房地產開發有限公司)	Rendering of service	<b>18,955</b>	65,710
Shanghai Macalline Property Management Service Co., Ltd. and its branches (上海美凱龍物業管理服務有限公司及其分公司)	Rendering of service	<b>45,605</b>	65,379
Zhejiang Haixin Meikai Investment Co., Ltd. (湛江市海新美凱投資有限公司)	Rendering of service	<b>10,913</b>	47,945
Shanghai Xingyue Property Service Co., Ltd. and its branches (上海星悅物業服務有限公司及其分公司)	Rendering of service	<b>19,857</b>	25,158
Zhejiang Tmall Technology Co., Ltd. (浙江天貓技術有限公司)	Rendering of service	<b>N/A</b>	10,507
Baoshan Red Star Urban and Rural Investment and Real Estate Co., Ltd. (保山紅星城鄉投資置業有限公司)	Rendering of service	<b>N/A</b>	2,083

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 50. RELATED PARTY TRANSACTIONS (continued)

### 1. Major Transactions between the Group and Related Parties (continued)

#### (1) Purchase and sale of goods, provision and receipt of services from related parties (continued)

*Sales of goods and rendering of services to related parties (continued)*

		2023	2022
Details of Transactions		RMB'000	RMB'000
Wuhan Yiran Property Management Co., Ltd (武漢怡然物業管理有限公司)	Rendering of service	40	–
Shanghai Xingzhiyu Commercial Management Co., Ltd. (上海星之域商業經營管理有限公司)	Rendering of service	1,865	1,768
Dalian Xingqin Commercial Management Co., Ltd (大連星琴商業管理有限公司)	Rendering of service	–	1,744
Dalian Xingkai Commercial Management Co., Ltd (大連星凱商業管理有限公司)	Rendering of service	–	1,306
Changzhou Aegean Ole Business Management Co., Ltd. (常州愛琴海奧萊商業管理有限公司)	Rendering of service	353	1,219
Shenzhen Red Star Macalline Business Management Company Limited (深圳紅星美凱龍商業管理有限公司)	Rendering of service	–	1,060
Shanghai Aegean Business Management Co., Ltd. (上海愛琴海商務管理有限公司)	Rendering of service	3,292	951
Guangzhou Red Star Macalline Expo Home Plaza Co., Ltd. (廣州紅星美凱龍世博家居廣場有限公司)	Rendering of service	158	864
Xining Yuanhong Real Estate Development Co., Ltd (西寧遠鴻房地產開發有限公司)	Rendering of service	–	545
Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司)	Rendering of service	771	528
Xishuangbanna cloud investment construction Pan Asia Real Estate Co., Ltd. (西雙版納雲投建設泛亞置業有限公司)	Rendering of service	N/A	268
Shanghai Red Star Macalline Real Estate Co., Ltd. (上海紅星美凱龍置業有限公司)	Rendering of service	77	191
Shanghai Huojing Business Management Company Limited and its branches (上海或京商業管理有限公司及其分公司)	Rendering of service	92	158
Ultimate IOT (Shanghai) Technology Co., Ltd. (超級智慧家(上海)物聯網科技有限公司)	Rendering of service	140	82
Yuyao Xingkai Real Estate Co., Ltd. (余姚星凱置業有限公司)	Rendering of service	–	69
Shengbao (Shanghai) Intelligent Technology Co., Ltd. (晟葆(上海)智能科技有限公司)	Rendering of service	23	63



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 50. RELATED PARTY TRANSACTIONS (continued)

### 1. Major Transactions between the Group and Related Parties (continued)

#### (1) Purchase and sale of goods, provision and receipt of services from related parties (continued)

*Sales of goods and rendering of services to related parties (continued)*

		2023	2022
Details of Transactions		RMB'000	RMB'000
Shanghai Aegean Ole Business Management Co., Ltd. (上海愛琴海奧萊商業管理有限公司)	Rendering of service	–	46
Shanghai Weilaishi Decoration Technology Co., Ltd. (上海威來適裝飾科技有限公司)	Rendering of service	26	42
Anka Household Products (Shanghai) Co., Ltd. (安咖家居用品(上海)有限公司)	Rendering of service	–	22
Shanghai Huangpu Red Star Microfinance Co., Ltd. (上海黃浦紅星小額貸款有限公司)	Rendering of service	15	21
Shanghai Longhong Cinema Management Co., Ltd. (上海龍紅影院管理有限公司)	Rendering of service	–	14
Shanghai Kaihong Cinema Management Co., Ltd. (上海凱紅影院管理有限公司)	Rendering of service	–	13
Qingdao Dana International Studios Co., Ltd. (青島德納國際影城有限公司)	Rendering of service	–	11
Qingdao Hongying Cinema Management Co., Ltd. (青島紅影院管理有限公司)	Rendering of service	–	10
Shanghai Red Star Macalline Financial Leasing Company Limited (上海紅星美凱龍融資租賃有限公司)	Rendering of service	–	4
Shanghai Aegean Commercial Group Co., Ltd. (上海愛琴海商業集團股份有限公司)	Rendering of service	–	1
Hangzhou Nabel Ceramics Co., Ltd. And its branches (杭州諾貝爾陶瓷有限公司及其分公司)	Rendering of service	–	1
Shanghai Tianhe Intelligent Technology Co., Ltd. and its branches (上海天合智能科技股份有限公司及其分公司)	Rendering of service	9	–
Xiangshan Kaisheng Real Estate Co., Ltd. (象山凱勝置業有限公司)	Rendering of service	517	–
		<b>553,076</b>	448,691

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 50. RELATED PARTY TRANSACTIONS (continued)

### 1. Major Transactions between the Group and Related Parties (continued)

#### (1) Purchase and sale of goods, provision and receipt of services from related parties (continued)

*Sales of goods and rendering of services to related parties (continued)*

	Details of Transactions	2023 RMB'000	2022 RMB'000
Jining Hongrui Market Management Company Limited (濟寧鴻瑞市場經營管理有限公司)	Brand management service	4,245	4,245
Xuzhou Red Star Macalline Global Home Furnishings Plaza Co., Ltd. (徐州紅星美凱龍全球家居生活廣場有限公司)	Brand management service	2,672	3,790
Wuhan Zhengkai Logistics Co., Ltd. (武漢市正凱物流有限公司)	Brand management service	2,830	2,830
Yangzhou Red Star Macalline Global Home Furnishings Plaza Property Co., Ltd. (揚州紅星美凱龍全球家居生活廣場置業有限公司)	Brand management service	2,830	2,830
Greenland Group Chengdu Jinniu Real Estate Development Co., Ltd. (綠地集團成都金牛房地產開發有限公司)	Brand management service	N/A	2,830
Shaanxi Hongrui Home Furnishings Plaza Co., Ltd. (陝西鴻瑞家居生活廣場有限公司)	Brand management service	1,887	2,594
Xi'an Jiahexing Home Furnishing Co., Ltd. (西安佳和興家居有限責任公司)	Brand management service	1,887	–
Xuzhou Red Star Macalline International Furniture Decoration City Co., Ltd. (徐州紅星美凱龍國際傢俱裝飾城有限公司)	Brand management service	761	1,792
Wuhu Minghui Business Management Co., Ltd. (蕪湖明輝商業管理有限公司)	Brand management service	1,698	1,698
		<b>18,810</b>	<b>22,609</b>

*Note:* Provision of brand management services for related parties: during the year, the Group conducted transactions with related parties based on market prices.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 50. RELATED PARTY TRANSACTIONS (continued)

### 1. Major Transactions between the Group and Related Parties (continued)

#### (1) Purchase and sale of goods, provision and receipt of services from related parties (continued)

*Sales of goods and rendering of services to related parties (continued)*

		Details of Transactions	2023 RMB'000	2022 RMB'000
	Wuhu Meihe Asset Management Company Limited (蕪湖美和資產管理有限公司)	Service income	4,340	1,887
	Wuhan Zhengkai Logistics Co., Ltd. (武漢市正凱物流有限公司)	Service income	4,227	262
	Hangzhou Nabel Ceramics Co., Ltd. And its branches (杭州諾貝爾陶瓷有限公司及其分公司)	Service income	3,294	5,750
	Shenzhen Long Life Basics Sleep Science and Technology Co., Ltd. (深圳市朗樂福睡眠科技有限公司)	Service income	2,427	4,881
	Shanghai CTME Economy & Trade Development Co., Ltd. (上海中貿美凱龍經貿發展有限公司)	Service income	1,339	2,784
	Zhejiang TMC Technology Co., Ltd (浙江天貓技術有限公司)	Service income	998	–
	Ultimate IOT (Shanghai) Technology Co., Ltd. (超級智慧家(上海)物聯網科技有限公司)	Service income	966	1,413
	Alipay (China) Network Technology Co., Ltd (支付寶(中國)網絡技術有限公司)	Service income	895	–
	LEAWOD Door and Window Group Co., Ltd. (良木道門窗集團有限公司)	Service income	877	495
	Mex Smart Home (Shen Zhen) Co., Ltd. (美時智能家居(深圳)有限公司)	Service income	524	665
	Guangzhou Red Star Macalline Expo Home Plaza Co., Ltd. (廣州紅星美凱龍世博家居廣場有限公司)	Service income	321	462
	Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司)	Service income	166	700
	Shenzhen Red Star Macalline Expo Home Plaza Co., Ltd. (深圳紅星美凱龍世博家居廣場有限公司)	Service income	166	87
	Guangdong Weidu Legal Home Furnishing Co., Ltd (廣東威法定制家居股份有限公司)	Service income	94	–
	Shenzhen Red Star Macalline Business Management Company Limited (深圳紅星美凱龍商業管理有限公司)	Service income	68	1,003

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 50. RELATED PARTY TRANSACTIONS (continued)

### 1. Major Transactions between the Group and Related Parties (continued)

#### (1) Purchase and sale of goods, provision and receipt of services from related parties (continued)

*Sales of goods and rendering of services to related parties (continued)*

	Details of Transactions	2023 RMB'000	2022 RMB'000
Xingyuan Mei House (Sichuan) Decoration Design Co., Ltd (行遠美宅(四川)裝飾設計有限公司)	Service income	64	–
Wuhu Minghui Business Management Co., Ltd. (蕪湖明輝商業管理有限公司)	Service income	39	74
Shanghai Tianhe Intelligent Technology Co., Ltd. and its branches (上海天合智能科技股份有限公司及其分公司)	Service income	38	48
Zhanjiang Haixin Meikai Investment Co., Ltd. (湛江市海新美凱投資有限公司)	Service income	–	15,440
Shanghai Hongxing Cloud Computing Technology Co., Ltd. (上海紅星雲計算科技有限公司)	Service income	358	418
Chengdu Aige Furniture Co., Ltd. (成都艾格傢俱有限公司)	Service income	–	92
Business Division of Nanjing Pukou Lilicheng Furniture (南京市浦口區立力成傢俱經營部)	Service income	–	51
Beijing Allgf Cultural and Scientific Consultation Co., Ltd. (北京國富縱橫文化科技諮詢股份有限公司)	Service income	–	9
Xining Yuanduo Real Estate Development Co., Ltd (西寧遠鐸房地產開發有限公司)	Service income	N/A	8,019
Sunsea Parking Holdings Ltd. and its subsidiaries (陽光海天停車控股有限公司及其附屬公司)	Service income	–	1
		21,201	44,541

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 50. RELATED PARTY TRANSACTIONS (continued)

### 1. Major Transactions between the Group and Related Parties (continued)

#### (1) Purchase and sale of goods, provision and receipt of services from related parties (continued)

*Sales of goods and rendering of services to related parties (continued)*

		2023	2022
Details of Transactions		RMB'000	RMB'000
Zhanjiang Haixin Meikai Investment Co., Ltd. (湛江市海新美凱投資有限公司)	Design consultation income	2,549	975
Yiwu Meilong Real Estate Co., Ltd. (義烏美龍置業有限公司)	Design consultation income	1,323	–
Xuzhou Maoxing Real Estate Co., Ltd. (徐州茂星置業有限公司)	Design consultation income	858	–
Changzhou Jintan Kaihui Real Estate Development Co., Ltd. (常州金壇凱匯房地產開發有限公司)	Design consultation income	758	–
Luohe Starway Real Estate Co., Ltd. (漯河星匯置業有限公司)	Design consultation income	94	–
Nanchang Haoran Real Estate Co., Ltd. (南昌浩然置業有限公司)	Design consultation income	2	1,181
Shenzhen Red Star Macalline Business Management Company Limited (深圳紅星美凱龍商業管理有限公司)	Design consultation income	–	270
Yangzhou Xinglong Real Estate Development Co., Ltd. (揚州星龍房地產開發有限公司)	Design consultation income	–	194
Quzhou Huicheng Ole Business Management Co., Ltd. (衢州市慧城奧萊商業管理有限公司)	Design consultation income	–	142
Cixi Xingkai Real Estate Co., Ltd. (慈溪星凱置業有限公司)	Design consultation income	–	94
		<b>5,584</b>	<b>2,856</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 50. RELATED PARTY TRANSACTIONS (continued)

### 1. Major Transactions between the Group and Related Parties (continued)

#### (2) Leases with related party

As lessors

	Type of leased assets	2023 RMB'000	2022 RMB'000
Shanghai Xingzhiyu Commercial Management Co., Ltd. (上海星之域商業經營管理有限公司)	Office	22,098	48,210
Shanghai Lianhong Real Estate Development Co., Ltd. (上海聯泓房地產開發有限公司)	Office	731	–
Shanghai Lihao Creative Design Co., Ltd. (上海麗浩創意設計有限公司)	Office	123	–
Zhengzhou Xingbo Real Estate Development Co., Ltd. (鄭州星鉑房地產開發有限公司)	Office	76	243
Changzhou Longyao Equity Investment Management Co., Ltd. (常州龍耀股權投資管理有限公司)	Office	36	33
Shanghai Macalline Seven Star Hotel Management Co., Ltd. (上海美凱龍七星酒店管理有限公司)	Office	–	329
Changzhou Yizhi International Trade Co., Ltd. (常州市藝致國際貿易有限公司)	Office	N/A	45
Ultimate IOT (Shanghai) Technology Co., Ltd. (超級智慧家(上海)物聯網科技有限公司)	Shop(s) in shopping mall	5,561	6,245
Hangzhou Nabel Ceramics Co., Ltd. and its branches (杭州諾貝爾陶瓷有限公司及其分公司)	Shop(s) in shopping mall	4,285	4,133
Shanghai Huojing Business Management Company Limited and its branches (上海或京商業管理有限公司及其分公司)	Shop(s) in shopping mall	2,793	842
Xingyuan Mei House (Sichuan) Decoration Design Co., Ltd (行遠美宅(四川)裝飾設計有限公司)	Shop(s) in shopping mall	1,256	–
Shanghai Weilaishi Decoration Technology Company Limited (上海威來適裝飾科技有限公司)	Shop(s) in shopping mall	658	516
Beijing Hema Network Technology Co., Ltd. (北京盒馬網絡科技有限公司)	Shop(s) in shopping mall	612	568
Nanjing Oukailong Home Furnishing Co., Ltd (南京歐凱龍家居有限公司)	Shop(s) in shopping mall	339	–
Shengbao (Shanghai) Intelligent Technology Co., Ltd. (晟葆(上海)智能科技有限公司)	Shop(s) in shopping mall	288	1,528

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 50. RELATED PARTY TRANSACTIONS (continued)

### 1. Major Transactions between the Group and Related Parties (continued)

#### (2) Leases with related party (continued)

As lessors (continued)

	Type of leased assets	2023 RMB'000	2022 RMB'000
Shanghai Tianhe Smart Home Technology Company Ltd. and its branches (上海天合智能科技股份有限公司及其分公司)	Shop(s) in shopping mall	245	208
Anka Household Products (Shanghai) Co., Ltd. (安咖家居用品(上海)有限公司)	Shop(s) in shopping mall	211	1,035
Hangzhou Nobel Business Services Co., Ltd (杭州諾貝爾商業服務有限公司)	Shop(s) in shopping mall	123	62
Shanghai Macalline Aijia Property Management Consulting Co., Ltd. (上海美凱龍愛家房地產管理諮詢有限公司)	Shop(s) in shopping mall	–	372
Business Division of Nanjing Pukou Lilicheng Furniture (南京市浦口區立力成傢俱經營部)	Shop(s) in shopping mall	–	233
Changzhou Yizhi International Trade Co., Ltd. (常州市藝致國際貿易有限公司)	Shop(s) in shopping mall	N/A	812
Sunsea Parking Holdings Ltd. and its subsidiaries (陽光海天停車控股有限公司及其附屬公司)	Parking garage	49,328	37,201
Shanghai Xinhua Chengcheng Asset Management Co., Ltd. (上海新華成城資產管理有限公司)	Parking garage	6,349	19,048
Shanghai Red Star Parking Management Co., Ltd (上海紅星停車管理有限公司)	Parking garage	667	–
Shanghai Xingzhiyu Commercial Management Co., Ltd. (上海星之域商業經營管理有限公司)	Parking garage	264	220
Shengbao (Shanghai) Intelligent Technology Co., Ltd. (晟葆(上海)智能科技有限公司)	Light box advertising space	–	48
		<b>96,043</b>	<b>121,931</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 50. RELATED PARTY TRANSACTIONS (continued)

