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***Notice to Hong Kong investors:** The Company confirms that the Bonds are intended for purchase by professional investors (as defined in Chapter 37 of the Listing Rules) only and are listed on The Stock Exchange of Hong Kong Limited on that basis. Accordingly, the Company confirms that the Bonds are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.*

RED STAR MACALLINE GROUP CORPORATION LTD.

紅星美凱龍家居集團股份有限公司

(the “Company”)

(a joint stock company incorporated in the People’s Republic of China with limited liability)



PUBLICATION OF OFFERING CIRCULAR

U.S.\$249,700,000 5.20 PER CENT. CREDIT ENHANCED BONDS DUE 2025

Issue Price: 100.00 per cent.

(Stock Code: 5454)

**With the benefit of an irrevocable Standby Letter of Credit issued by
Bank of Shanghai Co., Ltd. Beijing Branch**

Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers
(in alphabetical order)

BOSC International

**China International Capital
Corporation**

Sigma Capital

Joint Lead Managers and Joint Bookrunners

Haitong International

Industrial Banks Co., Ltd. Hong Kong Branch

This announcement is made pursuant to Rule 37.39A of the Listing Rules.

Reference is made to the notice of listing of U.S.\$249,700,000 5.20 per cent. credit enhanced bonds due 2025 (the “**Bonds**”) on The Stock Exchange of Hong Kong Limited dated 26 August 2022 published by the Company.

The offering circular dated 23 August 2022 in relation to the issuance of the Bonds, as supplemented by the supplemental offering circular dated 25 August 2022, is appended to this announcement.

Hong Kong, 29 August 2022

As at the date of this announcement, the executive directors of the Company are CHE Jianxing, GUO Binghe, CHE Jianfang and JIANG Xiaozhong; the non-executive directors are CHEN Shuhong, CHEN Zhaohui, JIANG Xiangyu, HU Xiao and YANG Guang; and the independent non-executive directors are QIAN Shizheng, LEE Kwan Hung, Eddie, WANG Xiao, ZHAO Chongyi and QIN Hong.

IMPORTANT NOTICE

THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE OUTSIDE OF THE UNITED STATES

IMPORTANT: You must read the following before continuing. The following applies to the supplemental offering circular (the “**Supplemental Offering Circular**”) following this page, and you are therefore advised to read this carefully before reading, accessing or making any other use of the Supplemental Offering Circular. In accessing the Supplemental Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from us as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. NEITHER THE BONDS NOR THE STANDBY LETTER OF CREDIT (EACH AS DEFINED IN THE SUPPLEMENTAL OFFERING CIRCULAR) HAVE BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS. THIS OFFERING IS MADE SOLELY IN OFFSHORE TRANSACTIONS PURSUANT TO THE SECURITIES ACT.

THE SUPPLEMENTAL OFFERING CIRCULAR MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER AND IN PARTICULAR, MAY NOT BE FORWARDED TO ANY U.S. ADDRESS. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORISED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE SECURITIES DESCRIBED HEREIN.

Confirmation of your representation: The Supplemental Offering Circular is being sent to you at your request and by accepting the e-mail and accessing the Supplemental Offering Circular, you shall be deemed to have represented to Red Star Macalline Group Corporation Ltd. (紅星美凱龍家居集團股份有限公司) (the “**Issuer**” or the “**Company**”), BOSC International Company Limited, China International Capital Corporation Hong Kong Securities Limited, Sigma Capital Management Limited, Haitong International Securities Company Limited and Industrial Bank Co., Ltd. Hong Kong Branch (collectively, the “**Joint Lead Managers**”) that (1) you and any customers you represent are outside the United States and, to the extent you purchase the securities described in the attached Supplemental Offering Circular, you will be doing so pursuant to Regulation S under the U.S. Securities Act of 1993, as amended (the “**Securities Act**”) and (2) the e-mail address that you gave us and to which this e-mail has been delivered is not located in the United States, its territories or possessions and (3) that you consent to delivery of the Supplemental Offering Circular and any amendments or supplements thereto by electronic transmission.

Except with respect to eligible investors in jurisdictions where such offer or invitation is permitted by law, nothing in this electronic transmission constitutes an offer or an invitation by or on behalf of the Issuer, the Joint Lead Managers, the Trustee or the Agents or any of their respective directors, officers, employees, representatives, agents, affiliates or advisers or any person who controls any of them to subscribe for or purchase any of the securities described therein, and access has been limited so that it shall not constitute in the United States or elsewhere a general solicitation or general advertising (as those terms are used in Regulation D under the Securities Act) or directed selling efforts (within the meaning of Regulation S under the Securities Act). If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Joint Lead Manager or any affiliate of the Joint Lead Manager is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by such Joint Lead Manager or such affiliate on behalf of the Issuer in such jurisdiction.

You are reminded that the Supplemental Offering Circular has been delivered to you on the basis that you are a person into whose possession the Supplemental Offering Circular may be lawfully delivered in accordance with the laws of jurisdiction in which you are located and you may not, nor are you authorised to, deliver or disclose the contents of the Supplemental Offering Circular, electronically or otherwise, to any other person. If you have gained access to this transmission contrary to the foregoing restrictions, you are not allowed to purchase any of the securities described in the attached Supplemental Offering Circular.

The Supplemental Offering Circular has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently, none of the Issuer, the Joint Lead Managers, the Trustee, the Pre-Funding Account Bank, the LC Proceeds Account Bank or the Agents (each as defined in the Supplemental Offering Circular) or any person who controls any of them or any director, officer, employee, representative or agent of any of them or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Supplemental Offering Circular distributed to you in electronic format and the hard copy version available to you on request from the Issuer, the Joint Lead Managers, the Trustee, the Pre-Funding Account Bank, the LC Proceeds Account Bank or the Agents.

The attached document is being furnished in connection with an offering in offshore transactions outside the United States in compliance with Regulation S under the Securities Act solely for the purpose of enabling a prospective investor to consider the purchase of the securities described herein.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Joint Lead Managers or any affiliate of the Joint Lead Managers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Joint Lead Managers or such affiliate on behalf of the Issuer in such jurisdiction.

Actions that you may not take: If you receive this document by e-mail, you should not reply by e-mail to this document, and you may not purchase any securities by doing so. Any reply e-mail communications, including those you generate by using the “**Reply**” function on your e-mail software, will be ignored or rejected.

YOU ACKNOWLEDGE THAT THE ATTACHED SUPPLEMENTAL OFFERING CIRCULAR AND THE INFORMATION CONTAINED THEREIN ARE STRICTLY CONFIDENTIAL AND INTENDED FOR YOU ONLY. YOU ARE NOT AUTHORISED TO AND YOU MAY NOT DELIVER OR FORWARD THE ATTACHED SUPPLEMENTAL OFFERING CIRCULAR, ELECTRONICALLY OR OTHERWISE, TO ANY OTHER PERSON OR REPRODUCE SUCH SUPPLEMENTAL OFFERING CIRCULAR IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THE ATTACHED SUPPLEMENTAL OFFERING CIRCULAR IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

You are responsible for protecting against viruses and other destructive items. Your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

SUPPLEMENTAL OFFERING CIRCULAR
(to the Original Offering Circular dated 23 August 2022)

RED STAR MACALLINE GROUP CORPORATION LTD.
紅星美凱龍家居集團股份有限公司

(a sino-foreign joint stock company incorporated in the People's Republic of China with limited liability)

U.S.\$249,700,000 5.20 per cent. Credit Enhanced Bonds due 2025

With the benefit of an irrevocable Standby Letter of Credit issued by
Bank of Shanghai Co., Ltd. Beijing Branch



Issue price: 100.00 per cent.

This Supplemental Offering Circular incorporates the information contained in the attached original offering circular dated 23 August 2022 (the "Original Offering Circular") of the Company (as defined below) and should be read in conjunction with the Original Offering Circular. To the extent there is any inconsistency between any information in this Supplemental Offering Circular and the Original Offering Circular, the information in this Supplemental Offering Circular shall prevail. Terms not defined in this Supplemental Offering Circular have the meanings given to them in the Original Offering Circular. Except as modified herein, all other contents of the Original Offering Circular shall remain unchanged.

With immediate effect, the Original Offering Circular shall be amended in the manner set forth below:

The maximum limit of the Standby Letter of Credit stated in the following sections of the Original Offering Circular shall be increased from "U.S.\$257,192,200" to "U.S.\$257,250,000" and the maximum amount payable under the Standby Letter of Credit for all fees, costs, expenses, indemnity payments and all other amounts payable to the Trustee in connection with the Bonds, the Trust Deed, the Agency Agreement and/or any other transaction document relating to the Bonds stated in the following sections of the Original Offering Circular shall be increased from "U.S.\$1,000,000" to "U.S.\$1,057,800":

1. the section titled "Summary of the Offering" on page 12 of the Original Offering Circular;
2. the risk factor titled "The Standby Letter of Credit is subject to a maximum limit and may not be sufficient to satisfy all payments due under the Standby Letter of Credit." on page 57 of the Original Offering Circular;
3. Condition 4.1 of the Terms and Conditions of the Bonds on page 145 of the Original Offering Circular; and
4. Appendix A – Form of Irrevocable Standby Letter of Credit on page A-2 of the Original Offering Circular.

For the amended Terms and Conditions of the Bonds and the Standby Letter of Credit, see "Appendix A. Amended Terms and Conditions of the Bonds and Amended Form of Irrevocable Standby Letter of Credit" to this Supplemental Offering Circular.

Red Star Macalline Group Corporation Ltd. (紅星美凱龍家居集團股份有限公司) (the "Issuer" or the "Company") proposes to issue U.S.\$249,700,000 5.20 per cent. credit enhanced bonds due 2025 (the "Bonds"). The Bonds will have the benefit of an irrevocable standby letter of credit (the "Standby Letter of Credit") issued by Bank of Shanghai Co., Ltd. Beijing Branch (the "LC Bank"). See "Appendix A – Form of Standby Letter of Credit" for the form of the Standby Letter of Credit.

The Bonds bear interest on their outstanding principal amount from and including 26 August 2022 at the rate of 5.20 per cent. per annum, payable semi-annually in arrears on 26 February and 26 August in each year (each an "Interest Payment Date"). The Bonds will constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 5.1 of the terms and conditions of the Bonds (the "Terms and Conditions of the Bonds")) unsecured obligations of the Issuer which will at all times rank pari passu without any preference among themselves and the payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by applicable law, at all times rank at least equally with all the Issuer's other present and future unsecured and unsubordinated obligations. Additional amounts will be payable with respect to deduction or withholding for or on account of taxes of Hong Kong or the PRC or any political subdivision or authority therein or thereof having power to tax only to the extent described under "Terms and Conditions of the Bonds – Taxation".

Unless previously redeemed, purchased or cancelled, the Bonds will mature on 26 August 2025 at their principal amount. The Bonds are subject to redemption in whole, but not in part, at their principal amount, together with interest accrued up to, but excluding, the date fixed for redemption but unpaid, at the option of the Issuer in the event of certain changes affecting taxes of Hong Kong or the PRC or any political subdivision or any authority thereof or therein having power to tax at any time upon giving not less than 30 nor more than 60 calendar days' notice. See "Terms and Conditions of the Bonds – Redemption and Purchase – Redemption for Taxation Reasons". The Bonds may also be redeemed at the option of the holders at the principal amount, together with accrued interest up to but excluding such Put Settlement Date (as defined in the Terms and Conditions of the Bonds), upon occurrence of a Change of Control (as defined in the Terms and Conditions of the Bonds) or a No Registration Event (as defined in the Terms and Conditions of the Bonds). The Bonds are subject to redemption in whole, but not in part, at a redemption amount equal to the higher of (a) the principal amount of the Bonds plus any accrued but unpaid interest and, (b) the Make Whole Amount (as defined in the Terms and Conditions of the Bonds), plus any accrued but unpaid interest, at the option of the Issuer at any time upon giving not less than 30 nor more than 60 calendar days' notice.

For a more detailed description of the Bonds, see "Terms and Conditions of the Bonds" beginning on page 142 of the Original Offering Circular.

The Issuer will be required to file or cause to be filed with the Shanghai Branch of State Administration of Foreign Exchange ("SAFE") the requisite information and documents within the prescribed time period in accordance with (i) the Administrative Measures for Foreign Debt Registration (《外債登記管理辦法》) issued by SAFE and which came into effect on 13 May 2013, and (ii) the Circular on Relevant Matters about the Macro-Prudential Management of Cross-Border Financing in Full Aperture (《中國人民銀行關於全口径跨境融資宏觀審慎管理有關事宜的通知》) issued by People's Bank of China (the "PBOC") and which came into effect on 12 January 2017 and, any implementation rules, reports, certificates, approvals or guidelines as issued by SAFE or the PBOC from time to time (the "Foreign Debt Registration"). If the Issuer fails to complete the SAFE registration in connection with the Bonds, there is likely to be hurdles for cross-border payment under the Bonds. The Issuer shall use its commercially reasonable endeavours to complete the registration of the Bonds with SAFE and in any event before the Registration Deadline (being 120 SAFE Registration PRC Business Days (as defined in the Terms and Conditions of the Bonds) after 26 August 2022 (the "Issue Date")).

The Issuer has made an application for the filing registration (the "NDRC Pre-Issuance Registration") of the offering of the Bonds with the National Development and Reform Commission of the PRC (the "NDRC") in accordance with the Notice on Promoting the Reform of the Filing and Registration System for Issuance of Foreign Debt by Corporates (Fa Gai Wai Zi [2015] No. 2044) (the "NDRC Circular") (國家發展改革委關於推進企業外債備案登記制管理改革的通知) (發改外資[2015]2044號) promulgated by the NDRC and which came into effect on 14 September 2015 and received an Enterprise Foreign Debt Filing Registration Certificate on 1 June 2022 in connection with the NDRC Pre-Issuance Registration. Pursuant to the requirements of the NDRC Notice, the Issuer also intends to cause the requisite information and documents in respect of the issue of the Bonds to be filed with the NDRC within 10 NDRC Registration Business Days (as defined in the Terms and Conditions of the Bonds) after the Issue Date.

Application will be made to The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") for the listing of the Bonds by way of debt issues to professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) (the "Professional Investors") only. The Original Offering Circular and this Supplemental Offering Circular are for distribution to Professional Investors only.

Notice to Hong Kong investors: The Issuer confirms that the Bonds are intended for purchase by Professional Investors only and will be listed on The Hong Kong Stock Exchange Limited on that basis. Accordingly, the Issuer confirms that the Bonds are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.

The Hong Kong Stock Exchange has not reviewed the contents of this Supplemental Offering Circular, other than to ensure that the prescribed form disclaimer and responsibility statements, and a statement limiting distribution of this Supplemental Offering Circular to Professional Investors only have been reproduced in this Supplemental Offering Circular. Listing of the Bonds on the Hong Kong Stock Exchange is not to be taken as an indication of the commercial merits or credit quality of the Bonds or the Issuer or the Group or quality of disclosure in this Supplemental Offering Circular. Hong Kong Exchanges and Clearing Limited and the Hong Kong Stock Exchange take no responsibility for the contents of this Supplemental Offering Circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Supplemental Offering Circular.

This Supplemental Offering Circular includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Issuer and the Group. The Issuer accepts full responsibility for the accuracy of the information contained in this Supplemental Offering Circular and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

The Bonds will be issued in the specified denomination of U.S.\$200,000 each and integral multiples of U.S.\$1,000 in excess thereof.

PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("EEA"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive EU 2014/65/EU (as amended, "MIFID II"); or (ii) a customer within the meaning of Directive 2002/92/EC ("IDD"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MIFID II. Consequently no key information document required by Regulation (EU) No. 1286/2014 (the "PRIIPs Regulation") for offering or selling the Bonds or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

PROHIBITION OF SALES TO UK RETAIL INVESTORS – The Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom ("UK"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("EUWA"); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the "FSMA") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (1) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "UK PRIIPs Regulation") for offering or selling the Bonds or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

Singapore SFA Product Classification: In connection with 309B(1)(c) of the Securities and Futures Act 2001 of Singapore (the "SFA") and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "CMP Regulations 2018"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Bonds are "prescribed capital markets products" (as defined in the CMP Regulations 2018).

See "Risk Factors" beginning on page 22 of the Original Offering Circular for a discussion of certain factors to be considered in connection with an investment in the Bonds.

Neither the Bonds nor the Standby Letter of Credit have been or will be registered under the United States Securities Act of 1933, as amended (the "Securities Act"), or the securities laws of any other jurisdiction, and the Bonds may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Bonds are being offered and sold outside the United States in compliance with Regulation S under the Securities Act.

The Bonds will initially be represented by a global certificate (the "Global Certificate") in registered form, which will be registered in the name of a nominee of, and deposited with a common depositary for, Euroclear Bank SA/NV ("Euroclear") and Clearstream Banking S.A. ("Clearstream"). Beneficial interests in the Global Certificate will be shown on, and transfers thereof will be effected only through, the records maintained by Euroclear and Clearstream. Except in the limited circumstances set out herein, individual certificates for Bonds will not be issued in exchange for beneficial interests in the Global Certificate. See "Summary of Provisions Relating to the Bonds in Global Form" beginning on page 173. It is expected that delivery of the Global Certificate will be made on 26 August 2022 or such later date as may be agreed by the Issuer.

Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers
(in alphabetical order)

BOSC International

China International Capital Corporation

Sigma Capital

Joint Bookrunner and Joint Lead Manager

Haitong International

**Industrial Banks Co., Ltd.
Hong Kong Branch**

Supplemental Offering Circular dated 25 August 2022

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NOTICE TO INVESTORS

The contents of this Supplemental Offering Circular have not been reviewed by any regulatory authority in Hong Kong or elsewhere. Investors are advised to exercise caution in relation to the offering of the Bonds described herein. If investors are in any doubt about any of the contents of this Supplemental Offering Circular, they should obtain independent professional advice.

The Issuer, having made all reasonable enquiries, confirms that (i) this Supplemental Offering Circular contains all information with respect to the Company and its subsidiaries (together, the “**Group**”), the Bonds and the Standby Letter of Credit, which is material in the context of the issue and offering of the Bonds, (ii) all statements of fact relating to the Group, the Bonds and the Standby Letter of Credit contained in this Supplemental Offering Circular are in all material respects true and accurate and not misleading in any material respect, and that there are no other facts in relation to the Group, the Bonds and the Standby Letter of Credit, the omission of which would in the context of the issue of the Bonds make any statement in this Supplemental Offering Circular misleading in any material respect, (iii) the statements of intention, opinion, belief or expectation with regard to the Group contained in this Supplemental Offering Circular are honestly made or held and have been reached after considering all relevant circumstances and have been based on reasonable assumptions, (iv) to the best of their knowledge and belief, there are no other facts the omission of which would make any statement misleading and (v) the statistical, industry and market-related data and forward looking statements included in this Supplemental Offering Circular (if any), are based on or derived or extracted from sources which the Issuer reasonably believes are accurate and reliable. This Supplemental Offering Circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Issuer.

Notwithstanding the foregoing, the information included in this Supplemental Offering Circular regarding the LC Bank and Bank of Shanghai Co., Ltd. (the “**Bank of Shanghai**”) is for information purposes only and is based on, or derived or extracted from, among other sources, publicly available information. However, none of the Issuer, each of BOSC International Company Limited, China International Capital Corporation Hong Kong Securities Limited, Sigma Capital Management Limited, Haitong International Securities Company Limited and Industrial Bank Co., Ltd. Hong Kong Branch (the “**Joint Lead Managers**”, each a “**Joint Lead Manager**”), the Trustee, the Pre-Funding Account Bank, the LC Proceeds Account Bank and the Agents (in each case as defined herein) or their respective affiliates, directors, officers, employees, representatives, agents or advisers has independently verified such information. Any information available from public sources that are referenced in this Supplemental Offering Circular but are not separately included in, or expressly referenced as incorporated by reference in, this Supplemental Offering Circular shall not be deemed to be incorporated by reference to this Supplemental Offering Circular. No representation or warranty, express or implied, is made or given by the Issuer, the Joint Lead Managers, the Trustee, the Pre-Funding Account Bank, the LC Proceeds Account Bank or the Agents or their respective affiliates, directors, officers, employees, representatives, agents or advisers as to the accuracy, completeness or sufficiency of such information. Accordingly, such information should not be unduly relied upon.

This Supplemental Offering Circular has been prepared by the Issuer solely for use in connection with the proposed offering of the Bonds described in this Supplemental Offering Circular. The distribution of this Supplemental Offering Circular and the offering of the Bonds in certain jurisdictions may be restricted by law. Persons into whose possession this Supplemental Offering

Circular comes are required by the Issuer, the Joint Lead Managers, the Trustee, the Pre-Funding Account Bank, the LC Proceeds Account Bank and the Agents to inform themselves about and to observe any such restrictions. No action is being taken to permit a public offering of the Bonds or the distribution of this document in any jurisdiction where action would be required for such purposes. There are restrictions on the offer and sale of the Bonds, and the circulation of documents relating thereto, in certain jurisdictions and to persons connected therewith. For a description of certain further restrictions on offers, sales and re-sales of the Bonds and distribution of this Supplemental Offering Circular, see “*Subscription and Sale.*”

No person has been or is authorised to give any information or to make any representation concerning the Issuer, the Bonds or the Standby Letter of Credit other than as contained herein and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Issuer, the Joint Lead Managers, the Trustee, the Pre-Funding Account Bank, the LC Proceeds Account Bank or the Agents (each as defined in “*Terms and Conditions of the Bonds*”) or their respective directors, officers, advisors, employees, representatives, agents or affiliates. Neither the delivery of this Supplemental Offering Circular nor any offering, sale or delivery made in connection with the issue of the Bonds shall, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in the affairs of the Group since the date hereof or create any implication that the information contained herein is correct as at any date subsequent to the date hereof. This Supplemental Offering Circular does not constitute an offer of, or an invitation by or on behalf of the Issuer, the Joint Lead Managers, the Trustee, the Pre-Funding Account Bank, the LC Proceeds Account Bank or the Agents to subscribe for or purchase any of the Bonds and may not be used for the purpose of an offer to, or a solicitation by, anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or is unlawful.

No representation or warranty, express or implied, is made or given by the Joint Lead Managers, the Trustee, the Pre-Funding Account Bank, the LC Proceeds Account Bank or the Agents or their respective directors, officers, advisors, employees, representatives, agents or affiliates as to the accuracy, completeness or sufficiency of the information contained in this Supplemental Offering Circular, and nothing contained in this Supplemental Offering Circular is, or shall be relied upon as, a promise, representation or warranty by the Joint Lead Managers, the Trustee, the Pre-Funding Account Bank, the LC Proceeds Account Bank or the Agents or their respective directors, officers, advisors, employees, representatives, agents or affiliates. The Joint Lead Managers, the Trustee and the Agents or their respective directors, officers, advisors, employees, representatives, agents or affiliates have not independently verified any of the information contained in this Supplemental Offering Circular and can give no assurance that this information is accurate, truthful or complete. This Supplemental Offering Circular is not intended to provide the basis of any credit or other evaluation nor should it be considered as a recommendation by the Issuer, the Joint Lead Managers, the Trustee, the Pre-Funding Account Bank, the LC Proceeds Account Bank or the Agents or their respective directors, officers, advisors, employees, representatives, agents or affiliates that any recipient of this Supplemental Offering Circular should purchase the Bonds. Each potential purchaser of the Bonds should determine for itself the relevance of the information contained in this Supplemental Offering Circular, and its purchase of the Bonds should be based upon such investigations with its own tax, legal and business advisers as it deems necessary.

IN CONNECTION WITH THE ISSUE OF THE BONDS, ANY JOINT LEAD MANAGER, AS THE STABILISING MANAGER (THE “**STABILISING MANAGER**”) OR ANY OF ITS AFFILIATES (OR PERSONS ACTING ON THEIR BEHALF) MAY, SUBJECT TO ALL

APPLICABLE LAWS AND DIRECTIVES, OVER-ALLOT AND EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE BONDS AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILISING MANAGER (OR PERSONS ACTING ON ITS BEHALF) WILL UNDERTAKE STABILISATION ACTION. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE BONDS IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE BONDS AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE BONDS.

PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“**EEA**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive EU 2014/65/EU (as amended, “**MiFID II**”); or (ii) a customer within the meaning of Directive 2002/92/EC (“**IMD**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No. 1286/2014 (the “**PRIIPs Regulation**”) for offering or selling the Bonds or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

PROHIBITION OF SALES TO UK RETAIL INVESTORS – The Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (“**UK**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“**EUWA**”); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the “**FSMA**”) and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the “**UK PRIIPs Regulation**”) for offering or selling the Bonds or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

Singapore SFA Product Classification: In connection with Section 309B(1)(c) of the Securities and Futures Act 2001 of Singapore (the “**SFA**”) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “**CMP Regulations 2018**”), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Bonds are “prescribed capital markets products” (as defined in the CMP Regulations 2018).

In making an investment decision, investors must rely on their own examination of the Group and the terms of the offering of the Bonds, including the merits and risks involved. See “Risk Factors” for a discussion of certain factors to be considered in connection with an investment in the Bonds. Each person receiving this Supplemental Offering Circular acknowledges that such person has not relied on the Joint Lead Managers or any person affiliated with the Joint Lead Managers in connection with its investigation of the accuracy of such information or its investment decision.

To the fullest extent permitted by law, none of the Joint Lead Managers, the Trustee or the Agents accepts any responsibility for the contents of this Supplemental Offering Circular or for any statement made or purported to be made by the Joint Lead Managers, the Trustee, the Pre-Funding Account Bank, the LC Proceeds Account Bank or the Agents or their respective directors, officers, advisors, employees, representatives, agents or affiliates or on their behalf in connection with the Group, the issue and offering of the Bonds or the Standby Letter of Credit. Each of the Joint Lead Managers, the Trustee and the Agents or their respective directors, officers, advisors, employees, representatives, agents or affiliates accordingly disclaims all and any liability whether arising in tort or contract or otherwise which it might otherwise have in respect of this Supplemental Offering Circular or any such statement. None of the Joint Lead Managers, the Trustee nor the Agents or their respective directors, officers, advisors, employees, representatives, agents or affiliates undertakes to review the financial condition or affairs of the Company, the Group or the LC Bank during the life of the arrangements contemplated by this Supplemental Offering Circular nor to advise any investor or potential investor in the Bonds of any information coming to the attention of any of the Joint Lead Managers, the Trustee or the Agents.

This Supplemental Offering Circular is not a prospectus for the purposes of the European Union's Directive 2003/71/EC (and any amendments thereto) as implemented in member states of the European Economic Area (the "EEA") (the "EU Prospectus Directive"). This Supplemental Offering Circular has been prepared on the basis that all offers of the Bonds will be made pursuant to an exemption under the EU Prospectus Directive from the requirement to produce a prospectus in connection with offers of the Bonds.

Prospective investors should be aware that certain intermediaries in the context of this offering of the Bonds, including certain Joint Lead Managers, are "capital market intermediaries" (CMIs) subject to Paragraph 21 of the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission (the Code). This notice to prospective investors is a summary of certain obligations the Code imposes on such CMIs, which require the attention and cooperation of prospective investors. Certain CMIs may also be acting as "overall coordinators" (OCs) for this offering and are subject to additional requirements under the Code.

Prospective investors who are the directors, employees or major shareholders of the Issuer, a CMI or its group companies would be considered under the Code as having an association (Association) with the Issuer, the CMI or the relevant group company. Prospective investors associated with the Issuer or any CMI (including its group companies) should specifically disclose this when placing an order for the Bonds and should disclose, at the same time, if such orders may negatively impact the price discovery process in relation to this offering. Prospective investors who do not disclose their Associations are hereby deemed not to be so associated. Where prospective investors disclose their Associations but do not disclose that such order may negatively impact the price discovery process in relation to this offering, such order is hereby deemed not to negatively impact the price discovery process in relation to this offering.

Prospective investors should ensure, and by placing an order prospective investors are deemed to confirm, that orders placed are bona fide, are not inflated and do not constitute duplicated orders (i.e. two or more corresponding or identical orders placed via two or more CMIs). If a prospective investor is an asset management arm affiliated with any Joint Lead Manager, such prospective investor should indicate when placing an order if it is for a fund or portfolio where the Joint Lead Manager or its group company has more than 50% interest, in which case it will be classified as a

“proprietary order” and subject to appropriate handling by CMIs in accordance with the Code and should disclose, at the same time, if such “proprietary order” may negatively impact the price discovery process in relation to this offering. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not such a “proprietary order”. If a prospective investor is otherwise affiliated with any Joint Lead Manager, such that its order may be considered to be a “proprietary order” (pursuant to the Code), such prospective investor should indicate to the relevant Joint Lead Manager when placing such order. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not such a “proprietary order”. Where prospective investors disclose such information but do not disclose that such “proprietary order” may negatively impact the price discovery process in relation to this offering, such “proprietary order” is hereby deemed not to negatively impact the price discovery process in relation to this offering.

Prospective investors should be aware that certain information may be disclosed by CMIs (including Private Banks) which is personal and/or confidential in nature to the prospective investor. By placing an order, prospective investors are deemed to have understood and consented to the collection, disclosure, use and transfer of such information by the Joint Lead Managers and/or any other third parties as may be required by the Code, including to the Issuer, any OCs, relevant regulators and/or any other third parties as may be required by the Code, it being understood and agreed that such information shall only be used for the purpose of complying with the Code, during the bookbuilding process for this offering. Failure to provide such information may result in that order being rejected.

ISSUER

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TRUSTEE AND REGISTRAR

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LC PROCEEDS ACCOUNT BANK AND PREFUNDING ACCOUNT BANK

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**APPENDIX A – AMENDED TERMS AND CONDITIONS OF THE BONDS AND
AMENDED FORM OF IRREVOCABLE STANDBY LETTER OF CREDIT**

TERMS AND CONDITIONS OF THE BONDS

The following are the Terms and Conditions of the Bonds substantially in the form in which they (other than the text in italics) will be endorsed on the definitive bonds and referred to in the Global Certificate representing the Bonds.

The issue of the U.S.\$249,700,000 5.20 per cent. credit enhanced bonds due 2025 (the “**Bonds**”, which expression includes, unless the context requires otherwise, any further bonds issued pursuant to Condition 16 (*Further Issues*) and consolidated and forming a single series therewith) was authorised by resolutions of the board of directors of Red Star Macalline Group Corporation Ltd. (the “**Issuer**”) dated 30 March 2022 and resolutions of the shareholders of the Issuer dated 22 April 2022. The Bonds are constituted by a trust deed (the “**Trust Deed**”) dated 26 August 2022 between the Issuer and Citicorp International Limited (the “**Trustee**”, which expression shall include all persons for the time being as the trustee or trustees under the Trust Deed, and shall include its successors or assigns) as trustee for itself and the holders (as defined below) of the Bonds. The Bonds are the subject of an agency agreement (the “**Agency Agreement**”) dated 26 August 2022 relating to the Bonds between the Issuer, the Trustee, Citicorp International Limited as registrar (the “**Registrar**”), Citibank, N.A., London Branch as transfer agent (the “**Transfer Agent**”) and as initial principal paying agent (the “**Principal Paying Agent**” and, together with any other paying agents appointed under the Agency Agreement, the “**Paying Agents**”), the other agents named therein (where references herein to “**Agents**” means the Principal Paying Agent, the Registrar, the Transfer Agent and any other agent or agents appointed from time to time pursuant to the Agency Agreement with respect to the Bonds and shall include their respective successors or assigns), and Citibank, N.A., Hong Kong Branch as pre-funding account bank (the “**Pre-Funding Account Bank**”) and as letter of credit proceeds account bank (the “**LC Proceeds Account Bank**”). The Bonds have the benefit of an irrevocable standby letter of credit (the “**Standby Letter of Credit**”) dated on or about 26 August 2022 issued by Bank of Shanghai Co., Ltd. Beijing Branch (the “**LC Bank**”) in favour of the Trustee on behalf of itself and the Bondholders. The Bondholders are entitled to the benefit of, are bound by, and are deemed to have notice of all the provisions of the Trust Deed, the Agency Agreement and the Standby Letter of Credit. Copies of the Trust Deed, the Agency Agreement and Standby Letter of Credit are available for inspection by Bondholders during normal business hours (being 9.00 a.m. (Hong Kong time) to 5.00 p.m. (Hong Kong time) Monday to Friday except for public holidays) at the specified office for the time being of the Principal Paying Agent and at the principal place of business of the Trustee at 20th Floor, Citi Tower, One Bay East, 83 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong. These terms and conditions (these “**Conditions**”) include summaries of, and are subject to, the detailed provision of the Trust Deed (which includes the form of the Bonds), the Agency agreement and the Standby Letter of Credit.

All capitalised terms that are not defined in these Conditions will have the meanings given to them in the Trust Deed.

1. FORM, DENOMINATION AND TITLE

- 1.1 The Bonds are issued in the specified denomination of U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof (each, an “**Authorised Denomination**”).
- 1.2 The Bonds are represented by registered certificates (the “**Certificates**”) which shall be numbered serially and, save as provided in Condition 2.1 (*Transfer*), each Certificate shall represent the entire holding of Bonds by the same holder.

- 1.3 Title to the Bonds shall pass by registration in the register of Bondholders that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the “**Register**”). Except as ordered by a court of competent jurisdiction or as required by law, the holder of any Bond shall be deemed to be and may be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on the Certificate representing it (other than the endorsed form of transfer) or the theft or loss of such Certificate, and no person shall be liable for so treating the holder.
- 1.4 In these Conditions, a “**Bondholder**” and “**holder**” (in relation to a Bond) means the person in whose name a Bond is registered in the Register (or in the case of a joint holding, the first named thereof).

*Upon issue, the Bonds will be represented by a global certificate (the “**Global Certificate**”) registered in the name of a nominee of, and deposited with, a common depositary for Euroclear Bank SA/NV (“**Euroclear**”) and Clearstream Banking S.A. (“**Clearstream**”). These conditions are modified by certain provisions contained in the Global Certificate. See “Summary of Provisions relating to the Bonds While in Global Form” in the Offering Circular.*

Except in the limited circumstances described in the Global Certificate, owners of interests in Bonds represented by the Global Certificate will not be entitled to receive definitive Certificates in respect of their individual holdings of Bonds. The Bonds are not issuable in bearer form.

2. TRANSFERS OF BONDS AND ISSUE OF CERTIFICATES

2.1 Transfer

A Bond may, subject to the Agency Agreement and Condition 2.4 (*Closed Periods*), be transferred in whole or in part upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate(s) representing such Bonds to be transferred, together with the form of transfer endorsed on such Certificate(s) (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar or the relevant Transfer Agent may require. In the case of a transfer of part only of a holding of Bonds represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred (which must be in an Authorised Denomination) and a further new Certificate in respect of the balance of the holding not transferred (which must be in an Authorised Denomination) shall be issued to the transferor. In the case of a transfer of Bonds to a person who is already a holder of Bonds, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding. All transfers of Bonds and entries on the Register will be made in accordance with the detailed regulations concerning transfers of Bonds (the “**Regulations**”, the initial form of which is scheduled to the Trust Deed). No transfer of title to a Bond will be valid unless and until entered on the Register. The Regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Trustee, or by the Registrar with the prior written approval of the Trustee. A copy of the current Regulations will be made available by the Registrar to any Bondholder upon request (free of charge to the Bondholder and at the Issuer’s expense).

Transfers of interests in the Bonds evidenced by the Global Certificate will be effected in accordance with the rules of the relevant clearing systems.

2.2 Delivery of New Certificates

Each new Certificate to be issued pursuant to Condition 2.1 (*Transfer*) shall be available for delivery within five business days of receipt by the Registrar or, as the case may be, any Transfer Agent, of a duly completed and signed form of transfer and surrender of the existing Certificate(s). The form of transfer is available at the specified offices of each Transfer Agent. Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such form of transfer or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Transfer Agent or the Registrar (as the case may be) the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2.2, “**business day**” means a day, other than a Saturday, Sunday or public holiday, on which commercial banks are generally open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

2.3 Transfer Free of Charge

Certificates, on transfer of Bonds, shall be issued and registered without charge by or on behalf of the Issuer, the Registrar or any Transfer Agent, but upon (i) payment by the relevant holder of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity and/or security and/or pre-funding as the Registrar or the relevant Transfer Agent may require); (ii) the Registrar or the relevant Transfer Agent being satisfied in its absolute discretion with the documents of title or identity of the person making the application; and (iii) the relevant Agent being satisfied that the Regulations have been complied with.

2.4 Closed Periods

No Bondholder may require the transfer of a Bond to be registered (i) during the period of 15 calendar days ending on (and including) the due date for redemption of that Bond; (ii) during the period of seven calendar days ending on (and including) any Record Date; and (iii) after the exercise of a put option in relation to such Bond pursuant to Condition 7.3 (*Redemption for Relevant Events*).

3. STATUS OF THE BONDS

The Bonds constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 5.1 (*Negative Pledge*)) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by applicable law, at all times rank at least equally with all the Issuer’s other present and future unsecured and unsubordinated obligations.

4. STANDBY LETTER OF CREDIT AND PRE-FUNDING

4.1 Standby Letter of Credit

The Bonds will have the benefit of the Standby Letter of Credit issued in favour of the Trustee, on behalf of itself and the Bondholders, by the LC Bank. The Standby Letter of Credit shall be drawable by the Trustee as beneficiary under the Standby Letter of Credit on behalf of itself and the Bondholders upon the presentation of a demand by authenticated SWIFT (or by such method of communication otherwise permitted under the Standby Letter of Credit) (**provided that** in the event that the SWIFT system is not available for any reason, the Trustee may instead present a demand via facsimile transmission as specified in the Standby Letter of Credit) sent by or on behalf of the Trustee to the LC Bank in accordance with the Standby Letter of Credit (the “**Demand**”) stating that (i) the Issuer has failed to comply with Condition 4.2 (*Pre-Funding*) in relation to pre-funding the amount that is required to be pre-funded under these Conditions and/or has failed to provide the Required Confirmations (as defined below) in accordance with Condition 4.2 (*Pre-Funding*), or (ii) an Event of Default (as defined in Condition 10 (*Events of Defaults*)) has occurred and the Trustee has given notice to the Issuer that the Bonds are immediately due and payable in accordance with Condition 10 (*Events of Defaults*).

Only one drawing is permitted under the Standby Letter of Credit.

Such drawing on the Standby Letter of Credit will be payable in U.S. dollars to or to the order of the Trustee at the time and to the account specified in the Demand presented to the LC Bank. Payment received by the Trustee in respect of the Demand will be deposited into the LC Proceeds Account.

The payment made under the Standby Letter of Credit in respect of any amount payable under these Conditions or in connection with the Bonds, the Trust Deed and/or the Agency Agreement shall, to the extent of the drawing paid to or to the order of the Trustee, satisfy the obligations of the Issuer in respect of such amount payable under these Conditions or in connection with the Bonds, the Trust Deed and/or the Agency Agreement.

The LC Bank’s aggregate liability under the Standby Letter of Credit shall be expressed and payable in U.S. dollars and shall not in any circumstances exceed U.S.\$257,250,000 (the “**Maximum Limit**”), which includes an amount representing (i) the aggregate principal amount of the Bonds plus the amount of interest payable in respect of one Interest Period in accordance with Condition 6 (*Interest*) and (ii) U.S.\$1,057,800 being the maximum amount payable under the Standby Letter of Credit for all fees, costs, expenses, indemnity payments and all other amounts payable to the Trustee in connection with the Bonds, the Trust Deed, the Agency Agreement and/or any other transaction document relating to the Bonds. The Standby Letter of Credit takes effect from the Issue Date and shall remain valid and in full force until 5:00 p.m. (Hong Kong time) on 26 September 2025 (the “**Expiry Date**”) and shall expire at the counters of the LC Bank.

See “Appendix A – Form of Irrevocable Standby Letter of Credit” in the Offering Circular for the form of the Standby Letter of Credit.

4.2 Pre-Funding

In order to provide for the payment of any amount in respect of the Bonds (other than the Make Whole Redemption Price under Condition 7.4 (*Optional Redemption*) or the amounts payable under Condition 7.5 (*Mandatory Redemption upon Pre-Funding Failure*)) (the “**Relevant Amount**”) as the same shall become due, the Issuer shall, in accordance with the Agency Agreement, by no later than 10:00 a.m. (Hong Kong time) on the Pre-Funding Business Day falling ten Pre-Funding Business Days prior to the due date for such payment under these Conditions (the “**Pre-Funding Date**”):

- (a) unconditionally pay or procure to be paid the Relevant Amount into the Pre-Funding Account; and
- (b) deliver to the Trustee and the Principal Paying Agent by facsimile or email (i) a Payment and Solvency Certificate (as defined below) signed by any authorised signatory of the Issuer, and (ii) a copy of the irrevocable payment instruction from the Issuer to the Pre-Funding Account Bank requesting the Pre-Funding Account Bank to pay the Relevant Amount which was paid into the Pre-Funding Account on the Pre-Funding Date in full to the Principal Paying Agent by no later than 10:00 a.m. (Hong Kong time) on the Business Day immediately preceding the due date for such payment (together, the “**Required Confirmations**”).

The Pre-Funding Account Bank shall notify the Trustee as soon as reasonably practicable upon the failure by the Issuer to pay the Relevant Amount into the Pre-Funding Account in accordance with these Conditions.

If the Relevant Amount has not been paid into the Pre-Funding Account in full or the Trustee does not receive the Required Confirmations, in each case by 10:00 a.m. (Hong Kong time) on the Pre-Funding Business Day immediately following the Pre-Funding Date (each event, a “**Pre-Funding Failure**”), the Trustee:

- (i) shall give notice substantially in the form set out in the Trust Deed (the “**Pre-Funding Failure Notice**”) to the Bondholders by the second Pre-Funding Business Day immediately following the Pre-Funding Date of (A) the Pre-Funding Failure and (B) the redemption of the Bonds in accordance with Condition 7.5 (*Mandatory Redemption upon Pre-Funding Failure*) to occur as a result of the Pre-Funding Failure; and
- (ii) shall by no later than 5:00 p.m. (Hong Kong time) on the second Pre-Funding Business Day immediately following the Pre-Funding Date issue the Demand to the LC Bank for the principal amount in respect of all of the Bonds then outstanding, together with interest accrued to, but excluding, the Mandatory Redemption Date (as defined in Condition 7.5 (*Mandatory Redemption upon Pre-Funding Failure*)) and all fees, costs, expenses, indemnity payments and all other amounts payable by the Issuer under or in connection with the Bonds, the Trust Deed, the Agency Agreement and/or any other transaction document relating to the Bonds, **provided that**, in accordance with the Standby Letter of Credit, the Trustee need not physically present the Demand to the LC Bank and shall be entitled to submit the Demand by authenticated SWIFT (or by such method of communication otherwise permitted under the Standby Letter of Credit) (**provided further that** in the event that the SWIFT system is not available for any reason, the Trustee may instead present the Demand via facsimile transmission as specified in the Standby Letter of Credit).

Following receipt by the LC Bank of the Demand by 6:00 p.m. (Hong Kong time) on a Business Day falling on or after the Issue Date, the LC Bank shall by 10:00 a.m. (Hong Kong time) on the fourth Business Day after the Business Day on which the LC Bank receives the Demand (or, if the Demand is received after 6:00 p.m. (Hong Kong time) on a Business Day, then by 10:00 a.m. (Hong Kong time) on the fifth Business Day after the Business Day on which the LC Bank receives the Demand), pay to the Trustee or to the order of the Trustee the amount in U.S. dollars specified in the Demand to the LC Proceeds Account specified in the Demand.

For the purposes of these Conditions:

“**Business Day**” means a day (other than a Saturday, a Sunday or a public holiday) on which banks are open for business in Hong Kong, Beijing, London and New York City;

“**LC Proceeds Account**” means a non-interest bearing U.S. dollar account established in the name of the Trustee with the LC Proceeds Account Bank;

“**Payment and Solvency Certificate**” means a certificate in substantially the form set forth in the Agency Agreement stating the Relevant Amount in respect of the relevant due date in respect of the Bonds and confirming that (A) payment for the Relevant Amount has been made by the Issuer to the Pre-Funding Account in accordance with Condition 4.2 (*Pre-Funding*) and (B) the Issuer is solvent;

“**Pre-Funding Account**” means a non-interest bearing U.S. dollar account established in the name of the Issuer with the Pre-Funding Account Bank and designated for the purposes specified above; and

“**Pre-Funding Business Day**” means a day (other than a Saturday, a Sunday or a public holiday) on which banks are generally open for business in Hong Kong, London, Beijing, New York City and Shanghai.

5. NEGATIVE PLEDGE AND OTHER COVENANTS

5.1 Negative Pledge

So long as any of the Bonds remains outstanding (as defined in the Trust Deed), the Issuer shall not, and the Issuer shall procure that none of its Principal Subsidiaries will, create, permit to subsist or have outstanding any mortgage, charge, lien, pledge or other security interest upon, or with respect to, the whole or any part of its present or future business, undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness, or any guarantee or indemnity in respect of any Relevant Indebtedness without, subject to the Issuer having used commercially reasonable efforts to obtain all requisite regulatory approvals (if any), at the same time or prior thereto (i) securing all amounts payable by it under the Bonds and the Trust Deed equally and rateably therewith; or (ii) providing such other security for the Bonds as may be approved by an Extraordinary Resolution (as defined in the Trust Deed).

5.2 Provision of Information by the Issuer

- (a) So long as any Bond remains outstanding, the Issuer shall file with the Trustee as soon as they are available, but in any event within 150 calendar days after the end of each Relevant Period, copies of the relevant Audited Financial Reports in the English language, together with a Compliance Certificate (on which the Trustee may conclusively rely as to such compliance); and
- (b) So long as any Bond remains outstanding, the Issuer shall file with the Trustee as soon as they are available, but in any event within 90 calendar days after the end of each Relevant Period, copies of the relevant Semi-Annual Unaudited Financial Reports in the English language;

provided that, if at any time the Capital Stock of the Issuer is listed for trading on a recognised stock exchange, the Issuer will file with the Trustee, as soon as they are available but in any event not more than 10 calendar days after any annual or semi-annual financial reports of the Issuer are filed with The Stock Exchange of Hong Kong Limited or any other recognised exchange on which the Issuer's Capital Stock is at any time listed for trading (and in the case of the Compliance Certificate, within 14 calendar days of a written request of the Trustee), true and correct copies of any financial or other report filed with such exchange in lieu of the reports identified in clauses (a) and (b) above, together with a Compliance Certificate (on which the Trustee may conclusively rely as to such compliance).

5.3 Undertakings relating to NDRC

The Issuer undertakes to file or cause to be filed with the National Development and Reform Commission of the PRC (the “NDRC”), within 10 NDRC Registration Business Days after the Issue Date, the requisite information and documents in accordance with the Notice on Promoting the Reform of the Filing and Registration System for Issuance of Foreign Debt by Corporates (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知(發改外資[2015]2044號)) promulgated by the NDRC on 14 September 2015 which came into effect immediately (the “NDRC Post-Issuance Filing”). The Issuer shall complete the NDRC Post-Issuance Filing and comply with all applicable PRC laws and regulations in relation to the issue of the Bonds.

The Issuer shall within 15 NDRC Registration Business Days after submission of such NDRC Post-Issuance Filing provide the Trustee with a certificate in English signed by an authorised signatory of the Issuer confirming the submission of the NDRC Post-Issuance Filing (on which the Trustee may conclusively rely as to such compliance). The Trustee shall have no obligation to monitor or assist with or ensure the completion of the NDRC Post-Issuance Filing on or before the deadline referred to above or to verify the accuracy, validity and/or genuineness of any documents in relation to or in connection with the NDRC Post-Issuance Filing, and shall not be liable to Bondholders or any other person for not doing so.

5.4 Undertakings relating to SAFE

The Issuer undertakes to file or cause to be filed with the Shanghai Branch of the State Administration of Foreign Exchange (“SAFE”) the requisite information and documents within the prescribed time period in accordance with the Administrative Measures for Foreign Debt Registration (外債登記管理辦法) issued by SAFE and which came into effect on 13 May 2013, the Circular on Relevant Matters about the Macro-Prudential Management of Cross-Border Financing in Full Aperture (中國人民銀行關於全口徑跨境融資宏觀審慎管理有關事宜的通知) issued by the People’s Bank of China (the “PBoC”) and which came into effect on 12 January 2017, and any implementation rules, reports, certificates, approvals or guidelines as issued by SAFE or the PBoC from time to time (the “**Foreign Debt Registration**”). The Issuer shall use its commercially reasonable endeavours to complete the Foreign Debt Registration and obtain a registration record from SAFE (or any other document evidencing the completion of registration issued by SAFE) on or before the Registration Deadline. The Issuer shall:

- (a) within five SAFE Registration Business Days after receipt of the registration record from SAFE (or any other document evidencing the completion of registration issued by SAFE), provide the Trustee with (x) a certificate in English substantially in the form set out in the Trust Deed signed by an authorised signatory of the Issuer (on which the Trustee may conclusively rely as to such compliance) confirming the completion of the Foreign Debt Registration; and (y) copies of the relevant SAFE registration record, any other document evidencing the completion of registration issued by SAFE and the particulars of registration (the “**Registration Documents**”); and
- (b) give notice to the Bondholders (in accordance with Condition 17 (*Notices*)) confirming the completion of the Foreign Debt Registration within five SAFE Registration Business Days after the documents comprising the Registration Documents are delivered to the Trustee.

The Trustee shall have no obligation or duty to monitor or ensure the completion of the Foreign Debt Registration on or before the Registration Deadline or at all, or to verify the accuracy, validity and/or genuineness of any documents comprising or prepared or submitted in relation to or in connection with the Foreign Debt Registration and/or the Registration Documents or to give notice to the Bondholders confirming the completion of the Foreign Debt Registration, and shall not be liable to Bondholders, the Issuer or any other person for not doing so.

5.5 Interpretation

In these Conditions:

“**Audited Financial Reports**” means the annual consolidated financial statements of the Issuer prepared in accordance with the International Financial Reporting Standards or the generally accepted accounting principles in the PRC, which include a statement of profit or loss and other comprehensive income, a statement of financial position, a statement of change in equity and a statement of cash flows of the Issuer, audited by a member firm of independent accountants, together with the auditors’ report and notes to the financial statements;

“**Capital Stock**” means any and all shares, interests (including joint venture interests), participations or other equivalents (however designated) of capital stock of a corporation or any and all equivalent ownership interests in a Person (other than a corporation);

“**Compliance Certificate**” means a certificate of the Issuer signed by one Authorised Signatory (as defined in the Trust Deed) that, having made all reasonable enquiries, to the best of the knowledge, information and belief of the Issuer as at a date (the “**certification date**”) not more than seven calendar days before the date of the certificate:

- (a) no Event of Default or Potential Event of Default existed and had existed at any time since the certification date of the previous Compliance Certificate (or in the case of the first Compliance Certificate the date of the Trust Deed) or, if such an event existed and had existed, giving details of it; and
- (b) during the period from and including the certification date of the previous Compliance Certificate (or in the case of the first Compliance Certificate the date of the Trust Deed) to and including the certification date of such Compliance Certificate, the Issuer has complied with all its obligations contained in the Trust Deed, the Agency Agreement and the Bonds or, if non-compliance occurred, giving details of it;

“**Issue Date**” means 26 August 2022;

“**NDRC Registration Business Day**” means a day, other than a Saturday, Sunday or a public holiday, on which the relevant NDRC branch in the PRC is open for business;

“**Person**” means any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organisation, government or any agency or political subdivision thereof or any other entity;

“**PRC**” means the People’s Republic of China, and for the purpose of these Conditions only, excluding the Hong Kong Special Administrative Region of the People’s Republic of China, the Macau Special Administrative Region of the People’s Republic of China and the region of Taiwan;

“**Principal Subsidiary**” means at any time a Subsidiary of the Issuer:

- (a) whose total assets, operating income or net profits or (in the case of a Subsidiary which itself has Subsidiaries) consolidated total assets, operating income or net profits represent in each case (or, in the case of a Subsidiary acquired after the end of the financial period to which the then latest audited consolidated financial statements of the Issuer and its Subsidiaries relate, are equal to) 5 per cent. or more of the consolidated total assets, operating income or net profits of the Issuer and its Subsidiaries, all as calculated respectively by reference to the then latest audited financial statements (consolidated or, as the case may be, unconsolidated) of such Subsidiary and the then latest audited consolidated financial statements of the Issuer and its Subsidiaries, **provided that** in the case of a Subsidiary of the Issuer acquired after the end of the financial period to which the then latest audited consolidated financial statements of the Issuer and its Subsidiaries relate, the reference to the then latest audited consolidated financial statements of the Issuer and its Subsidiaries for the purposes of the calculation above shall, until consolidated financial statements for the financial period in which the acquisition is made have been prepared and audited as aforesaid, be deemed to be a reference to such first-mentioned accounts as if such Subsidiary had been shown in such accounts by reference to its then latest relevant audited accounts, adjusted as deemed appropriate by the auditors of the Issuer;

- (b) to which is transferred the whole or substantially the whole of the undertaking and assets of a Subsidiary of the Issuer which immediately prior to such transfer is a Principal Subsidiary, **provided that** the transferor Subsidiary shall upon such transfer forthwith cease to be a Principal Subsidiary and the transferee Subsidiary shall cease to be a Principal Subsidiary pursuant to this subparagraph (b) on the date on which the consolidated financial statements of the Issuer and its Subsidiaries for the financial period current at the date of such transfer have been prepared and audited as aforesaid but so that such transferor Subsidiary or such transferee Subsidiary may be a Principal Subsidiary on or at any time after the date on which such consolidated financial statements have been prepared and audited as aforesaid by virtue of the provisions of subparagraph (a) above or, prior to or after such date, by virtue of any other applicable provision of this definition; or
- (c) to which is transferred an undertaking or assets which, taken together with the undertaking or assets of the transferee Subsidiary, generated (or, in the case of the transferee Subsidiary being acquired after the end of the financial period to which the then latest audited consolidated financial statements of the Issuer and its Subsidiaries relate, generate operating income or net profits equal to) not less than 5 per cent. of the consolidated operating income or net profits of the Issuer, or represent (or, in the case aforesaid, are equal to) not less than 5 per cent. of the consolidated total assets of the Issuer and its Subsidiaries taken as a whole, all as calculated as referred to in subparagraph (a) above, **provided that** the transferor Subsidiary (if a Principal Subsidiary) shall upon such transfer forthwith cease to be a Principal Subsidiary unless immediately following such transfer its undertaking and assets generate (or, in the case aforesaid, generate operating income or net profits equal to) not less than 5 per cent. of the consolidated operating income or net profits of the Issuer, or its assets represent (or, in the case aforesaid, are equal to) not less than 5 per cent. of the consolidated total assets of the Issuer and its Subsidiaries taken as a whole, all as calculated as referred to in subparagraph (a) above, and the transferee Subsidiary shall cease to be a Principal Subsidiary pursuant to this subparagraph (c) on the date on which the consolidated financial statements of the Issuer and its Subsidiaries for the financial period current at the date of such transfer have been prepared and audited but so that such transferor Subsidiary or such transferee Subsidiary may be a Principal Subsidiary on or at any time after the date on which such consolidated financial statements have been prepared and audited as aforesaid by virtue of the provisions of subparagraph (a) above or, prior to or after such date, by virtue of any other applicable provision of this definition;

provided that, in relation to subparagraphs (a), (b) and (c) above of this definition,

- (x) if at any relevant time in relation to the Issuer or any Subsidiary which itself has Subsidiaries no consolidated accounts are prepared and audited, the total assets, operating income or net profits of the Issuer and/or any such Subsidiary shall be determined on the basis of *pro forma* consolidated accounts prepared for this purpose by the Issuer;
- (y) if any relevant time in relation to any Subsidiary, no accounts are audited, its total assets, operating income or net profits (consolidated, if appropriate) shall be determined on the basis of *pro forma* accounts (consolidated, if appropriate) of the relevant Subsidiary prepared for this purpose by the Issuer; and

- (z) if the accounts of any Subsidiary (not being a Subsidiary referred to in subparagraph (c) above) are not consolidated with those of the Issuer, then the determination of whether or not such Subsidiary is a Principal Subsidiary shall be based on a *pro forma* consolidation of its accounts (consolidated, if appropriate) with the consolidated accounts (determined on the basis of the foregoing) of the Issuer;

“Registration Deadline” means the day falling 120 SAFE Registration Business Days after the Issue Date;

“Relevant Indebtedness” means any present or future indebtedness (whether being principal, premium, interest or other amounts) for or in respect of any bonds, notes, debentures, loan stock certificates or other securities issued outside the PRC which for the time being are, or are intended to be or capable of being, quoted, listed or dealt in or traded on any stock exchange or over-the-counter market or other securities market, and that have a final maturity date of one year or more from their date of issuance, which does not include any bilateral loans, syndicated loans or club deal loans;

“Relevant Period” means, in relation to the Audited Financial Reports, each period of twelve months ending on the last day of the financial year (being 31 December of that financial year) and in relation to the Semi-Annual Unaudited Financial Reports, each period of six months ending on the last day of the first half financial year (being 30 June of that financial year);

“SAFE Registration Business Day” means a day, other than a Saturday, Sunday or a public holiday, on which the relevant SAFE branch in the PRC is open for business;

“Semi-Annual Unaudited Financial Reports” means the semi-annual unaudited consolidated financial statements of the Issuer, which include a statement of profit or loss and other comprehensive income, a statement of financial position, a statement of change in equity and a statement of cash flows of the Issuer prepared on a basis consistent with the Audited Financial Reports; and

“Subsidiary” of any person means (a) any company or other business entity of which that person owns or controls (either directly or through one or more other Subsidiaries) more than 50 per cent. of the issued share capital or other ownership interest having ordinary voting power to elect directors, managers or trustees of such company or other business entity, or (b) any company or other business entity which at any time has its accounts consolidated with those of that person or which, under the law, regulations or generally accepted accounting principles of the jurisdiction of incorporation of such person from time to time, should have its accounts consolidated with those of that person.