### 1. Major Transactions between the Group and Related Parties (continued)

#### (2) Leases with related party (continued)

*As lessees*

	Type of leased assets	2023 RMB'000	2022 RMB'000
Changzhou Red Star Home Furnishing City (常州市紅星裝飾城)	Shop(s) in shopping mall	22,114	21,550
Yunnan Yuanzepinwei Property Management Co., Ltd (雲南遠擇品唯物業管理有限公司)	Parking garage	711	711
Qianzhi (Beijing) Cultural Development Co.,Ltd. (乾智(北京)文化發展有限公司)	Shop(s) in shopping mall	458	–
Shaanxi Hongrui Home Furnishings Plaza Co., Ltd. (陝西鴻瑞家居生活廣場有限公司)	Shop(s) in shopping mall	129	125
Wuhu Minghui Business Management Co., Ltd. (蕪湖明輝商業管理有限公司)	Shop(s) in shopping mall	121	201
CHEN Shuhong (陳淑紅)	Dormitory	57	57
Shanghai Huojing Business Management Company Limited and its branches (上海或京商業管理有限公司及其分公司)	Office	–	4,594
Shanghai Yunshen Intelligent Technology Co., Ltd. (上海雲紳智能科技有限公司)	Shop(s) in shopping mall	–	600
Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司)	Shop(s) in shopping mall	–	173
Wuhan Zhengkai Logistics Co., Ltd. (武漢市正凱物流有限公司)	Shop(s) in shopping mall	–	26
		<b>23,590</b>	<b>28,037</b>



## 50. RELATED PARTY TRANSACTIONS (continued)

### 1. Major Transactions between the Group and Related Parties (continued)

#### (3) Guarantees from related parties

*Receiving guarantees from related parties*

2023

	Amount of guarantees RMB'000	Inception date of guarantee	Expiration date of guarantee	Whether guarantee has been performed
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (note 1)	96,000	4/1/2022	3/31/2024	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (note 2)	48,600	9/8/2022	7/9/2024	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (note 3)	790,000	23/10/2020	22/10/2032	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (note 4)	475,000	16/6/2020	16/6/2030	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (note 5)	434,500	26/12/2020	25/12/2035	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (note 6)	96,000	19/12/2019	19/12/2029	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (note 7)	221,000	17/1/2020	17/1/2030	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (note 8)	304,558	20/6/2019	20/6/2029	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (note 9)	303,480	15/1/2020	17/9/2026	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (note 10)	330,000	27/12/2019	27/12/2031	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (note 11)	593,000	25/3/2020	25/3/2030	No

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 50. RELATED PARTY TRANSACTIONS (continued)

### 1. Major Transactions between the Group and Related Parties (continued)

#### (3) Guarantees from related parties (continued)

*Receiving guarantees from related parties (continued)*

2023 (continued)

	Amount of guarantees <i>RMB'000</i>	Inception date of guarantee	Expiration date of guarantee	Whether guarantee has been performed
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (note 12)	52,500	8/6/2020	10/12/2030	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (note 13)	490,500	1/7/2019	20/6/2029	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (note 14)	240,000	13/7/2018	10/7/2028	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (note 15)	280,000	18/6/2021	17/6/2024	No
Red Star Macalline Holding Group Company Limited · CHE Jianxing (紅星美凱龍控股集團有限公司、車建興) (note 16)	300,000	24/12/2021	23/12/2024	No
Red Star Macalline Holding Group Company Limited · CHE Jianxing (紅星美凱龍控股集團有限公司、車建興) (note 17)	700,000	7/7/2022	6/7/2025	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (note 19)	186,489	28/11/2019	27/11/2029	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (note 20)	296,400	20/3/2020	20/3/2028	No
CHE Jianxing (車建興) (note 21)	95,000	15/12/2017	15/12/2027	No
CHE Jianxing (車建興) (note 22)	1,350,616	3/3/2020	2/3/2030	No
CHE Jianxing (車建興) (note 23)	177,000	17/6/2016	16/6/2026	No
CHE Jianxing (車建興) (note 24)	164,500	5/1/2017	20/6/2025	No
CHE Jianxing (車建興) (note 25)	380,000	2/2/2023	5/10/2028	No
CHE Jianxing (車建興) (note 26)	1,153,067	18/2/2020	11/2/2030	No

## 50. RELATED PARTY TRANSACTIONS (continued)

### 1. Major Transactions between the Group and Related Parties (continued)

#### (3) Guarantees from related parties (continued)

*Receiving guarantees from related parties (continued)*

2023 (continued)

	Amount of guarantees <i>RMB'000</i>	Inception date of guarantee	Expiration date of guarantee	Whether guarantee has been performed
CHE Jianxing、CHEN Shuhong (車建興、陳淑紅) (note 27)	165,000	28/12/2022	29/11/2026	No
CHE Jianxing、CHEN Shuhong (車建興、陳淑紅) (note 28)	1,720,000	15/6/2022	15/6/2037	No
CHE Jianxing、CHEN Shuhong (車建興、陳淑紅) (note 29)	1,715,389	17/8/2022	17/3/2026	No
CHE Jianxing、CHEN Shuhong (車建興、陳淑紅) (note 30)	784,257	29/3/2023	20/3/2033	No
CHE Jianxing (車建興) (note 31)	1,171,067	2/2/2023	11/2/2030	No
CHE Jianxing、CHEN Shuhong (車建興、陳淑紅) (note 32)	193,000	28/12/2022	29/11/2026	No
CHE Jianxing、CHEN Shuhong (車建興、陳淑紅) (note 33)	1,760,000	15/6/2022	15/6/2037	No
CHE Jianxing、CHEN Shuhong (車建興、陳淑紅) (note 34)	1,791,381	17/8/2022	17/3/2026	No
CHE Jianxing、CHEN Shuhong (車建興、陳淑紅) (note 35)	794,250	29/3/2023	20/3/2033	No

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 50. RELATED PARTY TRANSACTIONS (continued)

### 1. Major Transactions between the Group and Related Parties (continued)

#### (3) Guarantees from related parties (continued)

*Receiving guarantees from related parties (continued)*

**2023** (continued)

- Note 1:* The loan was also secured by the investment property of Changzhou Red Star Macalline International Computer & Home Appliances Decoration City Co., Ltd, a subsidiary of the Group.
- Note 2:* The loan was also secured by the investment property of a subsidiary of the Group, Changzhou Red Star Macalline International Computer & Home Appliances Mall Company Limited.
- Note 3:* The loan was also secured by the investment property of Tianjin Red Star Macalline International Home Furnishing Expo Co., Ltd, a subsidiary of the Group.
- Note 4:* The borrowings were also secured by the investment properties of a subsidiary of the Group, Suzhou Industrial Park Red Star Macalline Home Furnishing Co.,
- Note 5:* The loan was also secured by the investment property of Shanghai Red Star Macalline Xinglong Home Furniture Co., Ltd.
- Note 6:* The loan was also secured by the investment properties of Zhengzhou Red Star Macalline International Home Furnishing Company Limited, a subsidiary of the Group.
- Note 7:* The loan was also secured by the investment property of Zhengzhou Red Star Macalline International Home Furnishing Company Limited, a subsidiary of the Group.
- Note 8:* The loan was also secured by the investment property of the Group's subsidiary, Zhengzhou Red Star Macalline International Home Furnishing.
- Note 9:* The loan was also secured by the investment property of Nanchang Red Star Macalline Global Home Expo Center Company Limited, a subsidiary of the Group.
- Note 10:* The loan was also secured by the investment properties of Ningbo Red Star Macalline Home Shopping Plaza Company Limited, a subsidiary of the Group.
- Note 11:* The borrowings were also secured by the investment properties of Nanning Red Star Macalline Shibo Home Furnishing Exhibition Centre Company Limited, a subsidiary of the Group.
- Note 12:* The loan was also secured by the property, plant and equipment of the Group's subsidiary, Shanghai Bencheng Enterprise Management Company Limited.
- Note 13:* The loan was also secured by the investment property of Hangzhou Weiliang Electromechanical Hardware Market Co., Ltd., a subsidiary of the Group.
- Note 14:* The loan was also secured by the investment properties of Suzhou Red Star Macalline Shibo Home Furnishing Plaza Company Limited, a subsidiary of the Group.
- Note 15:* The loan was also secured by the investment property of Dongguan Red Star Macalline Shibo Furniture Plaza Company Limited.
- Note 16:* The loan was also secured by the investment property of Changzhou World Furniture and Home Plaza Co., Ltd., a subsidiary of the Group.
- Note 17:* The loan was also secured by the investment property of Hefei Red Star Macalline Shibo Furniture Plaza Company Limited, a subsidiary of the Group.
- Note 18:* The loan was also secured by the investment properties of Changzhou Hongyang Home Furnishing Plaza Company Limited, a subsidiary of the Group.
- Note 19:* The loan was also secured by the investment properties of Liuzhou Red Star Macalline Home Furnishing Company Limited.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 50. RELATED PARTY TRANSACTIONS (continued)

### 1. Major Transactions between the Group and Related Parties (continued)

#### (3) Guarantees from related parties (continued)

*Receiving guarantees from related parties (continued)*

**2023** (continued)

- Note 20:* The loan was also secured by the investment properties of Foshan Junda Enterprise Management Co., Ltd., a subsidiary of the Group.
- Note 21:* The loan was also secured by the investment property of the Group's subsidiary, Shanghai Mountain and Sea Art Furniture Company Limited.
- Note 22:* The loan was also secured by the investment property of Shanghai Mountain and Sea Art Furniture Company Limited, a subsidiary of the Group.
- Note 23:* The loan was also secured by the investment property of Chongqing Red Star Macalline Expo Home Furnishing Plaza Company Limited, a subsidiary of the Group.
- Note 24:* The loan was also secured by the investment property of Wuxi Red Star Macalline Home Living Plaza Company Limited, a subsidiary of the Group.
- Note 25:* The loan was also secured by the investment property of Shanghai Xinwei Property Company Limited, a subsidiary of the Group.
- Note 26:* The loan was also secured by the investment properties of Shanghai Xinwei Property Company Limited, a subsidiary of the Group.
- Note 27:* The loan was also secured by the investment properties of Chengdu Tianfu New District Red Star Macalline World Trade Home Furnishing Company Limited, a subsidiary of the Group.
- Note 28:* The loan was also secured by the investment properties of the Group's subsidiaries, Beijing Red Star Macalline International Furniture and Building Materials Plaza Company Limited and Wuhan Red Star Macalline Shibo Home Furnishing Plaza Development Company Limited.
- Note 29:* The loan was also secured by the investment properties of the Group's subsidiaries, Tianjin Red Star Macalline Home Living and Decorating Plaza Company Limited and Chongqing Xingkeke Home Furnishing Co., Ltd...
- Note 30:* The loan was also secured by the investment property of Jinan Red Star Macalline Shibo Home Living Plaza Company Limited, a subsidiary of the Group.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 50. RELATED PARTY TRANSACTIONS (continued)

### 2. Amounts due from/to related parties

	2023		2022	
	Book balance RMB'000	Bad debt allowance RMB'000	Book balance RMB'000	Bad debt allowance RMB'000
<b>Accounts receivable</b>				
Shanghai Xingzhiyu Commercial Management Co., Ltd. (上海星之域商業經營管理有限公司)	46,291	46,291	40,722	1,833
Yangzhou Xinglong Real Estate Development Co., Ltd. (揚州星龍房地產開發有限公司)	45,351	45,351	25,836	2,252
Shanghai Xinhua Chengcheng Asset Management Co., Ltd. (上海新華成城資產管理有限公司)	40,000	40,000	33,333	1,500
Shanghai Jiazhan Construction Engineering Company Limited (上海嘉展建築裝演工程有限公司)	13,000	13,000	13,000	13,000
Danyang Rongjin Hongxing Real Estate Development Co., Ltd. (丹陽市融錦宏星置業發展有限公司)	10,412	469	6,086	274
Shenzhen Huasheng Home Furnishing Group Co., Ltd. (深圳華生大家居集團有限公司)	4,000	4,000	4,000	4,000
Zhanjiang Haixin Meikai Investment Co., Ltd. (湛江市海新美凱投資有限公司)	3,805	454	6,746	470
Yiwu Meilong Real Estate Co., Ltd. (義烏美龍置業有限公司)	3,730	1,011	2,328	459
Zhejiang Zhongguang Electric Appliances Group Co., Ltd. (浙江中廣電器集團股份有限公司)	3,500	3,500	-	-
Cixi Xingkai Real Estate Co., Ltd. (慈溪星凱置業有限公司)	3,333	723	-	-
Nanchang Haoran Real Estate Co., Ltd. (南昌浩然置業有限公司)	2,530	2,530	2,530	915
Changchun Red Star Macalline Real Estate Development Co., Ltd. (長春紅星美凱龍房地產開發有限公司)	2,495	139	1,110	221
Ningbo Kailong Property Company Limited (寧波凱龍置業有限公司)	2,291	127	-	-
Hengshui Xinglong Real Estate Development Co., Ltd. (衡水星龍房地產開發有限公司)	2,123	185	7,940	442
Shenzhen Red Star Macalline Business Management Company Limited (深圳紅星美凱龍商業管理有限公司)	1,804	332	1,544	138
Xuzhou Maoxing Real Estate Co., Ltd. (徐州茂星置業有限公司)	1,750	257	990	52
Tianjin Xingkai Real Estate Development Co., Ltd. (天津星凱房地產開發有限公司)	1,650	1,650	1,650	597

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 50. RELATED PARTY TRANSACTIONS (continued)

### 2. Amounts due from/to related parties (continued)

	2023		2022	
	Book balance RMB'000	Bad debt allowance RMB'000	Book balance RMB'000	Bad debt allowance RMB'000
Changzhou Jintan Weiyi Construction Engineering Co., Ltd. (常州市金壇維億建設工程有限公司)	1,500	1,500	1,500	1,500
Shanghai Macalline Aijia Real Estate Management Consulting Co., Ltd. (上海美凱龍愛家房地產管理諮詢有限公司)	1,483	1,483	1,420	504
Shaanxi Hongrui Home Furnishings Plaza Co., Ltd. (陝西鴻瑞家居生活廣場有限公司)	1,350	368	750	164
Jinan Xinglong Real Estate Development Co., Ltd. (濟南星龍房地產開發有限公司)	1,100	958	950	344
Xuzhou Red Star Macalline Global Home Furnishings Plaza Co., Ltd. (徐州紅星美凱龍全球家居生活廣場有限公司)	1,056	288	181	40
Changxing Ronghao Trading Co., Ltd. (長興榮皓貿易有限公司)	1,026	46	1,026	46
Anka Household Products (Shanghai) Co., Ltd. (安咖家居用品(上海)有限公司)	1,016	46	1,005	45
Xining Yuanhong Real Estate Development Co., Ltd (西寧遠鴻房地產開發有限公司)	975	200	905	47
Nantong Xinglong Real Estate Development Co., Ltd. (南通星龍房地產開發有限公司)	960	80	N/A	N/A
Taiyuan Shuangmingzhikun Real Estate Development Co., Ltd. (太原雙明智坤房地產開發有限公司)	876	49	-	-
Tianjin Meilong Real Estate Development Co., Ltd. (天津美龍房地產開發有限公司)	833	833	833	301
Kunming Yuanhonghui Real Estate Co., Ltd. (昆明遠鴻匯房地產有限公司)	498	126	96	34
Dalian Xingkai Commercial Management Co., Ltd (大連星凱商業管理有限公司)	479	101	460	24
Chongqing Jinke Zhongjun Real Estate Development Co., Ltd. (重慶金科中俊房地產開發有限公司)	409	89	409	21
Liuzhou Red Star Macalline Real Estate Co., Ltd. (柳州紅星美凱龍置業有限公司)	317	14	317	14
Taiyuan Shuangming Kailong Property Development Co., Ltd (太原雙明凱龍房地產開發有限公司)	255	55	-	-
Xi'an Jiahexing Home Furnishing Co., Ltd. (西安佳和興家居有限責任公司)	3,814	1,556	-	-
Changzhou Aegean Ole Business Management Co., Ltd. (常州愛琴海奧萊商業管理有限公司)	143	6	1,749	79
Shaoxing Xingkai Real Estate Co., Ltd. (紹興星凱置業有限公司)	106	43	-	-

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 50. RELATED PARTY TRANSACTIONS (continued)

### 2. Amounts due from/to related parties (continued)

	2023		2022	
	Book balance RMB'000	Bad debt allowance RMB'000	Book balance RMB'000	Bad debt allowance RMB'000
Taiyuan Starlight Universe Real Estate Development Co., Ltd (太原星光寰宇房地產開發有限公司)	70	3	-	-
Shanghai Willas-Array Decoration Technology Co., Ltd (上海威來適裝飾科技有限公司)	65	3	-	-
Shanghai Red Star Dragon Commercial Management Co., Ltd (上海紅星星龍商業管理有限公司)	53	14	-	-
Guangzhou Red Star Macalline Expo Home Plaza Co., Ltd. (廣州紅星美凱龍世博家居廣場有限公司)	52	2	388	17
Shenzhen Red Star Macalline Expo Home Plaza Co., Ltd. (深圳紅星美凱龍世博家居廣場有限公司)	-	-	123	6
Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司)	45	2	263	12
Xiangshan Meilong Real Estate Co., Ltd. (象山美龍置業有限公司)	44	18	444	101
Wuhan Yiran Property Management Co., Ltd (武漢怡然物業管理有限公司)	43	2	-	-
Wuhu Minghui Commercial Management Co., Ltd (蕪湖明輝商業管理有限公司)	38	2	-	-
Xiangshan Kaisheng Real Estate Co., Ltd. (象山凱勝置業有限公司)	34	34	34	12
Yuyao Xingkai Real Estate Co., Ltd. (余姚星凱置業有限公司)	32	1	43	2
Shanxi Red Star New World Real Estate Co., Ltd (山西紅星新世界置業有限公司)	18	1	-	-
Shanghai Longhong Cinema Management Co., Ltd. (上海龍紅影院管理有限公司)	12	1	27	1
Yancheng Kailong Property Company Limited (鹽城凱龍置業有限公司)	7	-	7	-
Shanghai Red Star Macalline Property Co., Ltd (上海紅星美凱龍置業有限公司)	6	-	-	-
Super Smart Home (Shanghai) Internet of Things Technology Co., Ltd. (超級智慧家(上海)物聯網科技有限公司)	5	-	58	3
Shanghai Meiying Enterprise Management Co., Ltd. (上海美影企業管理有限公司)	3	-	3	-
Shanghai Macalline Property Management Service Co., Ltd. and its branches (上海美凱龍物業管理服務有限公司及其分公司)	23,233	1,045	37,494	1,687



## 50. RELATED PARTY TRANSACTIONS (continued)

### 2. Amounts due from/to related parties (continued)

	2023		2022	
	Book balance RMB'000	Bad debt allowance RMB'000	Book balance RMB'000	Bad debt allowance RMB'000
Shanghai Xingyue Property Service Co., Ltd. and its branches (上海星悦物業服務有限公司及其分公司)	-	-	11,613	523
Quzhou Huicheng Ole Business Management Co., Ltd. (衢州市慧城奧萊商業管理有限公司)	-	-	4,769	249
Shanghai Luochang Enterprise Management Co., Ltd. (上海洛昶企業管理有限公司)	-	-	1,518	79
Xuzhou Red Star Macalline International Furniture Decoration City Co., Ltd. (徐州紅星美凱龍國際傢俱裝飾城有限公司)	-	-	1,062	252
Jiaxing Longmao Xiansen Home Furnishing Co., Ltd (嘉興龍貓先森家居有限公司)	-	-	834	38
Hefei Longmao Xiansen Home Furnishing Co., Ltd (合肥龍貓先森家居有限公司)	-	-	822	37
Zhejiang Tmall Technology Co., Ltd. (浙江天貓技術有限公司)	-	-	350	16
Hangzhou Nabel Ceramics Co., Ltd. and its branches (杭州諾貝爾陶瓷有限公司及其分公司)	87	4	166	7
Shanghai Huojing Business Management Company Limited and its branches (上海或京商業管理有限公司及其分公司)	-	-	125	6
Shengbao (Shanghai) Intelligent Technology Co., Ltd. (晟葆 (上海) 智能科技有限公司)	-	-	69	3
Shanghai Aegean Ole Business Management Co., Ltd. (上海愛琴海奧萊商業管理有限公司)	-	-	43	2
Qingdao Dana International Studios Co., Ltd. (青島德納國際影城有限公司)	-	-	12	1
Qingdao Hongying Cinema Management Co., Ltd. (青島紅影院管理有限公司)	-	-	11	-
Shanghai Tianhe Smart Home Technology Company Ltd. and its branches (上海天合智能科技股份有限公司及其分公司)	-	-	10	-
	<b>230,108</b>	<b>168,992</b>	<b>219,704</b>	<b>32,370</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 50. RELATED PARTY TRANSACTIONS (continued)

### 2. Amounts due from/to related parties (continued)

	2023		2022	
	Book balance RMB'000	Impairment losses RMB'000	Book balance RMB'000	Impairment losses RMB'000
<b>Prepayments</b>				
Shanghai Zhenyang Decoration Co., Ltd. (上海振洋建築裝潢工程有限公司)	N/A	N/A	1,480	–
Shanghai AI.Pure Intelligent Technology Co., Ltd. (上海智諦智能科技有限公司)	765	–	765	–
Shanghai Jiazhan Construction Engineering Company Limited (上海嘉展建築裝潢工程有限公司)	573	–	573	–
Hangzhou Alimama Software Services Co., Ltd. (杭州阿里媽媽軟件服務有限公司)	201	–	2,809	–
Shanghai Red Star Cloud Computing Technology Co., Ltd. (上海紅星雲計算科技有限公司)	177	–	177	–
Yangzhou Red Star Macalline Global Home Furnishings Plaza Property Co., Ltd. (揚州紅星美凱龍全球家居生活廣場置業有限公司)	132	–	80	–
Tao Bao (China) Software Co., Ltd. (淘寶(中國)軟件有限公司)	88	–	116	–
Wuhu Minghui Business Management Co., Ltd. (蕪湖明輝商業管理有限公司)	79	–	158	–
Jining Hongrui Market Management Company Limited (濟寧鴻瑞市場經營管理有限公司)	50	–	124	–
Alibaba Cloud Computing Co., Ltd (阿里雲計算有限公司)	46	–	555	–
Chongqing Jinxiao Xingyue Home Co., Ltd (重慶金曉星悅家居有限公司)	30	–	–	–
Shandong Inzone Green Home Co., Ltd. (山東銀座家居有限公司)	23	–	67	–
Binzhou Ginza Home Furnishings Co., Ltd (濱州銀座家居有限公司)	16	–	15	–
Alibaba (China) Technology Co., Ltd. (阿里巴巴(中國)網絡技術有限公司)	11	–	89	–

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 50. RELATED PARTY TRANSACTIONS (continued)

### 2. Amounts due from/to related parties (continued)

	2023		2022	
	Book balance RMB'000	Impairment losses RMB'000	Book balance RMB'000	Impairment losses RMB'000
Xiamen C&D Wine & Spirits Co., Ltd (廈門建發美酒匯酒業有限公司)	10	-	-	-
Shaanxi Hongrui Home Furnishings Plaza Co., Ltd. (陝西鴻瑞家居生活廣場有限公司)	4	-	45	-
Asia New Materials (Beijing) Building Materials Co., Ltd. (亞細亞新材(北京)建築材料有限公司)	2	-	6	-
Chongqing Jinke Zhongjun Real Estate Development Co., Ltd. (重慶金科中俊房地產開發有限公司)	1	-	1	-
Shanghai Macalline Property Management Service Co., Ltd. and its branches (上海美凱龍物業管理服務有限公司及其分公司)	3,429	-	10,952	-
Shanghai Huojing Business Management Company Limited and its branches (上海或京商業管理有限公司及其分公司)	-	-	902	-
Shanghai Macalline Aijia Real Estate Management Consulting Co., Ltd. (上海美凱龍愛家房地產管理諮詢有限公司)	-	-	253	-
Shanghai CTME Economy & Trade Development Co., Ltd. (上海中貿美凱龍經貿發展有限公司)	-	-	195	-
CSSC Cruise Industry Development (Shanghai) Co., Ltd. (中船郵輪產業發展(上海)有限公司)	-	-	185	-
Chongqing Xinshengyue Media Co., Ltd (重慶鑫生悅傳媒有限公司)	-	-	170	-
Xuzhou Red Star Macalline Global Home Furnishings Plaza Co., Ltd. (徐州紅星美凱龍全球家居生活廣場有限公司)	-	-	151	-
Xuzhou Red Star Macalline International Furniture Decoration City Co., Ltd. (徐州紅星美凱龍國際傢俱裝飾城有限公司)	-	-	131	-
Zhejiang Alibaba Communication Technology Co., Ltd. (浙江阿里巴巴通信技術有限公司)	-	-	108	-
Zhejiang Tmall Technology Co., Ltd. (浙江天貓技術有限公司)	-	-	80	-

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 50. RELATED PARTY TRANSACTIONS (continued)

### 2. Amounts due from/to related parties (continued)

	2023		2022	
	Book balance <i>RMB'000</i>	Impairment losses <i>RMB'000</i>	Book balance <i>RMB'000</i>	Impairment losses <i>RMB'000</i>
Changzhou Aegean Ole Business Management Co., Ltd. (常州愛琴海奧萊商業管理有限公司)	60	-	60	-
Sunsea Parking Holdings Limited and its subsidiaries (陽光海天停車控股有限公司及其附屬公司)	320	-	41	-
Super Smart Home (Shanghai) Internet of Things Technology Co., Ltd. (超級智慧家(上海)物聯網科技有限公司)	-	-	22	-
Wuhu Red Star Macalline Equity Investment Fund Management Co., Ltd (蕪湖紅星美凱龍股權投資基金管理有限公司)	9,800	-	-	-
Chengdu Xingyuan Real Estate Co., Ltd (成都星遠置業有限公司)	247,705	123,853	247,705	-
	263,522	123,853	268,015	-

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 50. RELATED PARTY TRANSACTIONS (continued)

### 2. Amounts due from/to related parties (continued)

	2023		2022	
	Book balance RMB'000	Bad debt Allowance RMB'000	Book balance RMB'000	Bad debt Allowance RMB'000
<b>Other receivables</b>				
Shanghai Mingyi Enterprise Development Co., Ltd. (上海名藝商業企業發展有限公司)	173,000	8,650	173,000	8,650
Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司)	31,000	–	31,002	–
Wuhu Minghui Business Management Co., Ltd. (蕪湖明輝商業管理有限公司)	27,872	12,991	27,840	6,892
Shenzhen Red Star Macalline Century Center Home Furnishing Plaza Company Limited (深圳紅星美凱龍世紀中心家居生活廣場有限 公司)	5,265	5,265	5,265	5,265
Yunnan Red Star Macalline Real Estate Co., Ltd. (雲南紅星美凱龍置業有限公司)	4,031	4,031	4,031	4,031
Shanghai Aegean Business Management Co., Ltd (上海愛琴海商務管理有限公司)	3,265	292	–	–
Xuzhou Red Star Macalline Global Home Life Plaza Co., Ltd (徐州紅星美凱龍全球家居生 活廣場有限公司)	3,167	284	–	–
Shaanxi Hongrui Home Furnishings Plaza Co., Ltd. (陝西鴻瑞家居生活廣場有限公司)	2,208	198	–	–
Xuzhou Red Star Macalline International Furniture & Decoration City Co., Ltd (徐州紅 星美凱龍國際傢俱裝飾城有限公司)	2,151	193	–	–
Shanghai Yunshen Intelligent Technology Co., Ltd. (上海雲紳智能科技有限公司)	1,200	1	1,200	1
Wuhan Zhengkai Logistics Co., Ltd (武漢市正 凱物流有限公司)	279	25	–	–
Shanghai Lianhong Real Estate Development Co., Ltd (上海聯泓房地產開發有限公司)	244	22	–	–
Chongqing Jinke Zhongjun Real Estate Development Co., Ltd. (重慶金科中俊房地產 開發有限公司)	240	–	240	–
Shenzhen Red Star Macalline Business Management Company Limited (深圳紅星美 凱龍商業管理有限公司)	213	–	200	–
Zhejiang Tmall Technology Co., Ltd. (浙江天貓 技術有限公司)	210	–	150	–
Jinan Xinglong Real Estate Development Co., Ltd. (濟南星龍房地產開發有限公司)	100	–	100	–

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 50. RELATED PARTY TRANSACTIONS (continued)

### 2. Amounts due from/to related parties (continued)

	2023		2022	
	Book balance RMB'000	Bad debt Allowance RMB'000	Book balance RMB'000	Bad debt Allowance RMB'000
Shanghai Lihao Creative Design Co., Ltd (上海麗浩創意設計有限公司)	67	6	N/A	N/A
Shanghai Red Star Parking Management Co., Ltd (上海紅星停車管理有限公司)	31	3	-	-
Changzhou Aegean Sea Outlet Commercial Management Co., Ltd (常州愛琴海奧萊商業管理有限公司)	30	3	-	-
Chongqing New Beginning Decoration Engineering Co., Ltd (重慶新起點裝飾工程有限公司)	10	-	-	-
Chongqing Jinxiao Yuehui Home Furnishing Co., Ltd (重慶金曉悅慧家居有限公司)	5	-	-	-
Zhengzhou Xingbo Real Estate Development Co., Ltd. (鄭州星鉞房地產開發有限公司)	3	-	11	-
Shenzhen Red Star Macalline Expo Home Plaza Co., Ltd. (深圳紅星美凱龍世博家居廣場有限公司)	N/A	N/A	1	-
Hangzhou Alimama Software Services Co., Ltd. (杭州阿里媽媽軟件服務有限公司)	-	-	526	1
Anhui Tenghui Investment Group Hefei Co., Ltd. (安徽騰輝投資集團合肥有限公司)	-	-	500	500
Alibaba (China) Technology Co., Ltd. (阿里巴巴(中國)網絡技術有限公司)	-	-	270	-
Quzhou Huicheng Ole Business Management Co., Ltd. (衢州市慧城奧萊商業管理有限公司)	-	-	150	-
Suzhou Supin Home Culture Co., Ltd. (蘇州市蘇品宅配文化有限公司)	-	-	82	82
Shanghai Yuanxing Huanyu Real Estate Group Co., Ltd and its branches (上海遠星寰宇房地產集團有限公司及其分公司)	-	-	20	-
Jinke Smart Service Group Co., Ltd and its branches (金科智慧服務集團股份有限公司及其分公司)	-	-	5	-
Xi'an Red Star Jiaxin Home Furnishing Co., Ltd. (西安紅星佳鑫家居有限公司)	25	-	-	-
	<b>254,616</b>	<b>31,964</b>	244,593	25,422

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 50. RELATED PARTY TRANSACTIONS (continued)

### 2. Amounts due from/to related parties (continued)

	2023		2022	
	Book balance RMB'000	Bad debt Allowance RMB'000	Book balance RMB'000	Bad debt Allowance RMB'000
<b>Contract assets</b>				
Quzhou Huicheng Ole Business Management Co., Ltd. (衢州市慧城奧萊商業管理有限公司)	213,640	11,882	66,754	532
Xi'an Jiahexing Home Furnishing Co., Ltd. (西安佳和興家居有限責任公司)	96,272	11,290	-	-
Zhanjiang Haixin Meikai Investment Co., Ltd. (湛江市海新美凱投資有限公司)	48,351	2,689	50,167	400
Yangzhou Xinglong Real Estate Development Co., Ltd. (揚州星龍房地產開發有限公司)	40,294	40,294	48,348	385
Shanghai Luochang Enterprise Management Co., Ltd. (上海洛昶企業管理有限公司)	3,678	205	30,057	239
Yancheng Kailong Property Company Limited (鹽城凱龍置業有限公司)	2,538	141	-	-
Changchun Red Star Macalline Real Estate Development Co., Ltd. (長春紅星美凱龍房地產開發有限公司)	2,026	244	3,411	27
Ningbo Kailong Property Company Limited (寧波凱龍置業有限公司)	571	173	2,313	18
Hengshui Xinglong Real Estate Development Co., Ltd. (衡水星龍房地產開發有限公司)	294	16	1,090	9
Xining Yuanhong Real Estate Development Co., Ltd. (西寧遠鴻房地產開發有限公司)	182	10	880	7
Xiangshan Kaisheng Real Estate Co., Ltd. (象山凱勝置業有限公司)	141	8	-	-
Henan Chenbo Real Estate Co., Ltd. (河南宸博置業有限公司)	-	-	N/A	N/A
Taiyuan Shuangmingzhikun Real Estate Development Co., Ltd. (太原雙明智坤房地產開發有限公司)	129	41	787	6
Ningbo Huixin Real Estate Co., Ltd. (寧波匯鑫置業有限公司)	127	40	44	-
Liuzhou Red Star Macalline Real Estate Co., Ltd. (柳州紅星美凱龍置業有限公司)	86	26	86	1
Dalian Xingkai Commercial Management Co., Ltd. (大連星凱商業管理有限公司)	46	15	764	6
Shanghai CTME Economy & Trade Development Co., Ltd. (上海中貿美凱龍經貿發展有限公司)	-	-	668	5
Shanghai Huojing Business Management Company Limited and its branches (上海或京商業管理有限公司及其分公司)	-	-	261	2

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 50. RELATED PARTY TRANSACTIONS (continued)

### 2. Amounts due from/to related parties (continued)

	2023		2022	
	Book balance <i>RMB'000</i>	Bad debt Allowance <i>RMB'000</i>	Book balance <i>RMB'000</i>	Bad debt Allowance <i>RMB'000</i>
Kunming Yuanhonghui Real Estate Co., Ltd (昆明遠鴻匯房地產有限公司)	-	-	256	2
Taiyuan Shuangming Kailong Real Estate Development Co., Ltd. (太原雙明凱龍房地產 開發有限公司)	-	-	255	2
Shanghai Macalline Aijia Real Estate Management Consulting Co., Ltd. (上海美凱 龍愛家房地產管理諮詢有限公司)	N/A	N/A	111	1
Dalian Xingqin Commercial Management Co., Ltd (大連星琴商業管理有限公司)	N/A	N/A	95	1
	<b>408,375</b>	<b>67,074</b>	206,347	1,643

	2023		2022	
	Book balance <i>RMB'000</i>	Bad debt Allowance <i>RMB'000</i>	Book balance <i>RMB'000</i>	Bad debt Allowance <i>RMB'000</i>
<b>Loan receivables</b>				
Xi'an Jiahexing Home Furnishing Co., Ltd. (西 安佳和興家居有限責任公司)	552,639	5,526	581,314	5,813
Guangzhou Red Star Macalline Expo Home Plaza Co., Ltd. (廣州紅星美凱龍世博家居廣 場有限公司)	5,078	51	5,000	50
Shenzhen Red Star Macalline Business Management Company Limited (深圳紅星美 凱龍商業管理有限公司)	29,426	29,426	26,805	268
Shanghai Mingyi Enterprise Development Co., Ltd. (上海名藝商業企業發展有限公司)	-	-	6,685	67
	<b>587,143</b>	<b>35,003</b>	619,804	6,198