6. INTEREST

The Bonds bear interest on their outstanding principal amount from and including 26 August 2022 at the rate of 5.20 per cent. per annum, payable semi-annually in arrear on 26 February and 26 August in each year (each an “**Interest Payment Date**”), commencing on 26 February 2023. Each Bond will cease to bear interest from the due date for redemption unless, upon surrender of the Certificate representing such Bond, payment of principal is improperly withheld or refused. In such event it shall continue to bear interest at such rate (both before and after judgement) until whichever is the earlier of (a) the day on which all sums due in respect of such Bond up to that day are received by or on behalf of the relevant holder, and (b) the day which is seven calendar days after the Trustee or the Principal Paying Agent has notified Bondholders of receipt of all sums due in respect of all the Bonds up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant holders under these Conditions).

If interest is required to be calculated for a period of less than a complete Interest Period (as defined below), it shall be calculated on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed.

In this Condition 6, “**Interest Period**” means the period beginning on and including the Issue Date and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date.

7. REDEMPTION AND PURCHASE

7.1 Final Redemption

Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on 26 August 2025 (the “**Maturity Date**”) subject to this Condition 7.

7.2 Redemption for Taxation Reasons

- (a) The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 calendar days’ notice to the Bondholders and the Trustee (which notice shall be irrevocable), at their principal amount, together with interest accrued up to, but excluding, the date fixed for redemption but unpaid, if (i) the Issuer has or will become obliged to pay the Additional Tax Amounts as provided or referred to in Condition 9 (*Taxation*) as a result of any change in, or amendment to, the laws, regulations or rulings of Hong Kong or the PRC or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws, regulations or rulings (including but not limited to any decision by a court of competent jurisdiction) or the stating of an official position with respect thereto, which change or amendment becomes effective (or in the case of an official position, is announced) on or after 23 August 2022 and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, **provided that** no such notice of redemption shall be given earlier than 90 calendar days prior to the earliest date on which the Issuer would be obliged to pay such Additional Tax Amounts were a payment in respect of the Bonds then due.

- (b) From and after the date fixed for redemption, if moneys sufficient for the redemption of such Bonds shall have been made available as provided in the Trust Deed for redemption on the date fixed for redemption, the Bonds shall cease to bear interest, and the only right of the Bondholders shall be to receive payment of the redemption price, interest accrued to the date fixed for redemption and Additional Tax Amounts, if any. However, if there is any failure in payment of such redemption moneys or such payment is improperly withheld or refused by the Issuer, interest on the Bonds will continue to accrue.
- (c) Prior to the publication of any notice of redemption pursuant to this Condition 7.2, the Issuer shall deliver to the Trustee:
 - (i) a certificate signed by any authorised signatory of the Issuer stating that the obligation referred to in subparagraph (a)(i) above cannot be avoided by the Issuer taking reasonable measures available to it; and
 - (ii) an opinion in form and substance satisfactory to the Trustee of independent legal advisers of recognised standing to the effect that the Issuer has or will become obligated to pay such Additional Tax Amounts as a result of such change or amendment or the stating of an official position.

The Trustee shall be entitled, and without liability to any person for doing so, to accept such certificate and opinion as conclusive evidence of the satisfaction of the conditions precedent set out in the subparagraphs above, in which event they shall be conclusive and binding on the Bondholders.

7.3 Redemption for Relevant Events

At any time following the occurrence of a Relevant Event (as defined below), the holder of any Bond will have the right, at such holder's option, to require the Issuer to redeem all but not some only of that holder's Bonds on the Put Settlement Date at their principal amount, together with accrued interest up to but excluding such Put Settlement Date. To exercise such right, the holder of the relevant Bond must deposit at the specified office of the Principal Paying Agent or any Paying Agent a duly completed and signed notice of redemption, in the form for the time being current, obtainable from the specified office of the Principal Paying Agent or any Paying Agent (a "**Relevant Event Put Exercise Notice**"), together with the Certificate evidencing the Bonds to be redeemed by not later than 30 calendar days following a Relevant Event, or, if later (and **provided that** the Issuer shall have given notice of a Relevant Event to Bondholders in accordance with Condition 17 (*Notices*) within (i) 14 calendar days (in the case of a Change of Control) or (ii) 10 PRC Business Days (in the case of a No Registration Event) of such Relevant Event), 30 calendar days following the date upon which notice thereof is given to the Bondholders by the Issuer in accordance with Condition 17 (*Notices*).

The "**Put Settlement Date**" shall be the fourteenth day after the expiry of such period of 30 calendar days as referred to above. A Relevant Event Put Exercise Notice, once delivered, shall be irrevocable and the Issuer shall redeem the Bonds the subject of the Relevant Event Put Exercise Notices delivered as aforesaid on the Put Settlement Date.

The Issuer shall give notice to Bondholders in accordance with Condition 17 (*Notices*) and to the Trustee, the Transfer Agents and the Principal Paying Agent by not later than 14 calendar days (in the case of a redemption for a Change of Control) or 10 PRC Business Days (in the case of a redemption for a No Registration Event) following the first day on which it becomes aware of the occurrence of a Relevant Event, which notice shall specify the procedure for exercise by holders of their rights to require redemption of the Bonds pursuant to this Condition 7.3.

The Trustee and the Agents shall not be required to take any steps to ascertain whether a Relevant Event has occurred and shall not be responsible or liable to the Bondholders, the Issuer or any other person for any loss arising from any failure to do so.

In this Condition 7.3:

a “**business day**” means a day (other than a Saturday or Sunday) on which commercial banks are open for business in New York City and Hong Kong and, in the case of presentation of a Certificate, in the place in which the specified office of the Principal Paying Agent or the relevant Paying Agent is located;

a “**Change of Control**” occurs when:

- (a) the Controlling Persons, acting together, cease to, directly or indirectly, Control the Issuer; or
- (b) the Controlling Persons, acting together, cease to own or hold, directly or indirectly, at least 30 per cent. of the Voting Rights of the Issuer’s share capital; or
- (c) any person or persons acting together, directly or indirectly (x) owns or holds more Voting Rights of the Issuer’s share capital than the Controlling Persons acting together or (y) acquires Control of the Issuer if such person or persons does not or do not have, and would not be deemed to have, Control of the Issuer on the Issue Date; or
- (d) the Issuer consolidates with or merges into or sells or transfers all or substantially all of its assets to any other person or persons, acting together, except where such person(s) is/are Controlled, directly or indirectly, by a Controlling Person;

“**Control**” means (where applicable): (i) the possession, directly or indirectly, of the power to nominate or designate no less than 50 per cent. of the members then in office of a person’s board of directors or other governing body, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of Voting Rights, contract or otherwise or (ii) the possession, directly or indirectly, of the power to direct or cause the direction of the management policies of a person. For the avoidance of doubt, a person is deemed to Control another person so long as it fulfils one of the two foregoing requirements and the terms “**Controlling**” and “**Controlled**” have meanings correlative to the foregoing;

“**Controlling Persons**” means (i) Mr. CHE Jianxing, (ii) any other person or entity directly Controlled by Mr. CHE Jianxing or (iii) the estate or immediate family member of Mr. CHE Jianxing or the legal representatives of any of the foregoing, including any trust for which Mr. CHE Jianxing is a settlor or a beneficiary (such person or entity and Mr. CHE Jianxing, each a “**Controlling Person**”);

a “**No Registration Event**” occurs when the Registration Conditions are not satisfied by 6.00 p.m. (Hong Kong time) on the Registration Deadline (as defined in Condition 5.5 (*Interpretation*));

a “**person**” includes any individual, company, corporation, firm, partnership, joint venture, undertaking, association, organisation, trust, state, agency of a state (in each case whether or not being a separate legal entity) but does not include:

- (a) the Issuer’s board of directors or any other governing board; and
- (b) the Issuer’s wholly-owned direct or indirect Subsidiaries (as defined in Condition 5.5);

“**PRC Business Day**” means a day (other than a Saturday, Sunday or public holiday) on which commercial banks are generally open for business in the PRC;

“**Registration Conditions**” means the receipt by the Trustee of the Registration Documents;

a “**Relevant Event**” means a Change of Control or a No Registration Event; and

“**Voting Rights**” means the right generally to vote at a general meeting of shareholders of the Issuer (irrespective of whether or not, at the time, stock of any other class or classes shall have, or might have, voting power by reason of the happening of any contingency, and any such voting power shall therefore be excluded for the purpose of this definition).

7.4 Optional Redemption

The Issuer may, at any time upon giving not less than 30 nor more than 60 calendar days’ notice (the “**Make Whole Redemption Notice**”) to Bondholders in accordance with Condition 17 (*Notices*) (which notice shall be irrevocable), redeem the Bonds, in whole but not in part, at a redemption amount equal to the Make Whole Redemption Price (as defined below), **provided that** the Issuer shall, prior to giving such Make Whole Redemption Notice, (i) unconditionally pay or procure to be paid the Make Whole Redemption Price in full into the Pre-Funding Account and (ii) give to the Trustee and the Principal Paying Agent by facsimile or email (x) a Redemption and Solvency Certificate signed by any authorised signatory of the Issuer and (y) a copy of the irrevocable payment instruction from the Issuer to the Pre-Funding Account Bank requesting the Pre-Funding Account Bank to pay the Make Whole Redemption Price which was paid into the Pre-Funding Account in full to the Principal Paying Agent by no later than 10:00 a.m. (Hong Kong time) on the Business Day immediately preceding such redemption date.

The Trustee shall be entitled, and without liability to any person for doing so, to accept Redemption and Solvency Certificate as conclusive evidence of the solvency status of the Issuer, which shall be conclusive and binding on the Bondholders.

If the Make Whole Redemption Price is not received in full by the Principal Paying Agent on or before the Business Day immediately preceding such redemption date, the Issuer’s exercise of its right to redeem the Bonds under this Condition 7.4 and such Make Whole Redemption Notice shall be immediately and automatically cancelled forthwith and shall cease to have any further effect. Nothing herein shall prejudice the Issuer’s right to issue a new Make Whole Redemption Notice after such cancellation.

For the purpose of this Condition 7.4:

“**Make Whole Redemption Price**” means the higher of:

- (a) the principal amount of the Bonds, plus any accrued but unpaid interest; and
- (b) the Make Whole Amount, plus any accrued but unpaid interest;

“**Make Whole Amount**” means an amount determined in good faith by the Issuer (who may, but shall not be obliged to, in turn consult with an independent financial institution of recognised standing) on the fifth Business Day before the issue of the Make Whole Redemption Notice to be equal to the sum of (i) the present value of the principal amount of the Bonds, plus (ii) the present value of the remaining scheduled interest in respect of the period from (and including) the redemption date to (but excluding) the Maturity Date, in each case discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the actual number of days elapsed) at the Treasury Yield plus 25 basis points;

“**New York Business Day**” means, for the purposes of this Condition, a day on which commercial banks are open for business in New York City;

“**Redemption and Solvency Certificate**” means a certificate in substantially the form set forth in the Agency Agreement stating the Make Whole Redemption Price in respect of the relevant date fixed for redemption of the Bonds and confirming that (a) payment for the Make Whole Redemption Price has been made by the Issuer to the Pre-Funding Account in accordance with Condition 7.4 (*Optional Redemption*) and (b) the Issuer is solvent; and

“**Treasury Yield**” means:

- (a) the yield, under the heading which represents the average for the week immediately preceding the date on which such yield is calculated, appearing in the most recently published statistical release designated “**H.15(519)**” or any successor publication which is published weekly by the Board of Governors of the Federal Reserve System, available on the world-wide-website of the Board of Governors Federal Reserve System at <http://www.federalreserve.gov/releases/h15/>, or any successor site, or, failing which, on Bloomberg pages PX1, PX2 and PX3 and which established a yield for actively traded United States Treasury securities adjusted to constant maturity under the caption “**Treasury Constant Maturities**”, with a maturity comparable to the time period between the redemption date and the Maturity Date (the “**Remaining Maturity**”), (if no maturity falls within three months before or after such time period, yields for the two published maturities most closely corresponding to such time period shall be determined and the Treasury Yield shall be interpolated or extrapolated from such yields on a straight-line basis, rounding to the nearest month); or as such aforesaid yield is displayed on the Reuters screen FRBCMT page (or such other page which may replace that page on that service or a successor service); or

- (b) in the event that such yield referred to in paragraph (a) above does not appear in such statistical release or any successor publication, site, page servicer or any successor thereto during the week preceding the date on which the Make Whole Redemption Price shall be determined (which shall be the fifth New York Business Day before the issue of the Make Whole Redemption Notice), the yield shall be determined as follows:

The Issuer shall select and appoint in good faith, three or more primary U.S. Government securities dealers in New York City (each a Primary Treasury Dealer) or their respective successors as reference dealer; **provided, however, that** if any of the foregoing ceases to be a **Primary Treasury Dealer**, the Issuer shall substitute therefore another Primary Treasury Dealer. The Issuer shall also select and appoint in good faith, one of the reference dealers as the quotation agent. The quotation agent will select a United States Treasury security having a maturity comparable to the Remaining Maturity, which would be used in accordance with customary financial practice to price new issues of corporate debt securities with a maturity comparable to the Remaining Maturity. The reference dealers will provide one of the Primary Treasury Dealers appointed by the Issuer in good faith (the “**Independent Investment Bank**”) with the bid and asked prices for that comparable United States Treasury security as of 3:00 p.m. (New York City time) on the fifth New York Business Day before the issue of the Make Whole Redemption Notice. The Independent Investment Bank will calculate the average of the bid and asked prices provided by each reference dealer to obtain such reference dealer’s quotation. The Independent Investment Bank will eliminate the highest and the lowest quotations and then calculate the average of the remaining quotations; **provided, however, that** if the Independent Investment Bank obtains fewer than four quotations, it will calculate the average of all the quotations without eliminating any of them. The average quotation is called the comparable treasury price. The applicable Treasury Yield will be the semi-annual equivalent yield to maturity of a security whose price is equal to the comparable treasury price, in each case expressed as a percentage of its principal amount.

Absent any manifest error, the determination of the Treasury Yield in accordance with the procedures set forth above will be final and binding.

7.5 Mandatory Redemption upon Pre-Funding Failure

The Bonds shall be redeemed at their principal amount on the Interest Payment Date falling immediately after the date the Pre-Funding Failure Notice is given to the Bondholders in accordance with Condition 4.2 (*Pre-Funding*) (the “**Mandatory Redemption Date**”), together with interest accrued to (but not including) the Mandatory Redemption Date.

If any Bondholder shall have exercised its right to require the Issuer to redeem its Bonds under Condition 7.3 (*Redemption for Relevant Events*) and a Pre-Funding Failure Notice is given to the Bondholders in accordance with Condition 4.2 (*Pre-Funding*) as a result of the Pre-Funding Failure relating to the amount payable pursuant to such redemption, the Bonds shall be redeemed in whole, but not in part, at their principal amount in accordance with this Condition 7.5 on the Put Settlement Date, together with interest accrued up to (but not including) such Put Settlement Date, **provided that** if such Pre-Funding Failure occurs and a Pre-Funding Failure Notice has been given or is given to the Bondholders in respect of a scheduled payment of principal or interest payable under Condition 6 (*Interest*) or Condition 7.1 (*Final Redemption*), the Put Settlement Date shall be the Mandatory Redemption Date.

7.6 Notices of Redemption

If there is more than one notice of redemption given in respect of any Bond (which shall include any notice given by the Issuer pursuant to Condition 7.2 (*Redemption for Taxation Reasons*) or Condition 7.4 (*Optional Redemption*) and any Relevant Event Put Exercise Notice given by a Bondholder pursuant to Condition 7.3 (*Redemption for Relevant Events*)), the notice given first in time shall prevail and in the event of two notices being given on the same date, the first to be given shall prevail.

7.7 Date of Redemption

All Bonds in respect of which any notice of redemption is given under Condition 7.2 (*Redemption for Taxation Reasons*) or Condition 7.3 (*Redemption for Relevant Events*) or Condition 7.4 (*Optional Redemption*) shall be redeemed on the date specified in such notice in accordance with this Condition 7.

7.8 Purchase

The Issuer and each of its Subsidiaries may at any time purchase Bonds in the open market or otherwise at any price. The Bonds so purchased, while held by or on behalf of the Issuer or any such Subsidiary, shall not entitle the holder to vote at any meetings of the Bondholders and shall not be deemed to be outstanding for, among other things, the purposes of calculating quorums at meetings of the Bondholders or for the purposes of Conditions 10 (*Events of Default*), 13.1 (*Meetings of Bondholders, Modification and Waiver*) or 14 (*Enforcement*).

7.9 Cancellation

All Certificates representing Bonds purchased by or on behalf of the Issuer or any of its Subsidiaries may at the option of the Issuer be surrendered for cancellation to the Principal Paying Agent and, upon surrender thereof, all such Bonds shall be cancelled forthwith. Any Certificates so purchased and surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Bonds shall be discharged.

7.10 Calculations

Neither the Trustee nor any Agent shall be responsible for calculating or verifying the calculations of any amount payable under any notice of redemption (including but not limited to, any Make Whole Amount) and shall not be liable to the Bondholders or any other person for not doing so.

8. PAYMENTS

8.1 Method of Payment

- (a) Payments of principal and premium (if any) shall be made (subject to surrender of the relevant Certificates at the specified office of the Principal Paying Agent or any Paying Agent if no further payment falls to be made in respect of the Bonds represented by such Certificates) in a manner provided in paragraph (b) below.
- (b) Interest on each Bond shall be paid to the person shown on the Register at the close of business on the fifth Payment Business Day before the due date for payment thereof (the “**Record Date**”). Payments of interest on each Bond shall be made by transfer to a U.S. dollar account maintained by the payee by or on behalf of it with a bank that processes payments in U.S. dollars, details of which appear on the Register at the close of business on the Payment Business Day before the due date for payment, or by U.S. dollar cheque drawn on a bank that processes payments in U.S. dollars mailed to the address of the Bondholder appearing on the Register at the time if the Bondholder does not have a registered account.

*So long as the Bonds are represented by the Global Certificate, each payment in respect of the Global Certificate will be made to the person shown as the holder of the Bonds in the Register at the close of business (of the relevant clearing system) on the Clearing System Business Day before the due date for such payments, where “**Clearing System Business Day**” means a weekday (Monday to Friday, inclusive) except 25 December and 1 January.*

- (c) If the amount of principal being paid upon surrender of the relevant Certificate is less than the outstanding principal amount of the Bonds evidenced by such Certificate, the Registrar will annotate the Register with the amount of principal so paid and will (if so requested in writing by the Issuer or a Bondholder) issue a new Certificate with a principal amount equal to the remaining unpaid outstanding principal amount. If the amount of interest being paid is less than the amount then due, the Registrar will annotate the Register with the amount of interest so paid.

8.2 Payments subject to Applicable Laws

All payments are subject in all cases to (i) any applicable fiscal or other laws, regulations and directives in the place of payment but without limiting the Issuer’s obligations pursuant to the provisions of Condition 9 (*Taxation*) and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the “**Code**”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto. No commission or expenses shall be charged to the Bondholders in respect of such payments.

8.3 Payment Initiation

Where payment is to be made by transfer to a registered account, payment instructions (for value on the due date or, if that is not a Payment Business Day, for value the first following day which is a Payment Business Day) will be initiated on the due date for payment (or, if that date is not a Payment Business Day, on the first following day which is a Payment Business Day), or, in the case of payments of principal and premium (if any) where the relevant Certificate has not been surrendered at the specified office of the Principal Paying Agent or any Paying Agent, on the first Payment Business Day on which the Principal Paying Agent is open for business and on or following which the relevant Certificate is surrendered.

8.4 Appointment of Agents

The Principal Paying Agent, the Registrar and the Transfer Agent initially appointed by the Issuer and their respective specified offices are listed below. The Agents act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Bondholder. The Issuer reserves the right at any time with the prior written approval of the Trustee to vary or terminate the appointment of the Principal Paying Agent, the Registrar, any Transfer Agent or any of the other Agents and to appoint additional or other Agents, **provided that** the Issuer shall at all times maintain (i) a Principal Paying Agent, (ii) a Registrar, (iii) a Transfer Agent, and (iv) such other agents as may be required by any other stock exchange on which the Bonds may be listed, in each case, as approved in writing by the Trustee.

Notice of any such change or any change of any specified office of any Agent shall promptly be given by the Issuer to the Bondholders in accordance with Condition 17 (*Notices*).

8.5 Delay in Payment

Bondholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due on a Bond if the due date is not a Payment Business Day, or if the Bondholder is late in surrendering or cannot surrender its Certificate (if required to do so).

8.6 Non-Payment Business Days

If any date for payment in respect of any Bond is not a Payment Business Day, the holder shall not be entitled to payment until the following Payment Business Day nor to any interest or other sum in respect of such postponed payment.

In this Condition 8, “**Payment Business Day**” means a day (other than a Saturday or a Sunday) on which commercial banks are open for business in New York City and Hong Kong, and the place in which the specified office of the Principal Paying Agent is located and, if surrender of the relevant Certificate is required, in the place in which the specified office of the relevant Paying Agent is located.

9. TAXATION

All payments of principal, premium and interest by or on behalf of the Issuer in respect of the Bonds and the Trust Deed shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Hong Kong or the PRC or any political subdivision or authority therein or thereof having power to tax, unless such withholding or deduction is required by law.

Where such withholding or deduction is made by the Issuer at the rate of up to and including the aggregate rate applicable on 23 August 2022 to payments made by PRC tax residents to non-PRC resident enterprises (the “**Applicable Rate**”), the Issuer will increase the amounts paid by it to the extent required (the “**PRC Taxes**”), so that the net amount received by Bondholders equals the amounts which would otherwise have been receivable by them had no such withholding or deduction been required.

In the event that any such PRC deduction or withholding in excess of the Applicable Rate or any Hong Kong (including any political subdivision or authority therein or thereof having power to tax) deduction or withholding is required, the Issuer shall pay such additional amounts (the “**Additional Tax Amounts**”, which for the avoidance of doubt shall include the PRC Taxes) as will result in receipt by the Bondholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no Additional Tax Amounts (and, for the avoidance of doubt, any additional amounts payable under the preceding paragraph) shall be payable in respect of any Bond:

- (a) to a holder (or to a third party on behalf of a holder) who is liable to such taxes, duties, assessments or governmental charges in respect of such Bond by reason of his or the beneficial owner having some connection with Hong Kong or the PRC other than the mere holding of the Bond; or
- (b) in respect of which the Certificate representing it is presented for payment more than 30 calendar days after the Relevant Date except to the extent that the holder of it would have been entitled to such Additional Tax Amounts on surrendering the Certificate representing such Bond for payment on the last day of such period of 30 calendar days; or
- (c) where such withholding or deduction is imposed on a payment to a holder who would not be liable for or subject to such withholding or deduction by making a declaration of identity, non-residence or other similar claim for exemption to the relevant tax authority if, after having been requested to make such a declaration or claim, such holder fails to do so within any applicable period prescribed by such relevant tax authority.

In these Conditions, a “**Relevant Date**” in respect of any Bond means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven calendar days after that on which notice is duly given to the Bondholders that, upon further surrender of the Certificate representing such Bond being made in accordance with these Conditions, such payment will be made, **provided that** payment is in fact made upon such surrender.

Neither the Trustee nor any Agent shall be responsible for paying any tax, duty, charges, withholding or other payment referred to in this Condition 9 or for determining whether such amounts are payable or the amount thereof, and shall not be responsible or liable for any failure by the Issuer or any Bondholder to pay such tax, duty, charges, withholding or other payment.

10. EVENTS OF DEFAULT

If any of the following events (each an “**Event of Default**”) occurs, the Trustee at its discretion may, and if so requested by holders of at least 25 per cent. in principal amount of the Bonds then outstanding or if so directed by an Extraordinary Resolution of the Bondholders shall (**provided that** in either such case, the Trustee shall have been indemnified and/or secured and/or pre-funded to its satisfaction), give notice to the Issuer that the Bonds are, and they shall immediately become, due and payable at their principal amount together (if applicable) with accrued interest.

An Event of Default occurs if:

10.1 Events of Default with respect to the Issuer

- (a) **Non-Payment under the Bonds:** there is failure to pay the principal of or interest on any of the Bonds when due and in the case of interest, such failure continues for a period of 21 calendar days; or
- (b) **Breach of Other Obligations:** the Issuer does not perform or comply with any one or more of its other obligations under the Bonds, the Trust Deed or the Agency Agreement which default is incapable of remedy or, if capable of remedy, is not remedied within 45 calendar days after the Trustee has given written notice thereof to the Issuer, **provided that** if there has been a breach by the Issuer of its obligations to pre-fund any amount in respect of the Bonds and/or to provide the Required Confirmations in accordance with Condition 4.2 (*Pre-Funding*) and such amount has subsequently been paid in full by the LC Bank following a drawing under the Standby Letter of Credit to, or to the order of, the Trustee and paid to the Bondholders in full, then such breach will not constitute an Event of Default under this Condition 10.1(b); or
- (c) **Enforcement Proceedings:** (i) any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer or any of its Principal Subsidiaries over all or a substantial part of the assets of the Issuer or any of its Principal Subsidiaries becomes enforceable and any step is taken to enforce it (including the taking of possession), or (ii) an application is made (or documents filed with a court) for the appointment of an administrative or other receiver, manager, administrator or other similar official, or an administrative or other receiver, manager, administrator or other similar official is appointed or a distress, attachment, execution or other legal process is levied, enforced or sued out on or against all or a substantial part of the undertaking or assets of the Issuer or any of its Principal Subsidiaries or an encumbrancer takes possession of all or a substantial part of the undertaking or assets of any of them, or a distress, execution, attachment, sequestration or other process is levied, enforced upon or put in force against all or a substantial part of the undertaking or assets of any of them, and in any such case in sub-paragraphs (i) or (ii) above of this Condition 10.1(c) except where (other than the appointment of an administrator) such application or legal process is initiated by the relevant company and is discharged or stayed within 45 calendar days; or

- (d) **Insolvency:** the Issuer or any of its Principal Subsidiaries (i) is (or is deemed by law or a competent court to be) insolvent or bankrupt or unable to pay its debts as and when such debts fall due, stops, suspends or threatens to stop or suspend payment of, all or a material part of its debts, (ii) proposes or makes any agreement for the deferral, rescheduling or other readjustment of all of its debts (or of a material part of its debts at that time) and which it will or might otherwise be unable to pay when due, (iii) proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared in respect of or affecting all of the debts of the Issuer or any of its Principal Subsidiaries or a material part of such debts, except for the purpose of and followed by a solvent winding-up, dissolution, reconstruction, amalgamation, reorganisation, merger or consolidation (x) on terms approved by an Extraordinary Resolution of the Bondholders, or (y) in the case of a Principal Subsidiary of the Issuer, whereby the material undertaking and assets of such Principal Subsidiary are transferred to or otherwise vested in the Issuer or another of its Subsidiaries; or
- (e) **Winding-up:** (i) an order is made by a court of competent jurisdiction or an effective resolution is passed for the winding-up or dissolution of the Issuer or any of its Principal Subsidiaries (except for a voluntary solvent winding-up of any such Principal Subsidiary), or (ii) the Issuer or any of its Principal Subsidiaries initiates or consents to any judicial proceedings relating to itself, under any applicable liquidation, insolvency, composition, reorganisation or other similar laws (including the obtaining of a general moratorium in respect of all or a substantial part of its debts) (except for a voluntary solvent winding-up of any such Principal Subsidiary), or (iii) the Issuer or any of its Principal Subsidiaries ceases or through an official action of the board of directors of the Issuer or the relevant Principal Subsidiary of the Issuer, as the case may be, threatens to cease to carry on all or substantially all of its business or operations, except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation (x) on terms approved by an Extraordinary Resolution of the holders of the Bonds; or (y) in the case of a Principal Subsidiary of the Issuer where the material undertaking and assets of the Principal Subsidiary of the Issuer are transferred to or otherwise vested in the Issuer or another of its Subsidiaries or (z) in the case of a principal subsidiary of the Issuer which is the subject of a disposal on an arm's length where the assets (whether in cash or otherwise) resulting from such disposal is vested in Issuer or any of its Subsidiaries; or
- (f) **Government Intervention:** a substantial part of the assets or undertaking of the Issuer or any of its Principal Subsidiaries is condemned, seized, expropriated or otherwise appropriated by any person acting under the authority of any national, regional or local government; or
- (g) **Authorisation and Consents:** any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order (i) to enable the Issuer lawfully to enter into, exercise its rights and perform and comply with its obligations under the Bonds, the Trust Deed and the Agency Agreement, (ii) to ensure that those obligations are legally binding and enforceable and (iii) to make the Bonds, the Trust Deed, the Agency Agreement and the Standby Letter of Credit admissible in evidence in the courts of Hong Kong is not taken, fulfilled or done; or
- (h) **Illegality:** it is or will become unlawful for the Issuer to perform or comply with any one or more of its obligations under any of the Bonds, the Trust Deed or the Agency Agreement; or

- (i) **Unenforceability of the Standby Letter of Credit:** the enforceability of the Standby Letter of Credit is contested by the LC Bank or the LC Bank denies any one or more of its obligations under the Standby Letter of Credit; or
- (j) **Analogous Events:** any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of Conditions 10.1(c) (*Enforcement Proceedings*) to 10.1(f) (*Government Intervention*) (both inclusive); or

10.2 Events of Default with respect to the LC Bank

- (a) **Cross-Acceleration (LC Bank):** any present or future Public External Indebtedness of the LC Bank or any LC Bank Subsidiary becomes due and payable prior to its stated maturity by reason of any default, event of default or the like (howsoever described) in respect of the terms thereof, or any such Public External Indebtedness is not paid when due or, as the case may be, within any originally applicable grace period, provided that the aggregate amount of the relevant Public External Indebtedness in respect of which one or more of the events mentioned above in this Condition 10.2(a) have occurred equals or exceeds U.S.\$25,000,000 (or its equivalent in any other currency or currencies); or
- (b) **Enforcement Proceedings (LC Bank):** a distress, attachment, execution or other legal process is levied, enforced or sued out on or against any material part of the property, assets or revenues of the LC Bank or any of the LC Bank Material Subsidiaries and is not discharged or stayed within 30 days; or
- (c) **Insolvency (LC Bank):** the LC Bank or any LC Bank Material Subsidiary is insolvent or bankrupt or unable to pay its debts as and when such debts fall due; stops or suspends payment of all or a material part of its debts; proposes or makes any agreement for the deferral, rescheduling or other readjustment of all or a material part of its debts; proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of all or a material part of its debts; or a moratorium is agreed or declared in respect of or affecting all or a material part of the debts of the LC Bank or any LC Bank Material Subsidiary; or
- (d) **Winding-up (LC Bank):** an order of any court of competent jurisdiction is made or an effective resolution is passed for the winding-up or dissolution or administration of the LC Bank or any LC Bank Material Subsidiary (except for any voluntary solvent winding-up of any LC Bank Material Subsidiary), or the LC Bank ceases or threatens to cease to carry on all or a substantial part of its business or operations, except for the purpose of and followed by a solvent winding-up, dissolution, reconstruction, amalgamation, reorganisation, merger or consolidation (i) on terms approved by an Extraordinary Resolution of the Bondholders, or (ii) in the case of a LC Bank Material Subsidiary, whereby the undertaking and assets of such LC Bank Material Subsidiary are transferred to or otherwise vested in the LC Bank and/or any other LC Bank Material Subsidiary; or
- (e) **Illegality (LC Bank):** it is or will become unlawful for the LC Bank to perform or comply with any one or more of its obligations under the Standby Letter of Credit; or
- (f) **Analogous Events:** any event occurs which under the laws of the relevant jurisdiction has an analogous effect to any of the events referred to in any of paragraphs (b) (*Enforcement Proceedings (LC Bank)*) to (e) (*Illegality (LC Bank)*) above (both inclusive).

In these Conditions:

“LC Bank Material Subsidiary” means a Subsidiary of the LC Bank whose total assets, total revenue or net profit (consolidated in the case of an LC Bank Subsidiary which itself has subsidiaries) as at the date at which its latest audited financial statements were prepared or, as the case may be, for the financial period to which those audited financial statements relate, account for five per cent. or more of the consolidated total assets, or consolidated total revenue or consolidated net profit of the LC Bank as at such date or for such period. If a LC Bank Material Subsidiary transfers all of its assets and business to an LC Bank Subsidiary, the transferee shall become a LC Bank Material Subsidiary and the transferor shall cease to be a LC Bank Material Subsidiary on completion of such transfer;

“LC Bank Subsidiary” means any entity whose financial statements at any time are required by law or in accordance with generally accepted accounting principles to be fully consolidated with those of the LC Bank; and

“Public External Indebtedness” means any indebtedness of the LC Bank or any LC Bank Subsidiary, or any guarantee or indemnity by the such entity of indebtedness for money borrowed, which (i) is in the form of or represented by any bond, note, debenture, debenture stock, loan stock, certificate or other instrument which is issued outside the PRC and is, or is capable of being, listed, quoted or traded on any stock exchange or in any securities market (including, without limitation, any over-the-counter market) (without regard, however, to whether or not such instruments are sold through public offerings or private placements); and (ii) has an original maturity of more than 365 days.

11. PRESCRIPTION

Claims against the Issuer for payment in respect of the Bonds shall be prescribed and become void unless made within 10 years (in the case of principal or premium, if any) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

12. REPLACEMENT OF CERTIFICATES

If any Certificate is mutilated or defaced or alleged to be lost, stolen or destroyed, it may be replaced, subject to applicable laws, regulations or other relevant regulatory authority regulations, at the specified office of the Registrar or any Transfer Agent as may from time to time be designated by the Issuer for that purpose and notice of whose designation is given to Bondholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security, indemnity, prefunding and otherwise as the Issuer and/or the Registrar or such Transfer Agent may require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

13. MEETINGS OF BONDHOLDERS, MODIFICATION AND WAIVER

13.1 Meetings of Bondholders

The Trust Deed contains provisions for convening meetings of Bondholders to consider matters affecting their interests, including the sanctioning by Extraordinary Resolution of the Bondholders of a modification of any of these Conditions or any provisions of the Trust Deed, the Agency Agreement or the Standby Letter of Credit. Such a meeting may be convened by the Issuer or the Trustee and shall be convened by the Trustee if requested in writing to do so by Bondholders holding not less than 10 per cent. in principal amount of the Bonds for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution of the Bondholders will be two or more persons holding or representing more than 50 per cent. in principal amount of the Bonds for the time being outstanding, or at any adjourned meeting one or more persons being or representing Bondholders whatever the principal amount of the Bonds held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to modify the maturity of the Bonds or the dates on which interest is payable in respect of the Bonds, (ii) to reduce or cancel the principal amount of or interest on, the Bonds, (iii) to change the currency of payment of the Bonds or the Standby Letter of Credit, (iv) to modify the provisions concerning the quorum required at any meeting of Bondholders or the majority required to pass an Extraordinary Resolution of the Bondholders, (v) to cancel or modify the Standby Letter of Credit (other than an amendment or supplement to, or a replacement of, the Standby Letter of Credit in connection with a further issue of securities pursuant to Condition 16 (*Further Issues*) or modification pursuant to Condition 13.2 (*Modification and Waiver*)), or (vi) to modify Conditions 4 (*Standby Letter of Credit and Pre-Funding*) (subject to Condition 13.2 (*Modification and Waiver*)), in which case the necessary quorum will be two or more persons holding or representing not less than two-thirds, or at any adjourned meeting not less than one-third, in principal amount of the Bonds for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Bondholders (whether or not they were present at the meeting at which such resolution was passed).

The Trust Deed provides that a resolution in writing signed by or on behalf of the Bondholders holding not less than 90 per cent. in principal amount of the Bonds for the time being outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Bondholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Bondholders and/or by electronic consent.

13.2 Modification and Waiver

The Trustee may (but shall not be obliged to) agree, without the consent of the Bondholders, to (i) any modification of any of these Conditions or any of the provisions of the Trust Deed, the Agency Agreement or the Standby Letter of Credit that is in its opinion of a formal, minor or technical nature or is made to correct a manifest error or to comply with any mandatory provision of law, or (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of these Conditions or any of the provisions of the Trust Deed, the Agency Agreement or the Standby Letter of Credit that is in the opinion of the Trustee not materially prejudicial to the interests of the Bondholders. Any such modification, authorisation or waiver shall be binding on the Bondholders and such modification, authorisation or waiver shall be notified by the Issuer to the Bondholders as soon as practicable.

13.3 Entitlement of the Trustee

In connection with the exercise of its functions, rights, powers and/or discretions (including but not limited to those referred to in this Condition 13), the Trustee shall have regard to the interests of the Bondholders as a class and shall not have regard to the consequences of such exercise for individual Bondholders, and the Trustee shall not be entitled to require on behalf of any Bondholder, nor shall any Bondholder be entitled to claim, from the Issuer or the Trustee, any indemnification or payment in respect of any tax consequence of any such exercise upon individual Bondholders.

13.4 Certificates and Reports

The Trustee may rely without liability to Bondholders or to any other person on any information, report, advice, opinion, confirmation or certificate obtained from any lawyers, valuers, accountants (including the auditors), surveyors, financial advisers or financial institutions, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept and shall be entitled to rely on any such information, report, confirmation, certificate, advice or opinion and, in such event, such information, report, confirmation, certificate, advice or opinion shall be binding on the Issuer and the Bondholders.

13.5 Trustee not Responsible

The Trust Deed states that the Trustee shall not be responsible for the execution, delivery, legality, effectiveness, adequacy, genuineness, validity, enforceability or admissibility in evidence of the Trust Deed, the Bonds, the Certificates, the Register, the Agency Agreement, the Standby Letter of Credit or any other document relating thereto; or for any licence, consent or other authority for the execution, delivery, legality, effectiveness, adequacy, genuineness, validity, performance, enforceability or admissibility in evidence of the Trust Deed, the Agency Agreement, the Standby Letter of Credit, the Certificates, the Register, or any other document relating thereto. In addition, the Trust Deed states that the Trustee shall not be responsible for the effect of the exercise of any of its powers, rights, duties and discretions hereunder or thereunder, save to the extent resulting directly from its gross negligence, wilful default or fraud.

13.6 Directions from Bondholders

Notwithstanding anything to the contrary in these Conditions, the Trust Deed, the Agency Agreement or the Standby Letter of Credit, whenever the Trustee is required or entitled by the terms of these Conditions, the Trust Deed, the Agency Agreement or the Standby Letter of Credit to exercise any discretion or power, take any action, make any decision or give any direction or certification, the Trustee is entitled, prior to exercising any such discretion or power, taking any such action, making any such decision, or giving any such direction or certification, to seek directions from the Bondholders by way of an Extraordinary Resolution and (other than in the case of the making of a drawing under the Standby Letter of Credit) to be indemnified, provided with security and/or pre-funded to its satisfaction against all action, proceedings, claims and demands to which it may be or become liable and all costs, charges,

damages, expenses (including legal expenses) and liabilities which may be incurred by it in connection therewith, and the Trustee is not responsible for any loss or liability incurred by any person as a result of any delay in it exercising such discretion or power, taking such action, making such decision, or giving such discretion or certification where the Trustee is seeking such directions or in the event that no such directions are received. Neither the Trustee nor any of the Agents shall be under any obligation to monitor compliance with the provisions of the Trust Deed, the Agency Agreement, the Standby Letter of Credit or these Conditions.

14. ENFORCEMENT

At any time after the Bonds become due and payable, the Trustee may, at its discretion and without further notice, institute such proceedings against the Issuer or the LC Bank as it may think fit to enforce the terms of the Trust Deed, the Bonds or the Agency Agreement and (where appropriate) to drawdown on and enforce the Standby Letter of Credit, but it need not do so unless (i) it shall have been so directed by an Extraordinary Resolution of the Bondholders or so requested in writing by Bondholders holding at least 25 per cent. in principal amount of the Bonds outstanding, and (ii) (other than in the case of making a drawing under the Standby Letter of Credit) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction. No Bondholder may proceed directly against the Issuer or the LC Bank unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.

The Trustee may refrain from taking any action in any jurisdiction if the taking of such action in that jurisdiction would, in its opinion based upon legal advice in the relevant jurisdiction, be contrary to any law of that jurisdiction. Furthermore, the Trustee may also refrain from taking such action if it would otherwise render it liable to any person in that jurisdiction or if, in its opinion based upon such legal advice, it would not have the power to do the relevant thing in that jurisdiction by virtue of any applicable law in that jurisdiction or if it is determined by any court or other competent authority in that jurisdiction that it does not have such power. The Trustee shall be entitled to rely on such opinion without liability or responsibility to any person.

15. INDEMNIFICATION OF THE TRUSTEE

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility. The Trustee's compensation and reimbursement of liabilities (if any) shall be paid in priority to the claims of the Bondholders.

None of the Trustee or any of the Agents shall be responsible for the performance by the Issuer, the LC Bank and any other person appointed by the Issuer and/or the LC Bank in relation to the Bonds of the duties and obligations on their part expressed in respect of the same and, unless it has express written notice from the Issuer or the LC Bank to the contrary, the Trustee and each Agent may assume that the same are being duly performed. None of the Trustee or any Agent shall be liable to any Bondholder, the Issuer, the LC Bank or any other person for any action taken by the Trustee or such Agent in accordance with the instructions of the Bondholders.

The Trust Deed also contains provisions pursuant to which the Trustee is entitled, *inter alia*, (i) to enter into business transactions with the Issuer and/or the LC Bank to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer and/or the LC Bank, (ii) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Bondholders, and (iii) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

16. FURTHER ISSUES

The Issuer may from time to time without the consent of the Bondholders create and issue further securities either having the same terms and conditions as the Bonds in all respects (or in all respects except for the first payment of interest on them, the issue date and the timing for complying with the NDRC Post-Issuance Filing and the Foreign Debt Registration) and so that such further issue shall be consolidated and form a single series with the outstanding securities of any series (including the Bonds); **provided that** (a) the Issuer shall undertake to comply with Conditions 5.3 (*Undertakings relating to NDRC*) and 5.4 (*Undertakings relating to SAFE*) with respect to such new bonds and references to the “**Issue Date**” as used therein shall be deemed to mean the initial issue date of such new bonds and (b) in order for such new bonds to be consolidated to form a single series with the existing Bonds prior to the completion of the NDRC Post-Issuance Filing and the Foreign Debt Registration of the existing Bonds or the new bonds, or both, the term “**Registration Deadline**” under Condition 5.5 (*Interpretation*) with respect to such new bonds shall mean the same day as the Registration Deadline of the existing Bonds; **provided further that** such new bonds may only be issued if a further or supplemental or replacement standby letter of credit is issued by the LC Bank (or an amendment is made to the Standby Letter of Credit) on terms that are substantially similar to the Standby Letter of Credit (including that the stated amount of such further or supplemental standby letter of credit represents an increase at least equal to the principal of and the interest payment due on such new bonds and any fees, costs, expenses, indemnity payments and all other amounts in connection with such issue (subject to a cap (if any) as agreed between the Issuer and the Trustee)) and such supplemental documents are executed and further opinions are obtained as the Trustee may require, as further set out in the Trust Deed. References to the Standby Letter of Credit shall thereafter include such further, supplemental, replacement or amended standby letter of credit. References in these Conditions to the Bonds include (unless the context requires otherwise) any other securities issued pursuant to this Condition and forming a single series with the Bonds. Any further securities forming a single series with the outstanding securities of any series (including the Bonds) constituted by the Trust Deed or any deed supplemental to it shall, and any other securities may (with the consent of the Trustee), be constituted by a deed supplemental to the Trust Deed.

17. NOTICES

Notices to the holders of Bonds shall be mailed at the expense of the Issuer to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday, a Sunday or a public holiday) after the date of mailing. The Issuer shall also ensure that notices are duly published at the Issuer’s expense in a manner that complies with the rules and regulations of any stock exchange or other relevant authority on which the Bonds are for the time being listed. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once, on the first date on which publication is made.

So long as the Bonds are represented by the Global Certificate and the Global Certificate is held on behalf of Euroclear or Clearstream or the Alternative Clearing System (as defined in the Global Certificate), notices to Bondholders may be given by delivery of the relevant notice to Euroclear or Clearstream or the Alternative Clearing System, for communication by it to entitled accountholders in substitution for notification as required by the Conditions and shall be deemed to have been given on the date of delivery to such clearing system.

18. CURRENCY INDEMNITY

U.S. dollar is the sole currency of account and payment for all sums payable by the Issuer under or in connection with the Bonds, the Trust Deed and/or the Agency Agreement, including damages. Any amount received or recovered in a currency other than U.S. dollars (whether as a result of, or of the enforcement of, a judgement or order of a court of any jurisdiction, in the winding-up or dissolution of the Issuer or otherwise) by any Bondholder in respect of any sum expressed to be due to it from the Issuer will only constitute a discharge to the Issuer to the extent of the U.S. dollar amount which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If that U.S. dollar amount is less than the U.S. dollar amount expressed to be due to the recipient under any Bond, the Trust Deed and/or the Agency Agreement, the Issuer will indemnify such recipient and the Trustee against any loss sustained by it as a result. In any event, the Issuer will indemnify the recipient and the Trustee against the cost of making any such purchase. For the purposes of this Condition 18, it will be sufficient for the Bondholder, as the case may be, to demonstrate that it would have suffered a loss had an actual purchase been made. These indemnities constitute a separate and independent obligation from the Issuer's other obligations, will give rise to a separate and independent cause of action, will apply irrespective of any indulgence granted by any Bondholder and will continue in full force and effect despite any other judgement, order, claim or proof for a liquidated amount in respect of any sum due under any Bond, the Trust Deed, the Agency Agreement or any other judgement or order.

19. GOVERNING LAW AND JURISDICTION

19.1 Governing Law

The Bonds, the Trust Deed, the Agency Agreement, the Standby Letter of Credit and any non-contractual obligations arising from or in connection with the Bonds, the Trust Deed, the Agency Agreement and the Standby Letter of Credit are governed by English law.

19.2 Jurisdiction

The Issuer has in the Trust Deed (i) agreed for the benefit of the Trustee and the Bondholders that the courts of Hong Kong shall have exclusive jurisdiction to settle any dispute (a “**Dispute**”) arising out of or in connection with the Bonds, the Trust Deed, the Agency Agreement and the Standby Letter of Credit (including any non-contractual obligation arising out of or in connection with the Bonds); (ii) agreed that those courts are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue that any other courts are more appropriate or convenient; (iii) designated the principal place of business of

Hong Kong Red Star Macalline Universal Home Furnishings Limited in Hong Kong at 31/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong, or such other person with an address in Hong Kong and/or at such other address in Hong Kong as the Issuer may specify by notice in writing to the Trustee and the Bondholders within 30 calendar days of such change of address to accept service of any process on its behalf; (iv) consented to the enforcement of any judgment; and (v) to the extent that it may in any jurisdiction claim for itself or its assets immunity from suit, execution, attachment (whether in aid of execution, before judgment or otherwise) or other legal process, and to the extent that in any such jurisdiction there may be attributed to itself or its assets or revenues such immunity (whether or not claimed), agreed not to claim and irrevocably waived such immunity to the full extent permitted by the laws of such jurisdiction.

20. RIGHTS OF THIRD PARTIES

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any terms of this Bond, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

APPENDIX A – FORM OF IRREVOCABLE STANDBY LETTER OF CREDIT

FM: BANK OF SHANGHAI CO., LTD., BEIJING BRANCH (SWIFT: BOSHCNSHBJA)

ADDRESS: NO. C12 JIANGUOMENWAI ST. CHAOYANG DISTRICT, BEIJING, CHINA

DATE: 26 AUGUST 2022

TO BENEFICIARY: CITICORP INTERNATIONAL LIMITED (SWIFT: CITIHKHX, FACSIMILE NUMBER: +852 2621 3183) (“**YOU**” OR THE “**BENEFICIARY**”) IN ITS CAPACITY AS TRUSTEE (THE “**TRUSTEE**”, WHICH EXPRESSION SHALL INCLUDE ANY SUCCESSOR OR CO-TRUSTEE) FOR ITSELF AND ON BEHALF OF THE HOLDERS (THE “**BONDHOLDERS**”) OF THE U.S.\$249,700,000 IN AGGREGATE PRINCIPAL AMOUNT OF 5.20 PER CENT. CREDIT ENHANCED BONDS DUE 2025 (THE “**BONDS**”) (ISIN: XS2516930489/COMMON CODE: 251693048), TO BE ISSUED BY RED STAR MACALLINE GROUP CORPORATION LTD. (紅星美凱龍家居集團股份有限公司) (THE “**BOND ISSUER**”) AND TO BE CONSTITUTED BY A TRUST DEED DATED 26 AUGUST 2022 (THE “**BOND ISSUE DATE**”) BETWEEN THE BOND ISSUER AND THE TRUSTEE (AS FURTHER AMENDED OR SUPPLEMENTED OR MODIFIED FROM TIME TO TIME, THE “**TRUST DEED**”).

DEAR SIRs,

RE: OUR IRREVOCABLE STANDBY LETTER OF CREDIT NO. *[NUMBER]*

AT THE REQUEST OF THE BOND ISSUER, WE, BANK OF SHANGHAI CO., LTD., BEIJING BRANCH (THE “**ISSUING BANK**”, “**OUR**”, “**US**” OR “**WE**”), HEREBY ISSUE OUR IRREVOCABLE STANDBY LETTER OF CREDIT NO. *[NUMBER]* IN YOUR FAVOUR, AND FOR THE ACCOUNT OF THE BOND ISSUER IN RESPECT OF AND IN CONNECTION WITH (1) THE TERMS AND CONDITIONS OF THE BONDS SCHEDULED TO THE TRUST DEED (THE “**CONDITIONS**”) AND (2) THE TRUST DEED. THIS IRREVOCABLE STANDBY LETTER OF CREDIT IS MADE AVAILABLE BY US FOR PAYMENT AGAINST OUR RECEIPT OF A DEMAND SUBSTANTIALLY IN THE FORM SET OUT IN APPENDIX A-1 (A “**DEMAND**”) PRESENTED IN ACCORDANCE WITH THIS IRREVOCABLE STANDBY LETTER OF CREDIT STATING THAT (A) THE BOND ISSUER HAS FAILED TO COMPLY WITH CONDITION 4.2 OF THE BONDS IN RELATION TO PRE-FUNDING THE AMOUNT THAT IS REQUIRED TO BE PRE-FUNDED UNDER THE CONDITIONS AND/OR HAS FAILED TO PROVIDE THE REQUIRED CONFIRMATIONS (AS DEFINED IN THE CONDITIONS) IN ACCORDANCE WITH CONDITION 4.2 OF THE BONDS OR (B) AN EVENT OF DEFAULT (AS DEFINED IN CONDITION 10 OF THE BONDS) HAS OCCURRED AND THE TRUSTEE, HAS GIVEN NOTICE TO THE BOND ISSUER THAT THE BONDS ARE IMMEDIATELY DUE AND PAYABLE IN ACCORDANCE WITH CONDITION 10 OF THE BONDS.