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 50. RELATED PARTY TRANSACTIONS (continued)

### 2. Amounts due from/to related parties (continued)

	2023		2022	
	Book balance RMB'000	Bad debt Allowance RMB'000	Book balance RMB'000	Bad debt Allowance RMB'000
<b>Note receivables</b>				
Zhanjiang Haixinmeikai Investment Co., Ltd. (湛江市海新美凱投資有限公司)	3,230	-		

	2023 RMB'000	2022 RMB'000
<b>Accounts payable</b>		
Shanghai Zhenyang Decoration Co., Ltd. (上海星悅物業服務有限公司及其分公司)	N/A	41,252
Shanghai Xincheng'an Construction Co., Ltd. (上海鑫誠安建設有限公司)	15,438	20,300
Shanghai Jiazhan Construction Engineering Company Limited (上海嘉展建築裝潢工程有限公司)	10,291	19,640
Shanghai Red Star Cloud Computing Technology Co., Ltd. (上海紅星雲計算科技有限公司)	3,883	4,824
Alibaba Cloud Computing Limited (阿里雲計算有限公司)	871	558
Beijing Allgf Cultural and Scientific Consultation Co., Ltd. (北京國富縱橫文化科技諮詢股份有限公司)	445	337
Yimeijisi Optoelectronics Technology (Fujian) Co., Ltd. (誼美吉斯光電科技(福建)有限公司)	N/A	2,817
Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司)	206	202
CSBC Cruise Industry Development (Shanghai) Co., Ltd (中船郵輪產業發展(上海)有限公司)	190	-
Shanghai Shengyu Information Technology Co., Ltd (上海盛域信息技術有限公司)	126	126

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 50. RELATED PARTY TRANSACTIONS (continued)

### 2. Amounts due from/to related parties (continued)

	2023 RMB'000	2022 RMB'000
Shanghai C&D Wine Sales Management Co., Ltd (上海建發酒業銷售管理有限公司)	35	–
Xiamen Wuyuan Waterfront Hotel Co., Ltd (廈門市五緣水鄉酒店有限公司)	32	–
Xiamen C&D Wine & Spirits Co., Ltd (廈門建發美酒匯酒業有限公司)	5	–
Shanghai Macalline Property Management Service Co., Ltd. and its branches (上海美凱龍物業管理服務有限公司及其分公司)	30,570	88,561
Shanghai Xingyue Property Service Co., Ltd. and its branches (上海星悅物業服務有限公司及其分公司)	N/A	60,683
Zhejiang Tmall Technology Co., Ltd. (浙江天貓技術有限公司)	N/A	33,181
Shanghai Xingzhiyu Commercial Management Co., Ltd. (上海星之域商業經營管理有限公司)	N/A	10,353
Shanghai Yuanxing Huanyu Real Estate Group Co., Ltd and its branches (上海遠星寰宇房地產集團有限公司及其分公司)	2,587	2,587
Hangzhou Alimama Software Services Co., Ltd. (杭州阿里媽媽軟件服務有限公司)	N/A	582
Chongqing Xinshengyue Media Co., Ltd (重慶鑫生悅傳媒有限公司)	N/A	160
Hangzhou Nabel Ceramics Co., Ltd. and its branches (杭州諾貝爾陶瓷有限公司及其分公司)	101	101
Wuhu Minghui Business Management Co., Ltd. (蕪湖明輝商業管理有限公司)	N/A	84
Changzhou Red Star Furniture General Factory Co., Ltd. (常州市紅星傢俱總廠有限公司)	N/A	57
Shaanxi Hongrui Home Furnishings Plaza Co., Ltd. (陝西鴻瑞家居生活廣場有限公司)	N/A	44
Suzhou Supin Home Culture Co., Ltd. (蘇州市蘇品宅配文化有限公司)	N/A	39
Super Smart Home (Shanghai) Internet of Things Technology Co., Ltd. (超級智慧家(上海)物聯網科技有限公司)	N/A	38
Shanghai Yuanhe Commercial Development Co., Ltd (上海遠褐商業發展有限公司)	N/A	32
Sunsea Parking Holdings Limited and its subsidiaries (陽光海天停車控股有限公司及其附屬公司)	28	28
	<b>64,808</b>	<b>286,586</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 50. RELATED PARTY TRANSACTIONS (continued)

### 2. Amounts due from/to related parties (continued)

	2023 RMB'000	2022 RMB'000
<b>Other payables</b>		
Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司)	106,776	92,333
Xiamen C&D Co., Ltd (廈門建發股份有限公司)	83,437	–
Red Star Macalline Holdings Group Limited (紅星美凱龍控股集團有限公司)	76,175	–
Shenzhen Red Star Macalline Home Furnishing Plaza Company Limited (深圳紅星美凱龍家居生活廣場有限公司)	35,323	35,323
Nanchang Xinshi Enterprise Management Co., Ltd (南昌歆獅企業管理有限公司)	–	2,500
Lianfa Group Co., Ltd (聯發集團有限公司)	20,903	–
Wuhan Zhengkai Logistics Co., Ltd. (武漢市正凱物流有限公司)	4,438	6,381
Xi'an Jiahexing Home Furnishing Co., Ltd. (西安佳和興家居有限責任公司)	52,012	–
Shanghai Red Star Cloud Computing Technology Co., Ltd. (上海紅星雲計算科技有限公司)	3,231	813
Shanghai Xincheng'an Construction Co., Ltd. (上海鑫誠安建設有限公司)	2,345	5,192
Guangzhou Huoshuyinhua Information Technology Co., Ltd (廣州火數銀花信息科技有限公司)	2,300	1,500
Wuhu Minghui Business Management Co., Ltd. (蕪湖明輝商業管理有限公司)	1,718	1,748
Yimeijisi Optoelectronics Technology (Fujian) Co., Ltd. (誼美吉斯光電科技(福建)有限公司)	N/A	766
Super Smart Home (Shanghai) Internet of Things Technology Co., Ltd. (超級智慧家(上海)物聯網科技有限公司)	958	460
Shanghai Zhenyang Decoration Co., Ltd. (上海振洋建築裝潢工程有限公司)	N/A	1,772
Jining Hongrui Market Management Company Limited (濟寧鴻瑞市場經營管理有限公司)	610	296
Shanghai Jiazhan Construction Engineering Company Limited (上海嘉展建築裝潢工程有限公司)	592	930
Guangzhou Red Star Macalline Expo Home Plaza Co., Ltd. (廣州紅星美凱龍世博家居廣場有限公司)	575	391

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 50. RELATED PARTY TRANSACTIONS (continued)

### 2. Amounts due from/to related parties (continued)

	2023 RMB'000	2022 RMB'000
Shenzhen Red Star Macalline Expo Home Plaza Co., Ltd. (深圳紅星美凱龍世博家居廣場有限公司)	N/A	456
Shengbao (Shanghai) Intelligent Technology Co., Ltd. (晟葆 (上海)智能科技有限公司)	240	76
Chongqing Ocean Red Star Enterprise Development Co., Ltd (重慶遠洋紅星企業發展有限公司)	200	200
Shanghai Xinglong Real Estate Development Co., Ltd (上海 星龍房地產開發有限公司)	186	-
Shenzhen Red Star Macalline Business Management Company Limited (深圳紅星美凱龍商業管理有限公司)	174	369
Shanghai Lianhong Real Estate Development Co., Ltd (上海 聯泓房地產開發有限公司)	132	-
Nanjing Oculus Home Furnishing Co., Ltd (南京歐凱龍家居 有限公司)	102	-
Jiangsu Baili Aijia Home Technology Co., Ltd. (江蘇佰麗愛 家家居科技有限公司)	95	-
Hangzhou Noble Commercial Service Co., Ltd (杭州諾貝爾 商業服務有限公司)	81	-
Mex Smart Home (Shen Zhen) Co., Ltd. (美時智能家居 (深圳)有限公司)	80	-
Xiamen Silber Technology Co., Ltd (廈門絲柏科技有限公司)	52	-
Suzhou Supin Home Culture Co., Ltd. (蘇州市蘇品宅配文化 有限公司)	51	-
Shanghai Weilaishi Decoration Technology Company Limited (上海威來適裝飾科技有限公司)	50	50
METRO (Shanghai) Building Technology Co., Ltd (美宅 (上海)建築科技有限公司)	50	-
Anka Household Products (Shanghai) Co., Ltd. (安咖家居用 品(上海)有限公司)	50	-
Changzhou Red Star Furniture General Factory Co., Ltd. (常州市紅星傢俱總廠有限公司)	42	2
Asia New Materials (Beijing) Building Materials Co., Ltd. (亞細亞新材(北京)建築材料有限公司)	40	28
Chen Shuhong (陳淑紅)	32	-
Shanghai Tianhe Smart Home Technology Company Ltd. (上海天合智能科技股份有限公司)	-	108
Shenzhen Crowe Horizontal Industry & Education Technology Co., Ltd (深圳國富縱橫產教科技有限公司)	24	-
Hangzhou Feishi Bath & Kitchen Products Co., Ltd. (杭州 菲氏浴廚用品有限公司)	20	-
Beijing Allgf Cultural and Scientific Consultation Co., Ltd. (北京國富縱橫文化科技諮詢股份有限公司)	15	78

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 50. RELATED PARTY TRANSACTIONS (continued)

### 2. Amounts due from/to related parties (continued)

	2023 RMB'000	2022 RMB'000
Yangzhou Kailong Consulting Co., Ltd. (揚州凱龍管理諮詢有限公司)	12	12
Business Division of Nanjing Pukou Lilicheng Furniture (南京市浦口區立力成傢俱經營部)	5	–
Shanghai Mingyi Enterprise Development Co., Ltd. (上海名藝商業企業發展有限公司)	–	180,000
Shandong Inzone Green Home Co., Ltd. and its subsidiaries (山東銀座家居有限公司及其附屬公司)	91,674	162,225
CSSC Cruise Industry Development (Shanghai) Co., Ltd. (中船郵輪產業發展(上海)有限公司)	–	66,764
Sunsea Parking Holdings Limited and its subsidiaries (陽光海天停車控股有限公司及其附屬公司)	136	57,066
Shanghai Macalline Property Management Service Co., Ltd. and its branches (上海美凱龍物業管理服務有限公司及其分公司)	74,375	11,432
Shanghai Xingyue Property Service Co., Ltd. and its branches (上海星悅物業服務有限公司及其分公司)	1,517	3,399
Shanghai Huojing Business Management Company Limited and its branches (上海或京商業管理有限公司及其分公司)	140	1,597
Shaanxi Hongrui Home Furnishings Plaza Co., Ltd. (陝西鴻瑞家居生活廣場有限公司)	N/A	1,116
Hangzhou Nabel Ceramics Co., Ltd. and its branches (杭州諾貝爾陶瓷有限公司及其分公司)	1,271	665
Shanghai Yuansuo Property Co., Ltd (上海遠繡物業有限公司)	–	584
Shanghai Yuanxing Huanyu Real Estate Group Co., Ltd and its branches (上海遠星寰宇房地產集團有限公司及其分公司)	463	429
Hangzhou Nabel Group Co., Ltd. and its branches (杭州諾貝爾集團有限公司及其分公司)	49	41
Xuzhou Red Star Macalline Global Home Furnishings Plaza Co., Ltd. (徐州紅星美凱龍全球家居生活廣場有限公司)	–	11
Shanghai Tianhe Smart Home Technology Company Ltd. and its branches (上海天合智能科技股份有限公司及其分公司)	27	–
CSSC Cruise Industry Development (Shanghai) Co., Ltd. (中船郵輪產業發展(上海)有限公司)	5	–
Chengdu Dongtai Shopping Mall Company Limited (成都東泰商場有限公司)	1	7,661
Changzhou Red Star Home Furnishing City (常州市紅星裝飾城)	–	23,112
Shanghai Huojing Business Management Company Limited and its branches (上海或京商業管理有限公司及其分公司)	–	365
	<b>562,784</b>	<b>668,251</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 50. RELATED PARTY TRANSACTIONS (continued)

### 2. Amounts due from/to related parties (continued)

	2023 RMB'000	2022 RMB'000
<b>Advance from customers</b>		
Super Smart Home (Shanghai) Internet of Things Technology Co., Ltd. (超級智慧家(上海)物聯網科技有限公司)	337	234
Nanjing Oukailong Home Furnishing Co., Ltd (南京歐凱龍家居有限公司)	166	-
Beijing Hema Network Technology Co., Ltd. (北京盒馬網絡科技有限公司)	105	127
Hangzhou Noble Commercial Service Co., Ltd (杭州諾貝爾商業服務有限公司)	11	-
Changzhou Longyao Equity Investment Management Co., Ltd (常州龍耀股權投資管理有限公司)	6	-
QIAN Zhongxiang (錢忠祥)	-	3
Asia New Materials (Beijing) Building Materials Co., Ltd. (亞細亞新材(北京)建築材料有限公司)	3	3
Hangzhou Nabel Ceramics Co., Ltd. and its branches (杭州諾貝爾陶瓷有限公司及其分公司)	258	590
Hangzhou Nabel Group Co., Ltd. and its branches (杭州諾貝爾集團有限公司及其分公司)	-	229
Shanghai Weilaishi Decoration Technology Company Limited (上海威來適裝飾科技有限公司)	-	107
Shanghai Tianhe Smart Home Technology Company Ltd. and its branches (上海天合智能科技股份有限公司及其分公司)	-	84
Shengbao (Shanghai) Intelligent Technology Co., Ltd. (晟葆(上海)智能科技有限公司)	-	2
Changzhou Yizhi International Trade Co., Ltd. (常州市藝致國際貿易有限公司)	-	8
	<b>886</b>	<b>1,387</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 50. RELATED PARTY TRANSACTIONS (continued)

### 2. Amounts due from/to related parties (continued)

	2023 RMB'000	2022 RMB'000
<b>Contract liabilities</b>		
Beijing Hongjing Puxing Parking Management Co., Ltd (北京鴻景泊興停車管理有限公司)	–	–
Shanghai Qiaotong Enterprise Management Co., Ltd. (上海 喬彤企業管理有限公司)	2,939	3,022
Shenzhen Long Life Basics Sleep Science and Technology Co., Ltd. (深圳市朗樂福睡眠科技有限公司)	N/A	193
Mex Smart Home (Shen Zhen) Co., Ltd. (美時智能家居 (深圳)有限公司)	642	939
Anka Household Products (Shanghai) Co., Ltd. (安咖家居 用品(上海)有限公司)	604	604
Hengshui Xinglong Real Estate Development Co., Ltd. (衡水星龍房地產開發有限公司)	448	5,996
Liuzhou Red Star Macalline Real Estate Co., Ltd. (柳州紅星 美凱龍置業有限公司)	382	382
Huai'an Xinmeilong Real Estate Co., Ltd (淮安新美龍置業 有限公司)	217	223
LEAWOD Door and Window Group Co., Ltd. (良木道門窗 集團有限公司)	N/A	42
Tianjin Macalline Real Estate Co., Ltd. (天津美凱龍置業有 限公司)	75	61
Zhanjiang Haixin Meikai Investment Co., Ltd. (湛江市海新美 凱投資有限公司)	58	153
Suzhou Supin Home Culture Co., Ltd. (蘇州市蘇品宅配文化 有限公司)	31	31
Dream Maker Home (Shenzhen) Co., Ltd (造夢者家居(深圳) 有限公司)	30	–
Chengdu Dongtai Shopping Mall Company Limited (成都 東泰商城有限公司)	28	371
Shanghai CTME Economy & Trade Development Co., Ltd. (上海中貿美凱龍經貿發展有限公司)	22	–
Shanghai Hongmei Real Estate Co., Ltd. (上海洪美置業有 限公司)	16	16
Ningbo Kailong Property Company Limited (寧波凱龍置業 有限公司)	6	805
Chongqing Jinke Real Estate Development Co., Ltd. (重慶 金科房地產開發有限公司)	–	240,566
Sunsea Parking Holdings Limited and its subsidiaries (陽光 海天停車控股有限公司及其附屬公司)	39,261	37,617
Hangzhou Nabel Ceramics Co., Ltd. and its branches (杭州 諾貝爾陶瓷有限公司及其分公司)	2,716	3,302
Red Star Macalline Holding Group Company Limited (紅星 美凱龍控股集團有限公司)	–	2,625

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 50. RELATED PARTY TRANSACTIONS (continued)

### 2. Amounts due from/to related parties (continued)

	2023 RMB'000	2022 RMB'000
Kunming Yuanhonghui Real Estate Co., Ltd (昆明遠鴻匯房地產有限公司)	-	2,554
Wuhan Zhengkai Logistics Co., Ltd. (武漢市正凱物流有限公司)	-	1,952
Xuzhou Red Star Macalline Global Home Furnishings Plaza Co., Ltd. (徐州紅星美凱龍全球家居生活廣場有限公司)	-	575
Xiangshan Kaisheng Real Estate Co., Ltd. (象山凱勝置業有限公司)	-	398
Guangdong VIFA Customized Home Furnishings Co., Ltd. (廣東威法定制家居股份有限公司)	N/A	94
Guangzhou Red Star Macalline Expo Home Plaza Co., Ltd. (廣州紅星美凱龍世博家居廣場有限公司)	-	70
Shanghai Brewster Environmental Protection Technology Co., Ltd (上海布魯斯特環保科技有限公司)	-	47
	<b>47,475</b>	<b>302,638</b>
	2023 RMB'000	2022 RMB'000
<b>Lease liabilities</b>		
Changzhou Red Star Home Furnishing City (常州市紅星裝飾城)	<b>5,820</b>	5,549
	2023 RMB'000	2022 RMB'000
<b>Amount due to partners</b>		
Wuhu Red Star Macalline Equity Investment Fund Management Company Limited (蕪湖紅星美凱龍股權投資基金管理有限公司)	<b>9,800</b>	9,800
	2023 RMB'000	2022 RMB'000
<b>Other non-current liabilities</b>		
Sunsea Parking Holdings Limited and its subsidiaries (陽光海天停車控股有限公司及其附屬公司)	<b>165,113</b>	235,131



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 50. RELATED PARTY TRANSACTIONS (continued)

### 2. Amounts due from/to related parties (continued)

	2023 RMB'000	2022 RMB'000
<b>Short-term Loans</b>		
Xiamen International Bank Limited Shanghai Xuhui branch (廈門國際銀行股份有限公司上海徐匯支行)	2,196,550	–
Shanghai Red Star Macalline Commercial Factoring Company Limited (上海紅星美凱龍商業保理有限公司)	9,418	34,918
	<b>2,205,968</b>	<b>34,918</b>

### 3. Key management personnel emoluments

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including directors of the Company and other key management of the Group. The key management personnel compensation are as follows:

	2023 RMB'000	2022 RMB'000
Short-term employee benefits	19,081	27,612
Retirement benefit contributions	1,087	1,234
Performance related incentive payments	958	15,652
	<b>21,126</b>	<b>44,498</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 51. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2023 RMB'000	2022 RMB'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	50,353	116,252
Right-of-use assets	1,629,734	1,755,098
Intangible assets	49,366	42,086
Interests in subsidiaries	21,013,921	19,969,550
Interests in associates	879,676	884,551
Interests in joint ventures	1,010,958	891,736
Financial instruments at fair value through profit or loss	520,050	525,050
Financial instruments at fair value through other comprehensive income	1,288,316	1,912,721
Deferred tax assets	730,270	581,969
Restricted bank deposits	–	77,199
Loan receivables	216,616	608,189
Deposits and prepayment	1,042,341	1,678,294
<b>Total non-current assets</b>	<b>28,431,601</b>	<b>29,042,695</b>
<b>Current assets</b>		
Inventories	4,606	1,087
Loan receivables	1,252,552	634,668
Financial instruments at fair value through profit or loss	81,112	82,112
Account receivables	172,003	270,208
Contract assets	21,768	40,701
Deposits, prepayment and other receivables	34,673,036	31,793,232
Bank balance and cash	284,265	670,711
<b>Total current assets</b>	<b>36,489,342</b>	<b>33,492,719</b>
<b>Total assets</b>	<b>64,920,943</b>	<b>62,535,414</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 51. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

	2023 RMB'000	2022 RMB'000
<b>Current liabilities</b>		
Trade and other payables	27,594,967	24,310,465
Rental and service fee received in advance	49,362	56,469
Contract Liabilities	550,992	1,028,152
Tax payables	455,227	135,491
Bank and other borrowings	7,493,342	4,847,212
Lease liabilities	167,521	166,599
Bonds	–	530,829
Other current liabilities	73,277	73,648
<b>Total current liabilities</b>	<b>36,384,688</b>	<b>31,148,865</b>
<b>Non-current liabilities</b>		
Bank and other borrowings	1,767,923	3,475,013
Bonds	1,758,513	1,723,400
Lease liabilities	1,545,774	1,633,929
Other payables	109,810	110,822
Deferred income	28	387
Other non-current liabilities	778,600	851,878
Contract Liabilities	250,182	246,826
<b>Total non-current liabilities</b>	<b>6,210,830</b>	<b>8,042,255</b>
<b>NET ASSETS</b>	<b>22,325,425</b>	<b>23,344,294</b>
<b>Equity</b>		
Share capital	4,354,733	4,354,733
Reserves	17,970,692	18,989,561
<b>Total equity</b>	<b>22,325,425</b>	<b>23,344,294</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 52. RESERVES OF THE COMPANY

	Attributable to shareholders of the Company						
	Share capital RMB'000	Capital reserve RMB'000	Treasury shares RMB'000	Fair value through other comprehensive income reserve RMB'000	Surplus reserve RMB'000	Retained earnings RMB'000	Total equity RMB'000
As at 1 January 2023	4,354,733	8,162,137	(5,003)	575,252	2,113,914	8,143,261	23,344,294
Loss for the year	-	-	-	-	-	(782,316)	(782,316)
Fair value change	-	-	-	(188,258)	-	-	(188,258)
Total comprehensive loss for the year	-	-	-	(188,258)	-	(782,316)	(970,574)
Contribution from a shareholder	-	300,000	-	-	-	-	300,000
Dividend paid	-	-	-	-	-	(348,295)	(348,295)
Disposal of financial instruments at FVTOCI	-	-	-	(86,350)	-	86,350	-
As at 31 December 2023	4,354,733	8,462,137	(5,003)	300,644	2,113,914	7,099,000	22,325,425

	Attributable to shareholders of the Company						
	Share capital RMB'000	Capital reserve RMB'000	Treasury shares RMB'000	Fair value through other comprehensive income reserve RMB'000	Surplus reserve RMB'000	Retained earnings RMB'000	Total equity RMB'000
As at 1 January 2022	4,354,733	8,162,137	-	921,462	2,026,611	7,660,540	23,125,483
Profit for the year	-	-	-	(213,740)	-	873,027	659,287
Profit and total comprehensive income for the year	-	-	-	(213,740)	-	873,027	659,287
Repurchase of shares	-	-	(5,003)	-	-	-	(5,003)
Appropriate to surplus reserve	-	-	-	-	87,303	(87,303)	-
Dividend paid	-	-	-	-	-	(435,473)	(435,473)
Disposal of financial instruments at FVTOCI	-	-	-	(132,470)	-	132,470	-
As at 31 December 2022	4,354,733	8,162,137	(5,003)	575,252	2,113,914	8,143,261	23,344,294

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 53. SUBSIDIARIES

Details of the Company's principal subsidiaries as at 31 December 2023 and 2022 are as follows:

Name of subsidiary	Principal activity	Place of incorporation/ establishment/ operation	Nominal value of issued and fully paid up share capital/ registered capital '000	Proportion of ownership interest and voting power held by the Group	
				2023 %	2022 %
Changsha Red Star Macalline Shibo Home Furnishing Plaza Company Limited (長沙紅星美凱龍家居生活廣場有限公司)	Site leasing management	PRC	Registered RMB5,000 Paid up capital RMB5,000	100	100
Shanghai Red Star Macalline Global Home Design Expo Company Limited (上海紅星美凱龍環球家居設計博覽有限公司)	Site leasing management	PRC	Registered RMB50,000 Paid up capital RMB50,000	97	97
Hangzhou Red Star Macalline Shibo Furniture Plaza Company Limited (杭州紅星美凱龍世博家居有限公司)	Site leasing management	PRC	Registered RMB230,000 Paid up capital RMB230,000	100	100
Shanghai Red Star Macalline Brand Management Company Limited (上海紅星美凱龍品牌管理有限公司)	Brand management	PRC	Registered RMB5,000 Paid up capital RMB5,000	100	100
Chongqing Red Star Macalline Global Home Furnishing Plaza Company Limited (重慶紅星美凱龍環球家居生活廣場有限責任公司)	Site leasing management	PRC	Registered RMB10,000 Paid up capital RMB10,000	100	100
Wuhan Red Star Macalline Shibo Home Furnishing Plaza Development Company Limited (武漢紅星美凱龍世博家居廣場發展有限公司)	Site leasing management	PRC	Registered RMB552,879 Paid up capital RMB552,879	100	100
Beijing Xingkai Jingzhou Furniture Plaza Company Limited (北京星凱京洲傢俱廣場有限公司)	Site leasing management	PRC	Registered RMB30,000 Paid up capital RMB30,000	51	51
Shanghai Red Star Macalline Home Furnishing Design Expo Company Limited (上海紅星美凱龍家居藝術設計博覽有限公司)	Site leasing management	PRC	Registered RMB445,000 Paid up capital RMB445,000	100	100
Shanghai Red Star Macalline Global Home Furnishing Market Management Company Limited (上海紅星美凱龍全球家居市場經營管理有限公司)	Market company	PRC	Registered RMB500 Paid up capital RMB500	100	100

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For the year ended 31 December 2023

## 53. SUBSIDIARIES (continued)

Name of subsidiary	Principal activity	Place of incorporation/ establishment/ operation	Nominal value of issued and fully paid up share capital/ registered capital '000	Proportion of ownership interest and voting power held by the Group	
				2023 %	2022 %
Yantai Red Star Macalline Home Furnishing Company Limited (煙台紅星美凱龍家居有限公司)	Site leasing management	PRC	Registered RMB175,000 Paid up capital RMB175,000	100	100
Shenyang Mingdu Home Furnishing Plaza Company Limited (瀋陽名都家居廣場有限公司)	Site leasing management	PRC	Registered RMB255,000 Paid up capital RMB255,000	100	100
Beijing Century Europe and America Business Investment Company Limited (北京世紀歐美商業投資有限公司)	Site leasing management	PRC	Registered RMB50,000 Paid up capital RMB50,000	80	80
Chongqing Red Star Macalline Expo Home Furnishing Plaza Company Limited (重慶紅星美凱龍博覽家居生活廣場有限責任公司)	Site leasing management	PRC	Registered RMB280,000 Paid up capital RMB280,000	100	100
Changsha Yinhong Home Furnishing Company Limited (長沙市銀紅家居有限公司)	Site leasing management	PRC	Registered RMB250,000 Paid up capital RMB250,000	100	100
Shanghai Jingdu Investment Company Limited (上海鼎都投資有限公司)	Investment management	PRC	Registered RMB10,000 Paid up capital RMB10,000	51	51
Tianjin Red Star Macalline Home Living and Decorating Plaza Company Limited (天津紅星美凱龍家居傢飾生活廣場有限公司)	Site leasing management	PRC	Registered RMB424,879 Paid up capital RMB424,879	100	100
Panjin Red Star Macalline Global Home Furnishings Plaza Co., Ltd. (盤錦紅星美凱龍全球家居生活廣場有限公司)	Site leasing management	PRC	Registered RMB210,000 Paid up capital RMB210,000	100	100
Shanghai Red Star Macalline Business Consulting Company Limited (上海紅星美凱龍商務諮詢有限公司)	Investment management	PRC	Registered RMB1,000 Paid up capital RMB1,000	65	65
Shenyang Red Star Macalline Home Furnishing Company Limited (瀋陽紅星美凱龍家居有限公司)	Site leasing management	PRC	Registered RMB30,000 Paid up capital RMB30,000	100	100

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For the year ended 31 December 2023

## 53. SUBSIDIARIES (continued)

Name of subsidiary	Principal activity	Place of incorporation/ establishment/ operation	Nominal value of issued and fully paid up share capital/ registered capital '000	Proportion of ownership interest and voting power held by the Group	
				2023 %	2022 %
Shanghai Red Star Macalline Trading Company Limited (上海紅星美凱龍商貿有限公司)	Investment management	PRC	Registered RMB50,000 Paid up capital RMB50,000	100	100
Harbin Red Star Macalline Shibo Furniture Plaza Company Limited (哈爾濱紅星美凱龍世博家居廣場有限公司)	Site leasing management	PRC	Registered RMB310,000 Paid up capital RMB310,000	100	100
Shanghai Xingjia Decoration and Building Materials Company Limited (上海星家裝飾建材有限公司)	Construction material markets	PRC	Registered RMB20,000 Paid up capital RMB20,000	100	100
Chongqing Red Star Macalline Zhongkun Home Living Plaza Company Limited (重慶紅星美凱龍中坤家居生活廣場有限責任公司)	Site leasing management	PRC	Registered RMB100,000 Paid up capital RMB100,000	100	55
Zhongshan Red Star Macalline Shibo Furniture Plaza Company Limited (中山紅星美凱龍世博家居廣場有限公司)	Site leasing management	PRC	Registered RMB149,939 Paid up capital RMB149,939	100	100
Shenyang Dadong Red Star Macalline Home Furnishing Company Limited (瀋陽大東紅星美凱龍傢俱建材市場有限公司)	Site leasing management	PRC	Registered RMB3,000 Paid up capital RMB3,000	100	100
Xi'an Red Star Macalline Home Furnishing Plaza Company Limited (西安紅星美凱龍家居生活廣場有限公司)	Site leasing management	PRC	Registered RMB200,000 Paid up capital RMB200,000	75	75
Daqing Red Star Macalline Shibo Furniture Plaza Company Limited (大慶紅星美凱龍世博家居有限公司)	Site leasing management	PRC	Registered RMB100,000 Paid up capital RMB100,000	70	70
Beijing Red Star Macalline Furnishing Market Company Limited (北京紅星美凱龍家居市場有限公司)	Brand management	PRC	Registered RMB2,000 Paid up capital RMB2,000	100	100
Wuhan Red Star Macalline Global Home Furnishing Plaza Development Company Limited (武漢紅星美凱龍環球家居廣場發展有限公司)	Site leasing management	PRC	Registered RMB149,939 Paid up capital RMB149,939	100	100

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For the year ended 31 December 2023

## 53. SUBSIDIARIES (continued)

Name of subsidiary	Principal activity	Place of incorporation/ establishment/ operation	Nominal value of issued and fully paid up share capital/ registered capital '000	Proportion of ownership interest and voting power held by the Group	
				2023 %	2022 %
Beijing Century Kailong Business Investment Company Limited (北京世紀凱隆商業投資有限公司)	Site leasing management	PRC	Registered RMB10,000 Paid up capital RMB10,000	100	100
Shanghai Red Star Ogloria Home Living Market Management Company Limited (上海紅星歐麗洛雅家居市場經營管理有限公司)	Market company	PRC	Registered RMB500 Paid up capital RMB500	100	100
Hefei Red Star Macalline Shibo Furniture Plaza Company Limited (合肥紅星美凱龍世博家居廣場有限公司)	Site leasing management	PRC	Registered RMB349,848 Paid up capital RMB349,848	100	100
Nanjing Red Star Macalline International Home Furnishing Company Limited (南京紅星美凱龍國際家居有限責任公司)	Site leasing management	PRC	Registered RMB764,017 Paid up capital RMB764,017	100	100
Shanghai Red Star Macalline Yijia Home Decorating Company Limited (上海紅星美凱龍億家裝飾工程有限公司)	Home design	PRC	Registered RMB20,000 Paid up capital RMB20,000	100	100
Shanghai Xingyi Tonghui Business Service Company Limited (上海星易通匯商務服務有限公司)	Commercial service	PRC	Registered RMB150,000 Paid up capital RMB150,000	100	100
Shanghai Hongmei E-commerce Company Limited (上海紅星美凱龍家品會電子商務有限公司)	E-commerce	PRC	Registered RMB18,400 Paid up capital RMB18,400	100	100
Tianjin Red Star Macalline International Home Furnishing Expo Company Limited (天津紅星美凱龍國際家居博覽有限公司)	Site leasing management	PRC	Registered RMB314,286 Paid up capital RMB314,286	65	65
Tianjin Red Star Macalline World Trade Home Furnishing Company Limited (天津紅星美凱龍世貿家居有限公司)	Site leasing management	PRC	Registered RMB200,000 Paid up capital RMB200,000	100	100
Harbin Red Star Macalline International Home Furnishing Company Limited (哈爾濱紅星美凱龍國際家居有限公司)	Site leasing management	PRC	Registered RMB349,818 Paid up capital RMB349,818	100	100



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 53. SUBSIDIARIES (continued)

Name of subsidiary	Principal activity	Place of incorporation/ establishment/ operation	Nominal value of issued and fully paid up share capital/ registered capital '000	Proportion of ownership interest and voting power held by the Group	
				2023 %	2022 %
Changchun Red Star Macalline Shibo Home Living Plaza Company Limited (長春紅星美凱龍世博家居生活廣場有限公司)	Site leasing management	PRC	Registered RMB68,000 Paid up capital RMB68,000	100	100
Tibet Red Star Xizhao Enterprise Management Company Limited (西藏紅星喜兆企業管理有限公司)	Investment management	PRC	Registered RMB100,000	100	90
Red Star Macalline Home Furnishing Mall Management Company Limited (紅星美凱龍家居商場管理有限公司)	Investment management	PRC	Registered RMB50,000 Paid up capital RMB50,000	100	100
Yangzhou Red Star Macalline International Home Furnishing Plaza Company Limited (揚州紅星美凱龍國際家居廣場有限公司)	Brand management	PRC	Registered RMB3,000 Paid up capital RMB3,000	100	100
Shanghai Red Star Macalline Longmei Home Furnishing Market Management Company Limited (上海紅星美凱龍美家居市場經營管理有限公司)	Market company	PRC	Registered RMB1,000 Paid up capital RMB1,000	100	100
Chongqing Jiaxin Home Decorating Design Company Limited (重慶家欣裝飾設計工程有限公司)	Home design	PRC	Registered RMB2,000 Paid up capital RMB2,000	70	70
Shenyang Red Star Macalline Shibo Home Furnishing Company Limited (瀋陽紅星美凱龍世博家居有限公司)	Site leasing management	PRC	Registered RMB46,757 Paid up capital RMB46,757	100	100
Shanghai Red Star Macalline Bulk Purchasing of Construction and Furnishing Materials Trading Company Limited (上海紅星美凱龍住建集採商貿有限公司)	Site leasing management	PRC	Registered RMB20,000 Paid up capital RMB20,000	100	100
Lanzhou Red Star Macalline Shibo Furniture Plaza Company Limited (蘭州紅星美凱龍世博家居廣場有限公司)	Site leasing management	PRC	Registered RMB30,000 Paid up capital RMB30,000	100	100
Shanghai Jisheng Wellborn Global Home Furnishing Brand Management Company Limited (上海吉盛偉邦環球家居品牌管理有限公司)	Management and consultancy	PRC	Registered RMB100,000 Paid up capital RMB100,000	100	100