SUBJECT TO THE TERMS OF THIS IRREVOCABLE STANDBY LETTER OF CREDIT, WE UNCONDITIONALLY AND IRREVOCABLY UNDERTAKE TO YOU THAT, ON AND AFTER THE BOND ISSUE DATE AND FOLLOWING RECEIPT BY US OF A DEMAND BY 6:00 P.M. (HONG KONG TIME) PRESENTED BY YOU OR ON YOUR BEHALF IN RELATION TO THIS IRREVOCABLE STANDBY LETTER OF CREDIT ON A BUSINESS DAY, WE SHALL BY 10:00 A.M. (HONG KONG TIME) ON THE FOURTH BUSINESS DAY (OR, IF A DEMAND IS

RECEIVED AFTER 6:00 P.M. (HONG KONG TIME) ON A BUSINESS DAY, THEN BY 10:00 A.M. (HONG KONG TIME) ON THE FIFTH BUSINESS DAY) AFTER SUCH BUSINESS DAY PAY TO, OR TO THE ORDER OF, THE BENEFICIARY THE AMOUNT IN U.S. DOLLARS SPECIFIED IN THE DEMAND TO THE ACCOUNT SPECIFIED IN THE DEMAND. "BUSINESS DAY" MEANS A DAY (OTHER THAN A SATURDAY, A SUNDAY OR A PUBLIC HOLIDAY) ON WHICH BANKS ARE OPEN FOR BUSINESS IN HONG KONG, BEIJING, LONDON AND NEW YORK CITY.

SUBJECT TO THE TERMS OF THIS IRREVOCABLE STANDBY LETTER OF CREDIT, OUR OBLIGATION TO PAY YOU IS UNCONDITIONAL AND ABSOLUTE AND ANY DEMAND BY YOU UNDER THIS IRREVOCABLE STANDBY LETTER OF CREDIT SHALL BE HONOURED WITHOUT ANY FURTHER ENQUIRY AS TO YOUR RIGHTS TO MAKE SUCH DEMAND.

OUR AGGREGATE LIABILITY UNDER THIS IRREVOCABLE STANDBY LETTER OF CREDIT SHALL BE EXPRESSED AND PAYABLE IN U.S. DOLLARS AND SHALL NOT IN ANY CIRCUMSTANCES EXCEED U.S.\$257,250,000 (THE "MAXIMUM LIMIT"), WHICH INCLUDES AN AMOUNT REPRESENTING THE AGGREGATE PRINCIPAL AMOUNT OF THE BONDS PLUS THE AMOUNT OF INTEREST PAYABLE IN RESPECT OF ONE INTEREST PERIOD IN ACCORDANCE WITH THE CONDITIONS, AND AN AMOUNT OF U.S.\$1,057,800 BEING THE MAXIMUM AMOUNT PAYABLE UNDER THIS IRREVOCABLE STANDBY LETTER OF CREDIT FOR ALL FEES, COSTS, EXPENSES, INDEMNITY PAYMENTS AND ALL OTHER AMOUNTS PAYABLE TO THE TRUSTEE IN CONNECTION WITH THE BONDS, THE TRUST DEED, THE AGENCY AGREEMENT (AS DEFINED IN THE CONDITIONS) AND/OR ANY OTHER TRANSACTION DOCUMENT RELATING TO THE BONDS.

THIS IRREVOCABLE STANDBY LETTER OF CREDIT TAKES EFFECT FROM THE DATE HEREOF AND SHALL REMAIN VALID AND IN FULL FORCE UNTIL 5:00 P.M. (HONG KONG TIME) ON 26 SEPTEMBER 2025 (THE "EXPIRY DATE") AND SHALL EXPIRE AT THE COUNTERS OF THE ISSUING BANK. THIS IRREVOCABLE STANDBY LETTER OF CREDIT WILL BECOME NULL AND VOID UPON EXPIRY WHETHER THE ORIGINAL STANDBY LETTER OF CREDIT HAS BEEN RETURNED TO US OR NOT.

PAYMENT WILL BE EFFECTED AFTER OUR RECEIPT OF A DEMAND PRESENTED IN ACCORDANCE WITH THIS IRREVOCABLE STANDBY LETTER OF CREDIT, WHICH IS PRESENTED ON OR AFTER THE BOND ISSUE DATE AND ON OR BEFORE 5:00 P.M. (HONG KONG TIME) ON THE EXPIRY DATE.

ANY DEMAND UNDER THIS IRREVOCABLE STANDBY LETTER OF CREDIT IS TO BE PRESENTED TO US BY WAY OF AN AUTHENTICATED SWIFT PRESENTED BY OR ON BEHALF OF THE TRUSTEE TO US (SWIFT: BOSH CNSHBJA) WITHOUT THE NEED TO PHYSICALLY PRESENT AN ORIGINAL OF THAT DEMAND AT OUR COUNTER; PROVIDED THAT IN THE EVENT THAT THE SWIFT SYSTEM IS NOT AVAILABLE FOR ANY REASON, THE TRUSTEE MAY INSTEAD PRESENT A DEMAND TO US VIA FACSIMILE TRANSMISSION AT +86 10-57610044 DURING OUR NORMAL BRANCH OPENING HOURS ON OR AFTER THE BOND ISSUE DATE AND ON OR BEFORE THE EXPIRY DATE. NEITHER THE ORIGINAL OF THE DEMAND SO PRESENTED NOR OF ANY OTHER DOCUMENTATION SHALL BE REQUIRED TO BE PHYSICALLY PRESENTED.

ONLY ONE DRAWING UNDER THIS IRREVOCABLE STANDBY LETTER OF CREDIT IS PERMITTED.

ALL CHARGES ARE FOR THE ACCOUNT OF THE BOND ISSUER AND, FOR THE AVOIDANCE OF DOUBT, ARE NOT FOR THE ACCOUNT OF THE TRUSTEE.

SHOULD ANY DEDUCTION OR WITHHOLDING ON ACCOUNT OF TAX, SET-OFF OR OTHERWISE BE REQUIRED, NOTWITHSTANDING THE MAXIMUM LIMIT, ALL PAYMENTS UNDER THIS IRREVOCABLE STANDBY LETTER OF CREDIT SHALL BE MADE IN U.S. DOLLARS AND FOR VALUE ON THE DATE SPECIFIED IN THE DEMAND IN IMMEDIATELY AVAILABLE FUNDS WITHOUT ANY DEDUCTION OR WITHHOLDING ON ACCOUNT OF TAX, SET-OFF, COUNTER-CLAIM OR OTHERWISE. IN THE EVENT THAT ANY DEDUCTION OR WITHHOLDING IS REQUIRED BY LAW, THE ISSUING BANK SHALL PAY SUCH ADDITIONAL AMOUNTS AS WILL RESULT IN RECEIPT BY THE TRUSTEE FOR THE BONDHOLDERS OF SUCH AMOUNTS AS WOULD HAVE BEEN RECEIVED BY IT HAD NO SUCH DEDUCTION OR WITHHOLDING BEEN SO REQUIRED BY LAW.

THE TRUSTEE'S RIGHTS UNDER THIS IRREVOCABLE STANDBY LETTER OF CREDIT MAY BE TRANSFERRED OR RE-TRANSFERRED IN WHOLE OR IN PART TO ANY ADDITIONAL OR REPLACEMENT TRUSTEE APPOINTED IN RESPECT OF THE BONDS IN ACCORDANCE WITH THE TRUST DEED SUBJECT ONLY TO AT LEAST 15 BUSINESS DAYS' NOTICE HAVING BEEN GIVEN TO US BY OR ON BEHALF OF YOU AS TRUSTEE FOR THE BONDHOLDERS BY AUTHENTICATED SWIFT OR IN THE EVENT THAT THE SWIFT SYSTEM IS NOT AVAILABLE FOR ANY REASON VIA FACSIMILE TRANSMISSION TO US AT +86 10-57610044. WE SHALL, ACTING REASONABLY, EFFECT THE TRANSFER.

WE MAY NOT TRANSFER OR NOVATE ANY OF OUR OBLIGATIONS UNDER THIS IRREVOCABLE STANDBY LETTER OF CREDIT.

NOTWITHSTANDING THE FOREGOING PROVISIONS OF THIS IRREVOCABLE STANDBY LETTER OF CREDIT, INCLUDING WITHOUT LIMITATION ARTICLE 29 AND ARTICLE 36 OF UCP600 (AS DEFINED BELOW), IN THE UNEXPECTED EVENT THAT WE ARE CLOSED FOR ANY REASON, INCLUDING WITHOUT LIMITATION THE COVID-19 PANDEMIC, WHICH IS A BUSINESS DAY OR SWIFT IS UNAVAILABLE WHEN THE TRUSTEE WISHES TO PRESENT A DEMAND HEREUNDER ON THE DAY AND AT THE TIME A DEMAND IS ABLE TO BE PRESENTED IN ACCORDANCE WITH THIS IRREVOCABLE STANDBY LETTER OF CREDIT, WE AGREE THAT THE TRUSTEE CAN PRESENT THE DEMAND BY AUTHENTICATED SWIFT OR VIA FACSIMILE TRANSMISSION TO US AT +86 10-57610044. FROM THE DATE ON WHICH WE NOTIFY YOU OF OUR RESUMPTION OF OUR BUSINESS OR, IN THE CASE OF UNAVAILABILITY OF SWIFT, THE DATE ON WHICH SWIFT BECOMES AVAILABLE; PROVIDED THAT IF WE ARE CLOSED ON THE EXPIRY DATE FOR ANY REASON, INCLUDING WITHOUT LIMITATION THE COVID-19 PANDEMIC, WHICH IS A BUSINESS DAY, SUCH PRESENTATION SHALL BE MADE WITHIN FIVE BUSINESS DAYS AFTER THE DATE ON WHICH WE NOTIFY YOU OF THE RESUMPTION OF OUR BUSINESS.

ANY SETTLEMENT OR DISCHARGE OF OUR OBLIGATIONS UNDER THIS IRREVOCABLE STANDBY LETTER OF CREDIT SHALL BE CONDITIONAL UPON PAYMENT TO THE TRUSTEE OR TO THE HOLDERS OF THE BONDS BY THE BOND ISSUER OR ANY OTHER PERSON ON BEHALF OF THE BOND ISSUER NOT BEING AVOIDED (BY VIRTUE OF ANY LAWS RELATING TO BANKRUPTCY, INSOLVENCY, LIQUIDATION OR SIMILAR LAWS OF GENERAL APPLICATION FOR THE TIME BEING IN FORCE). IN THE EVENT OF ANY SUCH PAYMENT BEING SO AVOIDED, THE TRUSTEE SHALL BE ENTITLED TO RECOVER THE AMOUNT BY WHICH SUCH PAYMENT IS SO AVOIDED FROM US SUBSEQUENTLY AS IF SUCH SETTLEMENT OR DISCHARGE HAD NOT OCCURRED.

EXCEPT TO THE EXTENT IT IS INCONSISTENT WITH THE EXPRESS TERMS OF THIS IRREVOCABLE STANDBY LETTER OF CREDIT, THIS IRREVOCABLE STANDBY LETTER OF CREDIT IS SUBJECT TO THE UNIFORM CUSTOMS AND PRACTICE FOR DOCUMENTARY CREDITS (2007 REVISION), INTERNATIONAL CHAMBER OF COMMERCE PUBLICATION NO. 600 (“**UCP600**”).

WE HAVE IRREVOCABLY APPOINTED BOSC INTERNATIONAL COMPANY LIMITED AT 34/F, CHAMPION TOWER, 3 GARDEN ROAD, CENTRAL, HONG KONG AS OUR PROCESS AGENT IN HONG KONG TO RECEIVE SERVICE OF PROCESS IN ANY LEGAL ACTION OR PROCEEDINGS ARISING OUT OF OR IN CONNECTION WITH THIS IRREVOCABLE STANDBY LETTER OF CREDIT IN HONG KONG. IF FOR ANY REASON WE CEASE TO HAVE SUCH A PROCESS AGENT IN HONG KONG, WE WILL PROMPTLY APPOINT A SUBSTITUTE PROCESS AGENT AND NOTIFY THE BENEFICIARY OF SUCH APPOINTMENT WITHIN 30 DAYS OF SUCH CESSATION. NOTHING HEREIN SHALL AFFECT THE RIGHT TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY LAW.

THIS IRREVOCABLE STANDBY LETTER OF CREDIT, AND ANY NON-CONTRACTUAL OBLIGATIONS ARISING OUT OF OR IN CONNECTION WITH IT, IS GOVERNED BY ENGLISH LAW. THE COURTS OF HONG KONG SHALL HAVE EXCLUSIVE JURISDICTION TO SETTLE ANY DISPUTE ARISING OUT OF OR IN CONNECTION WITH THIS IRREVOCABLE STANDBY LETTER OF CREDIT.

THIS CABLE IS AN OPERATIVE INSTRUMENT AND NO MAIL CONFIRMATION WILL FOLLOW.

APPENDIX A-1 – FORM OF DEMAND

TO: BANK OF SHANGHAI CO., LTD., BEIJING BRANCH (SWIFT: BOSH CNSHBJA)

ADDRESS: NO. C12 JIANGUOMENWAI ST. CHAOYANG DISTRICT, BEIJING, CHINA

[DATE]

DEAR SIRs,

RE: DEMAND UNDER THE IRREVOCABLE STANDBY LETTER OF CREDIT NO. [NUMBER] IN RESPECT OF (1) THE TERMS AND CONDITIONS (THE “CONDITIONS”) OF THE U.S.\$249,700,000 IN AGGREGATE PRINCIPAL AMOUNT OF 5.20 PER CENT. CREDIT ENHANCED BONDS DUE 2025 (THE “BONDS”), SUCH CONDITIONS BEING SCHEDULED TO THE TRUST DEED DATED 26 AUGUST 2022 AMONG RED STAR MACALLINE GROUP CORPORATION LTD. (紅星美凱龍家居集團股份有限公司) (THE “BOND ISSUER”) AND CITICORP INTERNATIONAL LIMITED (THE “TRUSTEE”) (AS FURTHER AMENDED OR SUPPLEMENTED OR MODIFIED FROM TIME TO TIME, THE “TRUST DEED”) AND (2) THE TRUST DEED.

THIS DEMAND IS MADE BY CITICORP INTERNATIONAL LIMITED UNDER YOUR IRREVOCABLE STANDBY LETTER OF CREDIT NO. [NUMBER] (THE “**IRREVOCABLE STANDBY LETTER OF CREDIT**”). TERMS USED HEREIN WHICH ARE NOT DEFINED SHALL HAVE THE MEANINGS GIVEN TO THEM IN THE IRREVOCABLE STANDBY LETTER OF CREDIT.

1 THIS DEMAND IS MADE IN CONNECTION WITH THE FOLLOWING:

[DELETE INAPPROPRIATE PARAGRAPHS TO SHOW REASON FOR THE DEMAND]

- THE BOND ISSUER HAS FAILED TO COMPLY WITH CONDITION 4.2 OF THE BONDS IN RELATION TO PRE-FUNDING THE AMOUNT THAT IS REQUIRED TO BE PRE-FUNDED UNDER THE CONDITIONS OF THE BONDS AND/OR HAS FAILED TO PROVIDE THE REQUIRED CONFIRMATIONS (AS DEFINED IN THE CONDITIONS OF THE BONDS) IN ACCORDANCE WITH CONDITION 4.2 OF THE BONDS.
- AN EVENT OF DEFAULT (AS DEFINED IN CONDITION 10 OF THE BONDS) HAS OCCURRED AND THE TRUSTEE HAS GIVEN NOTICE TO THE BOND ISSUER THAT THE BONDS ARE IMMEDIATELY DUE AND PAYABLE IN ACCORDANCE WITH CONDITION 10 OF THE BONDS.

2 WE HEREBY DEMAND YOU TO PAY U.S.\$[AMOUNT] REPRESENTING:

- INTEREST AND/OR PRINCIPAL DUE IN RESPECT OF THE BONDS AND/OR UNPAID FEES, COSTS, EXPENSES, INDEMNITY PAYMENTS AND OTHER AMOUNTS PAYABLE TO THE TRUSTEE IN CONNECTION WITH THE BONDS, THE TRUST DEED, THE AGENCY AGREEMENT (AS DEFINED IN THE CONDITIONS OF THE BONDS) AND/OR ANY OTHER TRANSACTION DOCUMENT RELATING TO THE BONDS.

3 WE HEREBY REQUEST YOU TO PAY THE ABOVE AMOUNTS (IN AGGREGATE U.S.\$[AMOUNT]) AFTER YOU RECEIVE THIS DEMAND IN ACCORDANCE WITH THE IRREVOCABLE STANDBY LETTER OF CREDIT.

4 THE PROCEEDS OF THE DRAWING UNDER THIS DEMAND ARE TO BE CREDITED TO THE FOLLOWING ACCOUNT:

[INSERT ACCOUNT DETAILS]

FOR AND ON BEHALF OF

CITICORP INTERNATIONAL LIMITED

AS BENEFICIARY

BY: _____

NAME: _____

TITLE: _____

APPENDIX B – ORIGINAL OFFERING CIRCULAR

IMPORTANT NOTICE

THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE OUTSIDE OF THE UNITED STATES

IMPORTANT: You must read the following before continuing. The following applies to the offering circular (the “Offering Circular”) following this page, and you are therefore advised to read this carefully before reading, accessing or making any other use of the Offering Circular. In accessing the Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from us as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. NEITHER THE BONDS NOR THE STANDBY LETTER OF CREDIT (EACH AS DEFINED IN THE OFFERING CIRCULAR) HAVE BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS. THIS OFFERING IS MADE SOLELY IN OFFSHORE TRANSACTIONS PURSUANT TO THE SECURITIES ACT.

THE OFFERING CIRCULAR MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER AND IN PARTICULAR, MAY NOT BE FORWARDED TO ANY U.S. ADDRESS. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORISED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE SECURITIES DESCRIBED HEREIN.

Confirmation of your representation: The Offering Circular is being sent to you at your request and by accepting the e-mail and accessing the Offering Circular, you shall be deemed to have represented to Red Star Macalline Group Corporation Ltd. (紅星美凱龍家居集團股份有限公司) (the “**Issuer**” or the “**Company**”), BOSC International Company Limited, China International Capital Corporation Hong Kong Securities Limited, Sigma Capital Management Limited, Haitong International Securities Company Limited and Industrial Bank Co., Ltd. Hong Kong Branch (collectively, the “**Joint Lead Managers**”) that (1) you and any customers you represent are outside the United States and, to the extent you purchase the securities described in the attached Offering Circular, you will be doing so pursuant to Regulation S under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”) and (2) the e-mail address that you gave us and to which this e-mail has been delivered is not located in the United States, its territories or possessions and (3) that you consent to delivery of the Offering Circular and any amendments or supplements thereto by electronic transmission.

Except with respect to eligible investors in jurisdictions where such offer or invitation is permitted by law, nothing in this electronic transmission constitutes an offer or an invitation by or on behalf of the Issuer, the Joint Lead Managers, the Trustee or the Agents or any of their respective directors, officers, employees, representatives, agents, affiliates or advisers or any person who controls any of them to subscribe for or purchase any of the securities described therein, and access has been limited so that it shall not constitute in the United States or elsewhere a general solicitation or general advertising (as those terms are used in Regulation D under the Securities Act) or directed selling efforts (within the meaning of Regulation S under the Securities Act). If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Joint Lead Manager or any affiliate of the Joint Lead Manager is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by such Joint Lead Manager or such affiliate on behalf of the Issuer in such jurisdiction.

You are reminded that the Offering Circular has been delivered to you on the basis that you are a person into whose possession the Offering Circular may be lawfully delivered in accordance with the laws of jurisdiction in which you are located and you may not, nor are you authorised to, deliver or disclose the contents of the Offering Circular, electronically or otherwise, to any other person. If you have gained access to this transmission contrary to the foregoing restrictions, you are not allowed to purchase any of the securities described in the attached Offering Circular.

The Offering Circular has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently, none of the Issuer, the Joint Lead Managers, the Trustee, the Pre-Funding Account Bank, the LC Proceeds Account Bank or the Agents (each as defined in the Offering Circular) or any person who controls any of them or any director, officer, employee, representative or agent of any of them or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Offering Circular distributed to you in electronic format and the hard copy version available to you on request from the Issuer, the Joint Lead Managers, the Trustee, the Pre-Funding Account Bank, the LC Proceeds Account Bank or the Agents.

The attached document is being furnished in connection with an offering in offshore transactions outside the United States in compliance with Regulation S under the Securities Act solely for the purpose of enabling a prospective investor to consider the purchase of the securities described herein.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Joint Lead Managers or any affiliate of the Joint Lead Managers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Joint Lead Managers or such affiliate on behalf of the Issuer in such jurisdiction.

Actions that you may not take: If you receive this document by e-mail, you should not reply by e-mail to this document, and you may not purchase any securities by doing so. Any reply e-mail communications, including those you generate by using the “**Reply**” function on your e-mail software, will be ignored or rejected.

YOU ACKNOWLEDGE THAT THE ATTACHED OFFERING CIRCULAR AND THE INFORMATION CONTAINED THEREIN ARE STRICTLY CONFIDENTIAL AND INTENDED FOR YOU ONLY. YOU ARE NOT AUTHORISED TO AND YOU MAY NOT DELIVER OR FORWARD THE ATTACHED OFFERING CIRCULAR, ELECTRONICALLY OR OTHERWISE, TO ANY OTHER PERSON OR REPRODUCE SUCH OFFERING CIRCULAR IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THE ATTACHED OFFERING CIRCULAR IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

You are responsible for protecting against viruses and other destructive items. Your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

RED STAR MACALLINE GROUP CORPORATION LTD.

紅星美凱龍家居集團股份有限公司

(a sino-foreign joint stock company incorporated in the People's Republic of China with limited liability)

U.S.\$249,700,000 5.20 per cent. Credit Enhanced Bonds due 2025

With the benefit of an irrevocable Standby Letter of Credit issued by
Bank of Shanghai Co., Ltd. Beijing Branch



Issue price: 100.00 per cent.

Red Star Macalline Group Corporation Ltd. (紅星美凱龍家居集團股份有限公司) (the "Issuer" or the "Company") proposes to issue U.S.\$249,700,000 5.20 per cent. credit enhanced bonds due 2025 (the "Bonds"). The Bonds will have the benefit of an irrevocable standby letter of credit (the "Standby Letter of Credit") issued by Bank of Shanghai Co., Ltd. Beijing Branch (the "LC Bank"). See "Appendix A – Form of Standby Letter of Credit" for the form of the Standby Letter of Credit.

The Bonds bear interest on their outstanding principal amount from and including 26 August 2022 at the rate of 5.20 per cent. per annum, payable semi-annually in arrears on 26 February and 26 August in each year (each an "Interest Payment Date"). The Bonds will constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 5.1 of the terms and conditions of the Bonds (the "Terms and Conditions of the Bonds")) unsecured obligations of the Issuer which will at all times rank pari passu without any preference among themselves and the payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by applicable law, at all times rank at least equally with all the Issuer's other present and future unsecured and unsubordinated obligations. Additional amounts will be payable with respect to deduction or withholding for or on account of taxes of Hong Kong or the PRC or any political subdivision or authority therein or thereof having power to tax only to the extent described under "Terms and Conditions of the Bonds – Taxation".

Unless previously redeemed, purchased or cancelled, the Bonds will mature on 26 August 2025 at their principal amount. The Bonds are subject to redemption in whole, but not in part, at their principal amount, together with interest accrued up to, but excluding, the date fixed for redemption but unpaid, at the option of the Issuer in the event of certain changes affecting taxes of Hong Kong or the PRC or any political subdivision or any authority thereof or therein having power to tax at any time upon giving not less than 30 nor more than 60 calendar days' notice. See "Terms and Conditions of the Bonds – Redemption and Purchase – Redemption for Taxation Reasons". The Bonds may also be redeemed at the option of the holders at the principal amount, together with accrued interest up to but excluding such Put Settlement Date (as defined in the Terms and Conditions of the Bonds), upon occurrence of a Change of Control (as defined in the Terms and Conditions of the Bonds) or a No Registration Event (as defined in the Terms and Conditions of the Bonds). The Bonds are subject to redemption in whole, but not in part, at a redemption amount equal to the higher of (a) the principal amount of the Bonds plus any accrued but unpaid interest and, (b) the Make Whole Amount (as defined in the Terms and Conditions of the Bonds), plus any accrued but unpaid interest, at the option of the Issuer at any time upon giving not less than 30 nor more than 60 calendar days' notice.

For a more detailed description of the Bonds, see "Terms and Conditions of the Bonds" beginning on page 142.

The Issuer will be required to file or cause to be filed with the Shanghai Branch of State Administration of Foreign Exchange ("SAFE") the requisite information and documents within the prescribed time period in accordance with (i) the Administrative Measures for Foreign Debt Registration (《外債登記管理辦法》) issued by SAFE and which came into effect on 13 May 2013, and (ii) the Circular on Relevant Matters about the Macro-Prudential Management of Cross-Border Financing in Full Aperture (《中國人民銀行關於全口徑跨境融資宏觀審慎管理有關事宜的通知》) issued by People's Bank of China (the "PBOC") and which came into effect on 12 January 2017 and, any implementation rules, reports, certificates, approvals or guidelines as issued by SAFE or the PBOC from time to time (the "Foreign Debt Registration"). If the Issuer fails to complete the SAFE registration in connection with the Bonds, there is likely to be hurdles for cross-border payment under the Bonds. The Issuer shall use its commercially reasonable endeavours to complete the registration of the Bonds with SAFE and in any event before the Registration Deadline (being 120 SAFE Registration PRC Business Days (as defined in the Terms and Conditions of the Bonds) after 26 August 2022 (the "Issue Date")).

The Issuer has made an application for the filing registration (the "NDRC Pre-Issuance Registration") of the offering of the Bonds with the National Development and Reform Commission of the PRC (the "NDRC") in accordance with the Notice on Promoting the Reform of the Filing and Registration System for Issuance of Foreign Debt by Corporates (Fa Gai Wai Zi [2015] No. 2044) (the "NDRC Circular") (國家發展改革委關於推進企業外債備案登記制管理改革的通知) (發改外資[2015]2044號) promulgated by the NDRC and which came into effect on 14 September 2015 and received an Enterprise Foreign Debt Filing Registration Certificate on 1 June 2022 in connection with the NDRC Pre-Issuance Registration. Pursuant to the requirements of the NDRC Notice, the Issuer also intends to cause the requisite information and documents in respect of the issue of the Bonds to be filed with the NDRC within 10 NDRC Registration Business Days (as defined in the Terms and Conditions of the Bonds) after the Issue Date.

Application will be made to The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") for the listing of the Bonds by way of debt issues to professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) (the "Professional Investors") only. This Official Circular is for distribution to Professional Investors only.

Notice to Hong Kong investors: The Issuer confirms that the Bonds are intended for purchase by Professional Investors only and will be listed on The Hong Kong Stock Exchange Limited on that basis. Accordingly, the Issuer confirms that the Bonds are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.

The Hong Kong Stock Exchange has not reviewed the contents of this Offering Circular, other than to ensure that the prescribed form disclaimer and responsibility statements, and a statement limiting distribution of this Offering Circular to Professional Investors only have been reproduced in this Offering Circular. Listing of the Bonds on the Hong Kong Stock Exchange is not to be taken as an indication of the commercial merits or credit quality of the Bonds or the Issuer or the Group or quality of disclosure in this Offering Circular. Hong Kong Exchanges and Clearing Limited and the Hong Kong Stock Exchange take no responsibility for the contents of this Offering Circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss whatsoever arising from or in reliance upon the whole or any part of the contents of this Offering Circular.

This Offering Circular includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Issuer and the Group. The Issuer accepts full responsibility for the accuracy of the information contained in this Offering Circular and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

The Bonds will be issued in the specified denomination of U.S.\$200,000 each and integral multiples of U.S.\$1,000 in excess thereof.

PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("EEA"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive EU 2014/65/EU (as amended, "MIFID II"); or (ii) a customer within the meaning of Directive 2002/92/EC ("MID"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MIFID II. Consequently no key information document required by Regulation (EU) No. 1286/2014 (the "PRIIPs Regulation") for offering or selling the Bonds or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

PROHIBITION OF SALES TO UK RETAIL INVESTORS – The Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom ("UK"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("EUWA"); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the "FSMA") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "UK PRIIPs Regulation") for offering or selling the Bonds or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

Singapore SFA Product Classification: In connection with 309B(1)(c) of the Securities and Futures Act 2001 of Singapore (the "SFA") and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "CMP Regulations 2018"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Bonds are "prescribed capital markets products" (as defined in the CMP Regulations 2018).

See "Risk Factors" beginning on page 22 for a discussion of certain factors to be considered in connection with an investment in the Bonds.

Neither the Bonds nor the Standby Letter of Credit have been or will be registered under the United States Securities Act of 1933, as amended (the "Securities Act"), or the securities laws of any other jurisdiction, and the Bonds may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Bonds are being offered and sold outside the United States in compliance with Regulation S under the Securities Act.

The Bonds will initially be represented by a global certificate (the "Global Certificate") in registered form, which will be registered in the name of a nominee of, and deposited with a common depository for, Euroclear Bank SA/NV ("Euroclear") and Clearstream Banking S.A. ("Clearstream"). Beneficial interests in the Global Certificate will be shown on, and transfers thereof will be effected only through, the records maintained by Euroclear and Clearstream. Except in the limited circumstances set out herein, individual certificates for Bonds will not be issued in exchange for beneficial interests in the Global Certificate. See "Summary of Provisions Relating to the Bonds in Global Form" beginning on page 173. It is expected that delivery of the Global Certificate will be made on 26 August 2022 or such later date as may be agreed by the Issuer.

Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers
(in alphabetical order)

BOSC International

China International Capital
Corporation

Sigma Capital

Joint Bookrunner and Joint Lead Manager

Haitong International

Industrial Banks Co., Ltd.
Hong Kong Branch

Offering Circular dated 23 August 2022

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NOTICE TO INVESTORS

The contents of this Offering Circular have not been reviewed by any regulatory authority in Hong Kong or elsewhere. Investors are advised to exercise caution in relation to the offering of the Bonds described herein. If investors are in any doubt about any of the contents of this Offering Circular, they should obtain independent professional advice.

The Issuer, having made all reasonable enquiries, confirms that (i) this Offering Circular contains all information with respect to the Company and its subsidiaries (together, the “**Group**”), the Bonds and the Standby Letter of Credit, which is material in the context of the issue and offering of the Bonds, (ii) all statements of fact relating to the Group, the Bonds and the Standby Letter of Credit contained in this Offering Circular are in all material respects true and accurate and not misleading in any material respect, and that there are no other facts in relation to the Group, the Bonds and the Standby Letter of Credit, the omission of which would in the context of the issue of the Bonds make any statement in this Offering Circular misleading in any material respect, (iii) the statements of intention, opinion, belief or expectation with regard to the Group contained in this Offering Circular are honestly made or held and have been reached after considering all relevant circumstances and have been based on reasonable assumptions, (iv) to the best of their knowledge and belief, there are no other facts the omission of which would make any statement misleading and (v) the statistical, industry and market-related data and forward looking statements included in this Offering Circular (if any), are based on or derived or extracted from sources which the Issuer reasonably believes are accurate and reliable. This Offering Circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Issuer.

Notwithstanding the foregoing, the information included in this Offering Circular regarding the LC Bank and Bank of Shanghai Co., Ltd. (the “**Bank of Shanghai**”) is for information purposes only and is based on, or derived or extracted from, among other sources, publicly available information. However, none of the Issuer, each of BOSC International Company Limited, China International Capital Corporation Hong Kong Securities Limited, Sigma Capital Management Limited, Haitong International Securities Company Limited and Industrial Bank Co., Ltd. Hong Kong Branch (the “**Joint Lead Managers**”, each a “**Joint Lead Manager**”), the Trustee, the Pre-Funding Account Bank, the LC Proceeds Account Bank and the Agents (in each case as defined herein) or their respective affiliates, directors, officers, employees, representatives, agents or advisers has independently verified such information. Any information available from public sources that are referenced in this Offering Circular but are not separately included in, or expressly referenced as incorporated by reference in, this Offering Circular shall not be deemed to be incorporated by reference to this Offering Circular. No representation or warranty, express or implied, is made or given by the Issuer, the Joint Lead Managers, the Trustee, the Pre-Funding Account Bank, the LC Proceeds Account Bank or the Agents or their respective affiliates, directors, officers, employees, representatives, agents or advisers as to the accuracy, completeness or sufficiency of such information. Accordingly, such information should not be unduly relied upon.

This Offering Circular has been prepared by the Issuer solely for use in connection with the proposed offering of the Bonds described in this Offering Circular. The distribution of this Offering Circular and the offering of the Bonds in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer, the Joint Lead Managers, the Trustee, the Pre-Funding Account Bank, the LC Proceeds Account Bank and the Agents to inform themselves about and to observe any such restrictions. No action is being taken to permit a public

offering of the Bonds or the distribution of this document in any jurisdiction where action would be required for such purposes. There are restrictions on the offer and sale of the Bonds, and the circulation of documents relating thereto, in certain jurisdictions and to persons connected therewith. For a description of certain further restrictions on offers, sales and re-sales of the Bonds and distribution of this Offering Circular, see “*Subscription and Sale.*”

No person has been or is authorised to give any information or to make any representation concerning the Issuer, the Bonds or the Standby Letter of Credit other than as contained herein and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Issuer, the Joint Lead Managers, the Trustee, the Pre-Funding Account Bank, the LC Proceeds Account Bank or the Agents (each as defined in “*Terms and Conditions of the Bonds*”) or their respective directors, officers, advisors, employees, representatives, agents or affiliates. Neither the delivery of this Offering Circular nor any offering, sale or delivery made in connection with the issue of the Bonds shall, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in the affairs of the Group since the date hereof or create any implication that the information contained herein is correct as at any date subsequent to the date hereof. This Offering Circular does not constitute an offer of, or an invitation by or on behalf of the Issuer, the Joint Lead Managers, the Trustee, the Pre-Funding Account Bank, the LC Proceeds Account Bank or the Agents to subscribe for or purchase any of the Bonds and may not be used for the purpose of an offer to, or a solicitation by, anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or is unlawful.

No representation or warranty, express or implied, is made or given by the Joint Lead Managers, the Trustee, the Pre-Funding Account Bank, the LC Proceeds Account Bank or the Agents or their respective directors, officers, advisors, employees, representatives, agents or affiliates as to the accuracy, completeness or sufficiency of the information contained in this Offering Circular, and nothing contained in this Offering Circular is, or shall be relied upon as, a promise, representation or warranty by the Joint Lead Managers, the Trustee, the Pre-Funding Account Bank, the LC Proceeds Account Bank or the Agents or their respective directors, officers, advisors, employees, representatives, agents or affiliates. The Joint Lead Managers, the Trustee and the Agents or their respective directors, officers, advisors, employees, representatives, agents or affiliates have not independently verified any of the information contained in this Offering Circular and can give no assurance that this information is accurate, truthful or complete. This Offering Circular is not intended to provide the basis of any credit or other evaluation nor should it be considered as a recommendation by the Issuer, the Joint Lead Managers, the Trustee, the Pre-Funding Account Bank, the LC Proceeds Account Bank or the Agents or their respective directors, officers, advisors, employees, representatives, agents or affiliates that any recipient of this Offering Circular should purchase the Bonds. Each potential purchaser of the Bonds should determine for itself the relevance of the information contained in this Offering Circular, and its purchase of the Bonds should be based upon such investigations with its own tax, legal and business advisers as it deems necessary.

IN CONNECTION WITH THE ISSUE OF THE BONDS, ANY JOINT LEAD MANAGER, AS THE STABILISING MANAGER (THE “**STABILISING MANAGER**”) OR ANY OF ITS AFFILIATES (OR PERSONS ACTING ON THEIR BEHALF) MAY, SUBJECT TO ALL APPLICABLE LAWS AND DIRECTIVES, OVER-ALLOT AND EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE BONDS AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILISING MANAGER (OR PERSONS ACTING ON ITS BEHALF) WILL UNDERTAKE

STABILISATION ACTION. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE BONDS IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE BONDS AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE BONDS.

PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“**EEA**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive EU 2014/65/EU (as amended, “**MiFID II**”); or (ii) a customer within the meaning of Directive 2002/92/EC (“**IMD**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No. 1286/2014 (the “**PRIIPs Regulation**”) for offering or selling the Bonds or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPS Regulation.

PROHIBITION OF SALES TO UK RETAIL INVESTORS – The Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (“**UK**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“**EUWA**”); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the “**FSMA**”) and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the “**UK PRIIPs Regulation**”) for offering or selling the Bonds or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

Singapore SFA Product Classification: In connection with Section 309B(1)(c) of the Securities and Futures Act 2001 of Singapore (the “**SFA**”) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “**CMP Regulations 2018**”), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Bonds are “prescribed capital markets products” (as defined in the CMP Regulations 2018).

In making an investment decision, investors must rely on their own examination of the Group and the terms of the offering of the Bonds, including the merits and risks involved. See “Risk Factors” for a discussion of certain factors to be considered in connection with an investment in the Bonds. Each person receiving this Offering Circular acknowledges that such person has not relied on the Joint Lead Managers or any person affiliated with the Joint Lead Managers in connection with its investigation of the accuracy of such information or its investment decision.

To the fullest extent permitted by law, none of the Joint Lead Managers, the Trustee or the Agents accepts any responsibility for the contents of this Offering Circular or for any statement made or purported to be made by the Joint Lead Managers, the Trustee, the Pre-Funding Account Bank, the LC Proceeds Account Bank or the Agents or their respective directors, officers, advisors, employees, representatives, agents or affiliates or on their behalf in connection with the Group, the issue and offering of the Bonds or the Standby Letter of Credit. Each of the Joint Lead Managers, the Trustee and the Agents or their respective directors, officers, advisors, employees, representatives, agents or affiliates accordingly disclaims all and any liability whether arising in tort or contract or otherwise which it might otherwise have in respect of this Offering Circular or any such statement. None of the Joint Lead Managers, the Trustee nor the Agents or their respective directors, officers, advisors, employees, representatives, agents or affiliates undertakes to review the financial condition or affairs of the Company, the Group or the LC Bank during the life of the arrangements contemplated by this Offering Circular nor to advise any investor or potential investor in the Bonds of any information coming to the attention of any of the Joint Lead Managers, the Trustee or the Agents.

This Offering Circular is not a prospectus for the purposes of the European Union's Directive 2003/71/EC (and any amendments thereto) as implemented in member states of the European Economic Area (the "EEA") (the "EU Prospectus Directive"). This Offering Circular has been prepared on the basis that all offers of the Bonds will be made pursuant to an exemption under the EU Prospectus Directive from the requirement to produce a prospectus in connection with offers of the Bonds.

Prospective investors should be aware that certain intermediaries in the context of this offering of the Bonds, including certain Joint Lead Managers, are "capital market intermediaries" (CMIs) subject to Paragraph 21 of the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission (the Code). This notice to prospective investors is a summary of certain obligations the Code imposes on such CMIs, which require the attention and cooperation of prospective investors. Certain CMIs may also be acting as "overall coordinators" (OCs) for this offering and are subject to additional requirements under the Code.

Prospective investors who are the directors, employees or major shareholders of the Issuer, a CMI or its group companies would be considered under the Code as having an association (Association) with the Issuer, the CMI or the relevant group company. Prospective investors associated with the Issuer or any CMI (including its group companies) should specifically disclose this when placing an order for the Bonds and should disclose, at the same time, if such orders may negatively impact the price discovery process in relation to this offering. Prospective investors who do not disclose their Associations are hereby deemed not to be so associated. Where prospective investors disclose their Associations but do not disclose that such order may negatively impact the price discovery process in relation to this offering, such order is hereby deemed not to negatively impact the price discovery process in relation to this offering.

Prospective investors should ensure, and by placing an order prospective investors are deemed to confirm, that orders placed are bona fide, are not inflated and do not constitute duplicated orders (i.e. two or more corresponding or identical orders placed via two or more CMIs). If a prospective investor is an asset management arm affiliated with any Joint Lead Manager, such prospective investor should indicate when placing an order if it is for a fund or portfolio where the Joint Lead Manager or its group company has more than 50% interest, in which case it will be classified as a "proprietary order" and subject to appropriate handling by CMIs in accordance with the Code and

should disclose, at the same time, if such “proprietary order” may negatively impact the price discovery process in relation to this offering. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not such a “proprietary order”. If a prospective investor is otherwise affiliated with any Joint Lead Manager, such that its order may be considered to be a “proprietary order” (pursuant to the Code), such prospective investor should indicate to the relevant Joint Lead Manager when placing such order. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not such a “proprietary order”. Where prospective investors disclose such information but do not disclose that such “proprietary order” may negatively impact the price discovery process in relation to this offering, such “proprietary order” is hereby deemed not to negatively impact the price discovery process in relation to this offering.

Prospective investors should be aware that certain information may be disclosed by CMIs (including Private Banks) which is personal and/or confidential in nature to the prospective investor. By placing an order, prospective investors are deemed to have understood and consented to the collection, disclosure, use and transfer of such information by the Joint Lead Managers and/or any other third parties as may be required by the Code, including to the Issuer, any OCs, relevant regulators and/or any other third parties as may be required by the Code, it being understood and agreed that such information shall only be used for the purpose of complying with the Code, during the bookbuilding process for this offering. Failure to provide such information may result in that order being rejected.

CERTAIN DEFINED TERMS, CONVENTIONS AND CURRENCY PRESENTATION

We have prepared this Offering Circular using a number of conventions, which you should consider when reading the information contained herein. When we use the term “the Issuer”, “the Company”, “we”, “us”, “our” and words of similar import, we are referring to **Red Star Macalline Group Corporation Ltd.** (紅星美凱龍家居集團股份有限公司) and its consolidated subsidiaries, unless the context indicates otherwise.

Solely for the sake of convenience, this Offering Circular contains translations of certain Renminbi amounts into U.S. dollar amounts. Unless indicated otherwise, the translation of Renminbi amounts into U.S. dollar amounts has been made at the rate of RMB6.3726 to U.S.\$1.00, the noon buying rate as set forth in the H.10 statistical release of the Federal Reserve Bank of New York on 30 December 2021. These translations should not be construed as representations that the Renminbi amounts could actually be converted into any U.S. dollar amounts at the rates indicated or at all.

In this Offering Circular, references to:

“Articles of Association” are to the articles of association of the Company, as amended;

“Associate(s)” are to the meaning ascribed thereto under the Listing Rules;

“Board of Directors” or “Board” are to the board of Directors;

“Bonds” are to the bonds contemplated to be offered under this Offering Circular, the terms and conditions of which are described in the “Terms and Conditions of the Bonds” section;

“Business Day” are to a day (other than a Saturday or a Sunday) on which banks in Hong Kong are normally open for normal banking business;

“CAGR” are to compound annual growth rate;

“China” or “PRC” are to the People’s Republic of China. Except where the context requires, references in this Offering Circular to the PRC or China do not apply to Hong Kong, the Macau Special Administrative Region of the People’s Republic of China or Taiwan;

“Companies Ordinance” are to the Companies Ordinance, Chapter 622 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time;

“Company” or “the Company” are to Red Star Macalline Group Corporation Ltd. (紅星美凱龍家居集團股份有限公司), a sino-foreign joint stock limited company established in the PRC;

“Connected Person(s)” are to the meaning ascribed thereto under the Listing Rules;

“Director(s)” are to the Director(s) of the Company;

“EIT Law” are to the PRC Enterprise Income Tax Law (中華人民共和國企業所得稅法);

“GDP” are to the gross domestic product; except as otherwise specified, all references to GDP growth rates are to real as opposed to nominal rates of GDP growth;

“Group” are to the Company and its subsidiaries or, where the context so requires, in respect of the period before the Company became the holding company of its present subsidiaries, the present subsidiaries of the Company and the businesses carried on by such subsidiaries or (as the case may be) their predecessors;

“Hong Kong” or “HK” are to the Hong Kong Special Administrative Region of the People’s Republic of China;

“Hong Kong Stock Exchange” are to The Stock Exchange of Hong Kong Limited, a wholly owned subsidiary of Hong Kong Exchanges and Clearing Limited;

“IFRS” are to the International Financial Reporting Standards;

“Independent Third Party(ies)” are to the persons who, as far as the Directors are aware after having made all reasonable enquiries, are not Connected Persons of the Company within the meanings of the Listing Rules;

“Joint Lead Managers” are to BOSC International Company Limited, China International Capital Corporation Hong Kong Securities Limited, Sigma Capital Management Limited, Haitong International Securities Company Limited and Industrial Bank Co., Ltd. Hong Kong Branch;

“JV/Associate Portfolio Shopping Malls” are to shopping malls held by our Associates or joint venture partners and operated by us;

“Listing Rules” are to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Securities and Futures (Stock Market Listing) Rules, as amended, supplemented or otherwise modified from time to time;

“Managed Shopping Mall(s)” are to the shopping mall(s) managed by us under contract management agreements;

“Ministry of Commerce” or “MOFCOM” are to the Ministry of Commerce of the PRC (中華人民共和國商務部);

“NPC” or “National People’s Congress” are to the National People’s Congress of the PRC (中華人民共和國全國人民代表大會), the national legislative body of the PRC;

“PBOC” are to the People’s Bank of China (中國人民銀行), the central bank of the PRC;

“pipeline Portfolio Shopping Mall(s)” are to the Portfolio Shopping Malls for which we have entered into definitive agreements with relevant parties, including land acquisition agreements with local government authorities and investment or cooperation agreements with local business partners;

“pipeline Managed Shopping Mall(s)” are to Managed Shopping Malls for which we have entered into contract management agreements with our Managed Shopping Mall partners;

“Portfolio Shopping Mall(s)” are to all of the following shopping malls: (1) shopping malls which are owned by the Company’s holding subsidiaries; (2) shopping malls leased by the Company; and (3) shopping malls held by the Company and associates or joint venture partners and operated by the Company;

Accordingly, with respect to the operating information in this Offering Circular, we categorise the abovementioned (1) as “**Self-owned Portfolio Shopping Malls**”, the abovementioned (2) and (3) as “**Non-self-owned Portfolio Shopping Malls**” and the abovementioned (3) as “**JV/Associate Shopping Malls**”. With respect to the financial information in this Offering Circular, we categorise the abovementioned (1) and (2) as our “**Owned/Leased Portfolio Shopping Malls**”, among which the abovementioned (1) is categorised as “**Owned Portfolio Shopping Malls**”, and the abovementioned (2) is categorised as “**Leased Portfolio Shopping Malls**”;

As at 31 December 2021, our JV/Associate Shopping Malls included Wuhu Minghui Mall, Chengdu Zhizun Mall, Shenzhen Qianhai Mall, Guangdong No. 1 Mall and Xiamen Jimei Mall. We do not consolidate the results of operation of the relevant companies holding the JV/Associate Portfolio Shopping Malls into our consolidated financial information for the years ended 31 December 2019, 2020 and 2021. The results of operation of and our interests in the relevant companies were reflected in share of profit of Associates, share of results of joint ventures, interests in Associates, and interests in joint ventures in our consolidated financial information.

“PRC Company Law” are to the Company Law of the People’s Republic of China (中華人民共和國公司法), as amended, supplemented or otherwise modified from time to time;

“PRC GAAP” are to the accounting principles generally accepted in the PRC;

“PRC government” or “Chinese government” are to the central government of the PRC, including all governmental subdivisions (including provincial, municipal and other regional or local government entities);

“Province” or “province” are to a province or, where the context requires, a provincial level autonomous region or municipality under the direct supervision of the central government of the PRC;

“Red Star Furniture Group” are to Red Star Furniture Group Co., Ltd. (紅星家具集團有限公司), a company established in the PRC;

“Regulation S” are to Regulation S under the Securities Act;

“RMB” and “Renminbi” are to the lawful currency of the PRC;

“SAFE” are to the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局), the PRC governmental agency responsible for matters relating to foreign exchange administration;

“SAIC” are to the State Administration of Industry and Commerce of the PRC (中華人民共和國國家工商行政管理總局);

“Securities Act” are to the U.S. Securities Act of 1933, as amended, supplemented or otherwise modified from time to time;

“S&P” are to Standard & Poor’s Rating Services, a division of S&P Global Inc.;

“State” are to the government authorities authorised to perform specified duties in the name of the PRC according to the PRC laws, including without limitation the NPC and the State Council;

“State Council” are to the State Council of the PRC (中華人民共和國國務院);

“Supervisor(s)” are to the member(s) of the supervisory committee of the Company;

“U.S.” or “United States” are to the United States of America, its territories, its possessions and all areas subject to its jurisdiction;

“U.S.\$” or “U.S. dollars” are to United States dollars, the lawful currency of the United States;

The consolidated financial statements of the Company as at and for the years ended 31 December 2020 and 2021 included elsewhere in this Offering Circular have been prepared and presented in accordance with the PRC GAAP and have been audited by Ernst & Young Hua Ming LLP. None of the Joint Lead Managers, the Trustee or Agents or any of their respective officers, employees, affiliates, directors or advisors makes any representation or warranty, express or implied, regarding the accuracy of such consolidated financial information or their sufficiency for an assessment of, and potential investors must exercise caution when using such data to evaluate, our financial condition and results of operations. PRC GAAP differs in certain respects from IFRS. For a discussion of certain differences between PRC GAAP and IFRS, see “Summary of Certain Differences between PRC GAAP and IFRS”.

Market data and certain industry forecasts and statistics in this Offering Circular have been obtained from both public and private sources, including market research, publicly available information and industry publications. Although this information is believed to be reliable, it has not been independently verified by the Issuer or the Joint Lead Managers, the Trustee, the Pre-Funding Account Bank, the LC Proceeds Account Bank or the Agents or their respective directors, officers, advisors, employees, representatives, agents or affiliates, and neither the Company, the Joint Lead Managers, the Trustee, the Pre-Funding Account Bank, the LC Proceeds Account Bank or the Agents nor their respective directors, officers, advisors, employees, representatives, agents or affiliates make any representation as to the accuracy or completeness of that information. Such information may not be consistent with other information compiled within or outside the PRC. In addition, third-party information providers may have obtained information from market participants and such information may not have been independently verified. This Offering Circular summarises certain documents and other information, and investors should refer to them for a more complete understanding of what is discussed in those documents. In making an investment decision, each investor must rely on its own examination of the Group and the terms of the offering, the Bonds and the Standby Letter of Credit, including the merits and risks involved.

In this Offering Circular, where information has been presented in thousands or millions of units, amounts may have been rounded up or down. Accordingly, totals of columns or rows of numbers in tables may not be equal to the apparent total of the individual terms, and actual numbers may differ from those contained herein due to rounding.

The English names of the PRC nationals, entities, departments, facilities, laws, regulations, certificates, titles and the like are translations of their Chinese names and are included for identification purposes only. In the event of any inconsistency, the Chinese name shall prevail.

GLOSSARY OF TECHNICAL TERMS

This glossary of technical terms contains explanations of certain technical terms used in this Offering Circular in connection with our Group and our business. These terms and their meanings may not correspond to standard industry meanings or usage of these terms.

“chain”	Retail outlets that share a brand and central management, usually with standardised business methods and practises.
“exhibition space agreement(s)”	Exhibition space lease and management services agreement(s) entered into between our Portfolio Shopping Malls and our tenants.
“GDP”	Gross domestic product, a measure of the aggregate value of goods and services produced by a country or region.
“GFA”	Gross floor area.
“gross profit margin”	Our gross profit as a percentage of our revenue for each period.
“Internet”	International network that links together computers and allows data to be transferred between each computer using the TCP/IP protocols.
“IT”	Information technology.
“m”	Metre(s).
“occupancy rate”	Calculated as actually leased area divided by operating area of a shopping mall as at the end of each relevant period.
“operating area”	Area that can be used to generate income within a shopping mall.
“Portfolio Shopping Malls that had been in operation for at least three financial years” . . .	As at 31 December 2019: Jiangsu No. 1 Mall, Global House No. 1 Mall, Shanghai Wenshui Mall, Shanghai Pudong Hu’nan Mall, Shanghai Wuzhong Road Mall, Shanghai Pudong Jinqiao Mall, Shanghai Pujiang Mall, Beijing West Fourth-ring Mall, Beijing Zhizun Mall, Beijing North Fourth-ring Mall, Tianjin No. 1 Mall, South&West No. 1 Mall, Chongqing Erlang Mall, Yunnan No. 1 Mall, Chengdu Wuhou Mall, Shandong No. 1 Mall, Dongbei No. 1 Mall, Shenyang Hunnan Mall, Panjin Xinglong Mall, Dalian Shopping Mall, Shenyang Tiexi Phase II Mall, Jilin No. 1 Mall, Daqing Expo Mall, Jiaodong No. 1 Mall, Suzhou No. 1 Mall, Changzhou No. 1 Mall, Changzhou Wujin Mall, Zhongyuan No. 1 Mall, Langfang Kaihong Mall, Wuxi Xishan Mall, Hunan No. 1 Mall, Zhongshan Gangkou Mall, Wuhan E’touwan Mall, Gansu No. 1 Mall, Wuxi No. 1 Mall, Shanghai Jinshan Mall, Dongguan Wanjiang Mall, Wuhan Hanyang Mall, Anhui No. 1 Mall, Heilongjiang No. 1 Mall, Inner Mongolia No. 1 Mall, Shenyang Yuhong Mall, Ningbo Yinzhou Mall, Tianjin Dongli Mall, Yangzhou Runyang Furniture Mall, Hangzhou Gudun Mall, Beijing No. 1 Mall, Chongqing Nanping Mall, Changzhou Decoration Mall, Datong Dongxin Mall, Shenzhen Jilong Mall, Wuhai Mall, Shiyan Zhejiang Road Mall, Chifeng Mall, Yangquan Xinqu Mall, Weifang Hanting Mall, Baotou High-tech District Mall, Xilinhot Mall, Wuhan No. 1 Mall, Changsha Shaoshan Mall, Xiamen Dongdu Free Trade Mall, Wuhu Minghui Mall and Chengdu Zhizun Mall;

As at 31 December 2020: Jiangsu No. 1 Mall, Global House No. 1 Mall, Shanghai Wenshui Mall, Shanghai Pudong Hu'nan Mall, Shanghai Wuzhong Road Mall, Shanghai Pudong Jinqiao Mall, Shanghai Pujiang Mall, Beijing West Fourth-ring Mall, Beijing Zhizun Mall, Beijing North Fourth-ring Mall, Tianjin No. 1 Mall, South&West No. 1 Mall, Chongqing Erlang Mall, Yunnan No. 1 Mall, Chengdu Wuhou Mall, Shandong No. 1 Mall, Dongbei No. 1 Mall, Shenyang Hunnan Mall, Panjin Xinglong Mall, Dalian Shopping Mall, Shenyang Tiexi Phase II Mall, Jilin No. 1 Mall, Daqing Expo Mall, Jiaodong No. 1 Mall, Suzhou No. 1 Mall, Changzhou No. 1 Mall, Changzhou Wujin Mall, Zhongyuan No. 1 Mall, Langfang Kaihong Mall, Wuxi Xishan Mall, Hunan No. 1 Mall, Zhongshan Gangkou Mall, Wuhan E'touwan Mall, Gansu No. 1 Mall, Wuxi No. 1 Mall, Shanghai Jinshan Mall, Dongguan Wanjiang Mall, Wuhan Hanyang Mall, Anhui No. 1 Mall, Heilongjiang No. 1 Mall, Inner Mongolia No. 1 Mall, Shenyang Yuhong Mall, Tianjin Beichen Mall, Harbin Songbei Mall, Tianjin Binhai Mall, Suzhou Mudu Mall, Nanjing Pukou Mall, Ningbo Yinzhou Mall, Tianjin Dongli Mall, Yangzhou Runyang Furniture Mall, Hangzhou Gudun Mall, Beijing No. 1 Mall, Chongqing Nanping Mall, Changzhou Decoration Mall, Datong Dongxin Mall, Shenzhen Jilong Mall, Wuhai Mall, Shiyang Zhejiang Road Mall, Chifeng Mall, Yangquan Xinqu Mall, Nanjing Europe Mall, Weifang Zhenhua Mall, Weifang Hanting Mall, Baotou High-tech District Mall, Nanchang Xianghu Mall, Taiyuan Changfeng Mall, Chongqing Yongchuan Mall, Xilinhot Mall, Wuhan No. 1 Mall, Changsha Shaoshan Mall, Xiamen Dongdu Free Trade Mall, Wuhu Minghui Mall and Chengdu Zhizun Mall;

As at 31 December 2021: Jiangsu No. 1 Mall, Global House No. 1 Mall, Shanghai Wenshui Mall, Shanghai Pudong Hu'nan Mall, Shanghai Wuzhong Road Mall, Shanghai Pudong Jinqiao Mall, Shanghai Pujiang Mall, Beijing West Fourth-ring Mall, Beijing Zhizun Mall, Beijing North Fourth-ring Mall, Tianjin No. 1 Mall, South&West No. 1 Mall, Chongqing Erlang Mall, Yunnan No. 1 Mall, Chengdu Wuhou Mall, Shandong No. 1 Mall, Dongbei No. 1 Mall, Shenyang Hunnan Mall, Panjin Xinglong Mall, Dalian Shopping Mall, Shenyang Tiexi Phase II Mall, Jilin No. 1 Mall, Daqing Expo Mall, Jiaodong No. 1 Mall, Suzhou No. 1 Mall, Changzhou No. 1 Mall, Changzhou Wujin Mall, Zhongyuan No. 1 Mall, Langfang Kaihong Mall, Wuxi Xishan Mall, Hunan No. 1 Mall, Zhongshan Gangkou Mall, Wuhan E'touwan Mall, Gansu No. 1 Mall, Wuxi No. 1 Mall, Shanghai Jinshan Mall, Dongguan Wanjiang Mall, Wuhan Hanyang Mall, Anhui No. 1 Mall, Heilongjiang No. 1 Mall, Inner Mongolia No. 1 Mall, Shenyang Yuhong Mall, Tianjin Beichen Mall, Harbin Songbei Mall, Tianjin Binhai Mall, Suzhou Mudu Mall, Nanjing Pukou Mall, Ningbo Yinzhou Mall, Chongqing Chayuan Mall, Sichuan No. 1 Mall, Xining Expo Mall, Tianjin Dongli Mall, Yangzhou Runyang Furniture Mall, Hangzhou Gudun Mall, Beijing No. 1 Mall, Chongqing Nanping Mall, Changzhou Decoration Mall, Datong Dongxin Mall, Shenzhen Jilong Mall, Wuhai Mall, Shiyang Zhejiang Road Mall, Chifeng Mall, Yangquan Xinqu Mall, Nanjing Europe Mall, Weifang Zhenhua Mall, Weifang Hanting Mall, Baotou High-tech District Mall, Nanchang Honggutuan Mall, Weihai Jingqu Mall, Hengyang Yanfeng Mall, Nanchang Xianghu Mall, Taiyuan Changfeng Mall, Chongqing Yongchuan Mall, Xilinhot Mall, Wuhan No. 1 Mall, Shenzhen Pinghu Mall, Changsha Shaoshan Mall, Xiamen Dongdu Free Trade Mall, Wuhu Minghui Mall and Chengdu Zhizun Mall.