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 53. SUBSIDIARIES (continued)

Name of subsidiary	Principal activity	Place of incorporation/ establishment/ operation	Nominal value of issued and fully paid up share capital/ registered capital '000	Proportion of ownership interest and voting power held by the Group	
				2023 %	2022 %
Shanghai Red Star Macalline Home Decorating and Furnishing Market Management Company Limited (上海紅星美凱龍裝飾家居市場經營管理有限公司)	Brand management	PRC	Registered RMB500 Paid up capital RMB500	100	100
Shanghai Red Star Macalline Network Technology Company Limited (上海紅星美凱龍網絡技術有限公司)	E-commerce	PRC	Registered RMB30,000 Paid up capital RMB30,000	100	100
Shanghai Red Star Macalline Decorating Public Network Technology Company Limited (上海紅星美凱龍裝修公網絡技術有限公司)	E-commerce	PRC	Registered RMB30,000 Paid up capital RMB30,000	100	100
Yunnan Red Star Macalline Home Furnishing Plaza Company Limited (雲南紅星美凱龍家居生活廣場有限公司)	Site leasing management	PRC	Registered RMB80,000 Paid up capital RMB80,000	87	87
Urumchi Red Star Macalline Shibo Furniture Plaza Company Limited (烏魯木齊紅星美凱龍家居世博廣場有限公司)	Site leasing management	PRC	Registered RMB50,000 Paid up capital RMB50,000	100	100
Dongguan Red Star Macalline Shibo Furniture Plaza Company Limited (東莞紅星美凱龍世博家居廣場有限公司)	Site leasing management	PRC	Registered RMB100,000 Paid up capital RMB100,000	70	70
Shanghai Anjia Network Technology Company Limited (上海安家網絡科技有限公司)	E-commerce	PRC	Registered RMB1,000 Paid up capital RMB1,000	100	100
Shanghai Hongmei Network Technology Company Limited (上海紅美網絡科技有限公司)	E-commerce	PRC	Registered RMB1,000 Paid up capital RMB1,000	100	100
Chengdu Red Star Ogloria Brand Management Company Limited (成都紅星歐麗洛雅品牌管理有限公司)	Brand management	PRC	Registered RMB100,000 Paid up capital RMB100,000	100	100
Shanghai Red Star Macalline Assets Management Company Limited (上海紅星美凱龍資產管理有限公司)	Investment management	PRC	Registered RMB50,000 Paid up capital RMB50,000	100	100

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 53. SUBSIDIARIES (continued)

Name of subsidiary	Principal activity	Place of incorporation/ establishment/ operation	Nominal value of issued and fully paid up share capital/ registered capital '000	Proportion of ownership interest and voting power held by the Group	
				2023 %	2022 %
Shanghai Xinghe Zhaipei Home Furnishing Service Company Limited (上海星和宅配家居服務有限公司)	Home design	PRC	Registered RMB38,000 Paid up capital RMB38,000	100	100
Red Star Macalline Group (Shanghai) Logistics Company Limited (紅星美凱龍家居集團(上海)物流有限公司)	Logistics service	PRC	Registered RMB210,000 Paid up capital RMB210,000	60	60
Shanghai Red Star Macalline Xinglong Home Furnish Company Limited (上海紅星美凱龍星龍家居有限公司)	Site leasing management	PRC	Registered RMB39,000 Paid up capital RMB39,000	100	100
Red Star Macalline Chengdu Business Management Company Limited (紅星美凱龍成都商業管理有限公司)	Management and consultancy	PRC	Registered RMB505,000 Paid up capital RMB505,000	100	100
Red Star Macalline Chengdu Enterprise Management Consulting Company Limited (紅星美凱龍成都企業管理諮詢有限公司)	Management and consultancy	PRC	Registered RMB505,000 Paid up capital RMB505,000	100	100
Shanghai Red Star Macalline Kaiheng Household Company Limited (上海紅星美凱龍楷恒家居有限公司)	Site leasing management	PRC	Registered RMB5,000 Paid up capital RMB5,000	100	100
Changsha Red Star Macalline Jinxia Home Living Plaza Company Limited (長沙紅星美凱龍金霞家居生活廣場有限公司)	Site leasing management	PRC	Registered RMB120,000 Paid up capital RMB120,000	100	100
Nanchang Red Star Macalline Global Home Furnishing Plaza Company Limited (南昌紅星美凱龍全球家居廣場有限公司)	Site leasing management	PRC	Registered RMB30,000 Paid up capital RMB30,000	51	51
Kunming Red Star Macalline Shibo Home Furnishing Plaza Company Limited (昆明紅星美凱龍世博家居廣場有限公司)	Site leasing management	PRC	Registered RMB5,000 Paid up capital RMB5,000	87	87
Chongqing Red Star Macalline International Home Furnishing Plaza Company Limited (重慶紅星美凱龍國際家居生活廣場有限責任公司)	Site leasing management	PRC	Registered RMB121,000 Paid up capital RMB121,000	100	100

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 53. SUBSIDIARIES (continued)

Name of subsidiary	Principal activity	Place of incorporation/ establishment/ operation	Nominal value of issued and fully paid up share capital/ registered capital '000	Proportion of ownership interest and voting power held by the Group	
				2023 %	2022 %
Shanghai Jinshan Red Star Macalline Global Home Furnishing Company Limited (上海金山紅星美凱龍全球家居有限公司)	Site leasing management	PRC	Registered RMB25,000 Paid up capital RMB25,000	100	100
Xi'an Red Star Macalline Shibo Home Furnishing Company Limited (西安紅星美凱龍世博家居有限公司)	Site leasing management	PRC	Registered RMB100,000 Paid up capital RMB100,000	100	100
Chengdu Red Star Macalline Tianfu Expo Home Furnishing Plaza Company Limited (成都紅星美凱龍天府世博家居廣場有限公司)	Site leasing management	PRC	Registered RMB50,000 Paid up capital RMB50,000	100	100
Chengdu Tianfu New District Red Star Macalline World Trade Home Furnishing Company Limited (成都天府新區紅星美凱龍世貿家居有限公司)	Site leasing management	PRC	Registered RMB210,000 Paid up capital RMB210,000	100	100
Hong Kong Red Star Macalline Global Home Furnishings Limited (香港紅星美凱龍全球家居有限公司)	Investment management	Hong Kong	Registered RMB112,839,555	100	0
Shanghai Red Star Macalline Yuejia Network Technology Company Limited (上海紅星美凱龍悅家互聯網科技有限公司)	E-commerce	PRC	Registered RMB200,000 Paid up capital RMB200,000	100	100
Shanghai Jiajinsuo Investment Holding Company Limited (上海家金所投資控股有限公司)	Investment management	PRC	Registered RMB200,000 Paid up capital RMB200,000	100	100
Zhengzhou Juankai Enterprise Management Consultation Company Limited (鄭州雋鑑企業管理諮詢有限公司)	Enterprise management and consultancy	PRC	Registered RMB2,650,000 Paid up capital RMB2,650,000	100	100
Red Star Zhongying Investment Company Limited (紅星眾盈投資有限公司)	Investment management	PRC	Registered RMB50,000 Paid up capital RMB50,000	100	100
Shanghai Macalline Xinghe Asset Management Company Limited (上海美凱龍星荷資產管理有限公司)	Enterprise management and consultancy	PRC	Registered RMB10,000 Paid up capital RMB10,000	100	100

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 53. SUBSIDIARIES (continued)

Name of subsidiary	Principal activity	Place of incorporation/ establishment/ operation	Nominal value of issued and fully paid up share capital/ registered capital '000	Proportion of ownership interest and voting power held by the Group	
				2023 %	2022 %
Shanghai Yumu Enterprise Management Company Limited (上海宇慕企業管理有限公司)	Enterprise management and consultancy	PRC	Registered RMB5,000 Paid up capital RMB5,000	100	100
Shanghai Yuxu Enterpriser Management Company Limited (上海宇煦企業管理有限公司)	Enterprise management and consultancy	PRC	Registered RMB5,000 Paid up capital RMB5,000	100	100
Shanghai Yuzhu Enterprise Management Company Limited (上海宇築企業管理有限公司)	Enterprise management and consultancy	PRC	Registered RMB5,000 Paid up capital RMB5,000	100	100
Shanghai Yuxiao Enterprise Management Company Limited (上海宇霄企業管理有限公司)	Enterprise management and consultancy	PRC	Registered RMB5,000 Paid up capital RMB5,000	100	100
Red Star Macalline Glory Casa (Shanghai) Home Furnishing Company Limited (紅星美凱龍凱撒至尊(上海)家居有限公司)	Proprietary sales	PRC	Registered RMB200,000 Paid up capital RMB200,000	100	100
Xining Red Star Macalline Shibo Home Furnishing Plaza Company Limited (西寧紅星美凱龍世博家居廣場有限公司)	Site leasing management	PRC	Registered RMB180,000 Paid up capital RMB180,000	100	100
Red Star Macalline Enterprise Management and Consultancy Company Limited (紅星美凱龍企業管理諮詢有限公司)	Enterprise management and consultancy	PRC	Registered RMB100,000 Paid up capital RMB100,000	100	100
Red Star Ogloria Enterprise Management Company Limited (紅星歐麗洛雅企業管理有限公司)	Enterprise management and consultancy	PRC	Registered RMB100,000 Paid up capital RMB100,000	100	100
Khorgos Red Star Macalline Business Management Company Limited (霍爾果斯紅星美凱龍商業管理有限公司)	Enterprise management and consultancy	PRC	Registered RMB5,000 Paid up capital RMB5,000	100	100
Shanghai Fanju Network Technology Company Limited (上海泛居網絡科技有限公司)	Network technology	PRC	Registered RMB30,000 Paid up capital RMB30,000	100	70

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 53. SUBSIDIARIES (continued)

Name of subsidiary	Principal activity	Place of incorporation/ establishment/ operation	Nominal value of issued and fully paid up share capital/ registered capital '000	Proportion of ownership interest and voting power held by the Group	
				2023 %	2022 %
Shanghai Red Star Macalline Information Technology Company Limited (上海紅星美凱龍信息科技有限公司)	Investment management	PRC	Registered RMB100,000 Paid up capital RMB100,000	100	100
Red Star Macalline Group Finance Company Limited (紅星美凱龍家居集團財務有限責任公司)	Loan service	PRC	Registered RMB600,000 Paid up capital RMB600,000	100	100
Longzhihui (Shanghai) Facility Management Services Company Limited (龍之惠(上海)設施管理服務有限公司)	Enterprise management and consultancy	PRC	Registered RMB5,000 Paid up capital RMB5,000	59	59
Shanghai Red Star Macalline International Trading Company Limited (上海紅星美凱龍國際貿易有限公司)	Import and export	PRC	Registered RMB5,000 Paid up capital RMB5,000	55	55
Shanghai Red Star Macalline Home Furnishing Trading Company Limited (上海紅星美凱龍美居商貿有限公司)	Import and export	PRC	Registered RMB5,000 Paid up capital RMB5,000	28	28
Hainan Hongju Enterprise Management Co., Ltd. (海南紅居企業管理有限公司)	Enterprise management and consultancy	PRC	Registered RMB10,000 Paid up capital RMB10,000	100	100
Chengdu Red Star Macalline Xinnan Business Management Company Limited (成都紅星美凱龍新南商業管理有限公司)	Enterprise management and consultancy	PRC	Registered RMB5,000 Paid up capital RMB5,000	100	100
Khorgos Yarui Venture Capital Company Limited (霍爾果斯雅睿創業投資有限公司)	Investment management	PRC	Registered RMB30,000 Paid up capital RMB30,000	90	90
Shanghai Red Star Ogloria Brand Management Company Limited (上海紅星歐麗洛雅品牌管理有限公司)	Brand management	PRC	Registered RMB5,000 Paid up capital RMB5,000	100	100
Khorgos Red Star Yiming Venture Capital Company Limited (霍爾果斯紅星易鳴創業投資有限公司)	Investment management	PRC	Registered RMB50,000 Paid up capital RMB50,000	90	90

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 53. SUBSIDIARIES (continued)

Name of subsidiary	Principal activity	Place of incorporation/ establishment/ operation	Nominal value of issued and fully paid up share capital/ registered capital '000	Proportion of ownership interest and voting power held by the Group	
				2023 %	2022 %
Shanghai Betterhome Industrial Company Limited (上海家倍得實業有限公司)	Construction decoration	PRC	Registered RMB2,000 Paid up capital RMB2,000	68	68
Shanghai Kaichun Investment Management Company Limited (上海凱淳投資管理有限公司)	Investment management	PRC	Registered RMB50,000 Paid up capital RMB50,000	100	100
Kunshan Red Star Macalline Decoration Materials Company Limited (昆山紅星美凱龍裝飾材料有限公司)	Site leasing management	PRC	Registered RMB139,622 Paid up capital RMB139,622	100	100
Tianjin Jinrui Corporate Management Company Limited (天津津瑞企業管理有限公司)	Enterprise management and consultancy	PRC	Registered RMB712,870 Paid up capital RMB712,870	100	100
Chongqing Xingkaike Home Furnishing Company Limited (重慶星凱科家居有限公司)	Site leasing management	PRC	Registered RMB681,909 Paid up capital RMB681,909	100	100
Shanghai Ozing Digital Technology Company Limited (上海好記星數碼科技有限公司)	Warehouse logistics	PRC	Registered USD20,000 Paid up capital USD20,000	100	100
Chongqing Red Star Ogloria Home Furnishing Company Limited (重慶紅星歐麗洛雅家居有限公司)	Site leasing management	PRC	Registered RMB50,000 Paid up capital RMB50,000	100	100
Shanghai Red Star Macalline Design Cloud Information Technology Company Limited (上海紅星美凱龍設計雲信息科技有限公司)	Information science and technology development	PRC	Registered RMB50,000 Paid up capital RMB50,000	100	100
Shanghai Beimei Logistics Company Limited (上海倍美物流有限公司)	Warehouse logistics	PRC	Registered RMB60,000 Paid up capital RMB60,000	100	100
Shanghai Red Star Macalline Exhibition service Company Limited (上海紅星美凱龍展覽服務有限公司)	Exhibition services	PRC	Registered RMB5,000 Paid up capital RMB5,000	55	55

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For the year ended 31 December 2023

## 53. SUBSIDIARIES (continued)

Name of subsidiary	Principal activity	Place of incorporation/ establishment/ operation	Nominal value of issued and fully paid up share capital/ registered capital '000	Proportion of ownership interest and voting power held by the Group	
				2023 %	2022 %
Taiyuan Red Star Macalline Global Home Furnishing Plaza Company Limited (太原紅星美凱龍全球家居廣場有限公司)	Site leasing management	PRC	Registered RMB10,000 Paid up capital RMB10,000	51	51
Jilin Red Star Macalline Logistics Company Limited (吉林紅星美凱龍物流有限公司)	Warehouse logistics	PRC	Registered RMB40,000 Paid up capital RMB40,000	100	100
Shanghai Mengsheng Industrial Company Limited (上海夢晟實業有限公司)	Enterprise management and consultancy	PRC	Registered RMB5,000 Paid up capital RMB5,000	100	100
Shanghai Red Star Macalline Construction and Decoration Design Company Limited (上海紅星美凱龍住建裝配設計有限公司)	Home design	PRC	Registered RMB5,000 Paid up capital RMB5,000	100	100
Shanghai Red Star Macalline Installation of Construction and Furnishing Materials Technology Company Limited (上海紅星美凱龍住建裝配科技有限公司)	Enterprise management and consultancy	PRC	Registered RMB5,000 Paid up capital RMB5,000	100	100
Zhengzhou Red Star Macalline Shibo Home Living Company Limited (鄭州紅星美凱龍世博家居有限公司)	Site leasing management	PRC	Registered RMB100,000 Paid up capital RMB100,000	55	55
Nantong Hongmei Shibo Home Furnishing Plaza Company Limited (南通紅美世博家居廣場有限公司)	Site leasing management	PRC	Registered RMB150,000 Paid up capital RMB150,000	100	100
Nanning Red Star Macalline Shibo Home Furnishing Exhibition Centre Company Limited (南寧紅星美凱龍世博家居展覽中心有限公司)	Exhibition services	PRC	Registered RMB305,000 Paid up capital RMB305,000	100	100
Shanghai Hongyue Logistics Company Limited (上海宏岳物流有限公司)	Warehouse logistics	PRC	Registered RMB63,000 Paid up capital RMB63,000	60	60
Ganzhou Red Star Macalline Shibo Home Furnishing Plaza Company Limited (贛州紅星美凱龍世博家居廣場有限公司)	Site leasing management	PRC	Registered RMB100,000 Paid up capital RMB100,000	70	70