“same mall growth of mature shopping malls”	The growth in operating income for a period in a given year compared with the same period in the prior year for all Portfolio Shopping Malls that had been in operation for at least three financial years and were still in operation as at the end of such given year.
“sq.m.”	Square metre(s).
“total debt”	the aggregate of short-term loans, long-term loans, bonds payable and long-term loans and bonds payable due within one year included in non-current liabilities due within one year.

FORWARD-LOOKING STATEMENTS

This Offering Circular includes forward-looking statements. All statements other than statements of historical facts contained in this Offering Circular, including, without limitation, those regarding our future financial position, our strategies, plans, objectives, goals, targets and future developments in the markets where we participate or are seeking to participate, and any statements preceded by, followed by or that include the words “believe,” “expect,” “estimate,” “predict,” “aim,” “intend,” “will,” “may,” “plan,” “consider,” “anticipate,” “seek,” “should,” “could,” “would,” “continue,” or similar expressions or the negative thereof, are forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors, some of which are beyond our control, which may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. These forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Important factors that could cause our actual performance or achievements to differ materially from those in the forward-looking statements include, among other things, the following:

- our ability to successfully implement our business plans and strategies;
- future developments, trends and conditions in the industry and markets in which we operate;
- the development and continued effect of COVID-19;
- our business prospects;
- our capital expenditure plans;
- the actions and developments of our competitors;
- our financial condition and performance;
- our dividend policy;
- any changes in the laws, rules and regulations of the central and local governments in the PRC and other relevant jurisdictions and the rules, regulations and policies of the relevant governmental authorities relating to all aspects of our business;
- general political and economic conditions, including those related to the PRC;
- changes or volatility in interest rates, foreign exchange rates, equity prices or other rates or prices, including those pertaining to the PRC and the industry and markets in which we operate;
- various business opportunities that we may pursue;

- macroeconomic measures taken by the PRC government to manage economic growth; and
- changes in the global economic conditions and material changes in the home improvement and furnishing industry.

Additional factors that could cause actual performance or achievements to differ materially include, but are not limited to, those discussed in “Risk Factors” and elsewhere in this Offering Circular. We caution you not to place undue reliance on these forward-looking statements, which reflect our management’s view only as at the date of this Offering Circular. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this Offering Circular might not occur. All forward-looking statements contained in this Offering Circular are qualified by reference to the cautionary statements set out in this section.

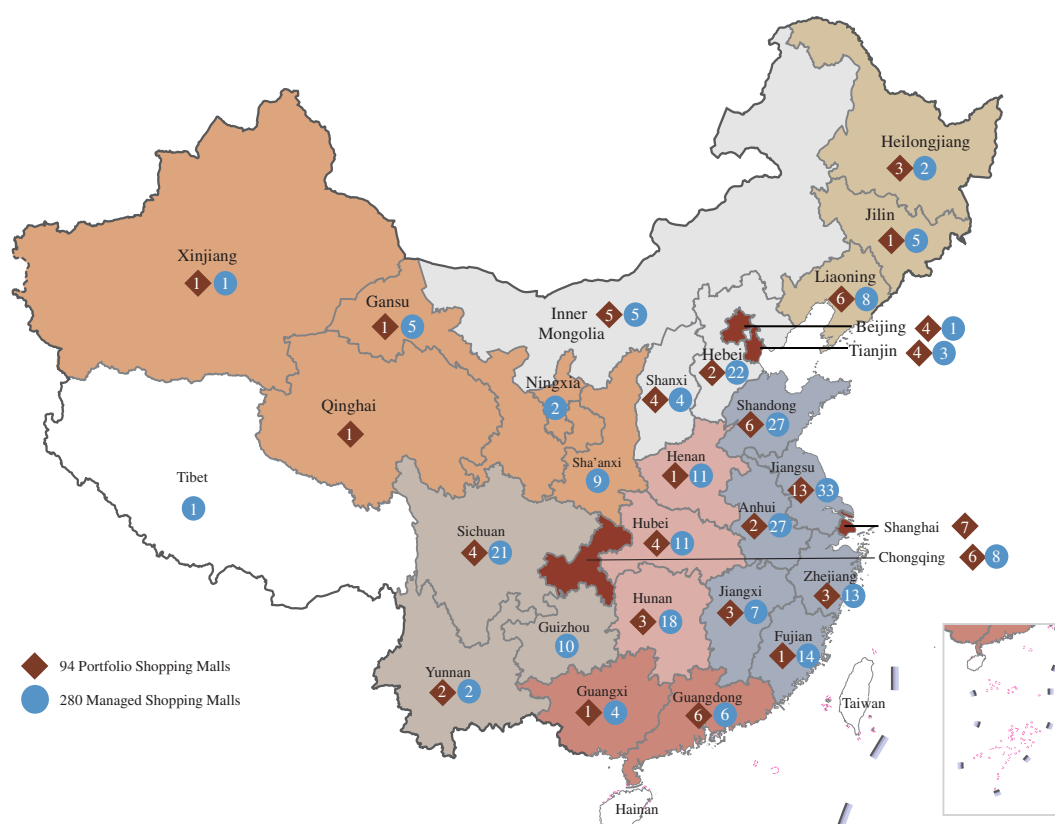
SUMMARY

The summary below is only intended to provide a limited overview of detailed information described elsewhere in this Offering Circular. As it is a summary, it does not contain all of the information that may be important to investors, and terms defined elsewhere in this Offering Circular have the same meanings when used in this summary. Prospective investors should therefore read the entire Offering Circular, including the section entitled “Risk Factors” and the consolidated financial statements of the Company and related notes thereto, before making an investment decision.

THE COMPANY

Overview

We are the leading home improvement and furnishings shopping mall operator, as well as a pan-home furnishings platform service provider in China with the largest operating area, the largest number of shopping malls and the widest geographic coverage, according to Frost & Sullivan. As at 31 December 2021, we operated and managed 373 shopping malls with a total operating area of approximately 22,303,548 sq.m. in 224 cities in 30 provinces in China, hosting over 34,900 product brands. In 2021, we had a 17.5% market share in the chain home improvement and furnishing mall sector and a 7.4% market share in the whole home improvement and furnishing mall sector (including chain and non-chain) in terms of retail sales, owning the largest market share in China’s steadily growing home improvement and furnishing industry. We have 19 pipeline Portfolio Shopping Malls with a total estimated GFA of approximately 2,900,000 sq.m. As at 31 December 2021, among our pipeline Managed Shopping Malls, 327 had secured land parcels. The following map illustrates our geographic footprint as at 31 March 2022.



In 1994, we opened our first home improvement and furnishings shopping mall in Changzhou, Jiangsu Province. In 2000, we launched our “Red Star Macalline” brand and opened our first branded home improvement and furnishings shopping mall in Shanghai, which was also one of the first branded home improvement and furnishings shopping malls in China, and established ourselves as a pioneer in China’s modern home improvement and furnishings retail market. Our Company, Red Star Macalline Group Corporation Ltd. (紅星美凱龍家居集團股份有限公司), was founded in 2007, and our H shares were listed on the Main Board of the Hong Kong Stock Exchange in June 2015 (Stock Code: 1528) and A shares were listed on the Shanghai Stock Exchange in January 2018 (Stock Code: 601828). We believe that our prominent market leadership and unparalleled geographic coverage will enable us to effectively capitalise on this growth opportunity.

We have established an attractive third-party platform that connects brands and customers together within our shopping malls, continuously tailors the brand and product offerings to cater to changing customer needs, and provides a superior one-stop shopping experience. Tenants in our shopping malls enjoy a full range of operational and managerial services, including designated shopping space, staff training, marketing and promotion, daily management and customer services. We also ensure customers receive standardised quality services across our platform, including a 30-day product return policy, free and informative shopping guides and home design consultation. Our leading market position, differentiated customer service, nationwide footprint, commitment to operational excellence and nationally recognised “Red Star Macalline” brand, together with our comprehensive and effective platform, constitute our unique competitive advantages over our competitors.

Our unique business model of operating both Portfolio Shopping Malls and Managed Shopping Malls allows us to steadily expand and further penetrate our target markets. We strategically locate certain of our Portfolio Shopping Malls in tier I and tier II cities where we receive recurring and predictable operating income including rent and management fees and continue to penetrate into the tier III Cities and other cities through the asset-light operation model by relying on the sound brand reputation, mature shopping mall development, tenant sourcing and operation and management capabilities in the home improvement and furnishing industry. Leveraging our years of experience in shopping mall operation, we also provide consultant and contract management services to owners of our Managed Shopping Malls, and operate our partners’ home improvement and furnishings shopping malls under our brand name and receive consultation and management fee payments in return. As at 31 December 2021, we operated 95 Portfolio Shopping Malls with a total operating area of approximately 8,455,486 sq.m. and 278 Managed Shopping Malls with a total operating area of approximately 13,848,062 sq.m.

For the years ended 31 December 2019, 2020 and 2021, revenue generated from our Owned/Leased Portfolio Shopping Malls contributed 47.4%, 46.9% and 52.2% of our total revenue, respectively, and revenue generated from our Managed Shopping Malls contributed 28.6%, 25.1%, and 21.0% of our total revenue, respectively. Our “Asset-Light and Operation-Heavy” business model enables us to reinforce our market leading position in the developed areas in China and benefit from land appreciation, while at the same time steadily expands our footprint in tier III and other cities without significant capital expenditures through the asset-light management and franchise business model.

We have a proven track record of profitability. We recorded a revenue of RMB16,469.2 million, RMB14,236.5 million and RMB15,512.8 million in 2019, 2020 and 2021 respectively. Our operating profit amounted to RMB6,197.2 million, RMB2,946.1 million and RMB2,862.3 million in 2019, 2020 and 2021. The decrease in operating profit from RMB6,197.2 million in 2019 to RMB2,946.1 million in 2020 is primarily due to the impact of the pandemic and the introduction of the rent-free policy in the 2020. Our gross profit margin remained stable at 65.2% in 2019, 61.5% in 2020 and 61.7% in 2021.

Competitive Strengths

We believe that the following competitive strengths distinguish us from our competitors:

- Undisputed Market Leader in China’s Home Improvement and Furnishing Industry with Well-Recognised Brands;
- Unrivalled Competitive Advantages Propelled by “Asset-Light and Operation-Heavy” Business Model;
- Strong digital operation and marketing capacities integrating “new retail” platforms online and offline;
- Full-Cycle Services of Home Furnishings Consumption;
- Nationwide marketing network with strong channel value;
- Differentiated shopping experience through exceptional service and quality;
- Stable and High Proportional Recurring Income; and
- Experienced Management Team and Effective Management Structure.

For further details, see “Description of the Company – Our Competitive Strengths” of this Offering Circular.

Strategies

We aim to execute the following strategies to increase our market share and strengthen our position as an industry leader in China’s home improvement and furnishings retail sector:

- Improve business performance and consolidate our market leadership position by continuing to implement the “Asset-Light and Operation-Heavy” business model;
- Focus on home decoration business to enhance full-cycle services of home furnishings consumption;
- Deepen the digital reform to prevail in new retail;
- Achieve high-quality development by adhering to the strategy of lowering leverage; and
- Continue improving corporate governance and fulfil social responsibility.

For further details, see “Description of the Company – Our Strategies” of this Offering Circular.

Recent Developments

Impact of COVID-19

The outbreak of COVID-19, which was declared as a pandemic by the World Health Organization in March 2020, has spread globally and continues to evolve. Certain countries, including the PRC, have instituted various measures such as quarantines, restrictions on travel, social distance, and closed or limited hours of operations of non-essential businesses. Such actions may create severe economic contraction and adversely impact many industries. Further, in the first half of 2021, a new Delta variant of COVID-19 began to spread globally and caused an increase in COVID-19 cases in many places in the PRC. In November 2021, a new Omicron variant, which appears to be one of the most transmissible variants to date, was detected, which Omicron variant has since caused an increase in COVID-19 cases in multiple countries, including the PRC, and of which the potential severity is currently being evaluated. In 2021, as the outbreak of COVID-19 became relatively stabilized in China, while there were local outbreaks in various regions of China, our business development and operations were not materially and adversely affected. We cooperated with local governments to implement pandemic control measures and also actively provided support to our customers to resume their operations and production with the stabilization of the pandemic.

Since 2022, the re-emergence of Omicron variant has spread to different regions, including Shanghai and Beijing in the PRC, and triggered further imposition of restrictive measures by the PRC governments, bringing additional uncertainty to recovery and development of the PRC economy. While most cities in the PRC gradually lifted the public health restrictions, recurring COVID-19 outbreaks caused by the new COVID variants have led to the re-introduction of such restrictions in several regions from time to time, including municipals such as Shanghai where we have operation. In response, we increased our online operations and strengthened online customer accumulation through multi-platform live broadcasts and community marketing. At the same time, we also took measures to reduce expenditure and improve operational efficiency in response to changes in the economic environment. As of the date of this Offering Circular, all of our shopping malls in Beijing and Shanghai have restored operation.

Also, in response to the COVID-19 pandemic, we regularly disinfected shopping mall areas and promulgated emergency response procedures in accordance with the epidemic prevention requirements of the government. We examined storage and allocation of our epidemic prevention supplies regularly and monitored health condition of our employees. We also performed daily check of fresh air ventilators in our shopping malls and followed epidemic prevention policies of the government applicable to us.

See also “Risk Factors – Risks relating to Our Business – Our business, financial condition and results of operations may be materially and adversely affected by market fluctuations and economic slowdowns in the PRC and the global economy, particularly as a result of the COVID-19 pandemic.”

Announcement of Unaudited Operational Data for the Three Months Ended 31 March 2022

On 29 April 2022, we announced certain unaudited operational data and key financial information of our Group for the three months ended 31 March 2022 in our announcement published on the website of the Hong Kong Stock Exchange. For the three months ended 31 March 2022, we experienced an increase in revenue and a decrease in net profit as compared with the same period in the preceding year. As at 31 March 2022, we have also experienced a decrease in cash and bank balances and a slight increase in total liabilities as compared to 31 December 2021.

As at 31 March 2022, we operated 94 Portfolio Shopping Malls, 280 Managed Shopping Malls, and 10 home furnishing malls through strategic cooperation, in addition, we authorized 64 franchised home improvement material projects by way of franchising, which included a total of 481 home improvement material stores/industry streets. During the three months ended 31 March 2022, no Portfolio Shopping Mall was newly opened, and 1 was transferred from Portfolio Shopping Mall to Managed Shopping Mall; the net increase in the number of Managed Shopping Malls was 2, in which, 2 were newly-opened shopping malls, and 1 shopping mall was closed.

As at 31 March 2022, we had 20 pipeline Portfolio Shopping Malls (of which 16 were Owned Portfolio Shopping Malls and 4 were Leased Portfolio Shopping Malls), and the planned construction area amounted to approximately 3.01 million sq.m. (subject to the final construction area as approved in the government permit documents). Among the pipeline Managed Shopping Malls, we obtained land use rights/land parcels for 325 managed contractual projects.

Such financial information, which has not been subject to an audit or review by the external auditors, should not be relied upon by investors to provide the same quality of information associated with information that has been subject to an audit or review. Potential investors must exercise caution when using such information to evaluate our financial condition and results of operations. Such financial information for the three months ended 31 March 31 2022 should not be taken as an indication of our expected financial condition or results of operations for the full financial year ending 31 December 2022. See “Risk Factors – Risks Relating to Our Business and Industry – Potential investors should not place undue reliance on our unaudited and unreviewed financial information or the discussion of material financial trends in relation to our unaudited and unreviewed financial information as at and for the three months ended 31 March 2022”.

SUMMARY FINANCIAL INFORMATION OF THE COMPANY

The following tables present our summary consolidated financial data. The summary consolidated financial statements of the Company as at and for the years ended 31 December 2019, 2020 and 2021 included in this Offering Circular have been extracted from the audited consolidated financial statements included elsewhere or incorporated by reference in this Offering Circular.

The consolidated financial statements of the Company as at and for the years ended 31 December 2019, 2020 and 2021 have been prepared and presented in accordance with the PRC GAAP and have been audited by Ernst & Young Hua Ming LLP. PRC GAAP is substantially in line with IFRS, except for certain modifications which reflect the PRC's unique circumstances and environment. For a summary of the material differences, see "Summary of Certain Material Differences between PRC GAAP and IFRS".

SUMMARY CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THREE YEARS ENDED 31 DECEMBER 2019, 2020 AND 2021

	For the year ended 31 December			
	2019	2020	2021	
	(RMB'000)	(RMB'000)	(RMB'000)	(USD'000)
	(audited)	(audited)	(audited)	(unaudited)
Revenue	16,469,238	14,236,460	15,512,792	2,434,296
Less: Cost of sales	5,735,611	5,480,170	5,946,476	933,132
Taxes and surcharges	429,041	377,415	444,213	69,707
Sale expenses	2,290,931	1,693,773	2,063,509	323,810
Management expenses	1,751,867	1,680,857	2,004,068	314,482
Research and development expenses	38,206	36,036	60,662	9,519
Financial expenses	2,260,080	2,464,419	2,461,030	386,189
Including: Interest expenses	2,411,290	2,548,719	2,694,541	422,832
Interest income	195,396	194,886	227,196	35,652
Add: Other expenses	104,900	184,250	157,986	24,791
Investment income	786,439	222,016	539,056	84,590
Including: Investment income from associates and joint ventures	137,730	44,959	45,194	7,092
Gain on fair value changes	1,632,073	494,133	371,722	58,331
Impairment loss of credit	(252,136)	(126,335)	(482,324)	(75,687)
Impairment losses of assets	(45,726)	(333,166)	(270,518)	(42,450)
Gain from disposal of assets	8,102	1,369	13,583	2,131
Operating profit	6,197,154	2,946,058	2,862,338	449,163
Add: Non-operating income	46,075	57,938	43,461	6,820
Less: Non-operating expenses	40,151	189,848	103,823	16,292
Total Profit	6,203,078	2,814,148	2,801,976	439,691
Less: Income tax expenses	1,516,836	750,071	612,976	96,189
Net Profit	4,686,242	2,064,077	2,189,000	343,502
Net other comprehensive income (after tax)	1,004,835	1,261,871	688,051	107,970
Total comprehensive income	5,691,077	3,325,949	2,877,051	451,472
Total comprehensive income attributable to:				
Owners of the Company	5,419,923	2,983,587	2,736,473	429,412
Non-controlling interests	271,154	342,361	140,578	22,060

**SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT
31 DECEMBER 2019, 2020 AND 2021**

	As at 31 December			
	2019	2020	2021	
	(RMB'000)	(RMB'000)	(RMB'000)	(USD'000)
	(audited)	(audited)	(audited)	(unaudited)
Current Assets:				
Cash and bank	7,229,239	6,511,092	6,903,715	1,083,344
Financial assets held for trading	233,385	247,611	1,018,693	159,855
Derivative financial assets	31,752	2,161	–	–
Notes receivable	–	–	86,554	13,582
Account receivables	1,805,664	1,934,826	1,957,650	307,198
Receivables financing	41,040	5,873	–	–
Prepayments	340,718	323,626	305,043	47,868
Other receivables	710,012	1,524,655	935,667	146,827
Inventories	330,979	328,296	329,088	51,641
Contract assets	1,039,369	1,375,364	1,705,475	267,626
Non-current assets due within one year	555,066	248,704	140,144	21,992
Other current assets	1,637,222	2,634,575	2,270,860	356,347
Total current assets	13,954,445	15,136,783	15,652,890	2,456,280
Non-current assets:				
Long-term receivables	800,495	532,499	433,325	67,998
Long-term equity investments	3,654,279	3,703,895	3,929,090	616,560
Other equity instrument investment	3,999,158	4,206,678	4,169,971	654,359
Other non-current financial assets	368,775	396,925	370,775	58,183
Investment properties	85,107,000	93,150,000	95,575,000	14,997,803
Fixed assets	897,496	2,737,965	2,655,002	416,628
Construction in progress	2,329,221	80,629	88,911	13,952
Right-of-use assets	3,087,184	3,852,597	3,899,862	611,973
Intangible assets	449,262	343,769	125,192	19,645
Development expenditure	34,246	30,838	12,238	1,920
Goodwill	97,597	97,597	97,597	15,315
Long-term prepaid expenses	489,798	454,055	504,901	79,230
Deferred tax assets	1,174,578	1,541,067	2,670,233	419,018
Other non-current assets	5,850,884	5,282,621	5,002,555	785,010
Total non-current assets	108,339,973	116,411,135	119,534,652	18,757,595
Total assets	122,294,419	131,547,919	135,187,542	21,213,875
Current liabilities:				
Short-term loans	3,387,895	3,448,372	2,957,088	464,032
Derivative financial liabilities	–	–	18,168	2,851
Notes payable	–	–	9,000	1,412
Account payables	1,476,371	2,085,329	2,400,880	376,750
Advance from customers	1,159,059	960,787	1,692,678	265,618
Contract liabilities	2,221,835	2,287,549	1,925,077	302,087
Payroll payable	830,363	563,789	609,186	95,595
Taxes payables	739,394	671,339	828,854	130,065
Other payables	7,799,973	8,987,389	9,770,693	1,533,235
Non-current liabilities due within one year	9,804,741	11,897,444	11,699,289	1,835,874
Other current liabilities	348,315	736,850	220,625	34,621
Total current liabilities	27,767,945	31,638,847	32,131,539	5,042,140

	As at 31 December			
	2019	2020	2021	
	(RMB'000)	(RMB'000)	(RMB'000)	(USD'000)
	(audited)	(audited)	(audited)	(unaudited)
Current Assets:				
Non-current Liabilities:				
Long-term loans	15,919,626	22,212,430	21,606,317	3,390,503
Bonds payable	6,592,441	4,432,635	532,620	83,580
Lease liabilities	3,321,818	4,082,933	3,957,787	621,063
Long-term payables	634,392	712,856	730,549	114,639
Deferred income	225,903	224,943	213,857	33,559
Deferred tax liabilities	11,989,277	12,517,572	13,401,316	2,102,959
Other non-current liabilities	6,858,166	4,627,860	5,082,339	797,530
Total non-current liabilities	45,541,623	48,811,228	45,524,785	7,143,832
Total liabilities	73,309,568	80,450,076	77,656,324	12,185,972
Equity:				
Share capital	3,550,000	3,905,000	4,354,733	683,353
Capital reserve	4,239,977	3,648,120	6,880,495	1,079,700
Other comprehensive income	1,483,127	1,720,586	1,877,733	294,657
Surplus reserve	1,954,819	2,076,486	2,206,429	346,237
Retained earnings	34,486,716	36,213,026	38,662,410	6,066,976
Total equity attributable to shareholders of the Company	45,714,638	47,563,219	53,981,799	8,470,922
Non-controlling interests	3,270,212	3,534,624	3,549,419	556,981
Total equity	48,984,850	51,097,843	57,531,218	9,027,904
Total liabilities and equity	122,294,419	131,547,919	135,187,542	21,213,875

SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THREE YEARS ENDED 31 DECEMBER 2019, 2020 AND 2021

	As at 31 December			
	2019	2020	2021	
	(RMB'000)	(RMB'000)	(RMB'000)	(USD'000)
	(audited)	(audited)	(audited)	(unaudited)
Operating Activities:				
Cash Flows from Operating Activities:				
Cash received from the sales of goods and rendering of services	15,976,484	13,689,086	15,922,286	2,498,554
Other cash received relating to operating activities	513,090	1,103,051	745,081	116,919
Sub-total of cash inflow from operating activities	16,489,573	14,792,137	16,667,367	2,615,474
Cash payments for goods purchased and services received	2,438,525	2,526,025	2,556,631	401,191
Cash payments to and on behalf of employees	3,734,852	3,512,090	3,747,556	588,073
Payments of various types of taxes	2,141,155	2,056,854	2,025,344	317,821
Other cash payments relating to operating activities	4,081,061	2,537,436	2,957,168	464,044
Sub-total of cash outflow from operating activities	12,395,592	10,632,405	11,286,698	1,771,129
Net cash flows from operating activities	4,093,981	4,159,732	5,380,669	844,344
Investing Activities:				
Cash Flows from Investing Activities:				
Cash received from disposal of investments	1,262,891	1,664,086	1,322,782	207,573
Cash received from investment income	158,224	58,257	45,056	7,070
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	11,336	12,294	22,568	3,541
Net cash paid for disposal of subsidiaries and other business units	1,604	–	1,228,753	192,818
Other cash received relating to investing activities	3,174,566	2,958,669	5,205,336	816,831
Sub-total of cash inflow from investing activities	4,608,621	4,693,306	7,824,494	1,227,834
Cash paid to purchase and construct fixed assets, intangible assets and other long-term assets	4,320,281	2,897,045	2,388,178	374,757
Cash paid for investments	1,015,106	821,692	395,602	62,079
Net cash paid for acquisition of subsidiaries and other business units	840,466	1,601,155	10,402	1,632
Other cash paid relating to investing activities	2,515,543	4,225,215	5,157,126	809,266
Sub-total of cash outflow from investing activities	8,691,395	9,545,107	7,951,307	1,247,734
Net cash flow used in investing activities	(4,082,774)	(4,851,801)	(126,814)	(19,900)
Financing Activities				
Cash Flows from Financing Activities:				
Cash receipts from capital contributions	58,363	19,852	3,756,407	589,462
Including: Cash receipts from capital contributions from minority shareholders of subsidiaries	58,363	19,852	78,044	12,247

	As at 31 December			
	2019	2020	2021	
	(RMB'000)	(RMB'000)	(RMB'000)	(USD'000)
	(audited)	(audited)	(audited)	(unaudited)
Operating Activities:				
Cash received from borrowings	16,788,108	18,606,922	9,646,415	1,513,733
Other cash received relating to financing activities	250,235	1,027,475	2,771,139	434,852
Sub-total of cash inflow from financing activities	17,096,705	19,654,248	16,173,962	2,538,048
Cash repayments of borrowings	12,597,171	14,605,037	15,781,496	2,476,461
Cash payments for distribution of dividends or profits or settlement of interest expenses	3,400,640	3,790,180	2,818,662	442,310
Including: Payments for distribution of dividends or profits to minority shareholders of subsidiaries	146,790	206,451	224,794	35,275
Other cash paid relating to financing activities	1,948,574	1,440,929	2,627,437	412,302
Sub-total of cash outflow from financing activities	17,946,386	19,836,147	21,227,595	3,331,073
Net cash flow used in financing activities	(849,681)	(181,898)	(5,053,633)	(793,025)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	80	(1,065)	(3,298)	(518)
Net Increase/(Decrease) in Cash and Cash Equivalents	(838,394)	(875,031)	196,925	30,902
Add: Opening balance of cash and cash equivalents	7,614,487	6,776,093	5,901,062	926,005
Closing Balance of Cash and Cash Equivalents	6,776,093	5,901,062	6,097,987	956,907

SUMMARY OF THE OFFERING

This is a summary of the terms and conditions of the Bonds. Please refer to “Terms and Conditions of the Bonds” for a detailed description of the terms and conditions. Words and phrases used in this summary and not otherwise defined shall have the meanings given to them in “Terms and Conditions of the Bonds”.

Issuer	Red Star Macalline Group Corporation Ltd. (紅星美凱龍家居集團股份有限公司)
Legal Entity Identifier	529900IQZ1TTPIAQWM34
LC Bank	Bank of Shanghai Co., Ltd. Beijing Branch
Bonds	U.S.\$249,700,000 5.20 per cent. Credit Enhanced Bonds due 2025
Issue Price	100.00 per cent. of the principal amount
Issue Date	26 August 2022
Maturity Date	26 August 2025
The Offering	The Bonds are being offered outside the United States in reliance on Regulation S under the Securities Act. See “Subscription and Sale”.
Interest	The Bonds will bear interest from and including 26 August 2022 at the rate of 5.20 per cent. per annum, payable semi-annually in arrears on 26 February and 26 August in each year commencing on 26 February 2023. See “Terms and Conditions of the Bonds – Interest”.
Standby Letter of Credit	The Bonds will have the benefit of the Standby Letter of Credit issued in favour of the Trustee, on behalf of itself and the Bondholders, by the LC Bank. The Standby Letter of Credit shall be drawable by the Trustee as beneficiary under the Standby Letter of Credit on behalf of itself and the Bondholders upon the presentation of a demand by authenticated SWIFT (or by such method of communication otherwise permitted under the Standby Letter of Credit) (provided that in the event that the SWIFT system is not available for any reason, the Trustee may instead present a demand via facsimile transmission as specified in the Standby Letter of Credit) sent by or on behalf of the Trustee to the LC Bank in accordance with the Standby Letter of Credit (the “ Demand ”) stating that (i) the Issuer has failed to comply with Condition 4.2 (<i>Pre-Funding</i>) in relation to pre-funding the amount that is required to be pre-funded under the Terms and the Conditions and/or has failed to provide the Required Confirmations (as defined below) in accordance with Condition 4.2 (<i>Pre-Funding</i>), or (ii) an Event of Default (as defined in Condition 10 (<i>Events of Default</i>)) has occurred and the Trustee has given notice to the Issuer that the Bonds are immediately due and payable in accordance with Condition 10 (<i>Events of Default</i>).

Only one drawing is permitted under the Standby Letter of Credit.

Such drawing on the Standby Letter of Credit will be payable in U.S. dollars to or to the order of the Trustee at the time and to the account specified in the Demand presented to the LC Bank. Payment received by the Trustee in respect of the Demand will be deposited into the LC Proceeds Account.

The payment made under the Standby Letter of Credit in respect of any amount payable under the Terms and the Conditions or in connection with the Bonds, the Trust Deed and/or the Agency Agreement shall, to the extent of the drawing paid to or to the order of the Trustee, satisfy the obligations of the Issuer in respect of such amount payable under the Terms and the Conditions or in connection with the Bonds, the Trust Deed and/or the Agency Agreement. 257,250,000

The LC Bank's aggregate liability under the Standby Letter of Credit shall be expressed and payable in U.S. dollars and shall not in any circumstances exceed U.S.\$257,192,200 (the "Maximum Limit"), which includes an amount representing (i) the aggregate principal amount of the Bonds plus the amount of interest payable in respect of one Interest Period (as defined in the Terms and the Conditions) in accordance with Condition 6 (*Interest*) and (ii) U.S.\$1,000,000 being the maximum amount payable under the Standby Letter of Credit for all fees, costs, expenses, indemnity payments and all other amounts payable to the Trustee in connection with the Bonds, the Trust Deed, the Agency 1,057,800 other transaction document relating to the Bonds. The Standby Letter of Credit takes effect from the Issue Date and shall remain valid and in full force until 5:00 p.m. (Hong Kong time) on 26 September 2025 (the "Expiry Date") and shall expire at the counters of the LC Bank.

See "Terms and Conditions of the Bonds – Standby Letter of Credit and Pre-Funding – Standby Letter of Credit", and "Appendix A – Form of Irrevocable Standby Letter of Credit".

Pre-Funding

In order to provide for the payment of any amount in respect of the Bonds (other than the Make Whole Redemption Price under Condition 7.4 (*Optional Redemption*) or the amounts payable under Condition 7.5 (*Mandatory Redemption upon Pre-Funding Failure*)) (the "Relevant Amount") as the same shall become due, the Issuer shall, in accordance with the Agency Agreement, by no later than 10:00 a.m. (Hong Kong time) on the Pre-Funding Business Day (as defined below) falling ten Pre-Funding Business Days prior to the due date for such payment under the Terms and the Conditions (the "Pre-Funding Date"):

- (i) unconditionally pay or procure to be paid the Relevant Amount into the Pre-Funding Account; and

- (ii) deliver to the Trustee and the Principal Paying Agent by facsimile or email (x) a Payment and Solvency Certificate (as defined below) signed by any authorised signatory of the Issuer, and (y) a copy of the irrevocable payment instruction from the Issuer to the Pre-Funding Account Bank requesting the Pre-Funding Account Bank to pay the Relevant Amount which was paid into the Pre-Funding Account on the Pre-Funding Date in full to the Principal Paying Agent by no later than 10:00 a.m. (Hong Kong time) on the Business Day immediately preceding the due date for such payment (together, the “**Required Confirmations**”).

The Pre-Funding Account Bank shall notify the Trustee as soon as reasonably practicable upon the failure by the Issuer to pay the Relevant Amount into the Pre-Funding Account in accordance with the Terms and the Conditions.

If the Relevant Amount has not been paid into the Pre-Funding Account in full or the Trustee does not receive the Required Confirmations, in each case by 10:00 a.m. (Hong Kong time) on the Pre-Funding Business Day immediately following the Pre-Funding Date (a “**Pre-Funding Failure**”), the Trustee (x) shall give notice substantially in the form set out in the Trust Deed (the “**Pre-Funding Failure Notice**”) to the Bondholders by the second Pre-Funding Business Day immediately following the Pre-Funding Date of (A) the Pre-Funding Failure and (B) the redemption of the Bonds in accordance with Condition 7.5 (*Mandatory Redemption upon Pre-Funding Failure*) to occur as a result of the Pre-Funding Failure, and (y) shall by no later than 5:00 p.m. (Hong Kong time) on the second Pre-Funding Business Day immediately following the Pre-Funding Date issue the Demand to the LC Bank for the principal amount in respect of all of the Bonds then outstanding, together with interest accrued to, but excluding, the Mandatory Redemption Date (as defined in Condition 7.5 (*Mandatory Redemption upon Pre-Funding Failure*)) and all fees, costs, expenses, indemnity payments and all other amounts payable by the Issuer under or in connection with the Bonds, the Trust Deed, the Agency Agreement and/or any other transaction document relating to the Bonds, **provided that**, in accordance with the Standby Letter of Credit, the Trustee need not physically present the Demand to the LC Bank and shall be entitled to submit the Demand by authenticated SWIFT (or by such method of communication otherwise permitted under the Standby Letter of Credit) (**provided further that** in the event that the SWIFT system is not available for any reason, the Trustee may instead present the Demand via facsimile transmission as specified in the Standby Letter of Credit).

Following receipt by the LC Bank of the Demand by 6:00 p.m. (Hong Kong time) on a Business Day falling on or after the Issue Date, the LC Bank shall by 10:00 a.m. (Hong Kong time) on the fourth Business Day after the Business Day on which the LC Bank receives the Demand (or, if the Demand is received after 6:00 p.m. (Hong Kong time) on a Business Day, then by 10:00 a.m. (Hong Kong time) on the fifth Business Day after the Business Day on which the LC Bank receives the Demand), pay to the Trustee or to the order of the Trustee the amount in U.S. dollars specified in the Demand to the LC Proceeds Account specified in the Demand.

For the purposes of Terms and Conditions of the Bonds:

“**Business Day**” means a day (other than a Saturday, a Sunday or a public holiday) on which banks are open for business in Hong Kong, Beijing, London and New York City;

“**LC Proceeds Account**” means a non-interest bearing U.S. dollar account established in the name of the Trustee with the LC Proceeds Account Bank;

“**Payment and Solvency Certificate**” means a certificate in substantially the form set forth in the Agency Agreement stating the Relevant Amount in respect of the relevant due date in respect of the Bonds and confirming that (A) payment for the Relevant Amount has been made by the Issuer to the Pre-Funding Account in accordance with Condition 4.2 (*Pre-Funding*) and (B) the Issuer is solvent;

“**Pre-Funding Account**” means a non-interest bearing U.S. dollar account established in the name of the Issuer with the Pre-Funding Account Bank and designated for the purposes specified above; and

“**Pre-Funding Business Day**” means a day (other than a Saturday, a Sunday or a public holiday) on which banks are generally open for business in Hong Kong, London, Beijing, New York City and Shanghai.

See “*Terms and Conditions of the Bonds – Standby Letter of Credit and Pre-Funding – Standby Letter of Credit*”, and “*Appendix A – Form of Irrevocable Standby Letter of Credit*”.

Status The Bonds will constitute direct, unconditional, unsubordinated and (subject to Condition 5.1 (*Negative Pledge*) of the Terms and Conditions of the Bonds) unsecured obligations of the Issuer which will at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Bonds will, save for such exceptions as may be provided by applicable law, rank at all times rank at least equally with all the Issuer’s other present and future unsecured and unsubordinated obligations.

Negative Pledge The Bonds will contain a negative pledge provision as further described in “*Terms and Conditions of the Bonds – Negative Pledge and Other Covenants – Negative Pledge*”.

SAFE Filing The Issuer will undertake to file or cause to be filed with SAFE the requisite information and documents within the prescribed time period in accordance with (i) the Administrative Measures for Foreign Debt Registration (《外債登記管理辦法》) issued by SAFE and which came into effect on 13 May 2013, and (ii) the Circular on Relevant Matters about the Macro-Prudential Management of Cross-Border Financing in Full Aperture (《中國人民銀行關於全口徑跨境融資宏觀審慎管理有關事宜的通知》) issued by PBOC and which came into effect on 12 January 2017 and, any implementation rules, reports, certificates, approvals or guidelines as issued by SAFE or the PBOC, from time to time (the “Foreign Debt Registration”).

The Issuer will undertake to use its commercially reasonable endeavours to complete the Foreign Debt Registration and obtain a registration record from SAFE (or any other document evidencing the completion of registration issued by SAFE) on or before the SAFE Registration Deadline and shall (i) within five SAFE Registration Business Days after receipt of the registration record from SAFE (or any other document evidencing the completion of registration issued by SAFE), provide the Trustee with (x) a certificate in English substantially in the form set out in the Trust Deed signed by an authorised signatory of the Issuer (on which the Trustee may conclusively rely as to such compliance) confirming the completion of the Foreign Debt Registration; and (y) copies of the relevant SAFE registration record, any other document evidencing the completion of registration issued by SAFE and the particulars of registration (the “**Registration Documents**”) and (ii) give notice to the Bondholders (in accordance with Condition 17 (*Notices*)) confirming the completion of the Foreign Debt Registration within five SAFE Registration Business Days after the documents comprising the Registration Documents are delivered to the Trustee.

Events of Default The Bonds will contain certain events of default provisions, including without limitation, certain events of default in respect of the Issuer, the Issuer’s Principal Subsidiaries and the LC Bank, as further described in “*Terms and Conditions of the Bonds – Events of Default*”.

Cross-Acceleration in relation to the LC Bank The Bonds will contain a cross-acceleration provision in relation to the LC Bank as further described in “*Terms and Conditions of the Bonds – Events of Default – Events of Default with respect to the LC Bank – Cross- Acceleration (LC Bank)*”.

The Bonds will not contain a cross-default or cross-acceleration provision in relation to the Issuer. See “*Risk Factor – The Events of Default of the Bonds do not contain any cross-default or cross-acceleration provision in relation to the Issuer or its subsidiaries.*”

Taxation	All payments of principal, premium and interest by or on behalf of the Issuer in respect of the Bonds and the Trust Deed shall be made free and clear of, and without withholding or deduction for any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Hong Kong or the PRC or any political subdivision or authority therein or thereof having power to tax, unless such withholding or deduction is required by law. Where such withholding or deduction is made by the Issuer at the rate of up to and including the aggregate rate applicable on 23 August 2022 to payments made by PRC tax residents to non-PRC resident enterprises (the “ Applicable Rate ”), the Issuer will increase the amounts paid by it to the extent required (the “ PRC Taxes ”), so that the net amount received by Bondholders equals the amounts which would otherwise have been receivable by them had no such withholding or deduction been required. In the event that any such PRC deduction or withholding in excess of the Applicable Rate or any Hong Kong (including any political subdivision or authority therein or thereof having power to tax) deduction or withholding is required, the Issuer shall pay such additional amounts (the “ Additional Tax Amounts ”, which for the avoidance of doubt shall include the PRC Taxes) as will result in receipt by the Bondholders of such amounts as would have been received by them had no such withholding or deduction been required, save for certain exceptions. See “ <i>Terms and Conditions of the Bonds – Taxation</i> ”.
Final Redemption	Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on the Maturity Date.
Redemption for Taxation Reasons	The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 calendar days’ notice to the Bondholders and the Trustee (which notice shall be irrevocable), at their principal amount, together with interest accrued up to, but excluding, the date fixed for redemption but unpaid, if (i) the Issuer has or will become obliged to pay the Additional Tax Amounts as provided or referred to in Condition 9 (<i>Taxation</i>) as a result of any change in, or amendment to, the laws, regulations or rulings of Hong Kong or the PRC or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws, regulations or rulings (including but not limited to any decision by a court of competent jurisdiction) or the stating of an official position with respect thereto, which change or amendment becomes effective (or in the case of an official position, is announced) on or after 23 August 2022 and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 calendar days prior to the earliest date on which the Issuer would be obliged to pay such Additional Tax Amounts were a payment in respect of the Bonds then due. See “ <i>Terms and Conditions of the Bonds – Redemption and Purchase – Redemption for Taxation Reasons</i> ”.

Redemption for Relevant Events A Bondholder shall have the right, at such Bondholder’s option, to require the Issuer to redeem all but not some only of such Bondholder’s Bonds at their principal amount together with accrued interest up to but excluding the Put Settlement Date (as defined in the Terms and Conditions of the Bonds) upon the occurrence of a Change of Control or, as the case may be, a No Registration Event. See “*Terms and Conditions of the Bonds – Redemption and Purchase – Redemption for Relevant Events*”.

Optional Redemption The Bonds are subject to redemption in whole, but not in part, at a redemption amount equal to the higher of (a) the principal amount of the Bonds plus any accrued but unpaid interest and, (b) the Make Whole Amount (as defined in the Terms and Conditions of the Bonds), plus any accrued but unpaid interest, at the option of the Issuer at any time upon giving not less than 30 nor more than 60 calendar days’ notice. See “*Terms and Conditions of the Bonds – Redemption and Purchase – Optional Redemption*”.

Mandatory Redemption upon Pre-Funding Failure The Bonds shall be redeemed at their principal amount on the Interest Payment Date falling immediately after the date the Pre-Funding Failure Notice is given to the Bondholders in accordance with Condition 4.2 (*Pre-Funding*) (the “**Mandatory Redemption Date**”), together with interest accrued to (but not including) the Mandatory Redemption Date.

If any Bondholder shall have exercised its right to require the Issuer to redeem its Bonds under Condition 7.3 (*Redemption for Relevant Events*) and a Pre-Funding Failure Notice is given to the Bondholders in accordance with Condition 4.2 (*Pre-Funding*) as a result of the Pre-Funding Failure relating to the amount payable pursuant to such redemption, the Bonds shall be redeemed in whole, but not in part, at their principal amount in accordance with this Condition 7.5 (*Mandatory Redemption upon Pre-Funding Failure*) on the Put Settlement Date, together with interest accrued up to (but not including) such Put Settlement Date, provided that if such Pre-Funding Failure occurs and a Pre-Funding Failure Notice has been given or is given to the Bondholders in respect of a scheduled payment of principal or interest payable under Condition 6 (*Interest*) or Condition 7.1 (*Final Redemption*), the Put Settlement Date shall be the Mandatory Redemption Date.

Form and Denomination The Bonds will be issued in registered form in of the specified denomination of U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof. The Bonds will initially be represented by a Global Certificate deposited on or before the Issue Date with, and registered in the name of a nominee of, a common depository for Euroclear and Clearstream. Beneficial interests in the Global Certificate will be shown on, and transfer thereof will be effected only through, the records maintained by Euroclear and Clearstream and their respective accountholders. Except in the limited circumstances described in the Global Certificate, definitive certificates for Bonds will not be issued in exchange for beneficial interests in such Global Certificate. See “Summary of Provisions relating to the Bonds in Global Form”. The securities codes for the Bonds are as follows:

ISIN	Common Code
XS2516930489	251693048

Clearing System Euroclear and Clearstream.

Governing Law and Jurisdiction The Bonds, the Trust Deed, the Agency Agreement, the Standby Letter of Credit and any non-contractual obligations arising from or in connection with the Bonds, the Trust Deed, the Agency Agreement, the Standby Letter of Credit are governed by English law. The courts of Hong Kong shall have exclusive jurisdiction to settle any dispute arising out of or in connection with the Bonds, the Trust Deed, the Agency Agreement and the Standby Letter of Credit (including any non-contractual obligation arising out of or in connection with the Bonds).

Further Issues The Issuer may from time to time without the consent of the Bondholders create and issue further securities either having the same terms and conditions as the Bonds in all respects (or in all respects except for the first payment of interest on them, the issue date and the timing for complying with the NDRC Post-Issuance Filing and the Foreign Debt Registration) and so that such further issue shall be consolidated and form a single series with the outstanding securities of any series (including the Bonds) constituted by the Trust Deed or any supplemental deed, subject to the requirements set out in the Terms and Conditions. See “*Terms and Conditions of the Bonds – Further Issues*”.

Trustee Citicorp International Limited.

Principal Paying Agent and Transfer Agent Citibank, N.A., London Branch.

Pre-Funding Account Bank Citibank, N.A., Hong Kong Branch.

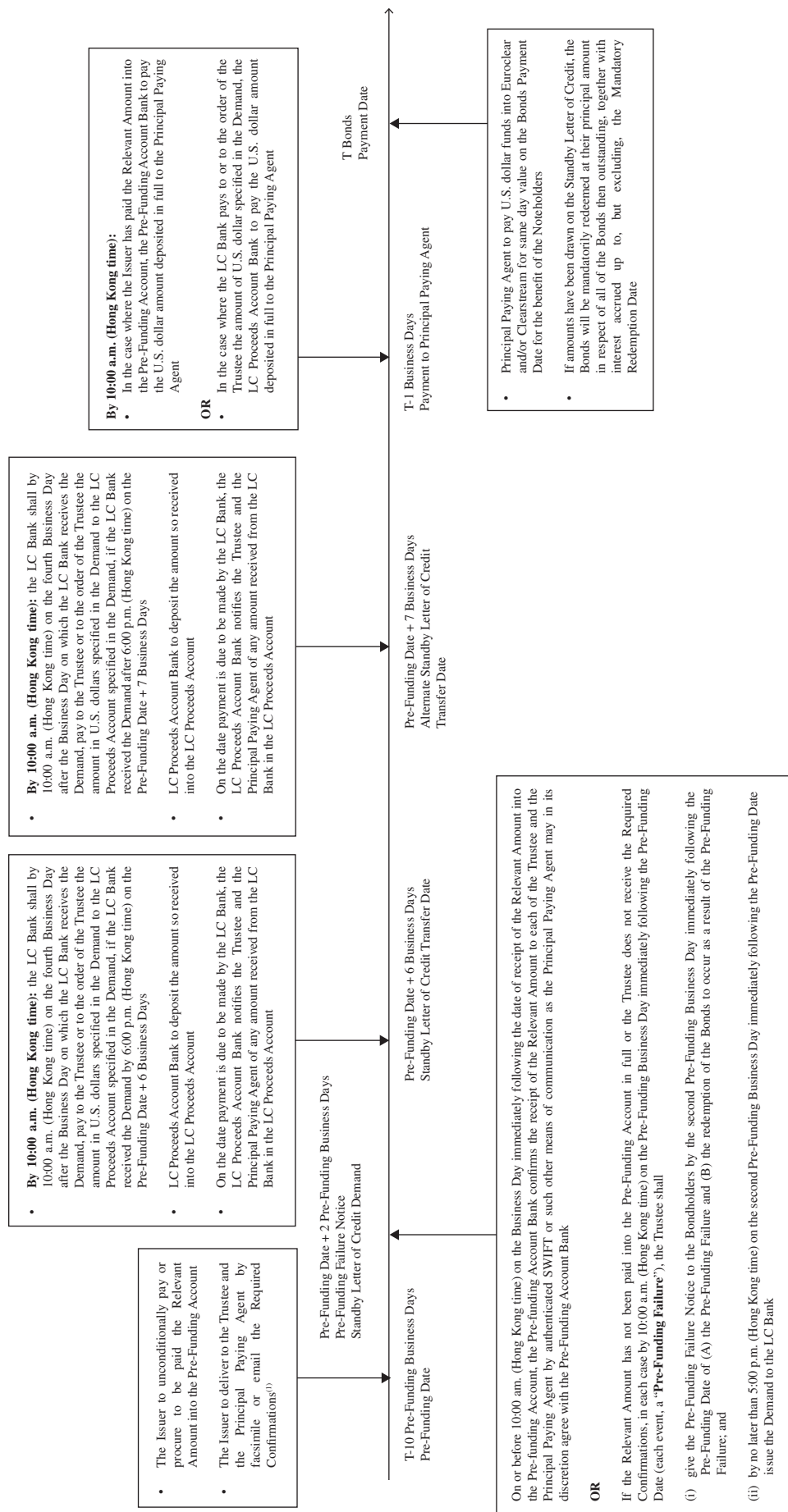
LC Proceeds Account Bank Citibank, N.A., Hong Kong Branch.

Registrar Citicorp International Limited.

Listing	Application will be made to the Hong Kong Stock Exchange for the listing of and permission to deal in the Bonds, by way of debt issues to Professional Investors only.
Use of Proceeds	The net proceeds of the issue of the Bonds will be for repayment of our existing interest-bearing indebtedness. See “Use of Proceeds”.
Selling Restriction	There are restrictions on the offer and sale of the Bonds, and the circulation of documents relating thereto, in certain jurisdictions including the United States, the United Kingdom, the European Economic Area, Hong Kong, the PRC, Singapore and Japan and to persons connected therewith. See “Subscription and Sale – Selling Restrictions to the Offering”.

SUMMARY OF PAYMENT ARRANGEMENTS ON EACH SCHEDULED DUE DATE UNDER THE BONDS

The following diagram sets forth a summary of the pre-funding arrangements under the Bonds and the drawing arrangements in respect of the Standby Letter of Credit on each scheduled due date under the Standby Letter of Credit and the Bonds. The following diagram is not intended to be comprehensive. This diagram should be read in conjunction with “Terms and Conditions of the Bonds”, the Trust Deed and the Agency Agreement referred therein and “Appendix A – Form of Standby Letter of Credit”. Words and expressions defined in the Terms and Conditions of the Bonds shall have the same meaning in this summary.



Notes:

- (1) The Required Confirmations consist of: (i) a Payment and Solvency Certificate signed by any authorised signatory of the Issuer, and (ii) a copy of the irrevocable payment instruction from the Issuer to the Pre-Funding Account Bank requesting the Pre-Funding Amount which was paid into the Pre-Funding Account on the Pre-Funding Date in full to the Principal Paying Agent by no later than 10:00 a.m. (Hong Kong time) on the Business Day immediately preceding the due date for such payment.
- (2) The confirmation from the Pre-Funding Account Bank to each of the Trustee and the Principal Paying Agent shall be by authenticated SWIFT or other means of communication as the Principal Paying Agent or the Trustee may in its discretion agree with the Pre-Funding Account Bank.
- (3) The Trustee need not physically present the Demand under the Standby Letter of Credit to the LC Bank and shall be entitled to submit the Demand by authenticated SWIFT. (or, in certain limited circumstances set out in the Standby Letter of Credit, by way of such other means as permitted under the Standby Letter of Credit) to the LC Bank.
- (4) “**Business Day**” means a day (other than a Saturday, a Sunday or a public holiday) on which banks are open for business in Hong Kong, Beijing, London and New York City; “**Pre-Funding Business Day**” means a day (other than a Saturday, a Sunday or a public holiday) on which banks are generally open for business in Hong Kong, London, Beijing, New York City and Shanghai.

RISK FACTORS

You should consider carefully all of the information in this Offering Circular, including the risks and uncertainties described below, before investing in the Bonds. Any of the following risks and uncertainties could have a material and adverse effect on our business, financial condition, results of operations and prospects. Additional risks and uncertainties not presently known to us, or not expressed or implied below, or that we currently deem to be immaterial, could also harm our business, financial condition and operating results.

Risks Relating to Our Business and Industry

Our business, financial condition and results of operations may be materially and adversely affected by market fluctuations and economic slowdowns in the PRC and the global economy, particularly as a result of the COVID-19 pandemic.

Our business is subject to global market fluctuations and general economic conditions in the PRC and the global economy. Any prolonged downturn, recession or other condition that adversely affects our business and economic environment, including the ongoing COVID-19 pandemic, could materially and adversely impact our business, financial condition and results of operations.

Recent global market and economic conditions have been unprecedented and challenging with tight credit conditions and recession or stagnation in most major economies. The equity and financial markets have been very turbulent since the second half of 2015. Concerns over possible inflation or deflation, uncertainty relating to currency exchange rates and interest rates, the availability and cost of credit, the sovereign debt crisis in Europe, volatility in commodity and oil prices, geopolitical issues, policy changes affecting international trade and the imposition of tariffs, and unstable financial markets and the global housing and mortgage markets have contributed to increased market volatility, weakened business and consumer confidence and diminished expectations for economic growth around the world. For example, recent Russian military actions across Ukraine since February 2022 have led to a significant increase in international crude oil and natural gas prices. Such military actions, and sanctions in response thereof as well as escalation of conflict, could significantly affect prices and demand in global energy market and cause turmoil in the capital markets and generally in the global financial system.

Trade tensions between the United States and China escalated, where both countries have increased tariff on certain products in their bilateral trade. Such tensions have continued to put pressure on manufacturers and supply chains in light of tariffs and potential tariffs imposed both by the United States and China. While the lasting impact the trade war may have on China's economy and the energy sector remains uncertain, the trade war may negatively affect our operations if there are restrictions on certain activities of third parties whom we partner with in our businesses.

The outbreak of COVID-19, which was declared as a pandemic by the World Health Organization in March 2020, has spread globally. Further, in the first half of 2021, a new Delta variant of COVID-19 began to spread globally and caused an increase in COVID-19 cases in many places in the PRC, and in November 2021, a new Omicron variant, which appears to be one of the most transmissible variants to date, was detected, which Omicron variant has since caused an increase in COVID-19 cases in multiple countries, including the PRC, and of which the potential severity is currently being evaluated. Since 2022, the re-emergence of Omicron variant has spread to different

regions, including Shanghai and Beijing, and triggered further imposition of restrictive measures by the PRC governments, bringing additional uncertainty to recovery and development of PRC economy. The global impact of the outbreak continues to rapidly evolve, and many countries, including the PRC, have instituted quarantines, restrictions on travel, closed financial markets and/or restricted trading, and closed or limited hours of operations of non-essential businesses. Such actions may create severe economic contraction and adversely impact many industries. While most cities in the PRC gradually lifted the public health restrictions, recurring COVID-19 outbreaks caused by the new COVID variants have led to the re-introduction of such restrictions in several regions from time to time, including municipalities such as Shanghai where we have operation. See “Business – Recent Development – Impact of COVID-19.” Moreover, even where restrictions have been lifted, self-imposed social distancing and isolation measures may continue for a more prolonged period. The resultant disruptions to the supply chain and reduced levels of consumption, commercial activities and industrial production in the affected countries have precipitated an economic slowdown in those economies which, if prolonged, could cause a global recession. The outbreak of COVID-19 has created negative economic impact and increased volatility in the PRC and global market, which may in turn adversely affect our business. Given the high uncertainties associated with the COVID-19 outbreak at the moment, it is difficult to predict how long these conditions will exist and the extent to which we may be affected. Should the disruption to our operations extend beyond a specified period, it may materially and adversely affect our results of operations and financial condition and may also cause reputation damage.

The COVID-19 pandemic is ongoing and evolving rapidly. The impact of the outbreak and government responses thereto may vary from jurisdiction to jurisdiction. The duration and ultimate impact of the outbreak cannot be reasonably estimated at this time. The outbreak and restrictions imposed to contain it may be further broadened or continue for extended periods of time. Such measures may not be successful in stabilizing markets or containing the economic or other impacts of the outbreak. As a result, the global economy is facing significant uncertainties and global financial markets are experiencing significant volatilities which may adversely affect the Chinese economy, our business and financial condition, results of operations, prospects, liquidity, capital position, credit ratings and the value of the Bonds. Investors must exercise caution before making any investment decisions.

Any damage to our reputation or brand image could adversely affect our business, financial condition, results of operation and prospects.

We rely on our “Red Star Macalline” (紅星美凱龍) brand to attract customers to our shopping malls. Brand value is based largely on subjective customer perception and can be damaged by isolated incidents that diminish customer trust. Any negative incident or negative publicity concerning us, our business, our Managed Shopping Mall partners or our tenants could adversely affect our reputation and business. Our brand value and consumer demand could decline significantly if we fail to deliver a consistently positive experience to the customers that visit our shopping malls. In addition, our efforts to protect our brand name may not be adequate and we may be unable to identify any unauthorised use of our brand name or to take appropriate steps to enforce our rights on a timely basis. Our service marks, trademarks, trade secrets and other intellectual property are also critical to our success. We rely on trademark and copyright law, trade secret protection and confidentiality agreements with our employees, tenants, business partners and others to protect our intellectual property rights. We have obtained trademark registrations of, among others, “Red Star Macalline” (紅星美凱龍), “Red Star” (紅星) and “Macalline” (美凱龍), for relevant services for which registration is available in the PRC. Despite the precautions taken, it may be possible for third parties to obtain

and use our intellectual property without authorisation, which may adversely affect our business and reputation. Moreover, litigation may be necessary in the future to enforce our intellectual property rights, to protect our trade secrets or to determine the validity and scope of the proprietary rights of others. Such litigation could result in substantial costs and a diversion of resources and, consequently, could adversely affect our business and results of operation.

The home improvement and furnishing industry is highly competitive.

The home improvement and furnishing industry and the operation of shopping malls for home improvement and furnishings products in China are highly competitive. We face competition from international, domestic and local operators of home improvement and furnishings shopping malls, specialty retailers and other forms of home improvement and furnishings retail businesses in the areas where we currently operate and where we may enter. Our primary competitors include Easy Home, Ayd Home Furnishing, B&Q and IKEA. We also face increasing competition from operators of e-commerce businesses, such as Meidele and Jia.com and the home improvement and furnishings retail business of Tmall.com and JD.com. We compete with other retailers in China based on, among others:

- our brand recognition and shopping mall image;
- our complete home decoration and furniture retail network;
- our unique business model;
- our experienced management team;
- our innovation capability and digital operation capability;
- the quality of customer service; and
- the ability to understand and respond to customer demand in a timely manner.

Some of the businesses with which we compete may be more established than we are, and have broader regional coverage, better brand names and/or more financial resources than we do. Moreover, when we carry out our expansion plan and enter into new regions, we may encounter competition from existing shopping malls or other retailers that have better brand recognition and better understanding of the consumer preferences in such regions, have an established customer base or established relationships with home improvement and furnishings manufacturers and distributors in such regions, are better located, and/or are better able to effectively navigate the local legal and regulatory landscape.

Increases in consumer spending via the Internet may significantly affect our ability to generate sales in our retail shopping malls. Home improvement and furnishings manufacturers and distributors may choose to focus increasingly on Internet sales instead of physical channels. Competition may also intensify if our retail competitors set up their own Internet platforms and begin to sell products via the Internet. If we are unable to compete effectively against operators of these types of retail channels, our business, financial condition, results of operation and prospects will be materially and adversely affected.

Our business is highly dependent on the home improvement and furnishings demand in China.

We operate and manage home improvement and furnishings shopping malls in China and our performance is highly dependent on the home improvement and furnishings demand in China and in regions where we operate, which is partly affected by the housing market in these regions. As at 31 December 2021 we operated and managed 95 Portfolio Shopping Malls and 278 Managed Shopping Malls with a total operating area of approximately 22,303,548 sq.m. in 224 cities across China. The general economic slowdown, any housing market downturn in China generally or in regions where we operate, or slow urbanisation or consumption upgrading could adversely affect the demand for home improvement and furnishings products and services. The overall economic growth in China will continue to be affected by many factors, including changes in the global economy as well as the macroeconomic, fiscal and monetary policies of the PRC government. The PRC property market, including the residential property market, is affected and will continue to be affected by various factors out of our control, including, among others, changes in the PRC social, economic, political and legal environment and macroeconomic policy, as well as global economic conditions. For example, PRC governments at central and local levels promulgated various measures to slow down the growth of the domestic property market in recent years and the PRC property market fluctuated as a result. Any slowdown of economic growth may affect urbanisation, and in turn have a significant impact on the property markets and consumer demand in cities and regions where we operate, as periods of economic growth are typically accompanied by increasing rent for investment properties and growth of the residential property market affects consumer demand for home improvement and furnishings products and services. Any slowdown could also negatively affect the growth in per capita disposable income and standard of living in our target cities and regions, as well as consumer demand and confidence. Any adverse development in China's economy, in its property market in general or in regions where we operate, or in the urbanisation and consumption trends may affect the demand for home improvement and furnishings products and services and may in turn materially and adversely affect our business, financial condition, results of operation and prospects.

We may fail to foresee or adjust to changing consumer tastes and demand.

Our ability to accurately foresee and respond in a timely manner to constantly changing consumer tastes and demand is important to the success of our business. However, as home improvement and furnishings design and style trends and consumer preferences in China are constantly changing and affected by global lifestyle and design trends, disposable income, availability of financing, consumer confidence in the economy and other factors beyond our control, we may not be able to foresee accurately and adjust quickly to trends in consumer tastes and demand. Any failure on our part to anticipate, identify and respond effectively and in a timely manner to changing consumer demand and home improvement and furnishings design and style trends may materially and adversely affect our business, financial condition, results of operation and prospects.

We rely on our tenants for a substantial portion of our revenue.

Revenue generated from our Owned/Leased Portfolio Shopping Malls, including rent, management fees and other service fees from our tenants, accounted for approximately 47.4%, 46.9%, and 52.2% of our total revenue for the years ended 31 December 2019, 2020 and 2021, respectively. Our success depends on our ability to retain existing tenants and attract new ones, and our image depends on our ability to attract and retain brands and products that are perceived to be fashionable and high-quality by the customers. On the other hand, competition is intense among home

furnishings retailers for popular and fashionable brands and products. Our business expansion plan may also increase pressure on rent and management fees we charge our tenants. We typically enter into one-year exhibition space agreements with our tenants, and the tenants may terminate the agreement with a two-month notice and payment of a certain amount of compensation. As a result, our rent and management fees are constantly affected by the prevailing market conditions. If we are unable to maintain good relationships with our existing tenants or fail to develop new relationships with attractive tenants or to negotiate rent and management fees favourable to us, our business, financial condition, results of operation and prospects will be materially and adversely affected.

We may not be able to successfully expand our business into new geographic markets.

As part of our business strategy, we aim to continue expanding our shopping mall network into select cities in China.

We may not be able to accurately identify geographic locations with sufficient growth potential to expand our market reach or operate new shopping malls. We plan to strategically open our Portfolio Shopping Malls at prime locations across tier I and selected tier II cities in China, and seek to expand our footprint into other tier II, tier III and other cities with our Managed Shopping Malls. Although our shopping malls have established advantageous brand recognition and a favourable reputation in tier I and tier II cities, we may not be able to sustain such advantages when expanding our geographic coverage into other tier II, tier III and other cities. For cities we select, we may fail to recognise or properly assess risks or take full advantage of opportunities. We may also face intense competition from peers with an established presence or experience in targeted markets and from other retailers with similar expansion plans.

Our experience in existing markets and our business model may not be transferable to, and replicated in, new markets that we enter. The home improvement and furnishings markets in these areas may be different in terms of level of local economic development, the market demand for home improvement and furnishings products and services, consumer tastes and style trends, property development cycles for our shopping malls and presence of our desired tenants. We may have limited ability to leverage our established brands and reputation in new markets in the way that we have done in our existing markets. The administrative, regulatory and tax environments may also be different. We may not have the same level of familiarity with local governments, business practises, regulations and customer preferences as other local and more experienced home improvement and furnishings retailers in such cities. We may also fail to recruit personnel with sufficient managerial, development and operational expertise in the new markets. Training managerial, accounting, internal audit, engineering, technical, sales and other staff to satisfy our requirements, including staff with local market knowledge, may increase our costs. We cannot assure you that we will be able to manage relationships with a greater number of tenants, Managed Shopping Mall partners, suppliers, contractors, service providers, lenders and other third parties. In addition, we may experience cost overruns, delays and other operating difficulties in opening new shopping malls.

Any failure to formulate and effectively execute our expansion plan may limit our growth and materially and adversely affect our business, financial condition, results of operation and prospects.

Unavailability of appropriate opportunities for new Managed Shopping Malls could hamper our growth.

Our growth partially depends on our ability to expand our Managed Shopping Mall network. In order to establish a new Managed Shopping Mall, we need to locate suitable sites with land supply that match our overall expansion plan in our target regions. We also need to identify and negotiate with potential partners that have the financial resources and are willing to accept the level of returns we offer. We cannot assure you that appropriate opportunities for new Managed Shopping Malls, including suitable locations and attractive partners, will be available. The availability of attractive opportunities depends on, among others, prevailing national and local market conditions, regulatory and other limits, local supply of land and investment property, alternative investment opportunities for our potential Managed Shopping Mall partners and our expansion plans. If we are not able to identify and secure opportunities for new Managed Shopping Malls in a timely manner, the growth of our Managed Shopping Mall business and our shopping mall network could be adversely affected, and in turn may materially and adversely affect our business, financial condition, results of operation and prospects.

We may not be able to secure suitable locations for new Portfolio Shopping Malls on commercially acceptable terms.

As part of our business strategy, we aim to continue expanding our Portfolio Shopping Mall network into select cities across China. Location is critical to our success, and our ability to expand depends on our ability to secure suitable premises in our target cities. In addition, due to changes in the surrounding environment, the locations of our existing Portfolio Shopping Malls may no longer be desirable. The key factors we consider in site selection include the following:

- the general economic development of the local area;
- the population density;
- the availability of supporting facilities;
- the infrastructure, urban planning and development plan of the local government;
- the income level, spending power and consumer habit of the local residents;
- the location of a shopping mall within the city, in particular, its accessibility and visibility;
- competition in the surrounding area; and
- the construction and operation of existing Red Star Macalline projects in the local and surrounding cities (if any).

The supply of suitable locations for new Portfolio Shopping Malls is limited, and we face intense competition for such premises from other shopping malls, retailers and business establishments. We may not be able to obtain attractive land or property for new Portfolio Shopping Malls. We cannot assure you that in the future we will be able to identify and obtain, whether through construction, acquisition or long-term leases, suitable locations on terms commercially acceptable to us, or at all. In the event that we encounter difficulties in securing suitable locations where we plan to expand, our business, financial condition, results of operation and prospects may be materially and adversely affected.

Our ability to maintain our current level of profitability depends on our continued success in securing new customers and other factors which are outside of our control.

Our gross profit decreased from RMB10,733.6 million in 2019 to RMB8,756.3 million in 2020, representing a decrease of 18.4%, primarily due to the impact of the pandemic and the introduction of the rent-free policy in the 2020. Our gross profit further increased to RMB9,566.3 million in 2021, primarily due to the increase in the occupancy rate of Portfolio Shopping Malls in 2021 resulting in the increase of revenue from Owned/Leased Portfolio Shopping Malls. Our gross profit margin remained stable at 65.2% in 2019, 61.5% in 2020 and 61.7% in 2021. Although we believe that we are well-positioned to operate shopping malls and attract customers, our ability to maintain and continue to generate growth is not assured. There is no assurance that we will be able to sustain our current level of profitability and growth rates. Factors that could adversely affect our business and growth include, but are not limited to, competition from other companies in areas that we seek to expand into, particularly those with more capital resources than us, and lack of success in securing and developing new operational locations, as well as increasing penetration rates in existing operational locations and changes in the PRC government policy; and discontinuation of any government subsidies that we currently enjoy.

We may fail to achieve profitability for our new Portfolio Shopping Malls.

We have in the past expanded our businesses via establishing new Portfolio Shopping Malls. We opened six, six, and three new Portfolio Shopping Malls in 2019, 2020 and 2021, respectively, and as at 31 December 2021, 19 additional Portfolio Shopping Malls are under development at various stages. As we continue to expand our business, we may incur significant expenses for our new Portfolio Shopping Malls, and they may not be able to achieve profitability in the near future. The life cycle of a shopping mall has three stages: development, ramp-up and mature operation. During the development stage, we typically incur substantial pre-opening expenses for our Portfolio Shopping Malls. Newly opened shopping malls often require a ramp-up stage before reaching the anticipated performance levels for us. In this stage, the occupancy rates, rent and management fees, customer flows and other performance indicators may be significantly lower than in the matured operation stage. Costs for marketing, advertising and administration associated with the new shopping malls are generally higher, and the relevant shopping malls may incur net operating losses. Factors that could affect the profitability of our new shopping malls include, among others:

- proper position of our new shopping malls to establish a foothold in new markets and to execute our existing strategy in the local markets;
- accurate assessments and adjustments to consumer tastes, preferences and demands in the relevant markets;
- maintaining adequate management and financial resources for expanded operations;
- attracting and entering into commercially viable agreements with suitable tenants;
- adapting to the evolving competitive environment;
- improvement in our operational and management systems, including our information technology systems, to cover an expanded network of shopping malls; and
- hiring, training and retaining adequate skilled personnel, in particular key employees.

For any new shopping mall we establish, it may take considerable time to achieve profitability, and we cannot assure you that it will produce the intended benefits within the expected time frame or at all. If any Self-Owned Portfolio Shopping Mall fails to achieve satisfactory performance, we may not be able to achieve operating profitability for such mall, and we may incur losses due to a decrease in fair value of the relevant investment property. If any leased shopping mall fails to achieve satisfactory performance, we may incur operating losses for a considerable period of time due to fixed rent or other expenses. Any failure to achieve satisfactory performance for our shopping malls in the future may materially and adversely affect our business, financial condition, results of operation and prospects.

We may fail to obtain, or experience significant delays in obtaining, the relevant PRC governmental approvals for the development of our Portfolio Shopping Malls.

At various stages of development of our Portfolio Shopping Malls, we are required to obtain permits, licences, certificates and other approvals at the municipal, provincial and/or ministry levels, including, among others, the state-owned land use rights certificates, planning permits for construction land, planning permits for construction work, permits for commencement of construction work and certificates or filings of completion and acceptance from the relevant administrative authorities. Grant of each approval is contingent upon the satisfaction of various conditions and requirements and is also subject to the discretion of relevant government authorities and changes in laws, regulations and policies, especially those with respect to real estate development, promulgated from time to time.

We cannot assure you that we will be able to obtain all necessary certificates and permits for the development of our Portfolio Shopping Malls in a timely manner, or at all. We may encounter problems fulfilling all or any of the conditions imposed for the grant of the necessary certificates or permits or may be unable to adapt to new laws, regulations or policies that may come into effect from time to time with respect to the granting of such certificates or permits. If we fail to obtain, or experience significant delays in obtaining, the requisite governmental permits, licences, certificates and other approvals, we may be subject to penalties and our development may be disrupted or delayed, which in turn could materially and adversely affect our business, financial condition, results of operation and prospects.

Some of our Portfolio Shopping Malls do not strictly comply with land or construction laws and regulations.

Some of our Portfolio Shopping Malls do not strictly comply with land or construction laws and regulations, including Beijing North Fourth-ring Mall. We cannot assure you that our use of the relevant land and buildings will not be challenged in the future for such non-compliance, that we will not be required to rectify or pay any penalty, or that we will be able to secure alternative properties for our business if we are required to relocate. Disputes may also arise between us and our cooperation partners where any such non-compliance is attributable to our partners. Any of these issues may have a material adverse effect on our business, financial condition, results of operation and prospects.

We may fail to complete the development of our Portfolio Shopping Malls on time, within budget, or at all.

As at 31 December 2021, we had developed 95 Portfolio Shopping Malls, and 19 additional shopping malls were under development at various stages. The progress and costs of the development of our shopping malls can be adversely affected by many factors at any point in the planning or development of the project, including:

- changes in market conditions, economic downturns and decreases in business and consumer sentiment in general;
- our failure to obtain adequate financing to fund the developments;
- delays in obtaining the necessary licences, permits or approvals from government agencies or authorities;
- negligence or poor work quality of contractors or sub-contractors;
- changes in government rules and regulations and related practises and policies;
- increases in the price of construction materials;
- shortages of materials, equipment, contractors and skilled labour;
- latent soil or subsurface conditions and latent environmental damage requiring remediation;
- unforeseen engineering, design, environmental or geographic problems;
- labour disputes;
- construction accidents;
- discovery of historically significant objects on or around project sites;
- change of urban planning or land use regulations by relevant government authorities;
- the involvement of non-governmental organisations or other parties against a property development project for environmental or other reasons;
- natural disasters or adverse weather conditions; and
- other unforeseen problems or circumstances.

Construction delays or failure to complete the construction of a project according to its planned specifications, schedule or budget may adversely affect our expansion plans, reputation, results of operation and financial condition. If we fail to complete the development on time, the tenants may seek compensation for the delay under the exhibition space agreements or the relevant PRC laws and regulations, and our reputation may be damaged. In addition, we have to commit substantial resources in order to develop a shopping mall, and failure to complete the development on time, within budget or at all could result in a loss of some or all of our investment in such project. If any of the above situations happen, our business, financial condition, results of operation and prospects will be materially and adversely affected.

We face fluctuating costs of construction materials and rising costs of labour.

As a result of economic growth in China, prices for construction materials have fluctuated and wages for construction workers have increased substantially in recent years. With the overall improvement of living standards in China as well as the PRC government's recent policies aimed at increasing the wages of migrant workers, we expect labour costs to continue to increase in the foreseeable future. Any increases in the costs of construction materials and labour will likely lead to higher procurement costs for us and prompt our contractors to increase their fee quotes for the development of our Portfolio Shopping Malls, and in turn lead to increased initial investment and funding requirements. Our inability to pass cost increases on to our tenants may adversely affect our business, financial condition, results of operation and prospects.

We incur high utility, maintenance and operating costs for our Portfolio Shopping Malls.

Our Portfolio Shopping Malls utilise a large amount of utilities such as electricity and water. We are generally not able to influence the prices that utility providers charge us, nor can we easily switch to other utility providers. Any price increase or change in pricing structure from these utility providers could have an adverse effect on our operating costs. Our energy conservation measures may not be effective to sufficiently offset any price or usage increases. As a result, increases in the prices of utilities could increase our operating costs if we are not able to pass the increased costs on to our tenants. In addition, our operations involve a significant amount of fixed costs, including maintenance and upkeep costs as well as employee and staff salaries and expenses. These fixed costs limit our ability to respond to adverse market conditions by minimising costs. Such limitations may have an adverse impact on our profitability when the home improvement and furnishing industry experiences a downturn and may exacerbate the impact of a decline in occupancy rates, rent and management fees. Any significant increase in maintenance costs and operating costs may have a material adverse effect on our business, financial condition, results of operation and prospects.

We may incur substantial expenses if any lease agreement to us for our Portfolio Shopping Malls is not renewed upon its expiration or is terminated.

As at 31 December 2021, we had 95 Portfolio Shopping Malls with a total operating area of approximately 8,455,486 sq.m., of which 29 were leased from third parties. Upon expiration of the lease agreement for each of such Portfolio Shopping Malls, we will need to negotiate the terms and conditions with third parties on which the lease agreement may be renewed. As a result, we may have to pay increased rent to renew such leases. We cannot assure you that we will be able to renew our lease agreements with third parties on terms and conditions that are favourable or otherwise acceptable to us, or at all. In addition, some of our lease agreements may be terminated by third parties for reasons out of our control. Some of our lease agreements may also become commercially unacceptable to us, which we may need to terminate or renegotiate with third parties. If any of our leases or if any of our lease agreements is terminated for reasons out of our control, we may need to close the relevant Portfolio Shopping Mall and seek an alternative location, and incur substantial expenses related to such closure and relocation. Any of these could materially and adversely affect our business, financial condition, results of operation and prospects.

Our ability to source and retain tenants may be adversely affected if we fail to effectively market and promote our shopping malls.

We frequently organise promotional and marketing events to increase the sales at our shopping malls and promote and enhance our brand name and market image in order to strengthen our ability to source and retain attractive tenants. We may not be able to continue to design, develop and organise promotional events that are popular and appealing to our customers. Additionally, our competitors may compete with us by organising similar events or developing more attractive activities. Consequently, our efforts in marketing and promotional events may not be effective in the future. Major marketing campaigns may not produce a favourable outcome and may lead to material costs. If our tenants experience difficulties in their sales or if we fail to maintain brand recognition and market image, we may not be able to retain existing tenants or attract new ones, and may lose our leverage to maintain the level of our rent and management fees. Our expenses may increase and our profit margin may drop. Any of these situations would materially and adversely affect our business, financial conditions, results of operation and prospects.

Poor performance of major tenants at our shopping malls may adversely affect our market image.

We rely on our major tenants to appropriately position our shopping malls and attract our target customer flow. We generally enter into exhibition space agreements with our tenants for a term of one year. In addition, our tenants send their own sales persons to staff the counters for their products in our shopping malls. If our major tenants terminate or do not renew their contracts with us and we fail to find suitable replacement tenants to maintain our supply of trendy, fashionable and high-quality products, if sales persons employed by our tenants fail to comply with our relevant guidelines, or if the products they sell in our shopping malls are not accepted by or not popular among our customers, or are defective, our market image and business will be materially and adversely affected.

Any fundamental upgrade or repositioning or remodelling of existing shopping malls carries inherent risks of losing the existing level of business.

In the future, we may upgrade or reposition some of our existing shopping malls. If we fail to accurately assess the readiness for shopping malls in the markets that we enter, or to formulate and adhere to the standards appropriate for a specific market, we may be unsuccessful in upgrading or repositioning our existing shopping malls, which could have a material adverse effect on our business. We also need to periodically upgrade and remodel our shopping malls to keep pace with the fashion trends, maintain their image and address the needs of our tenants. For example, we renovated the lighting effects on the façade of our Global House No. 1 Mall in 2018. Any upgrade or renovation to the retail space of an existing shopping mall may disrupt its business and cause loss of sales of nearby tenants during the upgrade or renovation. Also, it may require significant time to achieve the optimal brand mix and generate the desirable levels of customer traffic at a shopping mall after an upgrade or renovation. If we are unable to complete such upgrade or renovation in a timely manner, or if the remodelling of a shopping mall does not lead to the intended benefits, our business, financial condition, results of operation and prospects may be materially and adversely affected.

Poor performance of our Managed Shopping Malls could adversely affect our business and our ability to retain existing or, attract new, Managed Shopping Mall partners.

As part of our strategy, we intend to continue to grow our network of Managed Shopping Malls. If a Managed Shopping Mall does not achieve the investment return target satisfactory to our partner, our partner may choose to terminate its relationship with us. We may be forced to exit the relevant geographic area and our business operations may be interrupted. Any compensation we receive for such termination may not be sufficient to cover the costs we incur in re-entering the relevant area on our own or with a new Managed Shopping Mall partner. Furthermore, poor performance of our Managed Shopping Malls could make it more difficult for us to find new partners in the relevant location or elsewhere, as our existing and potential partners for our Managed Shopping Malls continually assess our performance. In addition, we adopt a progressive commission fee model to some of our Managed Shopping Malls. Under this model, we charge a progressive commission based on the performance of the relevant shopping mall on top of a fixed management fee. In the event that any of our Managed Shopping Malls were to perform poorly, our revenue, net income and cash flow may not grow and may decline as a result of the reduction in our progressive commissions. As a result, any unsatisfactory performance may adversely affect our expansion plans and our business, financial condition, results of operation and prospects.

We may face fee pressures for our existing or future Managed Shopping Malls.

In order for us to maintain our fee level in a competitive environment to attract new Managed Shopping Mall partners, we must be able to provide potential partners with investment returns and services that will encourage them to be willing to pay such fees. Any explicit or implicit fee reductions on our existing or future Managed Shopping Malls without corresponding decreases in our costs would have an adverse impact on our margins. We may face competitive and other pressures to lower our fees. We may also experience a decrease in the collection rate for our fees, which could indirectly put pressure on our fee level. There can be no assurance that we will not decide in the future to reduce or waive, in whole or in part, these and other fees. Any such reduction or waiver in our fees could have an adverse impact on our margins.

Our results may fluctuate and our gross margin may decrease due to the nature of our Managed Shopping Mall business.

For our Managed Shopping Malls, the gross margin of our services tends to be higher at the pre-opening stage due to our unique business model. Under our standard contract management agreements, we receive a relatively large amount of initiation and entrance fees upfront that are recognised at the pre-opening stage, and substantially all of the pre-opening development costs, including the land premium and construction costs, are directly borne by our Managed Shopping Mall partners. We also generate consulting and management fees from construction contractors during the pre-opening stage. After a Managed Shopping Mall is opened, our partners pay us an annual management fee, which may be tied to the performance of the Managed Shopping Malls. Similar to our Portfolio Shopping Malls, it generally takes a few years to ramp up the business of our Managed Shopping Malls to achieve stability and a sufficient level of rent and management fees for our partners. Due to the non-recurring nature of the higher margin pre-opening services with respect to each Managed Shopping Mall, the gross margin of our Managed Shopping Mall business may fluctuate, depending on the proportion of contributions by the pre-opening and post-opening business, which is affected by our expansion and development schedule. As the number of Managed

Shopping Malls grows along our expansion, the post-opening services may account for a growing proportion of our revenue and the profit margin for our Managed Shopping Mall business may decrease. Our recognised revenue may also fluctuate from quarter to quarter according to the timing of land use rights grants and shopping mall openings. In particular, our revenue may be lower during the first quarter of the year as a result of major Chinese holidays during which we typically do not open new shopping malls and government authority is slow in processing land use right grant applications.

We had net current liabilities as at 31 December 2019, 2020 and 2021 and if we are unable to meet our liabilities as they become due, we will be in default on our liabilities and our financial condition and results of operation will be materially and adversely affected.

We had net current liabilities of RMB13,813.5 million, RMB16,502.1 million and RMB16,478.6 million as at 31 December 2019, 2020 and 2021, respectively. Our current liabilities included, among others, (i) short-term loans of RMB3,387.9 million, RMB3,448.4 million and RMB2,957.1 million as at 31 December 2019, 2020 and 2021, respectively, (ii) accounts payable in the amount of RMB1,476.4 million, RMB2,085.3 million and RMB2,400.9 million, respectively, and (iii) contract liabilities in the amount of RMB2,221.8 million, RMB2,287.5 million and RMB1,925.1 million, respectively, as at 31 December 2019, 2020 and 2021. With a working capital deficit, we have to generate sufficient cash flow from operations to meet our current liabilities, and/or to roll over, extend or refinance our current liabilities upon or prior to their due dates. If we fail to do so, we will be in default on our liabilities and, as a result, our business, financial condition and results of operation will be materially and adversely affected.

We might not be able to recover some of our trade receivables.

We usually require our Managed Shopping Mall partners to pay initiation and entrance fees in instalments within five to ten days after the signing of the relevant contract management agreements, after the relevant tenant sourcing conferences and after opening of the shopping malls. However, under certain circumstances, we extend a limited term of credit of around 30 days to our Managed Shopping Mall partners for their payment of initiation and entrance fees under the relevant contract management agreements and record trade receivables for unpaid amounts of initiation and entrance fees when we recognise the corresponding revenue. Though we constantly communicate with our Managed Shopping Mall partners to settle any outstanding balance, we are affected by the financial condition of our Managed Shopping Mall partners from which we have outstanding receivables. If our Managed Shopping Mall partners are not able to pay us in a timely manner, or at all, our business, financial condition and results of operation may be materially and adversely affected.

We may not be able to achieve the performance threshold for our Managed Shopping Malls with progressive commission arrangements.

We adopt a progressive commission fee model to some of our Managed Shopping Malls. For Managed Shopping Malls with such arrangement, we earn progressive commissions in addition to a fixed management fee if the performance of the relevant shopping mall meets or exceeds a specified threshold. If the performance of a Managed Shopping Mall does not meet or exceed the threshold for a particular period, we will not receive any progressive commission. An increase in the proportion of Managed Shopping Malls with progressive commission arrangements could lead to greater fluctuations in our revenue from our Managed Shopping Malls. If we are not able to achieve the

performance threshold to earn progressive commission from our Managed Shopping Malls, our revenue from the relevant shopping malls may not grow, our annual management fees from Managed Shopping Malls may fluctuate, and our business, financial condition, results of operation and prospects may be materially and adversely affected.

Disputes with our Managed Shopping Mall partners may adversely affect our business.

Successful operation of our Managed Shopping Malls requires us to maintain good relationships with our partners. However, our Managed Shopping Mall partners may have economic or business interests or goals that are inconsistent with ours, and they may take actions contrary to our requests, policies or objectives. Our partners may also be unable or unwilling to fulfil their obligations under their agreements with us due to various reasons, including changes to their financial status or their preference for other investment opportunities. If they terminate the relevant contract management agreements, any compensation we receive may not be sufficient to cover costs we have incurred and we may lose valuable expansion opportunity. We may also terminate our contract management agreements due to changes to our expansion plans, and we may need to pay damages to our partners for such termination. Any serious dispute with a Managed Shopping Mall partner could materially and adversely affect our business, financial condition, results of operation and prospects.

We may not be able to maintain and grow our new businesses.

As part of our strategy, we plan to capitalise on our operational advantages and infrastructure and tenant and customer base to penetrate the entire home improvement and furnishings value chain. However, we have relatively less experience in these new businesses than other established companies in the relevant industries, and will face competition from them. We cannot assure you that we will be able to adapt to the rapidly changing technology and evolving industry standards and introduce new services and products to cater to changing customer demands. Due to these factors, we may not be able to launch, maintain and grow new businesses, which could materially and adversely affect our brand and our business, financial condition, results of operation and prospects.

Customer complaints and product liability claims may damage our reputation and business.

We receive customer complaints from time to time with respect to quality, delivery and after-sales services of products sold at our shopping malls. Our return policy allows our customers to return products without cause within 30 days of purchase. We impose quality guidelines on our tenants, and act as an agent to our customers and coordinate with our tenants to solve customer complaints. If our tenants do not comply with applicable laws and regulations and ensure that their products meet our quality standards, our customers may attribute unsatisfactory products or services to us, which may lead to negative publicity or liability claims against us. Furthermore, under the PRC laws, shopping mall owners or managers like us may be liable for property damage or personal injury caused by defective products their tenants sell, even if the responsibility rests with the tenants, the manufacturers or upstream suppliers of such products. If we fail to address complaints by our customers, unsatisfied customers may sue us for product liability. Under PRC laws and pursuant to our agreements with our tenants, our tenants and upstream product vendors are obligated to indemnify us against any claims concerning products sold or supplied by them. However, there is no assurance that our tenants and other product vendors will have adequate financial resources or insurance coverage to indemnify us for such liability, and their product quality deposits under the exhibition space agreements may not be sufficient to cover any such claims. Resolving and defending any such claims may divert our management's attention and may be costly. Any negative publicity or liability claims may damage our reputation and materially and adversely affect our business, financial performance, results of operation and prospects.

Accidents, injuries or illegal activities in our shopping malls may adversely affect our reputation and subject us to liability.

There are inherent risks of accidents, injuries or illegal activities such as theft taking place in public places such as shopping malls. The occurrence of one or more accidents, injuries or illegal activities at any of our shopping malls could adversely affect our reputation among our customers, harm our brand, decrease our overall rent, management fees and occupancy rates and increase our costs for additional security measures. In addition, if accidents, injuries or illegal activities occur at any of our shopping malls, we may be held liable for costs, damages and fines. Our current property and liability insurance policies may not provide adequate or any coverage for such losses. Any such incident may materially and adversely affect our business, financial condition, results of operation and prospects.

We may inadvertently infringe third-party intellectual property rights.

Our tenants may sell products that infringes on third-party intellectual property rights at our shopping malls, and the measures adopted by us to reduce the risk of infringing on the intellectual property rights of third parties may not be adequate or sufficient to prevent infringement. If this happens, we may also be considered jointly liable under PRC laws and our reputation may suffer as a result. Although our tenants and other product vendors are generally responsible for indemnifying us for such infringement under our contracts with them, we may not be able to fully recover all losses caused by such tenants and other product vendors. Any inadvertent infringement could materially and adversely affect our reputation, business, financial condition, results of operation and prospects.

We may also be involved in legal and other proceedings arising out of our operations from time to time and may face significant liabilities as a result.

We are involved in a number of legal proceedings, including consumer, employment, tort, administrative and other litigation, which arise from time to time in the ordinary course of business. In addition, we may also be subject to administrative proceedings for our failure to comply with regulatory requirements. We may continue to be involved in disputes with various parties arising out of our operations, including with tenants, Managed Shopping Mall partners, partners of our joint venture or other cooperation arrangements, lessors, employees, customers, insurers and others. Disputes and administrative penalties may lead to protests, or legal or other proceedings, and may result in disruption of our expansion plan, damage to our reputation, substantial costs and diversion of our resources and management's attention. We cannot assure you that we will not be involved in any major disputes or legal or other proceedings in the future. In addition, from time to time, our officers and management may be involved in litigation or other legal proceedings. Even though the Company may not be directly involved in such proceedings, such proceedings may affect our reputation and, consequently, adversely impact our business.

We may fail to obtain sufficient funding for our operations and expansion activities on commercially reasonable terms, or at all.

Our expansion plans may require us to make substantial capital investment during the construction period of our new Portfolio Shopping Malls. We may also need to continue to contribute additional capital to new Portfolio Shopping Malls after their opening if they are not profitable. In the past, we have funded our operations and expansion through cash generated from operations, bank borrowings, proceeds from corporate bond offerings, and equity contributions, and we expect to continue to rely on these resources in the future. However, we cannot assure you that such funds will be sufficient or that any additional financing can be obtained on satisfactory or commercially reasonable terms, or at all. Our ability to obtain additional financing in the future is subject to a variety of uncertainties, including:

- our future financial condition, results of operation and cash flows;
- general market conditions for capital raising activities; and
- economic, political and other conditions in China and elsewhere.

We may be unable to obtain additional funding in a timely manner or on acceptable terms or at all. Further financing activities or the remittance of the proceeds into the PRC may also require PRC regulatory approvals, which may not be granted in a timely manner or at all. If adequate funding is not available, our ability to develop and expand our business may be materially and adversely affected, which may materially and adversely affect our business, financial condition, results of operation and prospects.

We have substantial indebtedness and may incur additional indebtedness in the future.

We currently have, and will continue to have, a substantial amount of indebtedness. As at 31 December 2019, 2020 and 2021, our total debt amounted to RMB41,201.2 million, RMB45,857.8 million and RMB39,555.1 million, respectively. Our net gearing ratio, calculated by dividing our total interest-bearing liabilities (including short-term borrowing, long-term borrowing, bonds payable, financial lease payables, and commercial mortgage-backed securities payables) less cash and bank balances as a percentage of total equity at the end of each financial period, was 69.4%, 77.0% and 56.7% respectively, as at the same dates. Our substantial indebtedness could, among others:

- increase our vulnerability to adverse general economic and industry conditions;
- require us to dedicate a substantial portion of our cash flow from operations to servicing and repaying our indebtedness, thereby reducing the availability of our cash flow to fund working capital, capital expenditures and other general corporate purposes;
- limit our flexibility in planning for, or reacting to, changes in our businesses;
- place us at a competitive disadvantage compared to our competitors that have less debt;
- require us to mortgage our assets and restrict the transferability or use of such assets;
- limit, together with the financial and other restrictive covenants of our indebtedness, among others, our ability to raise additional funds; and
- increase our cost of additional financing.

In the future, we may from time to time incur substantial additional indebtedness and contingent liabilities, which could intensify the risks that we face as a result of our indebtedness. We cannot assure you that we will be able to generate sufficient cash flow to pay our anticipated operating expenses and to service our debts, in which case we will be forced to adopt an alternative strategy that may include actions such as reducing or delaying capital expenditures, disposing of our assets, restructuring or refinancing our indebtedness or seeking additional equity capital. These strategies may not be implemented on satisfactory terms, or at all, and, even when implemented, may materially and adversely affect our business, financial condition, results of operation and prospects.

Failure to comply with the restrictions and covenants in our debt agreements could result in a default or cross-default, which could cause repayment of our debt to be accelerated.

If we are unable to comply with the restrictions and covenants our current or future debt and other agreements, there could be a default under the terms of these agreements. In the event of a default under these agreements, the holders of the debt could terminate their commitments to lend to us, accelerate the debt and declare all amounts borrowed due and payable or terminate the agreements, as the case may be. Furthermore, some of our debt agreements contain cross-acceleration or cross-default provisions. As a result, our default under one debt agreement may result in a default under our other debt agreements. If any of these events occur in the future, we cannot assure you that our available assets and cash flow would be sufficient to repay in full all of our indebtedness, or that we would be able to obtain necessary waivers from the relevant lenders or find alternative financing. Even if we could obtain alternative financing, we cannot assure you that it would be on terms that are favourable or acceptable to us.

Our profitability and results of operation may be adversely affected by changes in interest rates.

We have incurred, and expect to continue to incur, a significant amount of interest expenses relating to our borrowings from commercial banks. Accordingly, changes in interest rates have affected and will continue to affect our financing costs and, ultimately, our profitability and results of operation. For the years ended 31 December 2019, 2020 and 2021, our interest expenses were RMB2,677.3 million, RMB2,914.5 million and RMB3,076.8 million, respectively. The majority of our bank borrowings bear floating interest rates and are borrowed from PRC commercial banks and other financial institutions. PBOC has from time to time adjusted its benchmark lending rates to respond to changes in the PRC and global economy. Beginning in 2012, the PBOC adjusted the benchmark lending rates more than four times, and the one-year lending rate was lowered from 6.56% at the beginning of 2012 to 4.30% as at the date of this Offering Circular. As commercial banks in China and other financial institutions based in China link the interest rates on their loans to benchmark lending rates published by the PBOC, any increase in such benchmark lending rates will increase our financing costs. In addition, we may in the future borrow funds from overseas sources, and changes in the prevailing interest rates in the global credit markets may also affect our profitability and results of operation. Due to our substantial indebtedness, any negative trend in interest rates may materially and adversely affect our business, financial condition, results of operation and prospects.

Our historical financial results may be of limited value in assessing our performance or in giving an indication of our financial performance going forward.

We have expanded the size of our shopping mall network, and the number of our shopping malls increased from 337 as at 31 December 2019 to 373 as at 31 December 2021. Due to our growth in recent years, our historical financial results may be of limited value in assessing our performance or in giving an indication of our financial performance going forward. Our future financial performance and results of operation will depend on a number of factors, some of which are beyond our control, including in particular, the home improvement and furnishings market in China and our ability to open new shopping malls. There can be no assurance that we will be able to increase or maintain our historical revenue or profit levels.

Potential investors should not place undue reliance on our unaudited and unreviewed financial information or the discussion of material financial trends in relation to our unaudited and unreviewed financial information as at and for the three months ended 31 March 2022.

This Offering Circular contains certain discussion of material financial trends as at and for the three months ended 31 March 2022. Such unaudited and unreviewed financial information as at and for the three months ended 31 March 2022 is not included in, and does not form part of, this Offering Circular.

The unaudited and unreviewed financial information as at and for the three months ended 31 March 2022 has not been audited or reviewed by Ernst & Young Hua Ming LLP or any other auditor. Such financial information and the discussion of material financial trends in relation to such financial information should not be relied upon by investors to provide the same quality of information associated with information that has been subject to an audit or review. Potential investors must exercise caution when considering such material financial trends and evaluating our financial condition and results of operations.

Our success depends on the continued services of our senior management team.

The success of our business depends significantly upon the continued service of our key executive officers and other key management personnel. Our key executive officers have over twenty years of experience in the commercial property and home improvement and furnishing industry. In particular, we rely on our founder, Chairman and General Manager, Mr. CHE Jianxing, for his expertise, experience and leadership. If one or more of our key personnel are unable or unwilling to continue in their present positions, we may not be able to replace them easily or at all and may incur additional expenses to recruit and train new personnel. If this happens, our business could be severely disrupted, and our business, financial condition, results of operation and prospects could be materially and adversely affected.

We face intense competition for talent in the home improvement and furnishing industry.

Our continued success will depend on our ability to attract and retain qualified customer service, supervisory and management personnel to manage our existing operations and future growth. Qualified and talented individuals are scarce and in high demand in the PRC home improvement and furnishing industry, and competition for these individuals in China is intense. We compete with other home improvement and furnishings operators as well as the home improvement and furnishing

industry in general to recruit skilled employees on a national and local level. We may not be able to successfully attract, assimilate or retain the personnel that we need. In addition, we may need to offer higher compensation and other benefits in order to attract and retain key personnel in the future. Our failure to attract and retain qualified personnel may have a material and adverse effect on our business, financial condition, results of operation and prospects.

The fair value of our investment properties is likely to fluctuate from time to time and may decrease significantly in the future.

We are required to reassess the fair value of our properties at every balance sheet date for financial reporting purpose. Under the PRC GAAP, gains or losses arising from changes in the fair value of our properties are included in our income statements for the period in which they arise. As at 31 December 2021, the fair value of our Self-Owned Portfolio Shopping Malls in Beijing, including Beijing West Fourth-ring Mall, Beijing Zhizun Mall and Beijing North Fourth-ring Mall, amounted to RMB7.2 billion; as at 31 December 2021, the fair value of our Self-Owned Portfolio Shopping Malls in Shanghai, including Global House No. 1 Mall, Shanghai Wenshui Mall, Shanghai Pudong Hu'nan Mall, Shanghai Wuzhong Road Mall, Shanghai Pudong Jinqiao Mall, Shanghai Pujiang Mall and Shanghai Jinshan Mall, amounted to RMB21.8 billion. In 2019, 2020 and 2021, the gain on fair value changes were RMB1,632.1 million, RMB494.1 million and RMB371.7 million, respectively.

Despite their impact on the reported profit, fair value gains or losses do not change our cash position as long as the relevant properties are held by us. The amount of revaluation adjustments has been, and will continue to be, subject to market fluctuations. As a result, we cannot assure you that changes in the market conditions will continue to create fair value gains on our properties or that the fair value of our properties will not decrease in the future, which would materially and adversely affect our financial condition and results of operation.

We have not obtained all title certificates for some of our Portfolio Shopping Malls.

We have not obtained proper title certificates for some of our Portfolio Shopping Malls, including Lanzhou Expo Home Shopping Mall, Hangzhou Expo Home Shopping Mall, Taiyuan Global Home Plaza, Guangdong No. 1 Mall and Chongqing Orililoya Home Shopping Mall. The timing for obtaining proper title certificates for these properties is beyond our control. Such properties may not be sold or accepted by banks as security for mortgages until we obtain the proper title certificates. In addition, we cannot assure you that our title to or use of the relevant land and buildings will not be challenged in the future. Any of these may have a material adverse effect on our business, financial condition, results of operation and prospects.

Properties with respect to some of our Leased Portfolio Shopping Malls have title defects or are subject to pre-existing security interests.

As at 31 December 2021, the actual nature or use with respect to certain of our Leased Portfolio Shopping Malls is not consistent with the approved nature or use specified on the relevant land use rights certificates. We cannot assure you that our lease for the relevant Leased Portfolio Shopping Malls will not be challenged or terminated due to our landlord's defective title, or that we will be able to secure alternative properties for our business if we are required to relocate. Furthermore, any indemnification by our landlord under the relevant lease agreements may not be adequate to

compensate our relocation expenses or lost income. Moreover, as at the date of this Offering Circular, the relevant properties of certain of our Leased Portfolio Shopping Malls are subject to existing security interests created prior to the date of the relevant lease agreements. If any such properties are foreclosed, we may not be able to continue our lease of the relevant Portfolio Shopping Malls or obtain any compensation from the landlords under our lease agreements. Any of these may have a material adverse effect on our business, financial condition, results of operation and prospects.

Properties with respect to some of our Managed Shopping Malls may have title defects or do not comply with land or construction laws and regulations.

Properties with respect to some of our Managed Shopping Malls may have title defects or do not comply with land or construction laws and regulations. In these cases, the title of the relevant properties may be challenged by third parties, and our Managed Shopping Mall partners may be subject to mandatory rectification or fines for non-compliance. If any of these events happen, we may need to terminate the relevant contract management arrangements with the affected Managed Shopping Malls. As a result, we may not be able to generate revenue from those Managed Shopping Malls. We may also be unable to find alternative partners and may need to exit the relevant geographic area and lose market share.

We or our Managed Shopping Mall partners may fail to pay land grant premiums or develop properties according to the terms of the land grant contracts.

With respect to our pipeline Portfolio Shopping Malls, we must develop the land owned by us according to the terms of the land grant contracts, including those relating to the payment of land premiums, the designated use of land and the time for commencement and completion of development of the land. Similarly, with respect to our pipeline Managed Shopping Malls, the relevant partners must develop the land owned by them according to the terms of the land grant contracts. If the relevant owner fails to fulfil such obligations, the relevant government authorities may issue a warning to, or impose a penalty on, us or our Managed Shopping Mall partners, as applicable, or require us or our Managed Shopping Mall partners to forfeit the land use rights. Any violation of the terms of the land grant contract by us may also restrict our ability to participate, or prevent us from participating, in future land bidding. We cannot assure you that circumstances leading to the repossession of land or delays in the completion of a property development will not arise in the future. If our land is repossessed, we will not be able to recover any costs incurred for the initial acquisition of the land or the development. If any land with respect to our Managed Shopping Malls is repossessed, we may not be able to continue operating the relevant Managed Shopping Malls to generate annual management fees. Any of these could materially and adversely affect our business, financial condition, results of operation and prospects.

We may fail to effectively implement our risk management and internal control policies and procedures.

We have recently enhanced our risk management and internal control policies and systems as part of a continuous effort to improve our risk management capabilities and enhance our internal controls. However, we cannot assure you that our risk management and internal control policies and procedures will adequately control or protect us against all risks. Some of these risks are unforeseeable or unidentifiable and may be more severe than we anticipate.

Our risk management capabilities and ability to effectively monitor legal compliance and other risks are restricted by the information, tools, models and technologies available to us. In addition, given the limited history of some aspects of our risk management and internal control policies and procedures, we will require additional time to implement these policies and procedures in order to fully assess their impact and evaluate our compliance with them. Moreover, our employees will require time to adjust to these policies and procedures and we cannot assure you that our employees will be able to consistently comply with or accurately apply them. If our risk management and internal control policies, procedures and systems fail to be implemented effectively, or if the intended results of such policies, procedures and systems are not achieved in a timely manner (including our ability to maintain an effective internal control system), our business, financial condition, results of operation and prospects may be materially and adversely affected.

We may not have adequate insurance to cover all losses and claims associated with our operations.

Although we have maintained insurance coverage in line with general industry practise in the PRC and as we consider appropriate for our business operations, we still may not have adequate insurance to cover all losses and claims associated with our operations. In particular, we have maintained insurance coverage for our Portfolio Shopping Malls including property insurance, business interruption insurance, public liability insurance and cash insurance. See “Description of the Company – Insurance”. However, our insurance coverage cannot be carried against all risks associated with our operations. Moreover, there are certain losses for which insurance is not available in the PRC on commercially practicable terms. We may incur losses, damages or liabilities during any stage of our operations arising from these uninsured events, and we may not have sufficient funds to cover the same or to restore or replace any uninsured property or project that has been damaged or destroyed. Any payments we are obligated to make to cover any losses, damages or liabilities may materially and adversely affect our business, financial condition, results of operation and prospects.

We rely on proper performance of our information technology system.

We have implemented a modern information technology system to control and manage our operations. The information technology system exchanges business information between our shopping malls, local management centres and our headquarters, and manages the business activities of our shopping malls on a day-to-day basis. It supports sales and promotional activities, monitors customer preferences and trends, maintains our membership programme, and operates our tenant management system. Our information technology system is intended to improve efficiencies in monitoring and controlling our operations and is fundamental to ensuring our competitiveness in our industry. Our information technology system is vulnerable to damage or interruption from circumstances beyond our control, including but not limited to, fire, power loss, hardware failure, software programme errors, telecommunications failure, computer viruses, human error, break-ins and other similar events. We may not fully restore data losses due to such malfunction and disruption after recovery from such disasters, and precautionary measures may only partly, if at all, prevent such losses. Any failure or breakdown in these systems could interrupt our normal business operations and result in a significant decrease in operational and management efficiency during such failure or breakdown. Any prolonged failure or breakdown or the failure to recover data after such failure could dramatically impact our ability to continue to manage the affected shopping malls, which could have a material adverse effect on our business and results of operation.

Risks Relating to Conducting Business in the PRC

China's economic, political and social conditions and government policies could affect our business, financial condition, results of operation and prospects.

We conduct all of our business operations in China. Accordingly, our business, financial condition, results of operation and prospects are, to a significant degree, subject to economic, political and legal developments in China. The Chinese economy differs from the economies of most developed countries in many respects, including, among others, government involvement, level of development, growth rate, control of foreign exchange and allocation of resources.

Although the Chinese economy has been transitioning from a planned economy to a more market-oriented economy for more than three decades, a substantial portion of productive assets in China is still owned by the PRC government. The PRC government also exercises significant control over economic growth by allocating resources, controlling payments of foreign currency-denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies. Although the PRC government has implemented economic reform measures to introduce market forces and establish sound corporate governance systems and modern management systems in business enterprises in recent years, such economic reform measures may be adjusted, modified or applied inconsistently from industry to industry, or across different regions of the country. As a result, we may not benefit from such measures.

The PRC government has the power to implement macroeconomic control measures affecting the Chinese economy. The PRC government has implemented various measures in an effort to control the growth rate and structure of certain industries and limit inflation such as increasing the People's Bank of China's statutory deposit reserve ratio and imposing commercial bank lending guidelines, which have had the effect of slowing the growth of credit availability. The various macroeconomic measures adopted by the PRC government to guide economic growth may not be effective in sustaining the current growth rate of the Chinese economy. China has been one of the world's fastest growing major economies, as measured by GDP growth, in recent years. However, the growth rate of China's GDP decreased to 8.1% in 2021 from 10.6% in 2010. If the Chinese economy experiences any decrease in growth rate or a significant downturn, the unfavourable business environment and economic condition could negatively impact the demand for home improvement and furnishings products and services, and our business, financial condition, results of operation and prospects could be materially and adversely affected.