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For the year ended 31 December 2023

## 53. SUBSIDIARIES (continued)

Name of subsidiary	Principal activity	Place of incorporation/ establishment/ operation	Nominal value of issued and fully paid up share capital/ registered capital '000	Proportion of ownership interest and voting power held by the Group	
				2023 %	2022 %
Zhejiang Xingzhuo Decoration Company Limited (浙江星卓裝飾有限公司)	Construction decoration	PRC	Registered RMB50,000 Paid up capital RMB50,000	100	100
Nanchang Red Star Macalline Global Home Expo Center Company Limited (南昌紅星美凱龍環球家居博覽中心有限責任公司)	Site leasing management	PRC	Registered RMB365,000 Paid up capital RMB365,000	100	100
Tianjin Red Star Macalline Supply Chain Management Company Limited (天津紅星美凱龍供應鏈管理有限公司)	Supply chain management	PRC	Registered RMB63,000 Paid up capital RMB63,000	60	60
Shanghai Banlong Business Management Company Limited (上海阪瓏商業管理有限公司)	Enterprise management and consultancy	PRC	Registered RMB10,000 Paid up capital RMB10,000	100	100
Nantong Longmei International Home Furnishing Company Limited (南通龍美國際家居生活廣場有限公司)	Site leasing management	PRC	Registered RMB10,000 Paid up capital RMB10,000	100	100
Beijing Xingmei Yongsheng Information Consultation Company Limited (北京星美永盛信息諮詢有限公司)	Enterprise management and consultancy	PRC	Registered RMB5,000 Paid up capital RMB5,000	70	70
Shanghai Guixv Enterprise Management Company Limited (上海歸翹企業管理有限公司)	Enterprise management and consultancy	PRC	Registered RMB2,000 Paid up capital RMB2,000	100	100
Shanghai Red Star Macalline Decoration (Group) Company Limited (上海紅星美凱龍建築裝飾(集團)有限公司)	Construction decoration	PRC	Registered RMB50,000 Paid up capital RMB50,000	100	100
Red Star Macalline Life Aesthetics Center Management Company Limited (紅星美凱龍生活美學中心管理有限公司)	Enterprise management and consultancy	PRC	Registered RMB50,000 Paid up capital RMB50,000	95	95
Zhejiang Xingyisheng Industrial Development Company Limited (浙江星易盛實業發展有限公司)	Construction decoration	PRC	Registered RMB50,000 Paid up capital RMB50,000	75	75

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 53. SUBSIDIARIES (continued)

Name of subsidiary	Principal activity	Place of incorporation/ establishment/ operation	Nominal value of issued and fully paid up share capital/ registered capital '000	Proportion of ownership interest and voting power held by the Group	
				2023 %	2022 %
Shanghai Red Star Macalline Home Decorating Company Limited (上海美凱龍裝飾工程集團有限公司)	Construction decoration	PRC	Registered RMB100,000 Paid up capital RMB100,000	100	100
Shijiazhuang Bochen Industrial Company Limited (石家莊博宸實業有限公司)	Enterprise management and consultancy	PRC	Registered RMB5,000 Paid up capital RMB5,000	100	100
Wuhu Red Star Macalline World Trade Home Furnishing Plaza Company Limited (蕪湖紅星美凱龍世貿家居廣場有限公司)	Site leasing management	PRC	Registered RMB96,000 Paid up capital RMB96,000	100	100
Betterhome Construction Technology Company Limited (家倍得建築科技有限公司)	Construction decoration	PRC	Registered RMB200,000 Paid up capital RMB200,000	90	90
Guangzhou Red Star Macalline Market Management Company Limited (廣州紅星美凱龍市場經營管理有限公司)	Site leasing management	PRC	Registered RMB5,000 Paid up capital RMB5,000	100	100
Haikou Red Star Macalline Global Home Furnishing Company Limited (海口紅星美凱龍全球家居有限公司)	Site leasing management	PRC	Registered RMB10,000 Paid up capital RMB10,000	100	100
Hong Kong Red Star Macalline Business Management Company Limited (香港紅星美凱龍商業管理有限公司)	Enterprise management and consultancy	Hong Kong	Registered USD5,000 Paid up capital USD5,000	100	100
Shanghai Jianliu Enterprise Management Co., Ltd (上海簡柳企業管理有限公司)	Enterprise management and consultancy	PRC	Registered RMB10,000 Paid up capital RMB10,000	100	100
Shanghai Macalline Aesthetic Decoration Engineering Company Limited (上海美凱龍美學裝飾工程有限公司)	Construction decoration	PRC	Registered RMB100,000 Paid up capital RMB100,000	80	100
Red Star Macalline Glory Casa (Hainan) Home Furnishing Company Limited (紅星美凱龍凱撒至尊(海南)家居科技有限公司)	E-commerce	PRC	Registered RMB5,000 Paid up capital RMB5,000	100	100

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 53. SUBSIDIARIES (continued)

Name of subsidiary	Principal activity	Place of incorporation/ establishment/ operation	Nominal value of issued and fully paid up share capital/ registered capital '000	Proportion of ownership interest and voting power held by the Group	
				2023 %	2022 %
Red Star Global Holdings Limited	Others	The Virgin Islands	Registered USD50 Paid up capital USD50	100	100
Taiyuan Red Star Macalline Shimao Home Furnishing Company Limited (太原紅星美凱龍世貿家居廣場有限公司)	Site leasing management	PRC	Registered RMB50,000 Paid up capital RMB50,000	60	60
Red Star Home (Shanghai) Technology Co., Ltd. (紅星到家(上海)科技有限公司)	E-commerce	PRC	Registered RMB200,000 Paid up capital RMB200,000	100	100
Suzhou Xingtong Enterprise Management Consultation Company Limited (宿州星通企業管理諮詢有限公司)	Enterprise management and consultancy	PRC	Registered RMB1,000 Paid up capital RMB1,000	100	100
Shanghai enliu Enterprise Management Co., Ltd. (上海蔥柳企業管理有限公司)	Enterprise management and consultancy	PRC	Registered RMB10,000 Paid up capital RMB10,000	100	100
Shanghai Bencheng Enterprise Management Company Limited (上海賽程企業管理有限公司)	Enterprise management and consultancy	PRC	Registered RMB10,000 Paid up capital RMB10,000	100	100
Foshan Junda Enterprise Management Co., Ltd. (佛山郡達企業管理有限公司)	Enterprise management and consultancy	PRC	Registered RMB668,900 Paid up capital RMB668,900	100	100
Shanghai Red Star Macalline Home Furnishing Company Limited (上海紅星美凱龍星家居用品有限公司)	Proprietary sales	PRC	Registered RMB20,000 Paid up capital RMB20,000	54	54
Red Star Macalline Shibo (Tianjin) Home Living Plaza Company Limited (紅星美凱龍世博(天津)家居生活廣場有限公司)	Site leasing management	PRC	Registered RMB142,000 Paid up capital RMB142,000	100	100
Kunshan Red Star Macalline Global Home Furnishing Company Limited (昆山紅星美凱龍全球家居有限公司)	Brand management	PRC	Registered RMB1,000 Paid up capital RMB1,000	100	100

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 53. SUBSIDIARIES (continued)

Name of subsidiary	Principal activity	Place of incorporation/ establishment/ operation	Nominal value of issued and fully paid up share capital/ registered capital '000	Proportion of ownership interest and voting power held by the Group	
				2023 %	2022 %
Beijing Red Star Macalline Business Management Company Limited (北京紅星美凱龍企業經營管理有限公司)	Brand management	PRC	Registered RMB3,000 Paid up capital RMB3,000	100	100
Wuxi Red Star Macalline Business Management Company Limited (無錫紅星美凱龍經營管理有限公司)	Brand management	PRC	Registered RMB1,000 Paid up capital RMB1,000	100	100
Quzhou Red Star Macalline Shibo Market Management Service Company Limited (衢州紅星美凱龍世博市場管理服務有限公司)	Brand management	PRC	Registered RMB1,000 Paid up capital RMB1,000	100	100
Suzhou Red Star Macalline Shibo Home Furnishing Plaza Company Limited (蘇州紅星美凱龍世博家居廣場有限公司)	Site leasing management	PRC	Registered RMB80,000 Paid up capital RMB80,000	60	60
Nanchang Betterhome Decoration Engineering Company Limited (南昌家倍得裝飾工程有限公司)	Home design	PRC	Registered RMB1,000 Paid up capital RMB1,000	41*	41*
Red Star Macalline Glory Casa (Hong Kong) Furnishing Co., Limited (紅星美凱龍凱撒至尊(香港)家居有限公司)	Proprietary sales	Hong Kong	Registered USD3,000 Paid up capital USD3,000	100	100
Chongqing Liangjiang New Area Red Star Macalline Business Management Company Limited (重慶兩江新區紅星美凱龍商業管理有限公司)	Management and consultancy	PRC	Registered RMB50,000 Paid up capital RMB50,000	100	100
Shanghai Macalline Wenshang Business Management Co., Ltd. (上海美凱龍文商商務企業管理有限公司)	Management and consultancy	PRC	Registered RMB10,000 Paid up capital RMB10,000	100	100
Red Star Macalline Commercial Management Co., Ltd. (紅星美凱龍商業經營管理有限公司)	Enterprise management and consultancy	PRC	Registered RMB50,000 Paid up capital RMB50,000	100	100
Red Star Macalline Shibo Business Management Co., Ltd. (紅星美凱龍世博商業管理有限公司)	Enterprise management and consultancy	PRC	Registered RMB50,000 Paid up capital RMB50,000	100	100

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 53. SUBSIDIARIES (continued)

Name of subsidiary	Principal activity	Place of incorporation/ establishment/ operation	Nominal value of issued and fully paid up share capital/ registered capital '000	Proportion of ownership interest and voting power held by the Group	
				2023 %	2022 %
Red Star Macalline Management Consulting Service Co., Ltd. (紅星美凱龍管理諮詢服務有限公司)	Enterprise management and consultancy	PRC	Registered RMB50,000 Paid up capital RMB50,000	100	100
Beijing Yingchuang Shixun Technology Co., Ltd. (北京盈創時訊科技有限公司)	E-commerce	PRC	Registered RMB1,000 Paid up capital RMB1,000	100	100
Jade AG Logistics Investment (Hong Kong) Limited	Enterprise management and consultancy	Hong Kong	Registered HKD10 Paid up capital HKD10	100	100
Chengdu Airport Logistics Investment Co., Ltd. (成都空港物流投資有限公司)	Warehouse logistics	PRC	Registered USD11,850 Paid up capital USD11,850	100	100
Hefei Aiguang Logistics Co., Ltd. (合肥愛廣物流有限公司)	Warehouse logistics	PRC	Registered RMB120,000 Paid up capital RMB120,000	100	100
Longzhihui (Changzhou) Facility Management Services Company Limited (龍之惠(常州)設施管理科技有限公司)	Enterprise management and consultancy	PRC	Registered RMB1,000 Paid up capital RMB1,000	35*	35*
Shanghai Red Star Macalline Technology Development Co., Ltd. (上海紅星美凱龍科技發展有限公司)	Home design	PRC	Registered RMB60,000 Paid up capital RMB60,000	80	80
Shanghai Macalline Home Furnishing Technology Co., Ltd. (上海美凱龍美居科技有限公司)	Home design	PRC	Registered RMB200,000 Paid up capital RMB200,000	80	80
Shanghai Boyang Enterprise Development Co., Ltd. (上海鉞洋企業發展有限公司)	Home design	PRC	Registered RMB1,000 Paid up capital RMB1,000	100	100
Chengdu Red Star Macalline Global Home Furnishing Company Limited (成都紅星美凱龍全球家居有限公司)	Site leasing management	PRC	Registered RMB50,000 Paid up capital RMB50,000	63	63

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 53. SUBSIDIARIES (continued)

Name of subsidiary	Principal activity	Place of incorporation/ establishment/ operation	Nominal value of issued and fully paid up share capital/ registered capital '000	Proportion of ownership interest and voting power held by the Group	
				2023 %	2022 %
Huaihua Xingxin Commercial Management Co., Ltd. (懷化星欣商業管理有限公司)	Enterprise management and consultancy	PRC	Registered RMB5,000 Paid up capital RMB5,000	100	100
Xiamen Red Star Macalline Expo Home Furnishing Plaza Co., Ltd. (廈門紅星美凱龍博覽家居廣場有限公司)	Home design	PRC	Registered RMB30,000 Paid up capital RMB30,000	100	100
Hangzhou Red Star Macalline Global Home Living Company Limited (杭州紅星美凱龍環球家居有限公司)	Site leasing management	PRC	Registered RMB100,000 Paid up capital RMB100,000	100	100
Hangzhou Weiliang Electromechanical Hardware Market Co., Ltd. (杭州偉量機電五金市場有限公司)	Site leasing management	PRC	Registered RMB244,368 Paid up capital RMB244,368	100	100
Shaanxi Red Star Heji Home Shopping Plaza Company Limited (陝西紅星和記家居購物廣場有限公司)	Site leasing management	PRC	Registered RMB250,000 Paid up capital RMB250,000	88	88
Shanghai Hongxin Oukai Home Furnishing Company Limited (上海虹欣歐凱家居有限公司)	Site leasing management	PRC	Registered RMB100,000 Paid up capital RMB100,000	50	50
Shanghai Xinwei Property Company Limited (上海新偉置業有限公司)	Site leasing management	PRC	Registered RMB50,000 Paid up capital RMB50,000	98	98
Zhengzhou Red Star Macalline Global Home Living Plaza Management Company Limited (鄭州紅星美凱龍全球家居生活廣場經營管理有限公司)	Site leasing management	PRC	Registered RMB1,000 Paid up capital RMB1,000	60	60
Chengdu Changyi Red Star Macalline Home Living Market Management Company Limited (成都長益紅星美凱龍家居市場經營管理有限公司)	Site leasing management	PRC	Registered RMB20,000 Paid up capital RMB20,000	50*	50*
Shanghai Red Star Macalline Building Design Company Limited (上海紅星美凱龍建築設計有限公司)	Engineering design	PRC	Registered RMB5,000 Paid up capital RMB5,000	100	100

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 53. SUBSIDIARIES (continued)

Name of subsidiary	Principal activity	Place of incorporation/ establishment/ operation	Nominal value of issued and fully paid up share capital/ registered capital '000	Proportion of ownership interest and voting power held by the Group	
				2023 %	2022 %
Wuxi Red Star Macalline Home Living Plaza Company Limited (無錫紅星美凱龍家居生活廣場有限公司)	Site leasing management	PRC	Registered RMB534,818 Paid up capital RMB534,818	100	100
Langfang Kaihong Home Living Plaza Company Limited (廊坊市凱宏家居廣場有限公司)	Site leasing management	PRC	Registered RMB100,000 Paid up capital RMB100,000	70	70
Shanghai Macalline Smart Decoration Technology Co., Ltd. (上海美凱龍智裝科技有限公司)	Home design	PRC	Registered RMB20,000 Paid up capital RMB20,000	68	68
Hohhot Red Star Macalline Shibo Home Furnishing Plaza Company Limited (呼和浩特市紅星美凱龍世博家居廣場有限責任公司)	Site leasing management	PRC	Registered RMB100,000 Paid up capital RMB100,000	100	100
Kunming Diken Trading Company Limited (昆明迪肯商貿有限公司)	Site leasing management	PRC	Registered RMB30,000 Paid up capital RMB30,000	63	63
Suzhou Industry Park Red Star Macalline Home Furnishing Company Limited (蘇州工業園區紅星美凱龍家居有限公司)	Site leasing management	PRC	Registered RMB100,000 Paid up capital RMB100,000	55	55
Shanghai Xingyijia Business Management Co., Ltd. (上海星藝佳商業管理有限公司)	Management and consultancy	PRC	Registered RMB10,000 Paid up capital RMB10,000	100	100
Ningbo Red Star Macalline Home Shopping Plaza Company Limited (寧波紅星美凱龍家居購物廣場有限公司)	Site leasing management	PRC	Registered RMB80,000 Paid up capital RMB80,000	100	100
Shanghai Zengmin Enterprise Management Company Limited (上海增敏企業管理有限公司)	Management and consultancy	PRC	Registered RMB100 Paid up capital RMB100	100	100
Dalian Red Star Macalline Shibo Home Furnishing Plaza Company Limited (大連紅星美凱龍世博家居廣場有限公司)	Site leasing management	PRC	Registered RMB40,000 Paid up capital RMB40,000	62	62

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 53. SUBSIDIARIES (continued)