Changes in the PRC governmental rules and regulations will have a significant impact on our business.

We conduct our business and operations in the PRC and must comply with PRC governmental rules and regulations. From time to time, changes in these rules and regulations or the implementation thereof may require us to obtain the relevant approvals and licences from the PRC authorities and to adapt to evolving requirements prescribed under the applicable standards for the conduct of our operations in the PRC. In such event, we may incur additional expenses, which may in turn affect our financial performance. Furthermore, we cannot assure you that such approvals or licences will be granted to us promptly or at all. If we experience a delay in or are unable to obtain any required approvals or licences, or fail to comply with the changing requirements, our operations and business in the PRC, and hence our overall financial performance, will be materially and adversely affected.

Slackened macro-economy and fluctuation of real estate industry could affect our business, financial condition, results of operation and prospects.

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 furnishing industry, which will have a certain negative impact on our operating results.

After experiencing the sluggish performance during the COVID-19 pandemic, China's home furnishing market is gradually releasing the lagging demand for residential decoration and renovation as affected by the pandemic. The national real estate policy of advocating "housing for living in, not for speculation" and deleveraging to moderately control the real estate development pace will promote the sound and steady development of the real estate industry. The growth in the residents' income level, the continuous progress in urbanization, the continuous increase in the demand for renovation of existing houses, the consumption upgrading of household products and other factors will contribute to sustained development space of the home improvement and furnishing industry.

We 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 rapid and steady expansion of shopping mall network, refined operation and layout of new retail. Meanwhile, we will also enhance our scale benefits and operating efficiency, and strengthen the sustained and stable profitability, thus better responding to and resisting the risks of macroeconomic and industrial fluctuations. However, the slowdown macroeconomic growth and the adverse changes caused by fluctuations in the real estate industry would materially and adversely affect our financial condition and results of operation.

You may experience difficulties in effecting service of legal process and enforcing judgements against us and our management.

We are a company incorporated under the laws of the PRC, and almost all of our assets and our subsidiaries are located in the PRC. In addition, most of our Directors, Supervisors and senior officers reside within the PRC, and the assets of our Directors, Supervisors and senior officers may be located within the PRC. As a result, it may not be possible to effect service of process within the United States or elsewhere outside the PRC upon most of our Directors, Supervisors and executive officers, including with respect to matters arising under the U.S. federal securities laws or applicable state securities laws. Moreover, the PRC does not have treaties providing for the reciprocal enforcement of judgements of courts with the United States, the United Kingdom, Japan or most other Western countries. In addition, Hong Kong has no arrangement for the reciprocal enforcement of judgements with the United States. As a result, recognition and enforcement in the PRC or Hong Kong of judgements from a court in the United States and any of the other jurisdictions mentioned above in relation to any matter that is not subject to a binding arbitration provision may be difficult or impossible.

On 14 July 2006, Hong Kong and the PRC entered into the Arrangement of the Supreme People's Court on Reciprocal Recognition and Enforcement of Judgements in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant

to Choice of Court Agreements Between Parties Concerned (最高人民法院關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排) (the “**Arrangement**”), pursuant to which a party with a final court judgement rendered by a Hong Kong court requiring payment of money in a civil and commercial case pursuant to a written choice of court agreement may apply for recognition and enforcement of the judgement in the PRC. Similarly, a party with a final judgement rendered by a PRC court requiring payment of money in a civil and commercial case pursuant to a written choice of court agreement may apply for recognition and enforcement of such judgement in Hong Kong. A written choice of court agreement is defined as any agreement in writing entered into between parties after the effective date of the Arrangement in which a Hong Kong court or a PRC court is expressly designated as the court having sole jurisdiction over the dispute. Therefore, it is not possible to enforce a judgement rendered by a Hong Kong court in the PRC under the Arrangement if the parties in dispute have not validly agreed to enter into a written choice of court agreement. Although the Arrangement became effective on 1 August 2008, the outcome and effectiveness of any action brought under the Arrangement may still be uncertain.

Fluctuation in the exchange rates between the Renminbi and foreign currencies, particularly U.S. dollars, may have a material adverse effect on us and on your investment.

All of our revenue and expenses are denominated in Renminbi, a currency not freely convertible into other currencies. The value of the Renminbi against other foreign currencies is subject to changes in the PRC’s foreign exchange policies and international economic and political developments. Pursuant to reforms of the exchange rate system, Renminbi-to-foreign currency exchange rates are allowed to fluctuate within a band of 2.0% above or below the central parity rate against a basket of foreign currencies, effective 17 March 2014. In August 2015, the PBOC changed the way it calculates the mid-point price of Renminbi against the U.S. dollar, requiring the market makers who submit for the PBOC’s reference rates to consider the previous day’s closing spot rate, foreign-exchange demand and supply as well as changes in major currency rates. This change, and other changes such as widening the trading band that may be implemented, may increase volatility in the value of the Renminbi against foreign currencies. Following the gradual appreciation against U.S. dollar in 2017, Renminbi experienced a recent depreciation in value against U.S. dollar followed by a fluctuation in 2018 and early 2019. On 5 August 2019, the PBOC set the Renminbi’s daily reference rate above RMB7 per U.S. dollar for the first time in over a decade amidst an uncertain trade and global economic climate. It is difficult to predict how long such depreciation of Renminbi against the U.S. dollar may last. There can be no assurance that any future movements in the exchange rate of the Renminbi against the U.S. dollar or other foreign currencies will not adversely affect our results of operations and financial condition (including our ability to pay dividends). The PRC government may from time to time make further adjustments to the exchange rate system in the future.

In addition, the proceeds from the issue and offering of the Bonds will be received in US dollars. As a result, any appreciation of the Renminbi against the US dollar, may result in the decrease in the value of and our proceeds from the Offering. Conversely, any depreciation of the Renminbi may adversely affect the value of our businesses.

In addition, there are limited instruments available for us to reduce our foreign currency risk exposure at reasonable cost. We are required to comply with the Notice of the State Administration of Foreign Exchange on Reforming and Standardising the Administrative Provisions on Capital Account Foreign Exchange Settlement (國家外匯管理局關於改革和規範資本專案結匯管理政策的通知) when converting a significant amount of foreign currencies into Renminbi. All of these factors could materially and adversely affect our business, results of operations, financial condition and prospects.

The enforcement of the Labour Contract Law and other labour-related regulations in the PRC may adversely affect our business and profitability.

The PRC Labour Contract Law was further amended on 28 December 2012 and such amendments took effect on 1 July 2013. These labour laws and rules impose stringent requirements on employers in relation to entering into fixed term employment contracts, hiring of temporary employees and dismissal of employees. Unless otherwise prohibited by the PRC Labour Contract Law or objected to by the employees themselves, an employer is also required to sign a non-fixed term labour contract with an employee if the employer continues to employ the employee after two consecutive fixed term labour contracts or the employee has already worked for the employer for ten years consecutively. Further, under the PRC Labour Contract Law, when an employer terminates its PRC employees' employment, the employer may be required to compensate them for such amount which is determined based on their length of service with the employer, and the employer may not be able to efficiently terminate non-fixed term labour contracts under the PRC Labour Contract Law without cause. Unless an employee refuses to extend an expired labour contract, compensation is also required when the labour contract expires and the employer does not extend the labour contract with the employee under the same terms or terms which are better than those in the original labour contract. A minimum wage requirement has also been imposed by the Labour Contract Law. In addition, under the Regulations on Paid Annual Leave for Employees and its implementation measures, which became effective on 1 January 2008 and 18 September 2008, respectively, employees who have worked continuously for more than one year are entitled to a paid vacation ranging from five to fifteen days, depending on the length of the employees' work time. Employees who waive their vacation time at the request of employers shall be compensated at three times their normal daily salaries for each vacation day being waived. Such laws and regulations may increase our labour costs.

We cannot assure you that labour disputes, work stoppages or strikes will not arise in the future. Increases in our labour costs and future disputes with our employees could significantly disrupt our operations and expansion plans, and thus materially and adversely affect our business, financial condition or results of operation. We face risks related to natural disasters, health epidemics and other outbreaks of contagious diseases, including avian flu, SARS, H1N1 flu and Ebola fever and the COVID-19 pandemic.

Our business could be adversely affected by natural disasters, avian flu, SARS, H1N1 flu (also known as swine flu), Ebola virus, COVID-19 pandemic or other epidemics or outbreaks. In 2020, the global outbreak of COVID-19 has spread to almost every country in the world. Further, in the first half of 2021, a new Delta variant of COVID-19 began to spread globally and caused an increase in COVID-19 cases in many places in the PRC, and in November 2021, a new Omicron variant, which appears to be the most transmissible variant to date, was detected, which Omicron variant has since caused an increase in COVID-19 cases in multiple countries, including the PRC, and of which the potential severity is currently being evaluated. Since 2022, the re-emergence of Omicron has spread to different regions, including Shanghai and Beijing, and triggered further imposition of restrictive measures by the PRC governments, bringing additional uncertainty to recovery and development of the PRC economy. See "Risk Factors – Risks Relating to Our Business and Industry – Our business, financial condition and results of operations may be materially and adversely affected by market fluctuations and economic slowdowns in the PRC and the global economy." These natural disasters, outbreaks of contagious diseases and other adverse public health developments in China could severely disrupt our business operations and adversely affect our financial condition and results of operation.

Risks Relating to the Bonds and the Standby Letter of Credit

The Issuer depends on distributions from its subsidiaries to meet its payment obligations, and provisions of applicable laws or contractual restrictions could limit the amount of such distributions.

The Issuer is a holding company and derives a substantial portion of its operating income from its subsidiaries. As a result, the Issuer depends on distributions from its subsidiaries in order to meet its payment obligations. In general, these subsidiaries are separate and distinct legal entities and have no obligation to provide the Issuer with funds for its payment obligations, whether by dividends, distributions, loans or otherwise. In addition, provisions of applicable laws, such as those limiting the legal sources of dividends, limit the ability of the Issuer's subsidiaries to make payments or other distributions to it. Pursuant to financing agreements entered into in the ordinary course of business, certain subsidiaries of the Issuer have also agreed to certain contractual restrictions on their ability to make distributions. The Issuer and its respective subsidiaries may incur significant additional secured or unsecured indebtedness in the future, and there can be no assurance that the Issuer will have sufficient cash flows from its own operations and distributions by its subsidiaries and affiliates to satisfy its obligations in respect of the Bonds. Although the Issuer believes that it will be able to meet its obligations in respect of the Bonds, any shortfall would have to be made up from other sources of cash, such as a sale of investments or any financing available to the Issuer.

The Bonds do not contain restrictive operating covenants.

The Trust Deed will contain various covenants intended to benefit the Bondholders that limit the ability of the Issuer to, among other things, incur liens on Relevant Indebtedness (as defined in the "Terms and Conditions of the Bonds") outside the PRC. The Trust Deed, however, does not contain restrictions on the payment of dividends or making of other restricted payments. In addition, the Trust Deed does not contain any other covenants or provisions designed to afford the Bondholders protection in the event of a highly leveraged transaction involving the Issuer that could adversely affect such Bondholders. Subject to the terms of the existing debt and credit facilities of the Issuer, the Issuer may incur substantial additional indebtedness in the future.

The Bonds are unsecured obligations.

The Bonds are unsecured obligations of the Issuer. The repayment of the Bonds may be adversely affected if:

- the Issuer enters into bankruptcy, liquidation, reorganisation or other winding-up proceedings;
- there is a default in payment under the Issuer's future secured indebtedness or other unsecured indebtedness; or
- there is an acceleration of any of the Issuer's indebtedness.

If any of these events were to occur, the Issuer's assets may not be sufficient to pay amounts due on the Bonds.

The Bonds may not be a suitable investment for all investors.

Each potential investor in any Bonds must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained in this Offering Circular;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact such investment will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds, or where the currency for principal or interest payments is different from the potential investor's currency;
- understand thoroughly the terms of the Bonds and be familiar with the behaviour of any relevant indices and financial markets;
- understand the tax consequence of the purchase, ownership and disposition of the Bonds; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Additionally, the investment activities of certain investors are subject to legal investment and regulations, or review or regulation by certain authorities.

The Events of Default of the Bonds do not contain any cross-default or cross-acceleration provision in relation to the Issuer or its subsidiaries.

The Terms and Conditions of the Bonds contain the Events of Default provisions specific to this transaction. For one thing, the Events of Default of the Bonds contain a cross-acceleration provision in relation to the LC Bank or any LC Bank Subsidiary (as defined in the Terms and Conditions of the Bonds), but do not contain the cross-default or cross-acceleration provision in relation to the Issuer or its subsidiaries.

Generally speaking, for bonds with a cross-default or cross-acceleration provision, the trustee or holders may declare such bonds due and payable if certain applicable indebtedness of the issuer or its relevant subsidiaries becomes accelerated upon default, or is otherwise unpaid but due, or a payment under relevant guarantee or indemnity is not made. The Terms and Conditions of the Bonds contain a cross-acceleration provision in relation to the LC Bank or any LC Bank Subsidiary, but do not contain a similar cross-default or cross-acceleration provision in relation to the Issuer or its subsidiaries. Meanwhile, the Issuer has existing outstanding indebtedness that may contain a cross-default or cross-acceleration provision. Potential investors should be aware that a default (if any) under certain indebtedness of the Issuer and/or its subsidiaries may result in the triggering of a cross-default or cross-acceleration provision in the Group's other indebtedness, but not the Bonds. The Group may issue other bonds or indebtedness in the future that may contain a cross-default or cross-acceleration provision.

For the provision of the Events of Default of the Bonds, please refer to Condition 10 (*Events of Default*) of the Terms and Conditions of the Bonds included in this Offering Circular.

The Bonds will be represented by a Global Certificate and holders of a beneficial interest in the Global Certificate must rely on the procedures of the relevant Clearing System(s).

The Bonds will be represented by a Global Certificate which will be deposited with a common depositary for Euroclear and Clearstream (a “**Clearing System**”). Except in the circumstances described in the Global Certificate, investors will not be entitled to receive definitive Bonds. The Clearing System(s) will maintain records of the beneficial interests in the Global Certificate. While the Bonds are represented by a Global Certificate, investors will be able to trade their beneficial interests only through the Clearing Systems.

While the Bonds are represented by a Global Certificate, the Issuer will discharge its payment obligations under the Bonds by making payments to the Clearing System(s) for distribution to their account holders.

A holder of a beneficial interest in the Global Certificate must rely on the procedures of the Clearing System(s) to receive payments under the Bonds. The Issuer does not have any responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Certificates.

Holders of beneficial interests in the Global Certificates will not have a direct right to vote in respect of the Bonds. Instead, such holders will be permitted to act only to the extent that they are enabled by the Clearing System(s) to appoint appropriate proxies. Similarly, holders of beneficial interests in the Global Certificates will not have a direct right under the Global Certificate to take enforcement action against the Issuer in the event of a default under the Bonds but will have to rely upon their rights under the Trust Deed.

The Issuer may not be able to raise the funds necessary to finance the redemption of Bonds upon occurrence of a Change of Control or No Registration Event at the option of the Bondholder.

Following the occurrence of a Change of Control or No Registration Event, Bondholders may require the Issuer to redeem their Bonds. See “*Terms and Conditions of the Bonds – Redemption and Purchase – Redemption for Relevant Events*”. The source of funds for any such redemption would be the Issuer’s available cash or third-party financing. However, there is no assurance that the Issuer would have sufficient funds at that time to make the required redemption of the Bonds. The ability to redeem the Bonds in such event may also be limited by the terms of other debt instruments. Failure to repay, repurchase or redeem tendered Bonds by the Issuer would constitute an event of default under the Bonds, which may also constitute a default under the terms of other indebtedness of the Group.

As of the date of this Offering Circular, one of our controlling shareholders, Red Star Macalline Holding Group Company Limited, owns 60.12% of issued share capital of the Issuer, 42.66% of which shareholding has been pledged by such controlling shareholder in favor of its financing companies. Our controlling shareholders may from time to time, create further pledges over the issued share capital of the Issuer, and the Issuer cannot prevent any of them from doing so. Any default of the related financing agreements may lead to enforcement of the share pledge by lenders and cause a Change of Control (as defined under the Terms and Conditions of the Bonds) to occur. The price of the Bonds may be adversely affected by a Change of Control. Please also see “Summary” and “The Offering – Redemption for Change of Control” for more information.

If we are unable to comply with the restrictions and covenants in our debt agreements, there could be a default under the terms of these agreements, which could cause repayment of our debt to be accelerated.

If we are unable to comply with the restrictions and covenants in our current or future debt and other agreements, there could be a default under the terms of these agreements. In the event of a default under these agreements, the holders of the debt could terminate their commitments to lend to us, accelerate the debt and declare all amounts borrowed due and payable or terminate the agreements, as the case may be. Furthermore, some of our debt agreements, contain cross-acceleration or cross-default provisions. As a result, our default under one debt agreement may cause the acceleration of other debt, or result in a default under our other debt agreements. If any of these events occur, we cannot assure you that our assets and cash flow would be sufficient to repay in full all of our indebtedness, or that we would be able to find alternative financing. Even if we could obtain alternative financing, we cannot assure you that it would be on terms that are favourable or acceptable to us. Also see “*Risk Factor – The Events of Default of the Bonds do not contain any cross-default or cross-acceleration provision in relation to the Issuer or its subsidiaries.*”

The insolvency laws of the PRC and other local insolvency laws may differ from those of another jurisdiction with which the Bondholders are familiar.

As the Issuer is incorporated under the laws of the PRC, any insolvency proceeding relating to the Issuer would likely involve PRC insolvency laws, respectively, the procedural and substantive provisions of which may differ from comparable provisions of the local insolvency laws of jurisdictions with which the Bondholders are familiar.

The Issuer may issue additional Bonds in the future.

The Issuer may, from time to time, and without prior consultation of the Bondholders create and issue further securities in accordance with the Terms and Conditions of the Bonds (see “*Terms and Conditions of the Bonds – Further Issues*”). There can be no assurance that such future issuance will not adversely affect the market price of the Bonds.

Decisions that may be made on behalf of all Bondholders may be adverse to the interests of individual holders of the Bonds.

The Trust Deed contains provisions for calling meetings of Bondholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Bondholders including Bondholders who did not attend and vote at the meeting and holders who voted in a manner contrary to the majority. Furthermore, there is a risk that the decision of the majority of Bondholders may be adverse to the interests of the individual Bondholders.

Obligations of the Issuer under the Bonds are structurally subordinated to the current and future liabilities and obligations of the Issuer’s subsidiaries.

The obligations of the Issuer under the Bonds will be effectively subordinated to all existing and future obligations of its existing or future subsidiaries, and all claims of creditors of its existing or future subsidiaries and rights of holders of preferred shares of such subsidiaries (if any) will have priority as to the assets of such subsidiaries over the claims of the Issuer and those of the Issuer’s

creditors, including the Bondholders. As a result, all of the existing and future liabilities of the Issuer's subsidiaries, including any claims of trade creditors and preferred stockholders, will be effectively senior to the Bonds. In addition, even if the Issuer was a creditor of any subsidiary, its rights as a creditor would be subordinated to any security interest in the assets of such subsidiary and any indebtedness of the subsidiary senior to that held by the Issuer.

An active trading market for the Bonds may not develop and the liquidity or price of the Bonds may be volatile.

The Bonds are a new issue of securities for which there is currently no trading market. There is no assurance that an active trading market for the Bonds will develop or as to the liquidity or sustainability of any such market, the ability of holders to sell their Bonds or the price at which holders will be able to sell their Bonds. If a market does develop, it may not be liquid and the Bonds may trade at prices that may be higher or lower than the initial offering price, depending upon many factors, including prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Group. The Joint Lead Managers are not obliged to make a market in the Bonds and any such market making, if commenced, may be discontinued at any time at the sole discretion of the Joint Lead Managers. Therefore, investors may not be able to sell their Bonds easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. In addition, Bondholders should be aware of the prevailing and widely reported global credit market conditions (which continue at the date of this Offering Circular), whereby there is a general lack of liquidity in the secondary market for instruments similar to the Bonds. Such lack of liquidity may result in investors suffering losses on the Bonds in secondary resales even if there is no decline in the performance of the assets of the Group. It is not possible to predict which of these circumstances will change and whether, if and when they do change, there will be a more liquid market for the Bonds and instruments similar to the Bonds at that time.

Any downgrading of the Issuer's corporate ratings, or those of its subsidiaries, by rating agencies could adversely affect the Group's business and the Group's liquidity.

Fitch has assigned a corporate rating of "BB" to the Issuer with a "negative" outlook. S&P has assigned a corporate rating of "B+" to the Issuer with a "negative" outlook. The Bonds are not rated. Any adverse revision to the Issuer's corporate ratings, or those of its subsidiaries, for domestic and international debt by rating agencies such as Fitch, Moody's and S&P may adversely affect the Group's business, its financial performance and the trading price of the Bonds. Further, the Group's ability to obtain financing or to access to capital markets may also be limited, thereby lowering its liquidity.

The Trustee may request that the Bondholders provide an indemnity and/or security and/or prefunding to its satisfaction.

In certain circumstances, the Trustee may (at its sole discretion) request the Bondholders to provide an indemnity and/or security, and/or prefunding to its satisfaction before it takes actions on behalf of Bondholders. The Trustee shall not be obliged to take any such actions if not indemnified and/or secured, and/or prefunded to its satisfaction. Negotiating and agreeing to any indemnity and/or security, and/or prefunding can be a lengthy process and may impact on when such actions can be taken. The Trustee may not be able to take actions notwithstanding the provision of an indemnity or security or prefunding to it, in breach of the terms of the Trust Deed constituting the Bonds and in circumstances where there is uncertainty or dispute as to the applicable laws or regulations.

Gains on the transfer of the Bonds may be subject to income tax under PRC tax laws and Value-added Tax.

Under the EIT Law and its implementation regulations, any gain realised on the transfer of the Bonds by non-resident enterprise holders may be subject to enterprise income tax if such gain is regarded as income derived from sources within the PRC. However, there remains uncertain as to whether the gain realised from the transfer of the Bonds would be treated as income derived from sources within the PRC and be subject to PRC tax. This will depend on how the PRC tax authorities interpret, apply or enforce the EIT Law and its implementation regulations. According to the arrangement between the PRC and Hong Kong for the avoidance of double taxation, residents of Hong Kong, including enterprise holders and individual holders, will not be subject to PRC tax on any capital gains derived from a sale or exchange of the Bonds.

Therefore, if non-resident enterprise holders are required to pay PRC income tax on gains on the transfer of the Bonds (such tax rate is generally 10 per cent. for non-resident enterprise Bondholders and 20 per cent. in the case of non-resident individual Bondholders, unless there is an applicable tax treaty between PRC and the jurisdiction in which such non-resident holders of the Bonds reside that reduces or exempts the relevant tax), the value of their investment in the Bonds may be materially and adversely affected.

On 23 March 2016, the Ministry of Finance and the State Administration of Taxation (“SAT”) issued the Circular of Full Implementation of Business Tax to VAT Reform (Caishui [2016] No. 36) (“Circular 36”). According to the Tentative Regulations on the Value-added Tax of the PRC which was introduced by the State Council on 10 November 2008 and amended by the State Council on 19 November 2017 and the Circular 36, the entities and individuals providing the services within China shall be subject to VAT. The services are treated as being provided within the PRC where either the service provider or the service recipient is located in the PRC. The services subject to VAT include the provision of financial services such as the provision of loans. It is further clarified under Circular 36 that the “loans” refers to the activity of lending capital for another’s use and receiving the interest income thereon. It is not clear from the interpretation of Circular 36, if the provision of loans to the Issuer could be consider services provided within the PRC, which thus could be regarded as the provision of financial services that could be subject to VAT. In which case, the issuance of the Bonds could be regarded as the provision of financial services within the PRC that is subject to VAT. However, the Circular 36 has been issued quite recently and the above disclosure may be subject to further change upon the issuance of further clarification rules and/or different interpretation by the competent tax authority. There is uncertainty as to the application of the Circular 36.

The Bonds may be redeemed by the Issuer prior to maturity.

The Issuer may redeem the Bonds at its option, in whole but not in part, at a redemption price equal to their principal amount, together with interest accrued to the date fixed for redemption if, subject to certain conditions, as a result of any change in, or amendment to, the laws, regulations or rulings of Hong Kong or the PRC or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws, regulations or rulings (including but not limited to any decision by a court of competent jurisdiction) or the stating of an official position with respect thereto, the Issuer has or will become obliged to pay Additional Tax Amounts (as defined in Terms and Conditions of the Bonds), as further described in “*Terms and Conditions of the Bonds – Redemption and Purchase – Redemption for Taxation Reasons*”

and “*Terms and Conditions of the Bonds – Taxation*”. The Issuer may also redeem the Bonds at a redemption amount equal to the higher of (a) the principal amount of the Bonds plus any accrued but unpaid interest and, (b) the Make Whole Amount at the option of the Issuer at any time or the Issuer may be required to redeem the Bonds due to Pre-Funding Failure, as further described in “*Terms and Conditions of the Bonds – Redemption and Purchase – Optional Redemption*”.

If the Issuer redeems the Bonds prior to their maturity dates, investors may not receive the same economic benefits they would have received had they held the Bonds to maturity, and they may not be able to reinvest the proceeds they receive in a redemption in similar securities. In addition, the Issuer’s ability to redeem the Bonds may reduce the market price of the Bonds.

Changes in interest rates may have an adverse effect on the price of the Bonds.

The Bondholders may suffer unforeseen losses due to fluctuations in interest rates. Generally, a rise in interest rates may cause a fall in the prices of the Bonds, resulting in a capital loss for the Bondholders. However, the Bondholders may reinvest the interest payments at higher prevailing interest rates. Conversely, when interest rates fall, the prices of the Bonds may rise. The Bondholders may enjoy a capital gain but interest payments received may be reinvested at lower prevailing interest rates.

Investment in the Bonds is subject to foreign exchange risks.

Investment in the Bonds is subject to foreign exchange risks. The value of the U.S. dollar and other foreign currencies fluctuates and is affected by changes in the United States and international political and economic conditions and by many other factors. All payments of interest and principal with respect to the Bonds will be made in U.S. dollars. As a result, the value of these U.S. dollar payments may vary with the prevailing exchange rates in the marketplace. If the value of the U.S. dollar depreciates against other foreign currencies, the value of a Bondholder’s investment in U.S. dollars in other applicable foreign currency terms will decline.

International financial markets and world economic conditions may adversely affect the market price of the Bonds.

The market price of the Bonds may be adversely affected by declines in the international financial markets and world economic conditions. The market for Chinese securities is, to varying degrees, influenced by economic and market conditions in other markets, especially those in Asia. Although economic conditions are different in each country, investors’ reactions to developments in one country can affect the securities markets and the securities of issuers in other countries, including China. Since the sub-prime mortgage crisis in 2008, the international financial markets have experienced significant volatility. If similar developments occur in the international financial markets in the future, the market price of the Bonds could be adversely affected.

The liquidity and price of the Bonds following the offering may be volatile.

The price and trading volume of the Bonds may be highly volatile. Factors such as variations in the Issuer’s or the LC Bank’s revenues, earnings and cash flows and proposals of new investments, strategic alliances and/or acquisitions, interest rates and fluctuations in prices for comparable companies could cause the price of the Bonds to change. Any such developments may result in large and sudden changes in the volume and price at which the Bonds will trade. There is no assurance that these developments will not occur in the future.

The Bonds have a limited upside.

The Bonds carry a fixed interest rate which is paid in U.S. dollars semi-annually in arrears. Upon maturity, the Issuer will pay investors the principal amount of the Bonds plus any unpaid accrued interest. The maximum return on an investment in the Bonds is limited to these interest payments in U.S. dollars. As the Bonds are fixed income securities which are structured to provide investors with returns primarily through regular interest payments thereon, investors who hold the Bonds through to maturity or who dispose of the Bonds in the secondary market may not realise any capital gain.

If the Issuer fails to file or cause to be filed with SAFE the requisite information and documents within the prescribed time frame, there is likely to be logistical hurdles for cross-border payment under the Bonds.

The Issuer is required by (i) the Administrative Measures for Foreign Debt Registration (《外債登記管理辦法》) issued by SAFE and which came into effect on 13 May 2013, and (ii) the Circular on Relevant Matters about the Macro-Prudential Management of Cross-Border Financing in Full Aperture (《中國人民銀行關於全口徑跨境融資宏觀審慎管理有關事宜的通知》) issued by PBOC and which came into effect on 12 January 2017 to register the Bonds. The Issuer intends to use its commercially reasonable to complete the registration as soon as practicable and in any event days before the day falling 120 SAFE Registration Business Days after the Issue Date. If the Issuer fails to complete the SAFE registration, there may be logistical hurdles at the time of remittance of funds as domestic banks would require evidence of SAFE registration in connection with the Bonds in order to effect such remittance.

A change in English law which governs the Bonds may adversely affect holders of the Bonds.

The Terms and Conditions of the Bonds are governed by English law. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practise after the date of issue of the Bonds.

Additional procedures may be required to be taken to bring English law governed matters or disputes to the Hong Kong courts and the holders of the Bonds would need to be subject to the exclusive jurisdiction of the Hong Kong courts. There is also no assurance that the PRC courts will recognise and enforce judgements of the Hong Kong courts in respect of English law governed matters or disputes.

The Terms and Conditions of the Bonds, the Standby Letter of Credit and the Trust Deed are governed by English law, whereas parties to these documents have submitted to the exclusive jurisdiction of the Hong Kong courts. In order to hear English law governed matters or disputes, Hong Kong courts may require certain additional procedures to be taken. Under the Arrangement, judgements of Hong Kong courts are likely to be recognised and enforced by the PRC courts where the contracting parties to the transactions pertaining to such judgements have agreed to submit to the exclusive jurisdiction of Hong Kong courts.

However, recognition and enforcement of a Hong Kong court judgement could be refused if the PRC courts consider that the enforcement of such judgement is contrary to the social and public interest of the PRC or meets other circumstances specified by the Arrangement. While it is expected that the PRC courts will recognise and enforce a judgement given by Hong Kong courts in respect of a dispute governed by English law, there can be no assurance that the PRC courts will do so for all such judgements as there is no established practise in this area. Compared to other similar debt securities issuances in the international capital markets where the relevant holders of the debt securities would not typically be required to submit to an exclusive jurisdiction, the holders of the Bonds will be deemed to have submitted to the exclusive jurisdiction of the Hong Kong courts, and thus the holder's ability to initiate a claim outside of Hong Kong will be limited.

The LC Bank's ability to perform its obligations under the Standby Letter of Credit is subject to the financial condition of Bank of Shanghai.

The LC Bank is not a separate and independent legal person but has capacity to carry on its activities within its scope of the authorisation given by Bank of Shanghai, and if the assets of the LC Bank are not sufficient to meet the obligations of the LC Bank under the Standby Letter of Credit, Bank of Shanghai would have an obligation to satisfy the balance of the obligations under the Standby Letter of Credit.

Therefore, the ability of the LC Bank to make payments under the Standby Letter of Credit will depend on the financial condition of Bank of Shanghai, which could be materially and adversely affected by a number of factors, including, but not limited to, the following:

- Impaired loans and advances: Bank of Shanghai's financial condition will be affected by its impaired loans. If Bank of Shanghai is unable to control effectively and reduce the level of impaired loans and advances in its current loan portfolio and in new loans Bank of Shanghai extends in the future, or Bank of Shanghai's allowance for impairment losses on loans and advances is insufficient to cover actual loan losses, Bank of Shanghai's financial condition could be materially and adversely affected.
- Collateral and guarantees: A certain portion of Bank of Shanghai's loans is secured by collateral and backed by guarantees. If Bank of Shanghai is unable to realise the collateral or guarantees securing its loans to cover the outstanding principal and interest balance of such loans due to various factors, Bank of Shanghai's financial condition could be materially and adversely affected.

In addition, as neither Bank of Shanghai nor the LC Bank has waived sovereign immunity for the purpose of the Standby Letter of Credit, it is possible that such immunity is asserted at the time of enforcement of the Standby Letter of Credit.

The Standby Letter of Credit will expire on or around one month after the Maturity Date.

The Standby Letter of Credit will expire on or around one month after the Maturity Date. In the event that the Trustee does not enforce the Standby Letter of Credit by this expiration date, Bondholders will not be able to benefit from the credit protection provided by the LC Bank.

Proceedings to enforce the Standby Letter of Credit may only be taken in Hong Kong.

Proceedings to enforce the terms of the Standby Letter of Credit may only be taken in Hong Kong and this may limit the amount of assets available to the Trustee to make a claim in the event the LC Bank fails to perform its obligations under the Standby Letter of Credit. The majority of operations of the LC Bank and Bank of Shanghai are carried out in the PRC and any judgment obtained in the Hong Kong courts against the LC Bank, if to be enforced against the LC Bank and/or Bank of Shanghai, will be subject to recognition and enforcement of the judgment in the PRC in accordance with the Arrangement, or to re-litigation and the procedures of the PRC courts.

The Bonds will be mandatorily redeemed upon a Pre-Funding Failure.

The Terms and Conditions of the Bonds provide for a demand to be made under the Standby Letter of Credit once only, in the event the Issuer fails to pre-fund the principal and/or interest payment due on the Bonds or upon the occurrence of an Event of Default under the Bonds. Such demand will be made in respect of the all of the Bonds then outstanding, together with interest accrued to, but excluding, the Mandatory Redemption Date (as defined in Terms and Condition of the Bonds) and all fees, costs, expenses, indemnity payments and all other amounts payable by the Issuer under or in connection with the Bonds, the Trust Deed, the Agency Agreement and/or any other transaction document relating to the Bonds, and thereafter the Bonds may be mandatorily redeemed in accordance with Condition 7.5 (*Mandatory Redemption upon Pre-Funding Failure*). Should such mandatory redemption event occur, Bondholders may not be able to hold their Bonds to maturity and receive the expected stream of income from holding the Bonds. An investor of the Bonds may not be able to reinvest the redemption proceeds in comparable securities at an effective interest rate at the same level as that of the Bonds.

The LC Bank may be punished by SAFE if fails to make the relevant submissions of data to SAFE.

The Bonds will have the benefit of the Standby Letter of Credit issued by the LC Bank. The LC Bank may also be required to submit the relevant data for overseas loans through data interface programme or any other method to SAFE in accordance with, the Provisions on the Foreign Exchange Administration of Cross-Border Guarantees (跨境擔保外匯管理規定) (the “**Provisions**”) as well as other applicable laws and regulations. Failure to do so will not render the Standby Letter of Credit ineffective or invalid under PRC law. However, the LC Bank might be punished by SAFE in accordance with the Regulations of the People’s Republic of China on Foreign Exchange Control.

The interpretation of the Provisions and other relevant regulations may involve significant uncertainty, which may adversely affect the enforceability and/or effective performance of the Standby Letter of Credit in the PRC. In addition, the administration of the Provisions may be subject to a certain degree of executive and policy discretion by SAFE. There can be no assurance that the data submission of the Standby Letter of Credit with SAFE can be completed by the LC Bank or that such registration or submission will not be revoked or amended in the future or that future changes in PRC laws and regulations will not have a negative impact on the validity and enforceability of the Standby Letter of Credit in the PRC.

The Standby Letter of Credit is subject to a maximum limit and may not be sufficient to satisfy all payments due under the Standby Letter of Credit.

Payments of principal and interest in respect of the Bonds and the fees and expenses and other amounts in connection with the Bonds and the Trust Deed will have the benefit of the Standby Letter of Credit up to a maximum limit of U.S.\$257,192,200, being an amount representing only (i) the aggregate principal amount of the Bonds plus the interest payable for one Interest Period (as defined in the Terms and Conditions of the Bonds) and (ii) U.S.\$1,000,000, being the maximum amount payable under the Standby Letter of Credit for any fees, costs, expenses, indemnity payment and all other amounts payable to the Trustee in connection with the Bonds, the Trust Deed, the Agency Agreement and/or any other transaction document relating to the Bonds. There can be no assurance that the maximum limit of the Standby Letter of Credit is sufficient to fully satisfy the aforementioned payments.

CAPITALISATION AND INDEBTEDNESS

The following table sets forth our consolidated borrowings and capitalization under the PRC GAAP as at 31 December 2021:

- on an actual basis; and
- on an as adjusted basis to give effect to the issuance of the Bonds and receipt of the estimated gross proceeds from this offering but before the application of any such proceeds, before deducting an estimated aggregate amount of underwriting commissions and other expenses payable by us in connection with this offering.

The following table should be read in conjunction with our consolidated financial information, including the notes related thereto, included in this Offering Circular.

	As at 31 December 2021			
	Actual		As Adjusted	
	RMB'000	USD'000	RMB'000	USD'000
Cash and bank balances	6,903,715	1,083,344	8,494,953	1,333,044
Short-term indebtedness:				
Short-term loans	2,957,088	464,032	2,957,088	464,032
Notes payable	9,000	1,412	9,000	1,412
Total short term indebtedness	<u>2,966,088</u>	<u>465,444</u>	<u>2,966,088</u>	<u>465,444</u>
Long-term indebtedness:				
Long-term loans	21,606,317	3,390,503	21,606,317	3,390,503
Bonds payable	532,620	83,580	532,620	83,580
Bonds to be issued	–	–	1,591,238	249,700
Total long-term indebtedness	<u>22,138,937</u>	<u>3,474,082</u>	<u>23,730,175</u>	<u>3,723,782</u>
Total indebtedness ⁽¹⁾	<u>25,105,025</u>	<u>3,939,526</u>	<u>26,696,263</u>	<u>4,189,226</u>
Equity:				
Total equity attributable to shareholders				
of the Company	53,981,799	8,470,922	53,981,799	8,470,922
Non-controlling interests	<u>3,549,419</u>	<u>556,981</u>	<u>3,549,419</u>	<u>556,981</u>
Total equity	<u>57,531,218</u>	<u>9,027,904</u>	<u>57,531,218</u>	<u>9,027,904</u>
Total capitalization ⁽²⁾	<u>79,670,155</u>	<u>12,501,986</u>	<u>81,261,393</u>	<u>12,751,686</u>

(1) Total indebtedness represents the sum of total short-term and total long-term indebtedness.

(2) Total capitalisation represents the sum of total long-term indebtedness and total equity.

Since 31 December 2021, we have repaid existing indebtedness and incurred additional indebtedness during the ordinary course of our business, as a result which, the total amount of our interest-bearing indebtedness has decreased as of the date of this Offering Circular. In addition, we may incur indebtedness from time to time in future for general corporate purposes, including but not limited to refinancing of existing indebtedness and funding our operations in the ordinary course of business.

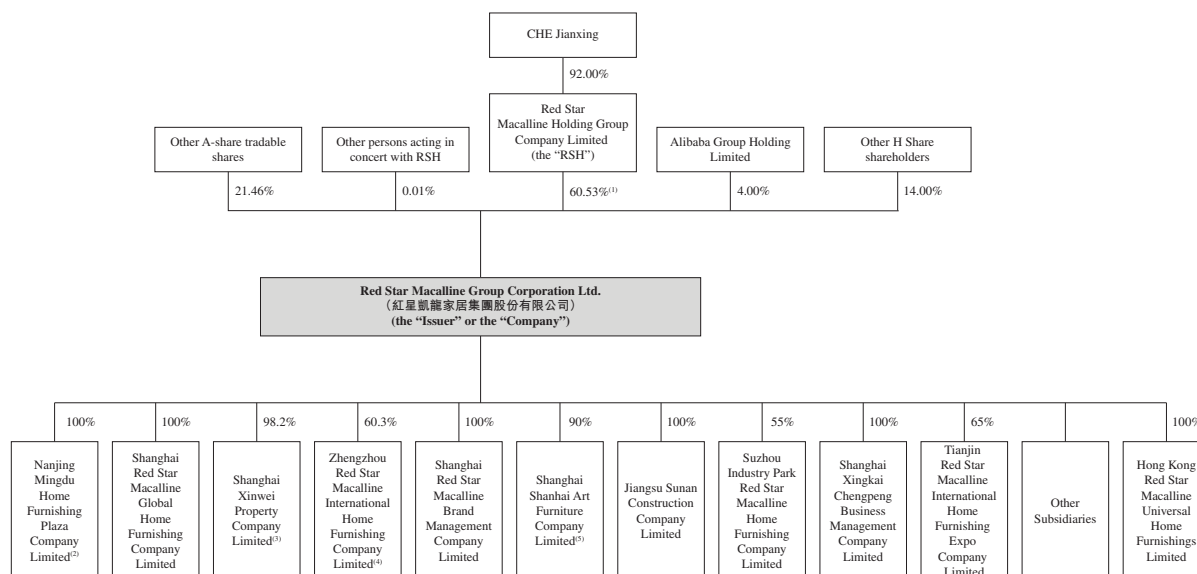
Except as otherwise disclosed in this Offering Circular, there has been no material change in our indebtedness and capitalisation since 31 December 2021.

USE OF PROCEEDS

The gross proceeds we expect to receive from this offering, before deducting underwriting commissions and estimated expenses related to the offering, will be U.S.\$249.7 million. We intend to use the net proceeds of this offering for repayment of our existing interest-bearing indebtedness.

CORPORATE STRUCTURE

The following chart briefly illustrates our current shareholding and group structure as at the date of this Offering Circular.



Notes:

- (1) 60.12% of the shares of the Company are held by us directly and 0.41% of the shares are held by us indirectly through Tibet Yiying Enterprise Management Co., Ltd, a wholly owned subsidiary of RSH. RSH issued convertible bonds in an amount of approximately RMB4,359 million to Alibaba (China) Network Technology Co., Ltd. (阿里巴巴(中國)網絡技術有限公司) in May 2019, the maximum number of shares convertible for which shall be approximately 388.1 million based on the adjusted share conversion price as of 5 July 2022, accounting for approximately 8.912% of RSH's total share capital.
- (2) 60% of the shares of Nanjing Mingdu Home Furnishing Plaza Company Limited are held by us directly and 40% of the shares are held by us indirectly.
- (3) 40% of the shares of Shanghai Xinwei Property Company Limited are held by us directly and 58.2% of the shares are held by us indirectly.
- (4) 51% of the shares of Zhengzhou Red Star Macalline International Home Furnishing Company Limited are held by us directly and 9.31% of the shares are held by us indirectly.
- (5) 90% of the shares of Shanghai Shanhai Art Furniture Company Limited are held by us indirectly.

INDUSTRY OVERVIEW

Certain information and statistics set out in this section have been extracted from various government publications and independent third-party sources. This information has not been independently verified by any of the Issuer, the Company, the Joint Lead Managers, the Trustee, the Pre-Funding Account Bank, the LC Proceeds Account Bank, the Agents or any of their respective directors, officers, employees, agents, affiliates or advisers and none of the Issuer, the Company, the Joint Lead Managers, the Trustee, the Pre-Funding Account Bank, the LC Proceeds Account Bank, the Agents or any of their respective directors, officers, employees, agents, affiliates or advisers makes any representation as to the accuracy or completeness of such information. In addition, third-party information providers may have obtained information from market participants and such information may not have been independently verified. Accordingly, such information should not be unduly relied upon.

In 2021, faced with control under the tight real estate policy followed by a stable one in China, the spread of the pandemic, and pressure on consumption, under the strong leadership of the CPC, the whole country coordinated efforts to advance both the pandemic prevention and control and the economic and social development in a scientific manner. The national economy sustained steady recovery. As its economic development and epidemic prevention maintained a leading position in the world, China got off to a good start in implementing the 14th Five-Year Plan (十四五規劃).

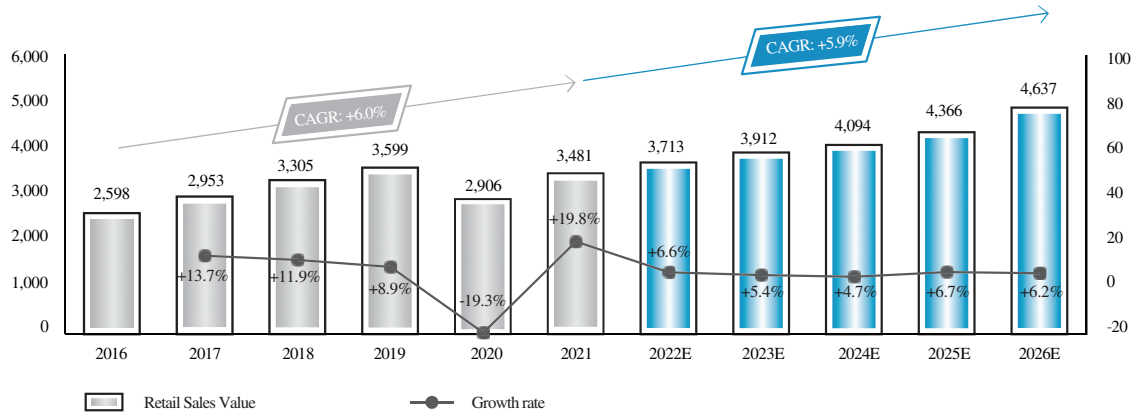
According to relevant data from the National Bureau of Statistics of China, in 2021, China's GDP increased by 8.1% year on year, and the per capita disposable income of all residents recorded a nominal increase of 9.1% over the same period of the previous year. After deducting price factors, the actual increase was 8.1%. In 2021, the per capita consumption expenditure of all residents increased by 13.6% in nominal terms from the low base of the previous year, and 12.6% in real terms after deducting price factors. The residents' income growth was basically synchronized with the economic growth. As the residents' income continued to recover, the consumption demand of residents was gradually released, and the consumption expenditure maintained the recovery momentum.

In 2021, the total retail sales of social consumer goods recorded an increase of 12.5% over the previous year. After deducting price factors, the actual increase was 10.7%. Among the total retail sales, the retail sales of goods increased by 11.8% year on year, with furniture up by 14.5% year on year, and building and decoration materials up by 20.4% year on year. As the consumer goods market expanded steadily, and market sales continued to recover. The total population increased in 2021, and the urbanization rate continued increase. The urban population accounted for 64.7% of the national population (urbanization rate), an increase of 0.83 percentage point from the end of the previous year.

According to the statistics of Frost & Sullivan, in 2021, the operation of household retail channels improved during the recovery period of the epidemic and the retail sales in the home decoration and furniture retail market increased to approximately RMB3,500 billion in 2021, representing a compound annual growth rate of 6.0% from 2016 to 2021.

Retail Sales Value (Billion RMB)

Growth rate (%)



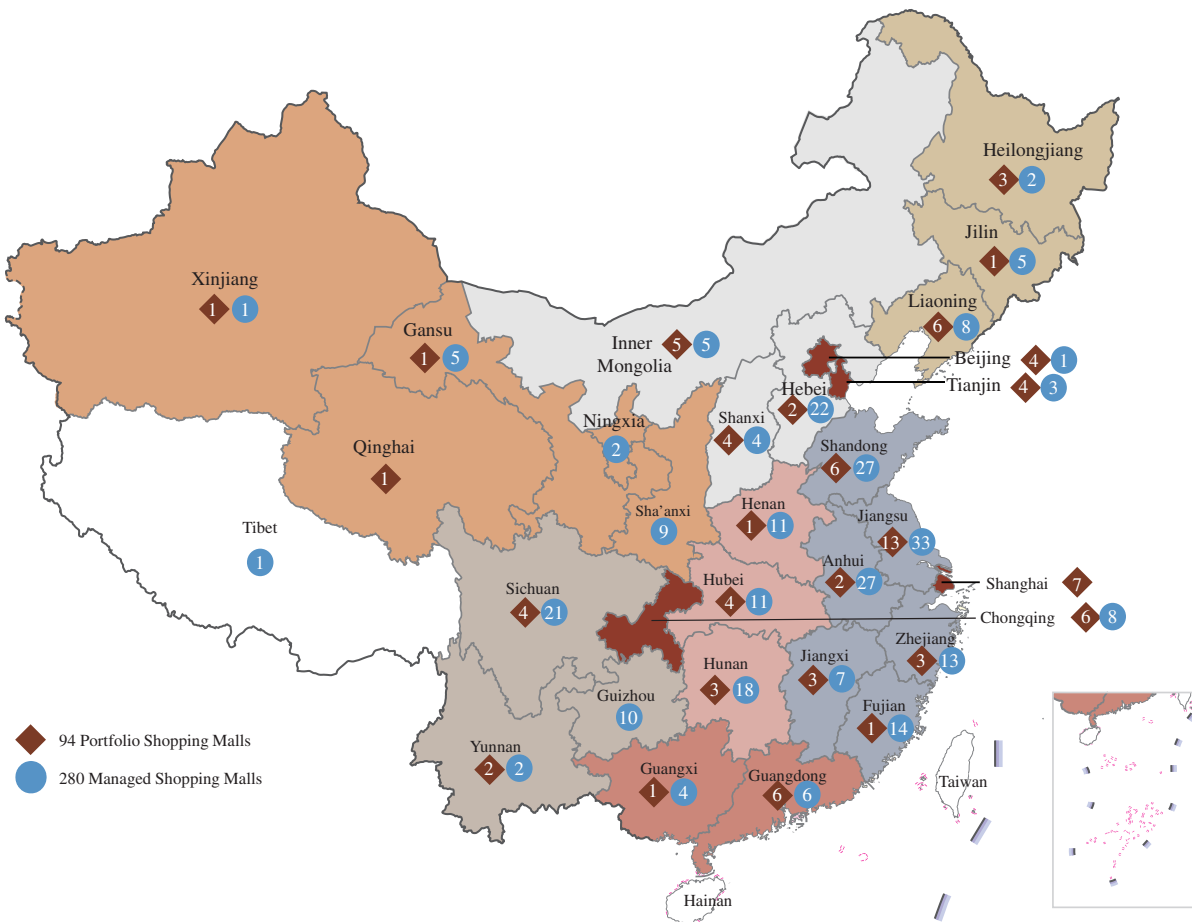
Source: Frost & Sullivan

In the long run, as efforts are made to persist in “housing is for people to live in, not for speculation” and deleveraging under the national real estate policy, the development of the real estate industry will tend to be healthy and steady. The growth in the residents’ income level, the continuous progress in urbanization, the continuous increase in the demand for renovation of existing houses, the upgrading of consumption of household products and other factors will contribute to the sustained and steady development of the home improvement and furnishing industry.

DESCRIPTION OF THE COMPANY

OVERVIEW

We are the leading home improvement and furnishings shopping mall operator, as well as a pan-home furnishings platform service provider in China with the largest operating area, the largest number of shopping malls and the widest geographic coverage, according to Frost & Sullivan. As at 31 December 2021, we operated and managed 373 shopping malls with a total operating area of approximately 22,303,548 sq.m. in 224 cities in 30 provinces in China, hosting over 34,900 product brands. In 2021, we had a 17.5% market share in the chain home improvement and furnishing mall sector and a 7.4% market share in the whole home improvement and furnishing mall sector (including chain and non-chain) in terms of retail sales, owning the largest market share in China's steadily growing home improvement and furnishing industry. We have 19 pipeline Portfolio Shopping Malls with a total estimated GFA of approximately 2,900,000 sq.m. As at 31 December 2021, among our pipeline Managed Shopping Malls, 327 had secured land parcels. The following map illustrates our geographic footprint as at 31 March 2022.



In 1994, we opened our first home improvement and furnishings shopping mall in Changzhou, Jiangsu Province. In 2000, we launched our “Red Star Macalline” brand and opened our first branded home improvement and furnishings shopping mall in Shanghai, which was also one of the first branded home improvement and furnishings shopping malls in China, and established ourselves as a pioneer in China’s modern home improvement and furnishings retail market. Our Company, Red Star Macalline Group Corporation Ltd. (紅星美凱龍家居集團股份有限公司), was founded in 2007, and our H shares were listed on the Main Board of the Hong Kong Stock Exchange in June 2015 (Stock Code: 1528) and A shares were listed on the Shanghai Stock Exchange in January 2018 (Stock Code: 601828). We believe that our prominent market leadership and unparalleled geographic coverage will enable us to effectively capitalise on this growth opportunity.

We have established an attractive third-party platform that connects brands and customers together within our shopping malls, continuously tailors the brand and product offerings to cater to changing customer needs, and provides a superior one-stop shopping experience. Tenants in our shopping malls enjoy a full range of operational and managerial services, including designated shopping space, staff training, marketing and promotion, daily management and customer services. We also ensure customers receive standardised quality services across our platform, including a 30-day product return policy, free and informative shopping guides and home design consultation. Our leading market position, differentiated customer service, nationwide footprint, commitment to operational excellence and nationally recognised “Red Star Macalline” brand, together with our comprehensive and effective platform, constitute our unique competitive advantages over our competitors.

Our unique business model of operating both Portfolio Shopping Malls and Managed Shopping Malls allows us to steadily expand and further penetrate our target markets. We strategically locate certain of our Portfolio Shopping Malls in tier I and tier II cities where we receive recurring and predictable operating income including rent and management fees and continue to penetrate into the tier III Cities and other cities through the asset-light operation model by relying on the sound brand reputation, mature shopping mall development, tenant sourcing and operation and management capabilities in the home improvement and furnishing industry. Leveraging our years of experience in shopping mall operation, we also provide consultant and contract management services to owners of our Managed Shopping Malls, and operate our partners’ home improvement and furnishings shopping malls under our brand name and receive consultation and management fee payments in return. As at 31 December 2021, we operated 95 Portfolio Shopping Malls with a total operating area of approximately 8,455,486 sq.m. and 278 Managed Shopping Malls with a total operating area of approximately 13,848,062 sq.m.

For the years ended 31 December 2019, 2020 and 2021, revenue generated from our Owned/Leased Portfolio Shopping Malls contributed 47.4%, 46.9% and 52.2% of our total revenue, respectively, and revenue generated from our Managed Shopping Malls contributed 28.6%, 25.1%, and 21.0% of our total revenue, respectively. Our “Asset-Light and Operation-Heavy” business model enables us to reinforce our market leading position in the developed areas in China and benefit from land appreciation, while at the same time steadily expands our footprint in tier III and other cities without significant capital expenditures through the asset-light management and franchise business model.

We have a proven track record of profitability. We recorded a revenue of RMB16,469.2 million, RMB14,236.5 million and RMB15,512.8 million in 2019, 2020 and 2021 respectively. Our operating profit amounted to RMB6,197.2 million, RMB2,946.1 million and RMB2,862.3 million in 2019, 2020 and 2021. The decrease in operating profit from RMB6,197.2 million in 2019 to RMB2,946.1 million in 2020 is primarily due to the impact of the pandemic and the introduction of the rent-free policy in the 2020. Our gross profit margin remained stable at 65.2% in 2019, 61.5% in 2020 and 61.7% in 2021.

OUR COMPETITIVE STRENGTHS

We believe that the following competitive strengths distinguish us from our competitors:

Undisputed Market Leader in China’s Home Improvement and Furnishing Industry with Well-Recognised Brands

We are a national home improvement and furniture shopping mall operator with the largest number of domestic shopping malls, the largest operating area and the widest geographical coverage. In 2021, we had a 17.5% market share in the chain home improvement and furnishing mall sector and a 7.4% market share in the whole home improvement and furnishing mall sector (including chain and non-chain) in terms of retail sales, owning the largest market share in China’s steadily growing home improvement and furnishing industry. Our nationwide operation network, mid- to high-end market positioning, online and offline marketing and services innovation and upgrades have made our “Red Star Macalline” brand one of the most influential brands in the home improvement and furnishing industry in China, which enjoys broad brand recognition among consumers. In 2021, our consumer satisfaction rate reached a all-time high of 95.99%. At the same time, our strong brand influence, rich management experience and nationwide distribution network system have a strong appeal to other home decoration and furniture manufacturers.

As at 31 December 2021, we operated and managed 373 malls in 224 cities across 30 provinces. As at 31 December 2021, our 373 shopping malls span across an aggregate operating area of approximately 22,303,548 sq.m. Our retail network also carries a large selection of home improvement and furnishings products in China with over 34,900 brands. The gross merchandise sales in our shopping malls are among the highest in the industry.

The size of our operations and the scale of our nationwide network are unparalleled in the industry, helping position us as one of the most important retail platforms connecting vendors and customers in China. We were recognised as “China’s Five-star After-sales Service Enterprise” and among “China’s Top 10 Enterprises in the After-sales Service Industry” by the China General Chamber of Commerce at the 10th National After-sales Service Conference, and were granted the “2021 Customer Selection Award” by the China Information Industry Association of the National Development and Reform Commission. We believe our industry-leading brand attracts higher foot traffic, and enables us to charge higher rents and fees at both our Portfolio Shopping Malls and Managed Shopping Malls. The strength of our brand also makes it easier to penetrate into new local markets and to extend into attractive related businesses.

Our market leadership brings us the following unique competitive advantages:

- ***Direct access to the most relevant customers.*** We are one of the top choices for customers. Being the top brand in the market, we attract the largest number of customers and generate higher transaction volume. Our platform provides instant access to national distribution and targeted customer flow, which is compelling to our tenants.
- ***Operating leverage and economies of scale.*** Our scale enables us to continually invest in our operations and enhance our competitive positioning, while ensuring cost efficiencies through bulk procurement, centralised expense management and cost sharing across a substantial base.
- ***Unparalleled market insights.*** Our nationwide reach enables us to gain first-hand knowledge of the latest consumer trends and market developments, allowing us and in turn our brand partners to be among the best informed in our industry.
- ***Natural diversification.*** Our national platform across 224 cities in 30 provinces with over 34,900 product brands creates a natural hedge against geographic and merchandise risks.

Our retail platform has proven to be an enduring business model even in the face of competition from established multinational competitors. Compared to international brands, such as B&Q, we have a better understanding of Chinese consumption habits and have created a sound ecosystem suitable for China's home improvement and furnishing industry. Specifically, Chinese customers prefer the "Do It For Me" approach to the "Do It Yourself" approach common to international home improvement and furnishings retailers like B&Q. We therefore provide our customers with a full spectrum of one-stop shopping experience. We also have a better understanding of our tenants' needs, and have created a win-win ecosystem by giving our tenants a more flexible pricing mechanism, providing an interactive platform between our tenants and our customers, and creating a better shopping experience. Compared to IKEA, one of our international competitors that has been a major supplier of standardised, ready-to-assemble furniture and accessories in China, we believe we provide a complementary product mix and enjoy stronger growth potential. IKEA mainly targets mid- and lower-end market, while our brands are mid-to-high end, providing customers with tailored products and services, thus distinguishing our market position from IKEA. Moreover, with developing economy and improving living standards in China, the growing demands for customised home improvement and furnishings products brings in an expanding customer base for us.

Enjoying No. 1 brand influence in China's home improvement and furnishing industry, our nationwide network provides full coverage of retail channels for manufacturers/tenants. Drawing on our in-depth understanding towards the Chinese market, we also provide manufacturers/tenants with the latest industry information and trends. We offer customers the most comprehensive after-sale services and a superior shopping environment in the industry. We engage customers with 24/7 interaction on our service platform, and we provide product quality assurance and eco-friendliness guarantee, with the best in class services in the industry, our consumer satisfaction rate reached a all-time high of 95.99% in 2021.

Unrivalled Competitive Advantages Propelled by “Asset-Light and Operation-Heavy” Business Model

Our business model is difficult to replicate, our core commercial properties build a strong moat. In the meantime, our “Asset-Light and Operation-Heavy” business model effectively delivers stability, allows us to steadily expand and further penetrate target markets. By expanding the number of managed malls and franchise malls, we steadily increase our market share while controlling the capital investment of self-built shopping malls. In contrast to the traditional model, our business model brings stable recurring income and ample liquidity with low inventory risk and low capital expenditure requirement.

Portfolio Shopping Malls secure presence in strategic locations and provide solid rental growth.

Most of our Portfolio Shopping Malls are strategically located in the prime areas in the tier I cities and selected tier II cities in China, a feature that is difficult for our competitors to replicate. As at 31 December 2021, approximately 80% of our Portfolio Shopping Malls are located in the prime areas of tier I and tier II cities. Due to the nature of the home improvement and furnishings products, the choices of a suitable location for shopping malls are limited compared to other retail businesses. For instance, a suitable location should enjoy sufficient operation area and be conveniently located and close to customers. Therefore, a suitable venue at a prime location in a desired area is difficult to procure. In Beijing, we operate a total area of 348,635 sq.m., and in Shanghai 905,572 sq.m.

The income generated by our Self-owned Portfolio Shopping Malls also enjoys more durability during market fluctuation. As we are not burdened with the expenses to lease a proper location for our Self-owned Portfolio Shopping Malls, we are better positioned to maintain a steady operating income and profitability during a market downturn.

Despite ever changing economic cycles, we are able to maintain high occupancy rate and increasing unit rental income across diverse regions. The average occupancy rates of our Portfolio Shopping Malls were approximately 93.4%, 92.1% and 94.1% as at 31 December 2019, 2020 and 2021, respectively. For the three years ended 31 December 2019, 2020 and 2021, the same mall growth of mature shopping malls was 6.1%, -14.9% and 16.8%, respectively. For the year ended 31 December 2021, we opened three new Portfolio Shopping Malls. Our Portfolio Shopping Malls also help showcase our premium operations to potential tenants, Managed Shopping Mall partners and local governments.

The robust operation of our Portfolio Shopping Malls reflects our leading position and capabilities to manage and operate home improvement and furnishings shopping malls. We a positive demonstration role in continuously attracting potential high-quality merchants, expanding and consolidating the cooperative relationship with partners of the asset-light model and local governments.

Managed Shopping Malls enable rapid penetration in lower-tier cities with limited capital outlay.

Relying on our well-known brand, mature management system and service process, deep industry relationships and huge merchant resources, we have rapidly expanded our territory in tier III and lower-tier cities with an asset-light model. Our ability to open shopping malls steadily and increase our penetration across the country allow us to establish our presence in many cities ahead of our competitors. At the same time, we are ahead of our competitors in many cities by providing high value-added and scarce services to our partners. We are confident with the growth prospects of our Managed Shopping Mall segment. As at 31 December 2021, the operating area of the Managed Shopping Mall was 13,848,061.93 sq.m., with an average occupancy rate of 91.4%. Among them, the operating area of Managed Shopping Malls in tier III and lower-tier cities accounted for approximately 76%. We believe the Managed Shopping Malls help us realise the regional coverage and rapid penetration of the third and lower-tier cities under the asset-light model.

Strong digital operation and marketing capacities integrating “new retail” platforms online and offline

In 2019, we entered into a strategic cooperation partnership with Alibaba to jointly expand businesses in the new retail sector. Leveraging on Alibaba’s business model and technical support, we pioneered “new retail” platforms integrating online and offline operations and put forward a nationwide digital upgrading of our pan-home furnishings consumption industry chain. We launched an online “Home Furnishings Tongcheng New Retail” (“天貓同城站”) platform on Tmall and built our new retail online product operation and service capabilities. Meanwhile, we will continue to support traditional brands and distributors and empower them to have the ability of online operation in order to achieve precise online traffic directing and offline conversion and bring consumers a better home shopping experience.

We have innovated the online product display on our digital platforms. Our users can enjoy a 720-degree view of the products on display and make anchor points in the video. They have the option to not only watch the objects explained in the video at a panoramic view, but also re-enter the panoramic videos to listen to the explanation of the shopping guide, which forms a closed-loop experience of “looking for merchandise, visiting stores, requesting an explanation by the shopping guide, making an appointment and providing contact information, and arriving at stores”, and will also help improve the click-through rate of our merchandise.

We created the “Tmall Group New Home (天貓團新家)” operation model, which can provide high-quality online and offline integrated marketing tools. Under this model, the marketing activities can reach consumers on Tmall and WeChat, in consideration of spending characteristics in the home decoration industry, through attracting customers online from Monday to Friday and carrying out offline targeted activities at weekends. After users provide contact information in the private domain, the service account will automatically send invitations to them for joining a group purchase group. Meanwhile, the model supports the connection with WeChat groups of enterprises and enables the targeted marketing and long-term management of users in the group, thus achieving the interconnection between the public domain and private domain. At the same time, the “Tmall Group New Home (天貓團新家)” has realised the opening of private domain and public domain traffic, and ensured an overall increase in traffic and sales under the normal operation of shopping malls.

Meanwhile, we also developed diverse marketing channels aiming to boost the store traffic using various digital tools. As a top operator of home improvement and furnishing malls in China, we have first-hand knowledge of the latest consumer trends and consumption habits. By focusing on eight traffic operation channels, including community-based marketing, digital precision marketing, live streaming, membership marketing and property marketing, we explored traffic operation procedures to improve planning and marketing capacities and promote traffic pool. Meanwhile, with online operation capabilities, we built an online and offline integrated service close-loop to accelerate and promote the marketing efficiency of brand merchants in the process covering online marketing, offline acceptance and conversion.

To maximise our marketing efficiency, we worked with KOLs and influencers to enhance brand awareness and publication especially during promotions seasons, brands festivals and other marketing events to achieve low-cost marketing on social media and improve customer direction. We also built a community marketing tool through Tencent, which includes three core functions: “customer attraction and retention” (引流蓄客), “customer operation” (客戶運營) and “data center” (資料中心), which are aimed to realize the refined operation of users through the live code function, tagging system, group sending tool and separation succession, and create a private domain traffic pool at the WeChat end. As at 31 December 2021, the total number of users exceeded 100,000.

Also, to improve the accuracy of digital marketing, we also launched the “Double Engine Program” (雙擎計劃) jointly with ByteDance on its two major 2B platforms “Ocean Engine” (巨量引擎) and “Volcano Engine” (火山引擎) to explore new marketing models based on the home furnishing industry scenarios. By integrating the resources of shopping malls, brand factories and merchants, and cooperating deeply with ByteDance, we aim to optimize the media portfolio structure, process, tool application and post-link undertaking, and strengthen the production capacity of print and short video on the content side.

To take advantage of increasingly powerful digital tools, we have developed digital operation and marketing capacities covering our core shopping malls. We believe our cooperation with Alibaba in terms of transactions, Tencent in terms of marketing and Bytedance in terms of social interaction will create strong monetarization effects from online to offline and improve the efficiency of traffic direction. As we continue to build out our “big data” analytics capabilities, we can track our members and other customers’ consumption patterns and preferences and tailor our offerings to their needs. We also share our market intelligence with our tenants, helping them enhance their offerings continually. This in turn creates a virtuous cycle with better product offerings and higher customer traffic in our malls.

Full-Cycle Services of Home Furnishings Consumption

Our full-cycle, one-stop operation provides customers with access to industry chain services for the pan-home improvement and furnishings consumption ranging from home purchase to home design, and from home furnishings shopping and logistics and delivery services to home renovation. We added our home decorating sector in 2019 to our full-brands operation with access to integrated supply chains. We developed a network of shopping malls offline across the nation as well as a digital platform to manage our home furnishing operations. We also own various home decoration brands tailored for customer categories with different demands, including “Betterhome” (更好家), “Better Home” (家倍得) and “Zhenyang” (振洋). Accordingly, we are well-equipped to improve our appeal to customers as our customers’ first port of call when they begin their home decoration research

process, and to serve as their primary interface through the purchase lifecycle through an omni-channel approach. Such attraction to returning customers after their initial purchase would not only increase the consumption of home improvement and furnishings products and services in our shopping malls but also increase the user stickiness of the tenants and individual customers of our shopping malls.

We have been dedicated to creating a national home improvement brand integrating design, materials selection, construction, intelligence, environmental protection and service, and providing one-stop and individualized high-quality services characterized by “choosing decoration and buying furniture all in Red Star Macalline” (“選裝修、買家居，都在紅星美凱龍”). We have developed models including the opening of direct-operated stores in home decoration shopping malls, implementation of a partnership system to expand franchise stores, whole-house decoration, and cooperation with real estate developers in batch refined decoration business, which helps drive traffic and secure orders for brand factories and distributors, thus forming a synergy, and effectively reducing the overall customer acquisition cost for home decoration business and home furnishings of shopping malls.

Nationwide marketing network with strong channel value

We are one of a few home decoration and furniture store operators in China capable of implementing nationwide marketing activities. Our centralized marketing makes full use of our nationwide physical network to achieve cost synergies while conveying consistent nationwide marketing messages. By leveraging our strong management and control over the national shopping malls, the strong execution of our local shopping malls ensures the landing of marketing activities. We fully integrate the marketing resources of brands and merchants, take advantage of the network advantages of shopping malls across the country, and create different joint marketing products based on the two dimensions of brand and category, and jointly dilute the cost of customer acquisition, and build home furnishing industry chain ecosystem together with merchants.

As the largest operator of home decoration and furniture shopping malls in China, we have accumulated a comprehensive portrait of home consumers and products. Through multi-dimensional labels, we can accurately match brands, merchants and consumers. Based on the brand and merchants' recognition of incremental value and channel value, and with joint marketing as the entry point, we can leverage brands and merchants to spend more marketing budgets. In addition, our nationwide network of shopping malls and years of industry experience enable us to have keen insight into the household consumer market in various places, which can help our brand selection. By taking advantage of the national network, we can quickly penetrate the sinking market, which comprises of markets in cities of and below tier III and improve the adaptation efficiency of brands and dealers.

Differentiated shopping experience through exceptional service and quality

We actively manage and control all aspects of the shopping experience at our shopping malls to ensure that our customers receive a differentiated service offering that is superior to our competitors. The value we provide to retail customers has enabled us to become the market leader in the home improvement and furnishing industry.

Attractive shopping environment. The quality design and decoration of the constantly upgraded corporate mall can have a strong shopping appeal to consumers. In terms of the internal layout of the shopping mall, different categories of products are displayed in different sections of the shopping mall and the internal settings are clear to further enhance the customer experience. We also focus on the convenience of shopping for consumers, such as strategically locating malls along or near urban arterials or highways, ensuring high visibility and accessibility.

Largest product selection. By providing a one-stop shopping experience, we strive to meet all consumers' needs for home improvement and furniture products. Our store brand library has more than 34,900 brand series, all of which have been strictly screened, consumers no longer need to travel through multiple retail stores to purchase the same rich and complete products.

Environmental protection. We have created an all-round quality management system that controls brand access before sale, conducts product sampling inspection during sale, and genuine product inquiry after sale, striving to ensure the health of every consumer.

Product quality management system. We have a robust product quality management system. In 2021, we have cooperated with 14 authoritative third-party inspection agencies to coordinate the detection of mysterious buyers in shopping malls nationwide, monitor key category brands, remove the unqualified products from the shelves, suspend sales, conduct secondary inspection and send letters to the factories to ensure that the sold products meet the national environmental protection quality standards.

Merchant credit system. We continued to carry out merchant management centred on the merchant credit management, promote and upgrade the merchant credit management visual identification system, and enhance consumers' perception of merchant credit classification by combining the key indicators such as consumer evaluation, sales index, and delivery and installation satisfaction. In 2021, more than 100 shopping malls have completed the upgrading of merchants' integrity publicity, effectively improving merchants' credit management.

Customer service system. We promote the service upgrade with home-based services as the core. Up to now, the segment of home-based services has incorporated nine theme pavilions including sleep and life pavilion, soft decoration and furnishings pavilion and smart electrical appliances pavilion, to provide customers with professional and high-quality home-based services, including mattress mite removal, sofa maintenance, household appliance cleaning and curtain cleaning. Taking soft decoration category as an example, we have successively cooperated with 15 major soft decoration brands in creating the "soft decoration renewal service season" activity. We achieve comprehensive traffic driving by providing maintenance services, soft decoration design solutions, etc. For the year ended 31 December 2021, "Home-based Services" served a total of 420,000 households for the year, with a customer satisfaction rate of 100%.

We maximise merchandise selection, providing one-stop shopping experience to our customers. We take full responsibility for product quality by conducting regular product inspection to ensure compliance with national environmental standards and to protect customers' interest. We further provide an eco-friendliness guarantee and leverage brand awareness to attract high-end green brands, so as to gain favour of customers. Meanwhile, we serve as the primary point of contact for retail customers within each of our home improvement and furnishings malls. Products sold at our shopping malls carry clearly marked prices, which significantly reduces the time our customers spend on bargaining with our tenants. When retail customers seek returns or refunds for products purchased, their claims are handled directly by our centralised returns and refunds desk. Our returns policy permits product returns within 30 days of purchase without any cause, with refunds normally completed within seven days of a return. Because we serve as the primary point of contact, retail customers shop at our shopping malls knowing that returns will be accepted and refunds will be processed promptly. We create a convenient and comfortable shopping experience to our customers which addresses their pain points and in return further enhances our brand value.

Stable and High Proportional Recurring Income

Reduced risk profile from operating a third-party platform.

As a third-party retail platform, we have minimal brand, design, product, sourcing or merchandising risks. Our tenants are responsible for their own inventory management and sale of products. As at 31 December 2021, our platform extended across 224 cities in 30 provinces and over 34,900 product brands, which creates a natural hedge against geographic and merchandising risks. Given such diversification, we do not rely on any one of our tenants or any single shopping mall for our business performance. Furthermore, as we carry minimal inventory, we bear zero inventory risk and are able to reinvest our capital resources in expanding our platform and new strategic growth initiatives.

Portfolio Shopping Malls secure predictable rental income and management fees from ownership of the underlying properties.

Our ownership of the underlying properties of portfolio malls helps ensure operational flexibility and avoids disputes with landlords who could extract the bulk of the economic value through increases in rent. Rent and management fees generated from our Portfolio Shopping Malls are recurring and predictable, with highly visible growth prospects. For the year ended 31 December 2021, our Portfolio Shopping Malls that had been in operation for at least three financial years have achieved a 16.8% increase in operating revenue compared to the year ended 31 December 2020. Our cash flows and margins are also more resilient during market downturns because of our ownership of the underlying properties.

For the years ended 31 December 2019, 2020 and 2021, we operated 87, 92 and 95 Portfolio Shopping Malls. Our Owned/Leased Portfolio Shopping Malls generated revenue of RMB7,798.8 million, RMB6,682.4 million and RMB8,094.8 million for the years ended 31 December 2019, 2020 and 2021, respectively. The high quality and recurring earnings from our Portfolio Shopping Malls enable us to access long-term financing at favourable terms.

Experienced Management Team and Effective Management Structure

Our visionary management team contributes a wealth of experience and in-depth industry knowledge to our business and operations. Our founder, Chairman and one of our controlling shareholders, Mr. CHE Jianxing, is a visionary entrepreneur and business leader with national recognition and influence in China's home improvement and furnishing industry. Mr. Che founded our business 35 years ago, and in doing so created the modern home improvement and furnishings retail model in China and transformed the market landscape. Since then he has contributed over 20 years of industry experience and invaluable expertise in shopping mall development and operations to the Company. He holds key roles in various industry organisations, serving as a member of the Executive Committee of the All-China Federation of Industry and Commerce and a member of the Shanghai Municipal Committee of Chinese People's Political Consultative Conference. He was also awarded "China's Outstanding Entrepreneur" and "Work Model of Jiangsu Province" in recognition of his tremendous contribution to the industry and society at large.

Our senior management team consists of a group of reputable industry experts with an average of over 20 years of industry experience and average tenure of over 10 years at the Company. They have witnessed, promoted and shaped the development of the modern home improvement and furnishing industry in China. Led by our senior management, we are the first one-stop shopping mall and the first national shopping mall chain in the home improvement and furnishing industry in China. We are also the first home improvement and furnishings enterprise in China with in-house capabilities for the entire process of developing and managing shopping malls.

Our three-tiered management structure strengthens internal control and improves operational efficiency. The three-tiered structure includes headquarters and regional offices that are responsible for the business strategies and partnerships of malls across China, 36 area-level management teams that deliver reports received from mall managers to headquarters and convey headquarters' strategies to malls, and management teams of malls that are responsible for day-to-day operations and customer services.

Our operational efficiency is further enhanced by our information system. Leveraging on big data, we analyse foot traffic, transaction volume, customer behaviours and home designs to expand related businesses such as logistics and delivery, and focus on more efficient targeting.

OUR STRATEGIES

We aim to execute the following strategies to increase our market share and strengthen our position as an industry leader in China's home improvement and furnishing sector.

Improve business performance and consolidate our market leadership position by continuing to implement the “Asset-Light and Operation-Heavy” business model

We expect to capitalise on secular growth trends in the home improvement and furnishing industry by strategically opening new shopping malls in selected cities in China with attractive market attributes. We believe the continued urbanisation process, the growth of average income and consumption power, the upgrading of home improvement and furnishings consumption and the demand to renovate existing buildings and structures will continue to support the growth of the home improvement and furnishings markets across China. We will further strengthen our market leading position in tier I and II cities through self-operation mode, and continue to selectively open new home shopping malls in the core cities. At the same time, by relying on the sound brand reputation, mature shopping mall development, tenant sourcing and operation and management capabilities in the home improvement and furnishing industry, we will quickly penetrate into the tier III cities and other cities through the asset-light management and franchise business model, so as to further expand the operation coverage of companies in the country, and thus accelerate market penetration.

In tier I and tier II cities, we plan to strengthen our Portfolio Shopping Mall network by selectively developing large portfolio malls at suitable locations. As at 31 December 2021, we had 19 pipeline Portfolio Shopping Malls. We plan to finance our capital expenditures with cash from operations, additional bank borrowings, as well as a portion of the proceeds from the offering of the Bonds See “Use of Proceeds.”

Tier III and other cities present attractive market opportunities. In addition, we believe we could have a first mover advantage and capitalise on attractive competitive dynamics in these relatively underpenetrated markets. We plan to penetrate these markets through our asset-light strategy by launching managed malls, which we believe will enable us to broaden our network of shopping malls while generating steady growth and returns on capital without straining our balance sheet and cash flow generation capabilities. In addition, we expect to benefit from higher management fees and capture growth in local markets by linking management fees to rental income at our Managed Shopping Malls to share increases in rental payments. As at 31 December 2021, among our Pipeline Managed Shopping Malls, 327 had secured land parcels.

We will continue to promote the expansion of categories and the construction of theme pavilions, and continue to tap the categories with market potential. By targeting the segment consumption circles, we 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. We 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.

We will continue to empower brands and merchants on the marketing side. We will further advance national promotions, category festivals and other marketing activities, and incubate the home furnishing marketing IP. As the largest operator of home improvement and furniture shopping malls in China, we will continuously enhance our digital marketing capabilities and deepen the R&D of marketing tools 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 our brands and services, and use joint marketing as a way to leverages more marketing budgets of brands and merchants into us.

Focus on home decoration business to enhance full-cycle services of home furnishings consumption

We will further enhance the integration of our home improvement and home furnishings operation, strengthen the user recognition of “choosing decoration and buying furniture all in Red Star Macalline”, bring forward the strategic goal of “just one-stop for high-end home improvement” (“高端家装就一站”), and provide consumers with one-stop solutions for design, execution, products and services. We will continue to leverage on our full-category operation capabilities, integrated supply chain and access to a nationwide network of more than 400 physical shopping malls to operate brands targeting different consumer groups, further improve our service quality, standardise the construction process, enhance the construction efficiency and strengthen the monitoring and management of our operation. We will acquire customers and lock orders in advance for home furnishing consumption in shopping malls through the customized refurbishment business, so as to drive the increment of home furnishing consumption in shopping malls. We will cooperate with more leading brands to accumulate its supply chain capabilities through the standard refurbishment business, serve consumers with lower prices by means of direct and centralized purchases, and help brands diversify their channels and increase market share. In addition, we will continue to strengthen its digital capability and promote the construction of digital platform infrastructure.

Deepen the digital reform to prevail in new retail

We will strengthen digital operation of shopping malls and explore more online new retail channels to reach consumers while consolidating the development of “Tmall Tongcheng Station” (“天貓同城站”), so as to achieve omni-channel customer acquisition and omni-channel marketing. We will continue to support traditional brands and distributors and empower them to have the ability of online operation. Meanwhile, we will also keep upgrading and innovating the online platform in many aspects such as product selection, commodity operation and traffic acceptance. We will further conduct online and offline integrated operations, deepen consumers’ mentality of “online pre-selection, offline transaction”, and achieve precise online traffic directing and offline conversion by carrying out in-depth online operations, improving consumer portraits and helping consumers clarify their consumption needs.

We will continue to deepen our strategic cooperation with Alibaba, and achieve precise drainage of offline traffic through in-depth online operations and promotion of integrated online and offline operations. At the same time, we will continue to support traditional brand owners and dealers in the construction of online operation positions, including product launch, marketing launch, service launch and management launch, and focus on the improvement of digital operation capabilities, such as product selection, product operation and traffic acceptance. In addition, we will explore more online channels to reach consumers, such as Tik Tok and WeChat, to achieve global customer acquisition and global marketing, combine upstream brand factory resources, and take joint marketing as the entry point to promote launch of high-quality products.

In connection with our development of the online platform, we upgraded and restructured our information technology systems with a special focus on self-developed projects. Specifically, we continued to promote the Star Cloud, which is the first comprehensive Enterprise Resource Planning system used in the home improvement and furnishing industry. We also put forward an internal management app “Dragon’s Eye” to provide business support to our staff members. At the same time, we have made progress on the infrastructure construction in relation to the Wi-Fi network and positioning systems in our “Smart Shopping Malls.”

We has intensified the construction of a new generation of home improvement platform system projects, has completed the development and construction of the traffic management platform (in terms of placement aggregation, marketing website, CRM and distribution), the business operation and management platform (in terms of home improvement and public improvement) and the supply chain management platform (in terms of procurement management, tendering and bidding platform, etc.), and has established the professional digital marketing capability from traffic placement, acquisition to secondary distribution. The Company will continuously promote the development of its digital infrastructure capability and realize the digital upgrade of merchandise and consumers, thus creating an internet operation platform integrating consumers, goods and markets.

Achieve high-quality development by adhering to the strategy of lowering leverage

Benefited from the asset-light business expansion model, we can achieve rapid penetration in third-tier and lower-tier cities while controlling capital expenditures. We will continue to cut down capital expenditures, optimize the capital structure with steady operating cash flow, reduce the scale of interest-bearing liabilities and the asset-liability ratio, and constantly implement the “lowering leverage” strategy.

We will adhere to the transformation of the business model of “Asset-Light, Operation-Heavy and Reduced-Leverage”, consolidate our leading position in the first- and second-tier cities by focusing on operations, and continue to expand our network in sinking markets, which comprises of markets in cities of and below tier III through the asset-light and operation-heavy model, so as to consolidate our leading position in the industry. We will implement the leverage reduction strategy, rationally plan and arrange capital investment, and expand financing channels while maintaining a stable financial position and debt ratio to maximize benefits.

Continue improving corporate governance and fulfil social responsibility

We will make continuous improvement in our 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 fulfil our social responsibility.

We are committed to promoting high-standard corporate governance for the Company’s value and accountability and offering reliable and high quality home product to public. We strive to set an example for the balanced development of profitability, environment and society. We are eager to fulfil our social responsibilities and strive to become a company that serves customers with heartiness, a company that contributes to the development of the home improvement and furnishing industry, a green and environment-friendly company and a company with sustainable development. We plan to further leverage our three-tiered ESG governance structure comprised of the board as the top decision-making body, the management and the implementer to improve efficiency of ESG related matters.

RECENT DEVELOPMENTS

Impact of COVID-19

The outbreak of COVID-19, which was declared as a pandemic by the World Health Organization in March 2020, has spread globally and continues to evolve. Certain countries, including the PRC, have instituted various measures such as quarantines, restrictions on travel, social distance, and closed or limited hours of operations of non-essential businesses. Such actions may create severe economic contraction and adversely impact many industries. Further, in the first half of 2021, a new Delta variant of COVID-19 began to spread globally and caused an increase in COVID-19 cases in many places in the PRC. In November 2021, a new Omicron variant, which appears to be one of the most transmissible variants to date, was detected, which Omicron variant has since caused an increase in COVID-19 cases in multiple countries, including the PRC, and of which the potential severity is currently being evaluated. In 2021, as the outbreak of COVID-19 became relatively stabilized in China, while there were local outbreaks in various regions of China, our business development and operations were not materially and adversely affected. We cooperated with local governments to implement pandemic control measures and also actively provided support to our customers to resume their operations and production with the stabilization of the pandemic.

Since 2022, the re-emergence of Omicron variant has spread to different regions, including Shanghai and Beijing in the PRC, and triggered further imposition of restrictive measures by the PRC governments, bringing additional uncertainty to recovery and development of the PRC economy. While most cities in the PRC gradually lifted the public health restrictions, recurring COVID-19

outbreaks caused by the new COVID variants have led to the re-introduction of such restrictions in several regions from time to time, including municipalities such as Shanghai where we have operation. In response, we increased our online operations and strengthened online customer accumulation through multi-platform live broadcasts and community marketing. At the same time, we also took measures to reduce expenditure and improve operational efficiency in response to changes in the economic environment. As at the date of this Offering Circular, all of our shopping malls in Beijing and Shanghai have restored operation.

Also, in response to the COVID-19 pandemic, we regularly disinfected shopping mall areas and promulgated emergency response procedures in accordance with the epidemic prevention requirements of the government. We examined storage and allocation of our epidemic prevention supplies regularly and monitored health condition of our employees. We also performed daily check of fresh air ventilators in our shopping malls and followed epidemic prevention policies of the government applicable to us.

See also “Risk Factors – Risks relating to Our Business – Our business, financial condition and results of operations may be materially and adversely affected by market fluctuations and economic slowdowns in the PRC and the global economy, particularly as a result of the COVID-19 pandemic.”

Announcement of Unaudited Operational Data for the Three Months Ended 31 March 2022

On 29 April 2022, we announced certain unaudited operational data and key financial information of our Group for the three months ended 31 March 2022 in our announcement published on the website of the Hong Kong Stock Exchange. For the three months ended 31 March 2022, we experienced an increase in revenue and a decrease in net profit as compared with the same period in the preceding year. As at 31 March 2022, we have also experienced a decrease in cash and bank balances and a slight increase in total liabilities as compared to 31 December 2021.

As at 31 March 2022, we operated 94 Portfolio Shopping Malls, 280 Managed Shopping Malls, and 10 home furnishing malls through strategic cooperation, in addition, we authorized 64 franchised home improvement material projects by way of franchising, which included a total of 481 home improvement material stores/industry streets. During the three months ended 31 March 2022, no Portfolio Shopping Mall was newly opened, and 1 was transferred from Portfolio Shopping Mall to Managed Shopping Mall; the net increase in the number of Managed Shopping Malls was 2, in which, 2 were newly-opened shopping malls, and 1 shopping mall was closed.

As at 31 March 2022, we had 20 pipeline Portfolio Shopping Malls (of which 16 were Owned Portfolio Shopping Malls and 4 were Leased Portfolio Shopping Malls), and the planned construction area amounted to approximately 3.01 million sq.m. (subject to the final construction area as approved in the government permit documents). Among the pipeline Managed Shopping Malls, we obtained land use rights/land parcels for 325 managed contractual projects.

Such financial information, which has not been subject to an audit or review by the external auditors, should not be relied upon by investors to provide the same quality of information associated with information that has been subject to an audit or review. Potential investors must exercise caution when using such information to evaluate our financial condition and results of operations. Such financial information for the three months ended 31 March 2022 should not be taken as an indication of our expected financial condition or results of operations for the full financial year

ending 31 December 2022. See “Risk Factors – Risks Relating to Our Business and Industry – Potential investors should not place undue reliance on our unaudited and unreviewed financial information or the discussion of material financial trends in relation to our unaudited and unreviewed financial information as at and for the three months ended 31 March 2022”.

OUR “RED STAR MACALLINE” BRANDING

We strive to provide a one-stop shopping experience for those who are passionate about family life and desire a quality living environment. We believe our mission is not only to supply quality home improvement and furnishings products to our customers, but also to raise their quality of life and taste to a higher level. We have successfully built up our “Red Star Macalline” brand as a “national well-known brand” associated with shopping malls targeting the mid- to high-end segment of the home improvement and furnishings market. Our “Red Star Macalline” brand was recognised as a “China well-known brand” by Trademark Office of SAIC. In 2021, we were awarded the “2021 Customer Word-of-mouth Award” by the China Information Industry Association of the National Development and Reform Commission and 2021 Carefree Award (安心獎) by Jiemian.com.

As a market leader in the home improvement and furnishing industry, we endeavour to enrich our brand image with classical and cultural elements to differentiate us from other domestic and international sellers of home improvement and furnishings products. As part of this effort, we host “Lu Ban Cultural Festival” on his birthday every year to honour this ancient Chinese master carpenter. We not only have promotional sales at our shopping malls on this particular day, but also organise a series of cultural activities to call attention to traditional “wood culture” and furniture business. We believe another important element in home improvement and furnishing is the passion we have for our homes and spending time with our families. As such, we have declared 3 December our annual “Family Day” since 2010. On Family Day, we organise intra-mall promotional activities and provide a platform for customers to tell their family stories or show their love to other family members. We also produce short films and sponsor entertainment shows with a family life theme to promote our brand through planting advertisements of our brand and products offered in our shopping malls in these movies and shows. Furthermore, as we believe art plays an important role in the home improvement and furnishing industry among mid- to high-end customers, we began integrating art into business and hosted the “M Home, Living in Space – Red Star Macalline Art Exhibition” in Beijing to celebrate the anniversary of our “Family Day.” We invited celebrities and pop stars to join the exhibition and displayed artistic works collected from world-renowned artists, inspiring our customers’ enthusiasm for life with art and promoting our brand awareness. In order to strengthen the market recognition and image of our shopping malls, we also invite pop stars and celebrities to endorse our shopping malls and attend shopping mall opening ceremonies and major promotional events, as well as work with tenants to invite their designers, pop stars and celebrities who endorse their products to visit and perform at our shopping malls, in order to strengthen the market recognition and image of our shopping malls.

In addition, we participate in charity events and other public welfare activities to promote our brand and market recognition, such as fundraising for local charity organisations, charity houses, poverty relief, disaster relief, tree-planting as well as education programmes, which improve the living conditions of poor children in rural China.

Super Category Festival

The home furnishing industry has gradually entered the era of delicacy operation. With the completion of the theme pavilion, “Super Category Festival” has been created and has become an influential category marketing activity both inside and outside the industry. In 2021, we successfully held twelve super product category carnivals, including “Super Sofa Category Carnival”, “Super All-House Furniture Category Carnival”, “Super Cabinet Category Carnival”, “Super Floor Category Carnival”, “Borderless Sofa Category Carnival” and “Super Children’s Furniture Category Carnival”. Through refined operation such as program review in core cities and core venues, upgrade of customer storage tools, and setting of sub-venues for brand categories, it has achieved a total global exposure of over 2.1 billion times, and successfully built a consuming IP in national single-category. Based on the orderly completion of the nine category pavilions in China, the “Super Category Festival” activity normalizes category marketing. Intensive and deep engagement in various vertical categories contributes to supplementing daily traffic operation other than promotion activities of shopping malls, and further enhances consumers’ stickiness to the brand of Red Star Macalline. Meanwhile, we integrate and strengthen industry resources, further focuses on precision marketing of categories, and expands marketing differentiation. A total of five nation-wide promotion activities, namely Super Home Decoration Festival, 51HOME Party Festival, 618 Ideal Life Carnival Season, October Global Home Decoration Carnival Season and Tmall double 11 Global Carnival Season were created during the year, to gain attention, with a total of 3 billion impressions for marketing activities during the year.

Digital Branding

We optimized our online traffic purchase arrangements by optimizing the placement matrix of multiple platforms including WeChat, Tik Tok and Xiaohongshu, and tracked the post-click data through a unified customer resource distribution system.

In terms of community operation, we have developed a community marketing tool through Tencent, which embraces three core functions of “customer attraction and retention”, “customer operation” and “data center”. Through the live code function, tag system, mass sending tool, resignation inheritance and other functions, we can also realize the refined operation of users and create a private domain traffic pool on the WeChat side. As at 31 December 2021, the total number of users has exceeded 100,000.

In terms of digital precision marketing, we and ByteDance’s two major 2B platforms “Ocean Engine” and “Volcano Engine” jointly launched the “Double Engine Project” to explore new marketing models based on the home furnishing industry scenarios. By integrating the resources of shopping malls, brand factories and merchants and through in-depth cooperation with ByteDance, we continued to optimize the media portfolio structure, process, tool application and post-link undertaking, and strengthen the production capacity of plane and short videos on the content side.

In line with the tenet of “focusing on user needs”, we continue to deepen our strategic cooperation with Alibaba and establish an integrated online and offline operation system around the “Tmall Local Station”. In 2019, we signed a strategic cooperation agreement with Alibaba to jointly expand business layout in the new retail sector, aiming to introduce Alibaba’s advanced business philosophy and technical support in the new retail sector to further promote the digital upgrading of the our pan-home furnishings consumption industry chain. The “Home Furnishings Tongcheng New Retail” Project between the Company and Tmall is a core part in the above-mentioned strategic cooperation, aiming at providing better home furnishings shopping experience for users with the help of Tmall online empowerment and in combination with the offline shopping malls and services of Red Star Macalline.

PRODUCTS AND BRANDS

Our Shopping Mall Platform

Our home improvement and furnishings retail platform, combining the nation's largest number of physical shopping malls and a comprehensive online platform, is the dominant retail channel in China's home improvement and furnishings value chain. Our ability to connect vendors and consumers, both of which are numerous but individually small in scale, places us at the centre of the value chain. We believe there is significant scarcity value to controlling one of the only two national shopping mall retail channels in China, and we continue to seek ways to monetize this customer flow.

We are among the pioneers who have shaped China's modern home improvement and furnishing industry. Our shopping malls are strategically located in prime locations along or near the highways or freeways of a city, with strong visibility and easy access. Our shopping malls are visually impressive, with an average operating area of approximately 60,000 sq.m. We believe our prime locations, large scale, artistic appearance, strategically designed infrastructure and spacious parking lots have differentiated us from all other home improvement and furnishings malls in China.

We care about our tenants and customers. In addition to our infrastructure, we are also implementing our philosophy of tenant and customer-oriented services in our shopping mall operation. To our tenants, we are more than a venue to showcase their brands and products. Our tenants enjoy effective marketing and promotional efforts, professional operation and management services, as well as expansion and growth opportunities through our platform. We believe our nationally well-known brand endorses and enhances tenants' credibility, attracting customer traffic to our shopping malls, which boosts the sales performance of our tenants. Leveraging our leading market position and up-to-date market intelligence, we also proactively nurture promising boutique brands and help them to grow. During our operational history, some of our tenants who possessed limited resources have utilised our platform as a fast lane for achieving market expansion and penetration, transforming their small "family" businesses into nationally well-known brands. We believe our platform further enables our tenants to explore business opportunities nationwide with a higher certainty of success and lower expansion risk in new geographic areas, which greatly improves their expandability. Our organised national expansion plans and established shopping mall network effectively support the diversified expansion needs of the brands with different sizes at different development stages.

Through our one-stop home improvement and furnishings shopping malls across China, we endeavour to provide customers with comprehensive and quality products and a pleasant and unique shopping experience. Our goal is to improve quality of life and art appreciation among our customers. To meet our customers' varying home decoration and improvement needs, our shopping malls offer a complete line of home improvement and furnishings products through numerous vendors in our shopping malls. We continuously tailor and manage the brand and product offerings within our shopping malls and endeavour to provide our customers with a state-of-the-art experience. We also provide comprehensive and attractive customer services, including 30-day product return services, a 400-line call centre, delivery and assembly services, shopping guides and home design advice.

Products in Our Shopping Malls

We are committed to offering a wide selection of international and national brand-name products, complemented by a mix of regional brands with diverse prices, which is designed to attract customers of all ages with varying tastes and spending habits. Products and services offered at our shopping malls include the following categories:

- furniture, such as beds, design products, living room furniture, outdoor furniture, children’s furniture, trendy furniture, tea space office furniture and turnkey,
- building materials, such as windows and doors, flooring, wooden doors, cabinets, high-end customization, system customization, basic building materials, tiles and stones, custom bathroom, whole bathroom and ceiling,
- electrical appliances, such as 3C appliances, system appliances, large appliances, kitchen appliances, living appliances, smart home and lifts,
- home design, such as design centres and home improvement companies,
- soft furnishings, such as home living, overall soft furnishings, lamps, curtains and fabrics, paints, accessories, wall materials and home furnishings,
- imports, such as imported building materials, imported consolidation and imported furniture, and
- lifestyle, such as food & beverage, mobile communication, hotel & accommodation, health, business support, supermarket & retail, sports & leisure, gardening, education and training, automotive, banking, advertising and media, electrical chain, wedding and photography.

We have developed a centralised proprietary database to record most of the products offered at our shopping malls categorised by brands. This database enables us to keep track of sales within our shopping malls. When a customer indicates interest in purchasing a product, the tenant will locate the product in our database and complete the delivery information, following which a standard bill is automatically generated and ready for payment at our cashier.

Brands in Our Shopping Malls

Our brand offerings provide our customers with a one-stop shop for a wide variety of reputable international and national branded home improvement and furnishings products. The following tables illustrates a few well-known international and national brands offered in our shopping malls:

<u>Category</u>	<u>Brands</u>
Kitchen	Nobilia, Schüller
Dining Room (Living Room)	M&D, Natuzzi Editions, HC28, Camerich, Moda Loft, Lucasveron, Chic Casa, My Just
Bedding	Hastens, Vispring, Simmons, Serta, Sealy
Sanitary ware	Dornbracht, Laufen
Tiles and flooring	IMOLA, Versace Ceramics, Swiss Krono
Doors and windows	Xuge, Milux, Vantis, Yadilo
High-end customization	Tucson, Muli, Vifa

Category	Brands
Soft furnishings	Hunter Douglas, Benjamin Moore
Imported furniture.	Molteni&C, Poliform, Chateau d’Ax, Ligne Roset, Natuzzi Italia
Imported electrical appliances	AEG, Gorenje, ASKO
Trendy furniture.	Nanyangdike, A.R.T., Mextra

Regional brands are also an important element of our portfolio, helping us appeal to local consumers and differentiating the shopping experience that we provide from that of our competitors. We offer major brands spanning most product categories of home improvement and furnishings.

Product and Brand Selection

We believe that market positioning and image is essential to the success of our shopping malls. A critical component of market positioning and image involves the selection of products and brands offered. We select mainstream categories and brands that meet the needs of consumers, optimize arrangements for categories in shopping malls and promote experiential and immersive consumption by creating shopping malls of home life experience. In 2021, we upgraded the strategy of nine major theme halls, covering 9 major categories, namely smart electrical appliances, international imports, living room design, high-end customization, soft decoration and furnishings, system doors and windows, boutique bathroom accessories, sleep and life, trend furniture. More and more categories were sold on the platform of Red Star Macalline, which enriched the shopping mall ecosystem and helped more home furnishing brands expand their presence in cross-regional markets. Based on the digital and comprehensive analysis of merchandise and consumers, we subdivide categories and brands, and redistribute consumer traffic to stores of brand merchants precisely, thus realizing the connection and linkage between public and private traffic, achieving the acceptance, repeated use and deep operation of traffic in the shopping malls.

We select approximately 200 brands for each of our shopping malls out of our brand pool of over 34,900 brands. When selecting a brand within a particular product category, we take into account its market positioning and compatibility with our brand image, financial strength, historical sales, sales channel (direct sales by manufacturers or through distributors), delivery time and customer service. We focus on mid- to high-end and stylish brands and products that are not only consistent with our brand image but also enhance it. We believe that one of our competitive advantages is our ability to refine our brand and product selection and shopping mall layout to better meet the varied needs and tastes of our customers as well as provide a more pleasant and convenient shopping experience.

In general, our headquarters set guidelines for brand selection and product composition in our shopping malls. We maintain a central information database of potential and existing brands enabling us to make informed decisions to source tenants. We constantly identify and provide space for new brands to broaden our mix and provide our customers with a fresh shopping experience at our shopping malls. We also tailor the types and mixes of brands and products in our shopping malls according to consumer preferences and demands in different locations. Taking into account the number of brands on board, the degree of cooperation, the product power and brand power, we classify the brand collections into four levels: A, B, C and pending. In addition, new fashionable and trendy brand collections with design features that have recently been launched in various categories are included in the new hot brands pool. Approximately 15% of the brands offered in our shopping malls are hot brands and 37% are level A brands.

BUSINESS MODEL

We operate and manage both our Portfolio Shopping Malls and Managed Shopping Malls. Through our Portfolio Shopping Malls, we offer comprehensive services to our tenants, including designated shopping space, staff training, sales and marketing, daily operation and management, and customer services, in exchange for fixed monthly rent and management fees. Through our Managed Shopping Malls, we leverage our strong brand name and years of operational experience to provide full-scale operating services to our partners, including site selection, construction consultation, design and decoration, tenant sourcing and daily operation and management, in exchange for various fees during different stages of our involvement under our contract management agreements. Our experienced shopping mall managers provide full-scale operating services to our partners, generally including site selection, construction consultation, design and decoration, tenant sourcing and daily operation and management. We charge our partners fees during different stages of the projects in accordance with our contract management agreements.

Our “Asset-Light and Operation-Heavy” business model allows us to steadily expand and further penetrate into our target geographic areas and to effectively control our own investment risks. Most of our Portfolio Shopping Malls are strategically located in tier I and II cities, providing recurring and predictable operating income through rent and management fees. Our exhibition space agreements typically last for one year, subject to renewal. As most of our Managed Shopping Malls are located in tier III and other cities, we can efficiently expand our geographic coverage to further increase our market share and raise our brand awareness across China.

As at 31 December 2021, we operated and managed 373 shopping malls across China with a total operating area of approximately 22,303,548 sq.m., 95 of which are our Portfolio Shopping Malls with a total operating area of 8,455,486 sq.m. and 278 of which are our Managed Shopping Malls with a total operating area of 13,848,062 sq.m. During the years ended 31 December 2019, 2020 and 2021, revenue generated from our Owned/Leased Portfolio Shopping Malls contributed 47.4%, 46.9% and 52.2% of our total revenue, respectively, while revenue generated from our Managed Shopping Malls contributed 28.6%, 25.1%, and 21.0% of our total revenue, respectively. Our business model has diversified our revenue and helps to ensure the healthy and sustainable growth of our business in the future. This business model fortifies our market leadership position in developed areas to capture their consumption growth and property appreciation while at the same time steadily expands our footprint in tier III and other cities without significant capital expenditures.

During the three years ended 31 December 2021, we have also generated a small portion of our revenue from sales of merchandise and related services mainly from (i) construction and design, (ii) related home decoration and sales of merchandise and (iii) others.

OUR PORTFOLIO SHOPPING MALLS

We generate a significant portion of our revenue from our Portfolio Shopping Malls, most of which are strategically located in tier I and tier II cities. We provide comprehensive and continuous operation and management support to our tenants, covering designated exhibition space, staff training, sales and marketing, daily operation and management, and customer service. Our tenants enter into standard annual exhibition space agreements with us, the terms of which include location and operating area of the exhibition space, term, rent and management fee, payment method and quality assurance deposits. Our exhibition space agreements typically have a term of one year, subject to renewal, which allows us to review the amount of rent and management fee annually, adjusting as necessary to better reflect current market conditions. The annual renewal of exhibition space agreements also allows us to proactively manage our brand and product mix to better appeal to constantly changing customer tastes.

We customise our owned properties from the very beginning of design and construction to appeal to the commercial and cultural need of our potential tenants, as compared to reconstruction and redecoration sometimes required for leased properties. Our owned properties enable us to anchor our brand in strategic or high-visibility sites in prime locations that would otherwise not be available if we did not own them, and allow us to avoid the operational risks of relocation or increase in rent, which in turn ensures stable cash flow and predictable operating costs. We are also able to enjoy the long-term land and property appreciation and obtain favourable financings with our owned properties pledged to provide security. To supplement our property portfolio with minimal capital expenditure, we also selectively lease properties in strategically attractive locations.

We opened our first Portfolio Shopping Mall in 1998 and our Portfolio Shopping Mall business has grown steadily ever since. The number of our Portfolio Shopping Malls increased from 87 as at 31 December 2019 to 95 as at 31 December 2021, and the shopping mall operating area increased from approximately 7,736,844 sq.m. to approximately 8,455,486 sq.m. during the same period. As at 31 December 2021, 61 of our Portfolio Shopping Malls were Self-owned and 34 were Non-self-owned. For the years ended 31 December 2019, 2020 and 2021, the revenue generated from our Owned/Leased Portfolio Shopping Malls was RMB7,798.8 million, RMB6,682.4 million and RMB8,094.8 million, respectively, accounting for approximately 47.4%, 46.9% and 52.2% of our total revenue, respectively. We plan to continue expanding the network of our Portfolio Shopping Malls in tier I and tier II cities as suitable opportunities arise.

Tenant Services and Management

We maintain a good long-term relationship with our tenants. We had over 100,000 exhibition space arrangements in place as at 31 December 2021. As at 31 December 2021, all of our top five tenants in terms of rent and management fees had maintained business relationships with us for over ten years on average. During the three years ended 31 December 2021, we did not experience any material dispute with any of our tenants.

We provide comprehensive services to our tenants, such as training, personnel management, procurement management, cashier service, security, maintenance, custodial service, customer service, promotional activity organisation, product inspection, marketing and promotion and other value-added services.

- *Customer service:* We maintain a centralised customer service policy and are responsible for customer service across our shopping malls. Each of our shopping malls has a customer service centre, providing centralised customer services including:
 - Return service: our return policy allows customers to return products without cause within 30 days of purchase;
 - Rebate: rebate of three times the price difference if a customer who has purchased a product at our shopping mall found that the price paid is higher than that of the same product in other shopping malls of the same type in the same city within seven days of purchase; and
 - Free and punctual delivery and assembly services.

- *Quality control:* We have adopted a series of control and management policies, procedures and plans that are designed to ensure our shopping malls provide quality products and services to the satisfaction of the retail customers. We routinely check quality and genuineness of the products sold in our shopping malls and whether the products are environmentally friendly.
- *Marketing and sales:* We frequently organise promotional activities to stimulate consumption in our shopping malls. Typically, our headquarters decide on the themes of promotions and categories of products to be covered, while the individual shopping malls and their tenants implement the promotional activities and decide on the details such as discount rates.
- *Staff training:* Our tenants employ their own employees to serve at their sales counters located in the shopping malls. These personnel must comply with the guidelines set out by us. We supervise the performance of these personnel and provide comprehensive training and have the right to demand their replacement if they violate our guidelines.
- *Centralised database and cashier services:* We have developed a centralised proprietary database to record most of the products offered at our shopping malls categorised by brands and to keep track of sales within our shopping malls. When a customer indicates interest in purchasing a product, the tenant will locate the product in the database and complete the delivery information, following which a standard bill is automatically generated and ready for payment at our cashier. We offer the services of collecting the proceeds from the sale of our tenants' products at our central cashier located on each two floors. We now promote distributed cashier, our tenants can realize billing and payment at their own exhibition space. For the income collected through central cashier, we will obtain our tenants' confirmation before we deduct relevant expenses and fees payable by them, offset any due and unpaid rent and management fees, and remit the remaining sales proceeds to our tenants within a certain period of time.

The two types of contracts primarily entered into in our Portfolio Shopping Mall business consist of exhibition space agreements entered into with our tenants and lease agreements entered with our landlords for our leased shopping malls.

We enter into standard exhibition space agreements with all of our tenants, which usually set forth the term of the agreement, brand and type of product offered, exhibition space to be occupied by the tenant, amount of rent and management fee and payment schedule, tenant's operational circumstances (opening hours, decoration arrangements, etc.) and certain assurances and indemnity from the tenants concerning the quality of products offered.

For our leased shopping malls, we enter into leases with the property owners. Our lease arrangements vary from case to case.

Mall Development

We have strong in-house shopping mall development capabilities, including land acquisition and shopping mall planning, design and construction. Thanks to our extensive experience in building home improvement and furnishings shopping malls, we have established a systematic procedure not only in developing our Portfolio Shopping Malls but also in advising on the construction of our Managed Shopping Malls, which enables us to implement our standard criteria in shopping malls across the country.

Outlined below are the key steps in developing our Portfolio Shopping Malls. For our Managed Shopping Malls, we participate either in the entire development process or at certain stages designated by our partners and provide consulting services to our partners or the construction contractors engaged by our partners, as the case may be.

Site Selection

We believe site selection is fundamental to retail business, including home improvement and furnishings shopping malls. We take into account the following key factors during site selection:

- the general economic development of the local area, including without limitation GDP, population density, transportation convenience;
- the income level, spending power and consumer habit of the local residents;
- the development status of our competitors within the city;
- the location of a shopping mall within the city, in particular, its accessibility and visibility; and
- the infrastructure, urban planning and development plan of the local government.

Our development centres at our headquarters initiate the site selection process when they identify a potentially suitable site for development through local government notices, bidding invitations and other public channels. The development centres are responsible for the initial investment plan and the overall preparatory work and coordination during the site selection process.

Land Acquisition

Once a site is selected, our development centres commence the land acquisition process. We sometimes acquire land for our projects through the listing-for-sale process organised by local government authorities, auctions and public tenders. We independently participate in the listing-for-sale process, and after acquiring the land, establish a wholly-owned project company to obtain land use rights which is responsible for project development and construction. Under other circumstances, we cooperate with various local business partners in joint construction and development of home improvement and furnishings shopping malls in different regional markets.