Name of subsidiary	Principal activity	Place of incorporation/ establishment/ operation	Nominal value of issued and fully paid up share capital/ registered capital '000	Proportion of ownership interest and voting power held by the Group	
				2023 %	2022 %
Yongqing Yintong Construction and Development Co., Ltd. (永清銀通建設開發有限公司)	Industrial investment	PRC	Registered RMB50,000 Paid up capital RMB50,000	70	70
Yongqing Yintai Future Land Construction and Development Co., Ltd. (永清銀泰新城建設開發有限公司)	Industrial investment	PRC	Registered RMB100,000 Paid up capital RMB100,000	70	70
Yintai (Yongqing) New City Investment Co., Ltd. (銀泰(永清)新城投資有限公司)	Industrial investment	PRC	Registered RMB100,000 Paid up capital RMB100,000	70	70
Qianzhi (Shanghai) Home Furnishing Company Limited (乾智(上海)家居有限公司)	Proprietary sales	PRC	Registered RMB5,000 Paid up capital RMB5,000	60	60
Xinsheng Property Management (Shanghai) Co., Ltd. (鑫笙物業管理(上海)有限公司)	Site leasing management	PRC	Registered RMB48,977 Paid up capital RMB48,977	100	100
Suzhou Xingfeng Enterprise Management Consultation Company Limited (宿州市星豐企業管理諮詢有限公司)	Site leasing management	PRC	Registered RMB85,000 Paid up capital RMB85,000	100	100
Xiamen Red Star Macalline Home Furnishing Plaza Company Limited (廈門紅星美凱龍家居生活廣場有限責任公司)	Site leasing management	PRC	Registered RMB30,000 Paid up capital RMB30,000	100	100
Changzhou Red Star Macalline International Computer Home appliances Mall Company Limited (常州美凱龍國際電腦家電裝飾城有限公司)	Site leasing management	PRC	Registered RMB10,000 Paid up capital RMB10,000	100	100
Changzhou World Furniture and Home Plaza Co., Ltd. (常州世界傢俱家居廣場有限公司)	Site leasing management	PRC	Registered RMB5,000 Paid up capital RMB5,000	100	100
Wuxi Red Star Macalline International Home Furnishing Company Limited (無錫紅星美凱龍國際傢俱裝飾有限公司)	Site leasing management	PRC	Registered RMB80,000 Paid up capital RMB80,000	100	100



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 53. SUBSIDIARIES (continued)

Name of subsidiary	Principal activity	Place of incorporation/ establishment/ operation	Nominal value of issued and fully paid up share capital/ registered capital '000	Proportion of ownership interest and voting power held by the Group	
				2023 %	2022 %
Lianyungang Red Star Macalline International Home Furnishing Plaza Company Limited (連雲港紅星美凱龍國際家居廣場有限公司)	Site leasing management	PRC	Registered RMB3,000 Paid up capital RMB3,000	100	100
Nanjing Red Star International Home Furnishing Mall Company Limited (南京紅星國際傢俱裝飾城有限公司)	Site leasing management	PRC	Registered RMB20,000 Paid up capital RMB20,000	100	100
Nanjing Mingdu Home Furnishing Plaza Company Limited (南京名都家居廣場有限公司)	Site leasing management	PRC	Registered RMB80,000 Paid up capital RMB80,000	100	100
Shanghai Red Star Macalline Decorative Furniture Mall Company Limited (上海紅星美凱龍裝飾傢俱城有限公司)	Site leasing management	PRC	Registered RMB50,000 Paid up capital RMB50,000	97	97
Shanghai Red Star Macalline Global Home Furnishing Company Limited (上海紅星美凱龍全球家居有限公司)	Site leasing management	PRC	Registered RMB150,000 Paid up capital RMB150,000	100	100
Shanghai Mountain and sea art Furniture Company Limited (上海山海藝術傢俱有限公司)	Site leasing management	PRC	Registered RMB242,550 Paid up capital RMB242,550	90	90
Shanghai Red Star Macalline Home Furnishing Market Management Company Limited (上海紅星美凱龍家居市場經營管理有限公司)	Market company	PRC	Registered RMB20,000 Paid up capital RMB20,000	90	90
Jinan Red Star Macalline Shibo Home Living Plaza Company Limited (濟南紅星美凱龍世博家居生活廣場有限公司)	Site leasing management	PRC	Registered RMB102,600 Paid up capital RMB102,600	70	70
Chengdu Red Star Macalline Shibo Home Living Plaza Company Limited (成都紅星美凱龍世博家居生活廣場有限責任公司)	Site leasing management	PRC	Registered RMB30,000 Paid up capital RMB30,000	100	100
Zhengzhou Red Star Macalline International Home Furnishing Company Limited (鄭州紅星美凱龍國際家居有限公司)	Site leasing management	PRC	Registered RMB30,000 Paid up capital RMB30,000	60	60

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 53. SUBSIDIARIES (continued)

Name of subsidiary	Principal activity	Place of incorporation/ establishment/ operation	Nominal value of issued and fully paid up share capital/ registered capital '000	Proportion of ownership interest and voting power held by the Group	
				2023 %	2022 %
Changzhou Red Star Macalline Home Furnishing and Decorating Market Company Limited (常州紅星美凱龍裝飾家居用品市場有限公司)	Market company	PRC	Registered RMB5,000 Paid up capital RMB5,000	100	100
Shanghai Red Star Macalline Home Furnishing and Decorating Market Management Company Limited (上海紅星美凱龍傢俱裝飾市場經營管理有限公司)	Market company	PRC	Registered RMB3,000 Paid up capital RMB3,000	98	98
Chongqing Red Star Macalline Shibo Home Living Plaza Company Limited (重慶紅星美凱龍世博家居生活廣場有限責任公司)	Site leasing management	PRC	Registered RMB30,000 Paid up capital RMB30,000	100	100
Shanghai Xingkai Chengpeng Business Management Company Limited (上海星凱程鵬企業管理有限公司)	Investment management	PRC	Registered RMB10,000 Paid up capital RMB10,000	100	100
Shanghai Hongmei E-Commerce Company Limited (上海紅美電子商務有限公司)	E-commerce	PRC	Registered RMB50,000 Paid up capital RMB50,000	100	100
Changzhou Hongyang Home Furnishing Plaza Company Limited (常州紅陽家居生活廣場有限公司)	Site leasing management	PRC	Registered RMB60,000 Paid up capital RMB60,000	75	75
Jiangsu Sunan Construction Company Limited (江蘇蘇南建築安裝工程有限公司)	Building construction	PRC	Registered RMB200,000 Paid up capital RMB200,000	100	100
Shenyang Red Star Macalline Home Living Expo Company Limited (瀋陽紅星美凱龍博覽家居有限公司)	Site leasing management	PRC	Registered RMB50,000 Paid up capital RMB50,000	100	100
Shanghai Red Star Macalline Industrial Company Limited (上海紅星美凱龍實業有限公司)	Investment management	PRC	Registered RMB100,000 Paid up capital RMB100,000	100	100
Beijing Red Star Macalline International Home Furnishing Plaza Company Limited (北京紅星美凱龍國際傢俱建材廣場有限公司)	Site leasing management	PRC	Registered RMB50,000 Paid up capital RMB50,000	100	100

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 53. SUBSIDIARIES (continued)

Name of subsidiary	Principal activity	Place of incorporation/ establishment/ operation	Nominal value of issued and fully paid up share capital/ registered capital '000	Proportion of ownership interest and voting power held by the Group	
				2023 %	2022 %
Beijing Red Star Macalline Shibo Furniture Plaza Company Limited (北京紅星美凱龍世博傢俱廣場有限公司)	Site leasing management	PRC	Registered RMB29,990 Paid up capital RMB29,990	100	100
Beijing Macalline Home Furnishing Material Market Company Limited (北京美凱龍傢俱建材市場有限公司)	Market company	PRC	Registered RMB3,000 Paid up capital RMB3,000	100	100
Beijing Red Star Macalline Shibo Home Furnishing Plaza Company Limited (北京紅星美凱龍世博傢俱建材廣場有限公司)	Market company	PRC	Registered RMB2,000 Paid up capital RMB2,000	100	100
Baotou Red Star Macalline Home Furnishing Plaza Company Limited (包頭紅星美凱龍家居生活廣場有限責任公司)	Site leasing management	PRC	Registered RMB5,000 Paid up capital RMB5,000	100	100
Red Star Macalline Global (Beijing) Home Furnishing Plaza Company Limited (紅星美凱龍環球(北京)傢俱建材廣場有限公司)	Site leasing management	PRC	Registered RMB10,000 Paid up capital RMB10,000	100	100
Shanghai Macalline Zunke Design Engineering Co., Ltd. (上海美凱龍尊科設計工程有限公司)	Home design	PRC	Registered RMB35,000 Paid up capital RMB35,000	46*	46*
Macalline Digital Technology Co., Ltd. (美凱龍數字科技有限公司)	E-commerce	PRC	Registered RMB100,000 Paid up capital RMB100,000	100	100
Liuzhou Red Star Macalline Home Furnishing Company Limited (柳州紅星美凱龍家居有限公司)	Site leasing management	PRC	Registered RMB20,000 Paid up capital RMB20,000	100	100
Guizhou Meican Management Co., Ltd. (貴州美餐管理有限公司)	Building construction	PRC	Registered RMB500 Paid up capital RMB500	100	100

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 53. SUBSIDIARIES (continued)

Name of subsidiary	Principal activity	Place of incorporation/ establishment/ operation	Nominal value of issued and fully paid up share capital/ registered capital '000	Proportion of ownership interest and voting power held by the Group	
				2023 %	2022 %
Yangzhou Red Star Macalline Global Home Living Expo Company Limited (揚州紅星美凱龍全球博覽家居有限公司)	Site leasing management	PRC	Registered RMB10,000 Paid up capital RMB10,000	100	100
Zhejiang Red Star Macalline Commercial Management Co., Ltd. (浙江紅星美凱龍商業經營管理有限公司)	Enterprise management and consultancy	PRC	Registered RMB50,000 Paid up capital RMB50,000	100	100
Hangzhou Macalline Intelligent Industry Development Co., Ltd. (杭州美凱龍智能產業發展有限公司)	Enterprise management and consultancy	PRC	Registered RMB100,000 Paid up capital RMB100,000	100	100
Wuhu Yuanche Yuqi Investment Center (Limited Partnership) (蕪湖遠澈御祺投資中心(有限合夥))	Investment management	PRC	Registered RMB1,030,100 Paid up capital RMB1,030,100	100	100
Tianjin Yuanmi Management Company Limited (天津遠密企業管理諮詢有限公司)	Investment management	PRC	Registered RMB1,000 Paid up capital RMB1,000	100	100
Shenzhen Xingke Smart Innovation Industry Development Company Limited (深圳星科智創產業發展有限公司)	Property management	PRC	Registered RMB1,000 Paid up capital RMB1,000	90	90
Shanghai Chentan Industry Co., Ltd. (上海宸檀實業有限公司)	New business form	PRC	Registered RMB5,100 Paid up capital RMB5,100	100	100
Jinjiang Red Star Macalline International Home Furnishing Company Limited (晉江紅星美凱龍國際家居有限公司)	Proprietary lease	PRC	Registered RMB30,000 Paid up capital RMB30,000	100	100
Xiamen Red Star Macalline Commercial Operation Management Company Limited (廈門紅星美凱龍商業營運管理有限公司)	Investment management	PRC	Registered RMB100,000,000 Paid up capital RMB100,000,000	100	–

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 53. SUBSIDIARIES (continued)

Name of subsidiary	Principal activity	Place of incorporation/ establishment/ operation	Nominal value of issued and fully paid up share capital/ registered capital '000	Proportion of ownership interest and voting power held by the Group	
				2023 %	2022 %
Suzhou Nihongsheng Enterprise Management Company Limited (蘇州尼紅盛企業管理有限公司)	Other	PRC	Registered RMB1,000,000 Paid up capital RMB1,000,000	100	–
Hop Sun Investments Limited (合樂投資有限公司)	Marketing and investments services	Hong Kong	Registered USD10,000,000	100	–
Shanghai Red Star Macalline Panjia Information Service Co., Ltd. (上海紅星美凱龍泛家資訊服務有限公司)	E-commerce	PRC	Registered RMB5,000,000 Paid up capital RMB2,550,000	100	–

\*: The Group has the practical ability to direct the relevant activities of these entities unilaterally under agreements with other shareholders of these entities. Therefore the Group has control over these entities and accounted for as subsidiaries.

All the subsidiaries were incorporated/established in the PRC as a company with limited liability. The English translation are for translation purpose only and have not been registered.

# Five-Year Financial Summary

	For the year ended 31 December				
	2023 RMB'000	2022 RMB'000	2021 RMB'000	2020 RMB'000	2019 RMB'000
Revenue	<b>11,514,983</b>	14,138,320	15,512,792	14,236,460	16,469,238
Net profits	<b>(2,570,418)</b>	816,884	2,100,698	2,064,077	4,686,242
– Owners of the Company	<b>(2,412,713)</b>	678,566	1,963,619	1,730,582	4,479,682
– Non-controlling interests	<b>(157,705)</b>	138,318	137,079	333,495	206,560
Earnings per share					
– Basic and Diluted (RMB)	<b>(0.55)</b>	0.16	0.49	0.44	1.15

	As at 31 December				
	2023 RMB'000	2022 RMB'000	2021 RMB'000	2020 RMB'000	2019 RMB'000
– Non-current assets	<b>114,202,971</b>	118,331,075	121,741,988	116,411,135	108,339,973
– Current assets	<b>9,983,638</b>	11,151,384	14,869,087	15,136,784	13,954,445
Total Assets	<b>124,186,609</b>	129,482,459	136,611,075	131,547,919	122,294,418
– Current liabilities	<b>28,591,541</b>	25,361,592	25,361,592	31,638,847	27,767,945
– Non-current liabilities	<b>40,451,933</b>	46,118,151	46,118,151	48,811,229	45,541,623
Total liabilities	<b>69,043,474</b>	71,479,743	71,479,743	80,450,076	73,309,568
Net assets	<b>55,143,135</b>	58,002,716	58,579,498	51,097,843	48,984,850
Total Equity	<b>55,143,135</b>	58,002,716	58,579,498	51,097,843	48,984,850
– Equity attributable to owners of the Company	<b>51,832,394</b>	54,446,965	54,951,294	47,563,219	45,714,638
– Non-controlling interests	<b>3,310,741</b>	3,555,751	3,628,204	3,534,624	3,270,212

The financial summary for the year 2020 and 2019 were extracted from the consolidated Financial Statements prepared in accordance with the CASBE, while the financial summary for the year 2023, 2022 and 2021 were extracted from the Consolidated Financial Statement of the group prepared in accordance with the IFRSs.

# Definitions

A Share Shareholder(s)	the holder(s) of the A Share(s)
Articles of Association	articles of association of Red Star Macalline Group Corporation Ltd.
associate(s)	has the meaning ascribed to it under the Stock Exchange Listing Rules
Board or Board of Directors	the board of directors of the Company
China Accounting Standards for Business Enterprises	the latest Accounting Standards for Business Enterprises issued by the Ministry of Finance of the People's Republic of China and the related application guidance, interpretations and other related requirements
Connected Person(s)	has the meaning ascribed to it under the Stock Exchange Listing Rules
Controlling Shareholder(s)	has the meaning ascribed to it under the Stock Exchange Listing Rules
Corporate Governance Code	the Corporate Governance Code and Corporate Governance Report of Appendix C1 to Stock Exchange Listing Rules
CSRC	the China Securities Regulatory Commission
Director(s)	director(s) of the Company
H Share Shareholder(s)	the holder(s) of H Share(s)
H Share(s)	RMB-denominated overseas listed foreign ordinary share(s) issued outside mainland China by a company registered in China, listed for trading on the Hong Kong Stock Exchange, subscribed and traded in Hong Kong dollars
IFRS	International Financial Reporting Standard
Managed Shopping Mall(s)	shopping mall(s) managed under contract management agreements
Nanjing Mingdu	Nanjing Mingdu Home Furnishing Plaza Company Limited (南京名都家居廣場有限公司)
pipeline Portfolio Shopping Mall(s)	including the Portfolio Shopping Malls for which we have entered into definitive agreements with local government authorities, including land acquisition agreements with local government authorities and investment or cooperation agreements with partners
Portfolio Shopping Mall(s)	all of the following shopping malls: (1) shopping malls which are owned by the Company's holding subsidiaries; (2) the repurchased shopping malls; (3) shopping malls leased by the Company; (4) shopping malls for which the Company operate and consolidate their results of operation and pay the relevant property owners a fixed amount of annual fees("fixed-fee Portfolio Shopping Malls"); (5) shopping malls held by the Company and associates or joint venture partners and operated by the Company "Joint Venture/Associate Portfolio Shopping Malls". For the purpose of this report, we categorize the abovementioned (1) and (2) as "Self-owned Portfolio Shopping Malls" and the abovementioned (3), (4) and (5) as "Non-self-owned Portfolio Shopping Malls"

## Definitions

Red Star Furniture Group	Red Star Furniture Group Limited (紅星傢俱集團有限公司)
Red Star Macalline, Stock Company, Company or Our Company, Group	Red Star Macalline Group Corporation Ltd. and its holding subsidiaries
Reporting Period	the period from 1 January 2023 to 31 December 2023
RMB	RMB (unless under special circumstances)
RMB-denominated ordinary shares, A Share(s)	ordinary shares listed on stock exchanges in the PRC, subscribed for and traded in Renminbi, with a nominal value of RMB1.00 each
RSM Holding or Substantial Shareholder	Red Star Macalline Holding Group Company Limited
Shareholder(s)	the A Share Shareholder(s) and the H Share Shareholder(s) of the Company
SSE Listing Rules	the Shanghai Stock Exchange Listing Rules
Stock Exchange	the Stock Exchange of Hong Kong Limited
Stock Exchange Listing Rules	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
Supervisor(s)	supervisor(s) of the Company
Supervisory Committee	the Supervisory Committee of the Company
Zhengzhou Red Star	Zhengzhou Red Star Macalline International Home Furnishing Company Limited (鄭州紅星美凱龍國際家居有限公司)



紅星美凱龍家居集團股份有限公司  
Red Star Macalline Group Corporation Ltd.

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