The cooperation between us and a local business partner typically goes through the following stages: (i) obtaining land use rights: the local business partner already possesses or will obtain the land use rights for the land parcels on which the proposed home improvement and furnishings shopping malls will be constructed (the “project land”); (ii) establishment of a project company: after obtaining the land use rights for the project land, the local business partner establishes a project company by itself or jointly with us; (iii) initial construction and development: subject to the relevant regulatory approvals being obtained, initial construction and development activities will commence. We will assist the project company in seeking external financings to fund the construction costs, with the financing costs to be borne by us and the local business partner pro rata to the shareholding percentage in the project company. To the extent that any such construction cost is not covered by external financing, we will use our internal funds to cover the shortfall; (iv) our acquisition of the project company: we will acquire the entire or controlling equity interests in the project company

subject to certain conditions being satisfied, for example, when 25% of the total investment has been invested in the construction and development of the project land (“25% Invested”), as determined by the relevant government authorities in accordance with applicable PRC land laws and regulations; (v) remaining construction and development: the project company will continue with the remaining construction and development work until completion of the project.

The “25% Invested” project milestone, as described above, has been set up by the parties for compliance purpose. According to applicable PRC land laws and regulations, vacant land obtained by means of grant must meet the “25% Invested” criteria before the underlying land use rights can be transferred from the original land use right grantee to any third party. As compared to land acquisition from the “primary market,” i.e., by participating in the listing-for-sale process organised by the local government authorities, auctions and public tenders, such cooperation enables us to leverage the local business partner’s expertise and experience in site selection and land acquisition, particularly in the new markets which we are less familiar with. Based on our industry knowledge, this type of land acquisition arrangement is a common practise in infrastructure construction and commercial property development in China.

Planning and Design

Our development centres formulate the master design concept and plan based on local aesthetic preferences, government policies and market conditions, which also meets our internal design philosophy and standards and complies with our cost control and operational requirements. To facilitate the future tenant sourcing process, we also endeavour to reflect the demands and preferences of our target tenants as early as in the planning and design stage.

Once we finalise the master design concept and plan, we work closely with third-party design firms to prepare a more detailed architectural planning and design drawing, a detailed layout of the floor plans, and settle on decorative styles, appearance, landscaping and interior design. We select design firms through a tender process based on their proposed designs, professional qualifications, reputation in the industry and bidding price.

Construction

We outsource construction of all our Portfolio Shopping Malls to independent construction contractors selected by us through a tender process based on a set of strict criteria, such as professional qualifications, reputation in the industry, track record, technical and construction capability, proposed construction schedule and bidding price. We maintain long-term relationships with reputable construction contractors that meet our criteria and we constantly invite them to tender for new projects.

Construction contractors provide certain quality and safety warranties to us set forth in the construction contracts as mandated by the relevant PRC laws and regulations and per our requirements. The construction contracts also set out payment arrangements, typically in instalments.

Signing of tenancy agreements with merchants

After the completion of the tenant sourcing process, the mall will sign an exhibition space agreement with the tenant to agree on the location of the exhibition space, the area of the exhibition space, the period of use of the exhibition space, the rental and management fees, the payment method, the quality guarantee and other matters. In order to better manage the tenants, the contract is normally signed once a year and the rent and management fee will be negotiated by both parties upon expiry. The annual renewal of the exhibition space agreement also allows the Company to actively manage its brand and product portfolio to better cater to changing customer tastes.

OUR MANAGED SHOPPING MALLS

In addition to operating our Portfolio Shopping Malls, we also enter into contract management arrangements with our partners to provide full scale consultation and management services and manage their shopping malls under our brand name “Red Star Macalline.” Our contract management business model is a win-win situation between us and our Managed Shopping Mall partners. Such business model provides us with a strong and visible operating cash inflow and favourable return with relatively low capital expenditure. Our Managed Shopping Mall partners also benefit from cooperation with us which brings them steady and predictable rental income. Most of our Managed Shopping Malls are located in tier III and lower cities, which enables us to effectively expand our geographic coverage and further improve our market share and brand awareness across China.

Contract Management Arrangement

We choose reputable real estate developers and property owners who are financially sound as our partners under contract management arrangements. Leveraging our abundant industry experience and well regarded reputation in the market, we assist our partners with on-site due diligence and preliminary market research during the early stages. Next we advise our partners on the land bidding process. As a reputable national brand with local presence all over the country, we are experienced in land bidding procedures and are also welcomed by local governments to spur local economic growth. As a result, we believe our participation in our partners’ communications with local governments helps smooth the process and facilitate the land acquisition by our partners. We usually charge our partners a fixed amount of initiation and entrance fee, typically payable in instalments within several days of signing the contract management agreements, of tenant sourcing conferences and of the opening of shopping malls, depending on a variety of factors which might include city tier, mall size and mall location. Based on our review of their credit track record and our ongoing business relationship, we constantly communicate with our Managed Shopping Mall partners to settle any outstanding balance, and provide them with additional credit terms if needed.

Once the land is obtained and ready to commence construction, most of our partners outsource all or part of the construction process to construction contractors recommended by us. We are closely involved in the planning, design and construction of the Managed Shopping Malls, providing our valuable advice to the construction contractors and in certain cases even preparing the construction blueprint for the construction contractors. We also actively supervise the construction process and work to optimise the construction plan, which helps the construction contractors to optimise the construction plan and increase the operating area of the shopping malls. Benefiting from our leverage over construction contractors as a result of our long-term relationships, we are able to negotiate for more favourable construction arrangements and enforce consistent high quality construction across

our shopping malls. The seamless collaboration between us and the construction contractors helps to ensure our goal of a unified brand image, layout and style across all the shopping malls we operate, including both our Portfolio Shopping Malls and Managed Shopping Malls. Our participation in arranging for tenants to move in and scheduling the decoration also ensures an efficient and smooth pre-opening execution. We charge the construction contractors a fixed amount of construction consultation and management fees for such services, payable in instalments upon commencement of construction, completion of construction and approval of completion, depending on a variety of factors which might include city tier, mall size, mall location and scope of work. For details, see “Description of the Company – Business Model – Our Portfolio Shopping Malls – Mall Development.”

Our leading market position, reputation and good relationships with brands also facilitate the process of sourcing suitable and quality tenants to guarantee a successful opening. In exchange we charge our partners a fixed amount of tenant sourcing fee, payable in instalments within several days prior to tenant sourcing conferences, or prior to the opening of the shopping malls, depending on a variety of factors which might include city tier, mall size and mall location.

Once a shopping mall opens, our professional management team takes charge of the management of the shopping mall by providing services including daily operation and management, sales, promotion, advertising and customer service. Importantly, we recruit and manage all the staff in our shopping malls to ensure the same level of quality across our nationwide network. Our partners (i) bear the capital expenditure of shopping mall renovation, if any, and (ii) bear the daily operational costs, including reimbursement of the operational costs incurred by our management team, and (iii) pay us an annual management fee. We generally charge our partners a fixed amount of annual management fee, typically payable at the end of the prior twelve months, depending on a variety of factors which might include city tier, mall size and mall location. To better capitalise our added value in running the Managed Shopping Malls and share the upside in annual rental payments received by our partners, we currently charge a progressive commission of certain percentage of the rental increase in addition to the fixed amount of management fee if the total rent exceeds specified thresholds provided in the contract management agreements. Our development centres and operation teams evaluate local market conditions and provide an estimation of future rental income level. We also take into account our partners’ expectation of future rental income in reaching agreements with our partners on the amount of management fee and the thresholds for paying the progressive commission.

We opened our first managed shopping mall with our partners in 2001 and our contract management business has grown ever since. The number of our Managed Shopping Malls increased from 250 as at 31 December 2019 to 278 as at 31 December 2021, and the operating area of our Managed Shopping Malls increased from approximately 13,250,106 sq.m. to approximately 13,848,062 sq.m. during the same period. For the years ended 31 December 2019, 2020 and 2021, we generated revenue from our Managed Shopping Malls of RMB4,702.2 million, RMB3,580.5 million and RMB3,256.2 million, respectively, accounting for approximately 28.6%, 25.1% and 21.0% of our total revenue, respectively.

We generally enter into standard contract management agreements with our partners. The standard contract management agreement sets forth the scope and fee schedule of our consulting and management services, our construction and consulting services, our partners’ obligations to protect our intellectual property, their noncompetition obligations, our right of first refusal upon sale of the mall and a term typically of ten years from the opening of the mall.

We typically set up a branch company in the jurisdiction where the Managed Shopping Mall is located as the daily operating and managing entity. We do not licence our brand name to our partners. Instead, our branch company is licenced to use our brand name. We collect the rent and marketing fees payable by tenants in the Managed Shopping Malls on behalf of our partners and our consultation and management fees are directly payable by our partners. Our partners bear the losses arising from defaults in rental payments which are not covered by the rental deposits from the tenants.

Tenants of our Managed Shopping Malls generally enter into standard three-party service agreements with us and our partners in substantially the same form as the exhibition space agreements used for our Portfolio Shopping Malls. Under the three-party service agreement, the tenant is responsible to pay a fixed amount of rent and marketing fees and a fixed amount of management fees. We have the sole and absolute discretion over the daily operation of the Managed Shopping Malls without interference from our partners. We collect rent and marketing fees from tenants and deduct our consultation and management fees payable under contract management agreements directly from such rent and marketing fees before remitting the proceeds to our partners, thereby removing most delinquency risk.

We enter into standard construction consultation agreements with construction contractors for our Managed Shopping Malls and charge the construction contractors a fixed construction consultation and management fee for providing consultation services throughout the construction process. The agreements set forth specific services we agree to provide, including consultation on planning, design, construction and decoration, payment and criteria with respect to the acceptance of construction at various stages. The total construction consultation and management fee amount is calculated based on the total operating area and rates for different services and is paid in instalments.

OPERATING PROCESS

We operate our shopping malls in an efficient and cost effective manner. We apply our operational expertise to ensure our retail customers obtain a premium shopping experience, and also to ensure our Managed Shopping Mall partners benefit from our operational intelligence. Unlike our competitors, we operate an integrated platform with excellent execution capabilities across the entire process of developing and managing shopping malls. We appoint a dedicated and skilled team to coordinate and guide each stage of our business operations, from land acquisition to planning and design, construction to tenant sourcing, and operation to management. Our large-scale operation and steady expansion depend on our stable and multifaceted operational team consisting of over 20,000 highly skilled individuals, who are responsible for ensuring efficiency, reliability and quality during each stage of our operating process. It usually takes us approximately two to three years for us to complete the process from commencement of construction or leasing to shopping mall opening, which has contributed to our steady growth in the past.

Business Development

We have a number of development centres, each with a different geographic focus to support our nationwide coverage. We take into account various factors in determining whether to pursue a project opportunity, primarily including visibility, accessibility, potential and economic return.

We believe a project is “visible” if it is close to main streets or downtown areas, and the outer design is eye-catching. A project is considered “accessible” if it is located in a place where it is easy for consumers to travel to and park cars. We also take into account whether the location is or will become a development focus of the local government, which improves a project’s potential. Lastly, we need to be satisfied with the anticipated investment return of a project before taking any further action. We take into consideration various factors such as land acquisition costs, financing costs, prevailing rental level in local markets and management expenses to determine the anticipated investment return and review a shopping mall’s financial and operating performance against the relevant anticipated investment return on a continuous basis. It usually takes a new shopping mall two to five years to build up market recognition and attract sufficient customer flow in order to charge a sufficient level of rent and management fees, while the operating costs of a new shopping mall remain relatively stable as it matures. After that, it may take up to another five to 14 years to generate sufficient returns to cover our initial investments in a Self-Owned Portfolio Shopping Mall.

Once our business development departments identify a potential investment opportunity, including both Portfolio Shopping Malls and Managed Shopping Malls, we will also commence the business and legal due diligence on the potential partner and the underlining land parcel. Pursuant to our project evaluation process requirements, a project proposal shall only be taken to our project evaluation committee and all relevant departments within the Company for joint review and approval after the business and legal due diligence is completed. For the shopping malls where we are in charge of land acquisition or where we obtain the land together with a local partner, our business development departments, internal control and compliance department and legal department work together to make sure the proper land use right is obtained. For the shopping malls where the land use right has been obtained before we participate in the project, including certain Non-self-Owned Portfolio Shopping Malls and Managed Shopping Malls, we generally (i) request the partners to provide legal documents relating to the land title, including land use right certificates, public bidding result announcements, land transfer confirmation and/or land acquisition agreements, for our inspection, (ii) specify the land title in the lease agreements, cooperation agreements or contract management agreements, (iii) send our teams to perform on-site due diligence on the land parcel, and (iv) engage outside counsel to assist in legal due diligence and transaction documents negotiation for complex deals or where we suspect the land title might be defective after we perform our own preliminary due diligence.

Construction and Decoration

We have been implementing stringent and established construction and decoration standards for our shopping mall layouts and facilities to ensure consistent high quality and brand image. Furthermore, our strong in-house mall development capacity also enables our malls to stay ahead of the latest market trends and comply with applicable laws and regulations such as construction and fire safety, without the need of frequent refurbishment.

Our construction consultation department is responsible for liaising with construction contractors and advising them in determining the most reasonable and efficient timetable for construction. To ensure that construction quality meets our expectations and requirements and that shopping malls open on time, we have teams on site to supervise the construction progress and correct deviation from our standards along the way. Our standardised and efficient construction process not only shortens the construction cycle but also reduces the construction cost. Leveraging our economy of scale and long-term relationships with construction contractors, we possess bargaining power over construction contractors and we are able to negotiate more favourable construction arrangements in equipment bulk procurement.

After basic construction work is completed, we help the construction contractors with the overall layout and decoration plan, we help select the type, colour and palette of decoration materials and we provide guidance on maintaining safety facilities such as fire-proof facilities. We also help the construction contractors develop the electronic access and security system, video system and network to further improve the software of our shopping malls.

As soon as our tenants are ready to move in, we work with the tenants and construction contractors to finalise the interior decoration for each individual tenant at its sales counter. When we review the decoration plans, we take the opportunity to coordinate the interior decoration of different tenants and make sure the decoration style is cohesive with each individual tenant and fits that of the public areas at the shopping malls perfectly. We also advise our tenants in selecting decoration materials so that their decoration also meets our safety, quality and environmental protection standards across our shopping mall network.

Tenant Sourcing

We believe our unique tenant sourcing and management system is the essence of our core competitiveness and forms a key foundation for our steady expansion. Our brand classification chart and individual brand files enable us to promptly respond to changing market conditions, effectively adjust our market positioning and provide a constantly appealing brand and product portfolio to our customers. Thanks to our established tenant sourcing efforts, we are usually able to complete the tenant sourcing process for new malls in six months.

We attract quality tenants into our shopping malls as we believe tenants satisfactory to customers are key to the success of a shopping mall. We proactively select approximately 200 brands for each of our shopping malls out of our brand pool of over 34,900 brands. Our tenant sourcing department, with over 915 staff, specialises in selecting and evaluating tenants and we have adopted a manual outlining the methods and process we use to source our tenants. We review our tenant portfolio on an annual basis.

For our new shopping malls, our tenant sourcing process generally starts when the construction phase is substantially completed. Our tenant sourcing department as well as our operation teams proactively reach out to brands with whom we have long-term relationships and keep them apprised of our new shopping mall opening schedule, allowing the brands to prepare internally and coordinate with their distributors in the relevant locations. We procure tenant sourcing staff on-site to prepare for the shopping mall opening once construction is substantially completed. Once a tenant sourcing proposal is prepared after detailed analysis and research of the local market, our on-site tenant sourcing staff will host tenant sourcing conferences to officially kick start the tenant sourcing process, followed by negotiation of exhibition space agreements and signing of preliminary agreements.

We adjust our brand and product mix in our existing shopping malls from time to time in response to changing market conditions and trends, and conduct an overall review of our brand portfolio every year. We maintain an individual file for every brand offered at our shopping malls, which tracks its first entry into our shopping malls, the opening of new stores, closure of existing stores and sales performance. When evaluating the performance of our tenants and determining their respective rankings on the brand classification chart, we primarily evaluate their product quality and whether their products are environmentally friendly as we believe those factors are fundamentally important to customers of the home improvement and furnishing industry. We also take into account feedback from local customers and the brand awareness and sales performance in local markets,

including whether the sales price is competitive and attractive in local markets. Our exhibition space arrangements with each tenant are reviewed on an annual basis, which provides us with the flexibility to adjust our brand and product mix from time to time to cater to changing consumer preferences, market conditions, as well as competition.

We also use an advanced information system to classify and rate each tenant, covering a wide range of information collected from the commencement of the exhibition space agreement and records from our daily interaction with them. Our brand classification chart categorises all tenants into various categories based on brand management ability, sales performance, product quality, research and development capability and other criteria, which enables us to limit our tenant sourcing process to the class and category of tenants we desire.

Daily Operation and Management

Our three-level management system strengthens our internal control regime and also enables us to effectively operate our business and maintain relationships with various business partners. The management system consists of our headquarters, 36 district offices and various shopping mall management teams. Our shopping mall managers are in charge of daily mall operations and customer service, and report directly to our district offices. Our headquarters are in charge of our business strategies and cooperation across our shopping malls nationwide. Each level regularly meets with and reports to its respective superior and communicates frequently to ensure a quick response time. We believe our highly trained staff and effective systems have enabled us to operate our shopping malls more efficiently than our competitors.

Our shopping mall management teams are in charge of daily operation and management of respective shopping malls, including collection of sales proceeds and rent, execution of promotional sales, daily maintenance, customer service and interaction with local business partners. Our district offices, which cover one province or several adjacent large cities, are in charge of the implementation of specific operation and management plans and strategies. These district offices coordinate the activities of our shopping malls within the region for better cooperation, such as staffing and unified promotion activities, and supervise the daily operations of shopping malls within the region. Our headquarters, our tenant sourcing centre, marketing and branding department, and operation and management centre collectively manage our nationwide business on a centralised basis. As at 31 December 2021, we have 36 provincial marketing and development centers focused on business development to expand our nationwide footprint, allocate resources and ensure cooperation across district offices and shopping malls within their respective regions.

OUR ONLINE BUSINESS

Online Retailing Business

Our online platform is designed to supplement customer experience and offer a synchronised online and offline shopping experience for our consumers. On the one hand, compared to physical stores where there is only limited space for product display, our online platform benefits customers by providing them with a wide selection of products and virtually unlimited product display. On the other hand, leveraging our expansive physical network, we also satisfy home furnishings customers' unique needs to feel the products and receive personal service from onsite staff. Integrating our online and offline platforms, we will further develop communication with our customers, improve customer satisfaction and boost both online and offline shopping demands.

As a leading home improvement and furnishing shopping mall operator in China, we have fully considered the characteristics of “low-frequency but high-value customer orders, and emphasizing on both services and experience” in the home furnishing industry, and pioneered an online and offline citywide retail model in the industry to promote digital transformation of the industry. In 2019, we signed a strategic cooperation agreement with Alibaba to jointly expand business layout in the new retail sector, aiming to introduce Alibaba’s advanced business philosophy and technical support in the new retail sector to further promote the digital upgrading of the our pan-home furnishings consumption industry chain. The “Home Furnishings Tongcheng New Retail” Project between the us and Tmall is a core part in the above-mentioned strategic cooperation between the us and Alibaba, aiming at providing better home furnishings shopping experience for users with the help of Tmall online empowerment and in combination with the offline shopping malls and services. As the online main front of Home Furnishings Tongcheng New Retail, “Red Star Macalline Official Flagship Store” on Tmall platform (“Tmall Tongcheng Station”) (“天貓同城站”) adopts LBS (Location Based Services) technology to display localized products and undertake localized services and can push the localized digital store interface to users according to their geological location. After a user enters the interface of “Tmall Tongcheng Station”, the back-office system will automatically generate information about the products and services of the Macalline offline shopping malls in the city where the user is located. Then the user can consult about or purchase the home furnishing products in the Red Star Macalline shopping malls without leaving home, and learn details of the products through pictures, videos, 3D scenes and other means. After selecting specific products, the user can directly purchase them online or make an appointment to experience and purchase at a nearby store, realizing an integrated closed-loop process of “online display and customer attraction, offline experience and consumption” for home furnishing products.

Online Home Design Business

Our home design and decoration business aims to integrate the upstream and downstream industrial chain in the home decoration industry through our shopping mall platform and great brand impact. We provide full services integrating home furnishings design proposals, sale of materials and furniture and construction service for consumers, in order to improve the shopping experiences of our consumers, and drive sales in our shopping malls.

We have developed models including the opening of direct-operated stores in home decoration shopping malls, implementation of a partnership system to expand franchise stores, whole-house decoration, and cooperation with real estate developers in batch refined decoration business, which helps drive traffic and secure orders for brand factories and distributors, thus forming a synergy, and effectively reducing the overall customer acquisition cost for home decoration business and home furnishings of shopping malls. In terms of digital construction, we have independently developed a full-chain ERP system of full house decoration, digital marketing tools and a CRM system, and has developed the digital capability of the home decoration business. In terms of process technology research and development, we have made technological breakthroughs in anti-mildew, anti-seepage, anti-cracking, moisture-proof, villa noise reduction, etc., and obtained relevant utility model patents. In 2021, we have completed the launch of multiple applications/products, including home improvement ERP, employee end, project manager end, supply chain end, recruitment platform, etc. Through these product lines, we have completed development of a traffic management platform (placement and aggregation, marketing website, CRM and distribution), a business operation management platform (home improvement and public decoration), and a supply chain management platform (purchase management, bidding and tendering platform, etc.), and has established professional digital marketing capabilities covering advertising placement, acquisition of consumer clues and redistribution of traffic.

With regard to the differentiated arrangements for home decoration brands, with the full-category operation capability, supply chain integration capability, and the nationwide network of physical shopping malls, we have created home decoration brands oriented towards different terminal consumer markets, including “Betterhome”, “Better Home” and “Zhenyang”. “Betterhome” is positioned as a mid-and high-end home decoration brand offering full customization. Its stores are located in core areas of shopping malls, enabling it to acquire and identify customers early, while all main and auxiliary materials specified in home decoration contracts can be purchased in the shopping malls, thus effectively driving traffic and securing orders for merchants in the shopping malls and contributing to incremental sales. “Better Home” is oriented towards the mid-end overall decoration market. Under the supply chain model, it achieves direct purchase from the source, thus reducing the intermediate processes of circulation of products and purchase costs, and benefiting consumers. “Zhenyang” serves high-end consumers including luxury property buyers, and provides one-stop high-end customized solutions.

OUR SHOPPING MALLS

Project Portfolio

Our Portfolio Shopping Malls

Our Portfolio Shopping Malls include (1) shopping malls which are owned by the Company’s holding subsidiaries; (2) shopping malls leased by the Company; (3) shopping malls held by the Company and associates or joint venture partners and operated by the Company. Accordingly, with respect to the operating information in this Offering Circular, we categorize the abovementioned (1) as “**Self-owned Portfolio Shopping Malls**” and the abovementioned (2) and (3) as “**Non-self-owned Portfolio Shopping Malls**”. With respect to the financial information in this Offering Circular, we categorise the abovementioned (1) and (2) as our “**Owned/Leased Portfolio Shopping Malls**”, among which (1) is categorised as “**Owned Portfolio Shopping Malls**”, and (2) is categorised as “**Leased Portfolio Shopping Malls**”.

As at 31 December 2021, our JV/Associate Shopping Malls included Wuhu Minghui Mall, Chengdu Zhizun Mall, Shenzhen Qianhai Mall, Guangdong No.1 Mall and Xiamen Jimei Mall. We do not consolidate the results of operation of the relevant companies holding the JV/Associate Portfolio Shopping Malls into our consolidated financial information for the years ended 31 December 2019, 2020 and 2021. The results of operation of and our interests in the relevant companies were reflected in share of profit of Associates, share of results of joint ventures, interests in Associates, and interests in joint ventures in our consolidated financial information.

The following table sets forth the number and operating area of our Portfolio Shopping Malls in operation by region as at the end of 31 December 2021:

Region ⁽¹⁾ (Municipality/Administrative Region)	Portfolio Shopping Malls	
	Number of shopping malls	Sub-total of Operating Area (sq.m.)
Beijing	4	348,635
Shanghai	7	905,572
Tianjin	4	461,429
Chongqing	6	463,474
Northeast China	10	1,098,917
North China (excluding Beijing, Tianjin).	11	670,095
East China (excluding Shanghai).	29	2,565,671
Central China	8	868,167
South China	7	316,163
Western China (excluding Chongqing)	9	757,362
Total	95	8,455,486

Note:

- (1) The provinces, municipalities and autonomous regions of the PRC are divided into six large regions and four municipalities (excluding Hong Kong, Macau and Taiwan regions), among which, 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 Guangdong Province, Guangxi Zhuang Autonomous Region; Western 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; four municipalities are Beijing, Shanghai, Tianjin and Chongqing, respectively.

The table below sets forth, project-by-project and in order of the opening dates, certain basic information for our Portfolio Shopping Malls in operation as at 31 December 2021.

No.	Name	Opening Date	Location	City Tier	Category	Operating Area ⁽¹⁾
						As at 31 December 2021 (sq.m.)
Self-Owned Portfolio Shopping Malls						
1 . . .	Jiangsu No. 1 Mall	Dec-2008	Nanjing, Jiangsu	Tier II	Self-owned	141,752
2 . . .	Global House No. 1 Mall	Oct-2000	Shanghai	Tier I	Self-owned	244,019
3 . . .	Shanghai Wenshui Mall	Apr-2007	Shanghai	Tier I	Self-owned	174,892
4 . . .	Shanghai Pudong Hu'nan Mall	May-2010	Shanghai	Tier I	Self-owned	190,697
5 . . .	Shanghai Wuzhong Road Mall	Apr-2013	Shanghai	Tier I	Self-owned	60,109
6 . . .	Shanghai Pudong Jinqiao Mall	Dec-2013	Shanghai	Tier I	Self-owned	108,660
7 . . .	Shanghai Pujiang Mall	Sep-2014	Shanghai	Tier I	Self-owned	64,470
8 . . .	Beijing West Fourth-ring Mall	Nov-2002	Beijing	Tier I	Self-owned	71,228
9 . . .	Beijing Zhizun Mall	Oct-2006	Beijing	Tier I	Self-owned	77,972
10 . .	Beijing North Fourth-ring Mall	Sep-2008	Beijing	Tier I	Self-owned ⁽²⁾	77,725

No.	Name	Opening Date	Location	City Tier	Category	Operating Area ⁽¹⁾
						As at 31 December 2021 (sq.m.)
11 . .	Tianjin No. 1 Mall	Feb-2012	Tianjin	Tier II	Self-owned	149,429
12 . .	South&West No. 1 Mall	Dec-2006	Chongqing	Tier II	Self-owned	106,390
13 . .	Chongqing Erlang Mall	Mar-2014	Chongqing	Tier II	Self-owned	82,292
14 . .	Yunnan No. 1 Mall	Sep-2011	Kunming, Yunnan	Tier II	Self-owned ⁽³⁾	98,844
15 . .	Chengdu Wuhou Mall	Jun-2007	Chengdu, Sichuan	Tier II	Self-owned	69,858
16 . .	Shandong No. 1 Mall	Oct-2010	Jinan, Shandong	Tier II	Self-owned	128,746
17 . .	Dongbei No. 1 Mall	Jun-2008	Shenyang, Liaoning	Tier II	Self-owned	154,655
18 . .	Shenyang Hunnan Mall	May-2012	Shenyang, Liaoning	Tier II	Self-owned	155,470
19 . .	Panjin Xinglong Mall	Oct-2013	Panjin, Liaoning	Other	Self-owned	66,234
20 . .	Dalian Shopping Mall	Aug-2013	Dalian, Liaoning	Tier II	Self-owned	99,623
21 . .	Shenyang Tiexi Phase II Mall	Nov-2014	Shenyang, Liaoning	Tier II	Self-owned	41,774
22 . .	Jilin No. 1 Mall	May-2012	Changchun, Jilin	Tier II	Self-owned	132,059
23 . .	Daqing Expo Mall	Dec-2014	Daqing, Heilongjiang	Tier III	Self-owned	85,675
24 . .	Jiaodong No. 1 Mall	Apr-2014	Yantai, Shandong	Tier III	Self-owned	97,802
25 . .	Suzhou No. 1 Mall	Aug-2013	Suzhou, Jiangsu	Tier II	Self-owned ⁽⁴⁾	136,572
26 . .	Changzhou No. 1 Mall	Jan-2001	Changzhou, Jiangsu	Tier III	Self-owned	121,334
27 . .	Changzhou Wujin Mall	Sep-2010	Changzhou, Jiangsu	Tier III	Self-owned	153,654
28 . .	Zhongyuan No. 1 Mall	Oct-2007	Zhengzhou, Henan	Tier II	Self-owned	160,950
29 . .	Langfang Kaihong Mall	Aug-2013	Langfang, Hebei	Tier III	Self-owned	84,660
30 . .	Wuxi Xishan Mall	Mar-2001	Wuxi, Jiangsu	Tier II	Self-owned	163,021
31 . .	Hunan No. 1 Mall	Oct-2015	Changsha, Hunan	Tier II	Self-owned	89,938
32 . .	Zhongshan Gangkou Mall	Oct-2015	Zhongshan, Guangdong	Tier III	Self-owned	59,008
33 . .	Wuhan E'touwan Mall	Oct-2015	Wuhan, Hubei	Tier II	Self-owned	182,298
34 . .	Gansu No. 1 Mall	Dec-2015	Lanzhou, Gansu	Tier II	Self-owned	77,876
35 . .	Wuxi No. 1 Mall	Dec-2015	Wuxi, Jiangsu	Tier II	Self-owned	120,239
36 . .	Shanghai Jinshan Mall	May-2016	Shanghai	Tier I	Self-owned	62,724
37 . .	Dongguan Wanjiang Mall	Sep-2016	Dongguan, Guangdong	Tier II	Self-owned	55,838
38 . .	Wuhan Hanyang Mall	Sep-2016	Wuhan, Hubei	Tier II	Self-owned	94,187
39 . .	Anhui No. 1 Mall	Nov-2016	Hefei, Anhui	Tier II	Self-owned	103,601
40 . .	Heilongjiang No. 1 Mall	Oct-2016	Harbin, Heilongjiang	Tier II	Self-owned	101,182
41 . .	Inner Mongolia No. 1 Mall	Oct-2016	Hohhot, Inner Mongolia	Tier II	Self-owned	84,999

No.	Name	Opening Date	Location	City Tier	Category	Operating Area ⁽¹⁾
						As at 31 December 2021 (sq.m.)
42	Shenyang Yuhong Mall	Oct-2016	Shenyang, Liaoning	Tier II	Self-owned	99,826
43	Tianjin Beichen Mall	May-2017	Tianjin	Tier II	Self-owned	101,048
44	Harbin Songbei Mall	Oct-2017	Harbin, Heilongjiang	Tier II	Self-owned	162,420
45	Tianjin Binhai Mall	Dec-2017	Tianjin	Tier II	Self-owned	80,976
46	Suzhou Mudu Mall	Dec-2017	Suzhou, Jiangsu	Tier II	Self-owned	66,478
47	Nanjing Pukou Mall	Dec-2017	Nanjing, Jiangsu	Tier II	Self-owned	168,215
48	Ningbo Yinzhou Mall	Apr-2011	Ningbo, Zhejiang	Tier II	Self-owned	113,090
49	Chongqing Chayuan Mall	May-2018	Chongqing	Tier II	Self-owned	63,038
50	Sichuan No. 1 Mall	Oct-2018	Chengdu, Sichuan	Tier II	Self-owned	111,021
51	Xining Expo Mall	Dec-2018	Xining, Qinghai	Other	Self-owned	97,527
52	Xinjiang No. 1 Mall	Jul-2019	Urumqi, Xinjiang	Tier III	Self-owned	95,188
53	Guangxi No. 1 Mall	Sep-2019	Liuzhou, Guangxi	Tier III	Self-owned	67,038
54	Kunshan Qianjin Mall	Jun-2020	Suzhou, Jiangsu	Tier II	Self-owned	33,162
55	Taiyuan Guojin Mall	Nov-2020	Taiyuan, Shanxi	Tier II	Self-owned	54,720
56	Chongqing Yubei Zhizun Mall	Dec-2020	Chongqing	Tier II	Self-owned	79,085
57	Chengdu Aesthetic Center Mall	Dec-2020	Chengdu, Sichuan	Tier II	Self-owned	52,390
58	Kunming Panlong Mall	Dec-2020	Kunming, Yunnan	Tier II	Self-owned	65,877
59	Zhejiang No. 1 Mall	Jul-2021	Hangzhou, Zhejiang	Tier II	Self-owned	117,700
60	Jiangxi No. 1 Mall	Oct-2021	Nanchang, Jiangxi	Tier II	Self-owned	109,027
61	Tianjin Dongli Mall	Sep-2012	Tianjin	Tier II	Self-owned	129,975
Non-self-Owned Portfolio Shopping Malls						
62	Yangzhou Runyang Furniture Mall	May-2006	Yangzhou, Jiangsu	Tier III	Leased ⁽⁵⁾	68,446
63	Hangzhou Gudun Mall	May-2009	Hangzhou, Zhejiang	Tier II	Leased	51,854
64	Beijing No. 1 Mall	Oct-2010	Beijing	Tier I	Leased	121,710
65	Chongqing Nanping Mall	Nov-2009	Chongqing	Tier II	Leased	83,429
66	Changzhou Decoration Mall	Oct-1998	Changzhou, Jiangsu	Tier III	Leased	49,181
67	Datong Dongxin Mall	Jan-2015	Datong, Shanxi	Other	Leased	68,145
68	Shenzhen Jilong Mall	Sep-2009	Shenzhen, Guangdong	Tier I	Leased ⁽⁶⁾	36,313
69	Wuhai Mall	Mar-2015	Wuhai, Inner Mongolia	Tier III	Leased	38,261
70	Shiyan Zhejiang Road Mall	Aug-2015	Shiyan, Hubei	Other	Leased	59,509
71	Chifeng Mall	Aug-2010	Chifeng, Inner Mongolia	Tier III	Leased ⁽⁷⁾	59,331

No.	Name	Opening Date	Location	City Tier	Category	Operating Area ⁽¹⁾
						As at 31 December 2021 (sq.m.)
72	Yangquan Xinqu Mall	Sep-2014	Yangquan, Shanxi	Other	Leased ⁽⁸⁾	63,452
73	Nanjing Europe Mall	Apr-2017	Nanjing, Jiangsu	Tier II	Leased	42,954
74	Weifang Zhenhua Mall	Dec-2017	Weifang, Shandong	Tier III	Leased	45,085
75	Weifang Hanting Mall	Jun-2011	Weifang, Shandong	Tier III	Leased	56,053
76	Baotou High-tech District Mall	Jan-2014	Baotou, Inner Mongolia	Tier III	Leased	69,462
77	Nanchang Honggutan Mall	Jun-2018	Nanchang, Jiangxi	Tier II	Leased	53,993
78	Weihai Jingqu Mall	Oct-2018	Weihai, Shandong	Tier III	Leased	42,496
79	Hengyang Yanfeng Mall	Dec-2018	Hengyang, Hunan	Tier III	Leased	56,741
80	Nanchang Xianghu Mall	Jul-2017	Nanchang, Jiangxi	Tier II	Leased	37,893
81	Taiyuan Changfeng Mall	Oct-2017	Taiyuan, Shanxi	Tier II	Leased	38,575
82	Chongqing Yongchuan Mall	Mar-2017	Chongqing	Tier II	Leased	49,241
83	Xilinhote Mall	Apr-2016	Xilinhote, Inner Mongolia	Tier III	Leased	49,379
84	Tangshan Shidai Mall	Apr-2019	Tangshan, Hebei	Tier III	Leased	59,112
85	Nantong Saige Mall	Oct-2019	Nantong, Jiangsu	Tier III	Leased	44,738
86	Zibo Ouliluoya Mall	Sep-2020	Zibo, Shandong	Other	Leased	51,059
87	Wuhan No. 1 Mall	Nov-2015	Wuhan, Hubei	Tier II	Leased	105,477
88	Shenzhen Pinghu Mall	Dec-2018	Shenzhen, Guangdong	Tier I	Leased	37,469
89	Changsha Shaoshan Mall	Oct-2007	Changsha, Hunan	Tier II	Leased	119,066
90	Xiamen Dongdu Free Trade Mall	Dec-2016	Xiamen, Fujian	Tier II	Leased	54,293
91	Wuhu Minghui Mall	Dec-2011	Wuhu, Anhui	Tier III	JV/Associate ⁽⁹⁾	127,151
92	Chengdu Zhizun Mall	Sep-2011	Chengdu, Sichuan	Tier II	JV/Associate ⁽¹⁰⁾	88,780
93	Shenzhen Qianhai Mall	Dec-2019	Shenzhen, Guangdong	Tier I	JV/Associate ⁽¹¹⁾	16,975
94	Guangdong No. 1 Mall	Dec-2021	Guangzhou, Guangdong	Tier II	JV/Associate ⁽¹⁰⁾	43,523
95	Xiamen Jimei Mall	Oct-2019	Xiamen, Fujian	Tier II	JV/Associate ⁽¹⁰⁾	66,080

(1) Operating area refers to area that can be used to generate income within a shopping mall based on our internal record.

(2) 67% of the operating area in this shopping mall is owned by us, while 33% of the operating area is leased by us.

(3) 76.6% of the operating area in this shopping mall is owned by us, while 23.4% of the operating area is owned by our partner and managed by us for our partner under a contract management arrangement.

(4) On 7 August 2015, we acquired an additional 21.67% of the equity interest of the project company, and our equity interest in the project company increased from 33.33% to 55%. Since the date thereof, we have started to consolidate the results of operation of the project company.

- (5) The shopping mall was managed by us under a contract management arrangement prior to 1 April 2014.
- (6) The shopping mall was managed by us under a contract management arrangement prior to 1 January 2014.
- (7) The shopping mall was managed by us under a contract management arrangement prior to 1 September 2016.
- (8) The shopping mall was managed by us under a contract management arrangement prior to 1 January 2017.
- (9) We own 48% of the equity interest of the project company operating this shopping mall as at 31 December 2021. As we are responsible for the daily operation of this shopping mall and share the investment risk with our Associate, we consider this shopping mall as one of our Portfolio Shopping Malls. However, as we do not consolidate the results of operation of the project company, our share of the operating income generated from this shopping mall is reflected in share of profit of Associates instead of revenue generated from our Owned/Leased Portfolio Shopping Malls.
- (10) We own 50% of the equity interest of the project company operating this shopping mall as at 31 December 2021. As we are responsible for the daily operation of this shopping mall and share the investment risk with our joint venture partner, we consider this shopping mall as one of our Portfolio Shopping Malls. However, as we do not consolidate the results of operation of the project company, our share of the operating income generated from this shopping mall is reflected in share of results of joint ventures instead of revenue generated from our Owned/Leased Portfolio Shopping Malls.
- (11) We own 43% of the equity interest of the project company operating this shopping mall as at 31 December 2021. As we are responsible for the daily operation of this shopping mall and share the investment risk with our joint venture partner, we consider this shopping mall as one of our Portfolio Shopping Malls. However, as we do not consolidate the results of operation of the project company, our share of the operating income generated from this shopping mall is reflected in share of results of joint ventures instead of revenue generated from our Owned/Leased Portfolio Shopping Malls.

During the years ended 31 December 2019, 2020 and 2021, we opened nine, seven and four of our Portfolio Shopping Malls, respectively, among which six, six, and three were newly opened and three, one and one were converted from our Managed Shopping Malls, respectively. During the same period, we closed two, two, and one and of our Portfolio Shopping Malls, respectively.

During our years of shopping mall operation, we have established an effective internal system to evaluate, assess and monitor the performance of our Portfolio Shopping Malls. Before we proceed with any concrete plan of shopping mall development, we need to be satisfied with the anticipated investment return of a project. We take into consideration various factors such as land acquisition costs, financing costs, the prevailing rental level in local markets and management expenses to determine the anticipated investment return and review a shopping mall's financial and operating performance against the relevant anticipated investment return on a continuous basis. We also perform extensive business and legal due diligence on the potential partner and the underlying land parcel. See "Description of the Company – Operating Process – Business Development". Any potential project shall be jointly reviewed and approved by our project evaluation committee and all relevant departments within the Company. Once a shopping mall is opened, we actively monitor its financial and operating performance on a real-time basis to promptly identify and remedy any unusual trends. Our headquarters usually hold operational management meetings with all district offices and our district offices hold meetings with shopping malls within their respective districts. We compare key financial and operating metrics of each shopping mall, including operating income, profit, profit margin and occupancy rate against the anticipated returns, and pay special attention to the metrics with unsatisfactory performance. We analyse the management accounts and operating records of such shopping malls to better understand the reasons for the unsatisfactory performance and work with the local management teams and the responsible district offices to adopt remedial measures to improve shopping mall management. However, if the unsatisfactory performance or other defects continue despite our continuous efforts due to factors out of our control, we will proceed with a carefully designed mechanism to determine the possibility of shopping mall closure and endeavour to minimise

the losses to our tenants and ourselves if the closure is inevitable. Our Directors consider the impact of closure of a small number of our Portfolio Shopping Malls was immaterial to our business and did not and would not have any material impact on our financial conditions and results of operation.

Our Managed Shopping Malls

As of 31 December 2021, we have 278 Managed Shopping with a total operating area of approximately 13,848,062 sq.m.. The table below sets forth, project-by-project and in order of the opening dates, certain basic information for our Managed Shopping Malls in operation as at 31 December 2021.

No.	Name	Opening	Location	City Tier	Term of Management	Operating
		Date (Month-Year)				Area (sq.m.)
1 . . .	Zhenjiang Xinqu Mall	May-2011	Zhenjiang, Jiangsu	Tier III	13 years from signing	57,302
2 . . .	Huaihai No. 1 Mall	Oct-2001	Xuzhou, Jiangsu	Tier III	By Dec-31-2022	190,532
3 . . .	Yangzhou Runyang Furniture Mall	May-2006 ⁽¹⁾	Yangzhou, Jiangsu	Tier III	By Dec-31-2024	97,375
4 . . .	Yancheng Century Mall	Sep-2007	Yancheng, Jiangsu	Tier III	By Sep-14-2029	132,929
5 . . .	Huai'an Qinghe Mall	Aug-2010	Huai'an, Jiangsu	Tier III	15 years from signing	60,097
6 . . .	Huai'an Xiangyu Mall	Oct-2012	Huai'an, Jiangsu	Tier III	10 years from opening	85,348
7 . . .	Ma'anshan Hetai Mall	Mar-2014	Ma'anshan, Anhui	Tier III	10 years from opening	60,530
8 . . .	Tongling Tianshan Mall	May-2014	Tongling, Anhui	Other	10 years from opening	69,076
9 . . .	Hefei Xindi Mall	Oct-2008	Hefei, Anhui	Tier II	By Aug-18-2027	111,489
10 . .	Hefei Zhengwu Mall	Apr-2012	Hefei, Anhui	Tier II	10 years from opening	132,657
11 . .	Anhui Huaibei Mall	Dec-2013	Huaibei, Anhui	Other	10 years from opening	59,157
12 . .	Shaoxing Keqiao Mall	May-2013	Shaoxing, Zhejiang	Tier III	15 years from signing	79,332
13 . .	Yuyao Fengshan Mall	Oct-2014	Yuyao, Zhejiang	Other	20 years from opening	72,250
14 . .	Taizhou Jiaojiang Mall	Nov-2010	Taizhou, Zhejiang	Tier III	By Jan-18-2024	60,840
15 . .	Cixi Xinkai Mall	Dec-2013	Cixi, Zhejiang	Other	20 years from opening	62,993
16 . .	Taizhou Hongjia Mall	Dec-2013	Taizhou, Zhejiang	Tier III	10 years from opening	57,265
17 . .	Fujian Zhangzhou Mall	Jul-2011	Zhangzhou, Fujian	Tier III	By Jan-19-2024	70,000
18 . .	Xiamen No. 1 Mall	Dec-2010	Xiamen, Fujian	Tier II	15 years from signing	100,538
19 . .	Quanzhou Anxi Mall	Nov-2014	Quanzhou, Fujian	Tier III	8 years from opening	42,202
20 . .	Quanzhou Huaxiang Mall	May-2010	Quanzhou, Fujian	Tier III	By Jun-30-2030	73,157
21 . .	Putian Dongzhen Road Mall	Oct-2011	Putian, Fujian	Other	By Oct-14-2031	78,766
22 . .	Fujian Sanming Mall	Sep-2012	Sanming, Fujian	Other	10 years from opening	61,742
23 . .	FuqingHonglu Mall	Oct-2014	Fuqing, Fujian	Other	10 years from opening	34,066
24 . .	Beijing Chao Yang District Mall	Dec-2011	Beijing	Tier I	By Jun-26-2034	112,865
25 . .	Anshun Xixiu Mall	Nov-2014	Anshun, Guizhou	Other	10 years from opening	57,217
26 . .	Xi'an Taibai Mall	Apr-2008	Xi'an, Shaanxi	Tier II	By Apr-21-2022	111,117
27 . .	Yinchuan Lijing Mall	Sep-2011	Yinchuan, Ningxia	Tier III	By Sep-23-2031	66,728
28 . .	Xi'an Longshou Mall	Apr-2012	Xi'an, Shaanxi	Tier II	By Apr-21-2022	90,000
29 . .	Xi'an No. 1 Mall	Sep-2012	Xi'an, Shaanxi	Tier II	10 years from opening	104,615
30 . .	Korla Mall	Aug-2014	Korla, Xinjiang	Other	10 years from opening	60,246
31 . .	Baoji Mall	Nov-2014	Baoji, Shaanxi	Other	10 years from opening	39,889
32 . .	Chengdu Jinniu Shopping Mall	Aug-2014	Chengdu, Sichuan	Tier II	9 years from opening	123,985
33 . .	Neijiang Tiancheng Mall	Sep-2014	Neijiang, Sichuan	Other	10 years from opening	61,927
34 . .	Ulanqab Jining Mall	Nov-2014	Ulanqab, Inner Mongolia	Other	10 years from opening	41,447

No.	Name	Opening	Location	City Tier	Term of Management	Operating	
		Date				Area	
		(Month-Year)					(sq.m.)
35	Bayan Nur Mall	Oct-2012	Bayan Nur, Inner Mongolia	Other	10 years from opening	52,889	
36	Zibo Changguo Mall	Sep-2008	Zibo, Shandong	Tier III	15 years from signing	46,914	
37	Shandong Jining Mall	Sep-2011	Jining, Shandong	Tier III	By Sep-28-2024	80,591	
38	Tengzhou Aoti Mall	Sep-2014	Tengzhou, Shandong	Other	10 years from opening	51,412	
39	Fushun Zheshang Mall	Sep-2010	Fushun, Liaoning	Other	15 years from signing	58,070	
40	Anshan Dadaowan Mall	Sep-2010	Anshan, Liaoning	Tier III	15 years from opening	56,340	
41	Jilin Chuanying Mall	Feb-2014	Jilin, Jilin	Tier III	10 years from opening	64,217	
42	Songyuan Ningjiang Mall	Mar-2014	Songyuan, Jilin	Tier III	10 years from opening	64,074	
43	Qingdao Huangdao Mall	Nov-2009	Qingdao, Shandong	Tier II	By Nov-5-2029	80,281	
44	Qingdao Chengyang Mall	Aug-2011	Qingdao, Shandong	Tier II	By Mar-12-2031	62,654	
45	Rizhao Donggang Mall	Jan-2011	Rizhao, Shandong	Other	15 years from signing	79,955	
46	Yantai Phase I Mall	Dec-2012	Yantai, Shandong	Tier III	By Apr-30-2030	97,239	
47	Qinhuangdao Haigang Mall	Sep-2009	Qinhuangdao, Hebei	Other	By Dec-31-2024	72,275	
48	Handan Congtai Mall	Sep-2011	Handan, Hebei	Tier III	9 years from opening	109,846	
49	Chengde Shuangluan Mall	Oct-2014	Chengde, Hebei	Other	10 years from opening	9,180	
50	Qian'an Yanshan Mall	Jan-2015	Qian'an, Hebei	Tier III	10 years from opening	54,283	
51	Suzhou Xinqu Mall	Apr-2010	Suzhou, Jiangsu	Tier II	By Apr-30-2029	90,112	
52	Zhangjiagang South Second-ring Mall	Jun-2010	Zhangjiagang, Jiangsu	Other	By Jun-30-2030	101,549	
53	Suzhou Likou Mall	Jun-2011	Suzhou, Jiangsu	Tier II	By Aug-31-2023	114,298	
54	Taixing Taichang Mall	Jun-2009	Taixing, Jiangsu	Other	By Jun-19-2029	78,499	
55	Taizhou Gaogang Mall	Jul-2013	Taizhou, Jiangsu	Tier III	By Jan-11-2032	55,701	
56	Xinghua Shaoyang Mall	Jul-2014	Xinghua, Jiangsu	Other	10 years from opening	32,399	
57	Huangshi Yingbin Mall	Dec-2010	Huangshi, Hubei	Other	15 years from signing	72,365	
58	Enshi Shidai Mall	Sep-2014	Enshi, Hubei	Other	10 years from opening	33,838	
59	Shijiazhuang Heping Mall	Jan-2007	Shijiazhuang, Hebei	Tier II	By Dec-31-2030	99,363	
60	Hebei No. 1 Mall	Mar-2011	Shijiazhuang, Hebei	Tier II	15 years from signing	123,570	
61	Langfang Xianghe Mall	May-2010	Langfang, Hebei	Other	9 years from opening	159,079	
62	Xingtai Zhonghua Mall	Apr-2013	Xingtai, Hebei	Tier III	10 years from opening	108,845	
63	Henan Xinxiang Mall	Sep-2013	Xinxiang, Henan	Tier III	10 years from opening	81,166	
64	Yixing Jialemei Mall	Nov-2011	Yixing, Jiangsu	Other	By Nov-18-2021	88,573	
65	Jiangyin Xiangang Zhizun Mall	Sep-2011	Jiangyin, Jiangsu	Other	By Jul-17-2029	82,287	
66	Datong Weidu Mall	Dec-2010	Datong, Shanxi	Other	15 years from signing	29,319	
67	Zhuzhou Tianyuan Mall	Dec-2011	Zhuzhou, Hunan	Tier III	Not specified in the contract	93,835	
68	Xiangtan Jiuhua Mall	Sep-2014	Xiangtan, Hunan	Other	15 years from opening	66,321	
69	Hengyang CC Park Mall	Nov-2014	Hengyang, Hunan	Tier III	15 years from opening	56,952	
70	Foshan Lecong Mall	May-2009	Foshan, Guangdong	Tier II	15 years from signing	155,571	
71	Baoding High-Tech Mall	Mar-2015	Baoding, Hebei	Tier III	10 years from opening	88,768	
72	Rugao Haiyang Mall	Apr-2015	Rugao, Jiangsu	Other	10 years from opening	50,511	
73	Lianyungang Lingzhou Mall	Apr-2015	Lianyungang, Jiangsu	Tier III	10 years from opening	33,339	
74	Linyi Jingkai Mall	May-2015	Linyi, Shandong	Tier III	10 years from opening	69,820	
75	Tai'an Longtan Mall	Apr-2015	Tai'an, Shandong	Tier III	15 years from opening	35,355	
76	Liaocheng Dongchang Mall	Sep-2015	Liaocheng, Shandong	Tier III	10 years from opening	60,645	
77	Jinghai Yingbin Mall	Aug-2015	Tianjin	Tier II	10 years from opening	41,061	
78	Tonghua Jiangan Mall	Nov-2015	Tonghua, Jilin	Tier III	10 years from opening	60,582	
79	Jincheng Zezhou Mall	Dec-2015	Jincheng, Shanxi	Tier III	10 years from opening	43,996	
80	Fuzhou Jinshan Mall	Oct-2015	Fuzhou, Fujian	Tier II	17 years from opening	83,488	
81	Ningde Mindong Mall	Dec-2015	Ningde, Fujian	Tier III	10 years from opening	39,006	

No.	Name	Opening	Location	City Tier	Term of Management	Operating
		Date				Area
		(Month-Year)				(sq.m.)
82 . .	Zoucheng Chongyi Mall	Dec-2015	Zoucheng, Shandong	Tier III	10 years from opening	37,548
83 . .	Lu'an Foziling Mall	Oct-2015	Lu'an, Anhui	Tier III	20 years from opening	58,254
84 . .	Suzhou Wujiang Mall	Nov-2015	Suzhou, Jiangsu	Tier II	10 years from opening	48,390
85 . .	Lanzhou Yantan Mall	Dec-2015	Lanzhou, Gansu	Tier II	10 years from opening	18,203
86 . .	Ningde Fuding Mall	Mar-2016	Fuding, Fujian	Tier III	10 years from opening	29,731
87 . .	Kaili Hongyun Mall	Jun-2016	Kaili, Guizhou	Tier III	10 years from opening	45,864
88 . .	Siping Tiedong Mall	Jun-2016	Siping, Jilin	Tier III	15 years from opening	55,032
89 . .	Guizhou Duyun Mall	Jul-2016	Duyun, Guizhou	Tier III	10 years from opening	35,447
90 . .	Jinxiang Wenfeng Mall	Jul-2016	Jining, Shandong	Tier III	10 years from opening	31,935
91 . .	Nanchong Gaoping Mall	Sep-2016	Nanchong, Sichuan	Tier III	10 years from opening	52,060
92 . .	Hefei Binhu Mall	Sep-2016	Hefei, Anhui	Tier II	15 years from opening	79,955
93 . .	Anhui Mengcheng Mall	Sep-2016	Haozhou, Anhui	Tier III	10 years from opening	23,915
94 . .	Anhui Chaohu Mall	Dec-2016	Chaohu, Anhui	Tier III	10 years from opening	36,565
95 . .	Shaoguan Zhenjiang Mall	Dec-2016	Shaoguan, Guangdong	Tier III	10 years from opening	37,968
96 . .	Shijiazhuang Zhongchu Mall	Nov-2016	Shijiazhuang, Hebei	Tier II	15 years from signing	70,003
97 . .	Huaihua Hexi Mall	Dec-2016	Huaihua, Hunan	Tier III	15 years from opening	70,360
98 . .	Xiaogan Zhongyang Mall	Oct-2016	Xiaogan, Hubei	Tier III	10 years from opening	71,623
99 . .	Zunyi Xiangjiang Mall	Nov-2016	Zunyi, Guizhou	Tier III	10 years from opening	56,217
100 . .	Jianyang Xiongzhou Mall	Dec-2016	Jianyang, Sichuan	Tier III	12 years from opening	39,418
101 . .	Dazhou Jinlong Mall	Dec-2016	Dazhou, Sichuan	Tier III	10 years from opening	44,303
102 . .	Qijiang Tonghui Mall	Dec-2016	Chongqing	Tier II	10 years from opening	49,538
103 . .	Wuhan Baishazhou Mall	Apr-2017	Wuhan, Hubei	Tier II	10 years from opening	30,536
104 . .	Sichuan Anyue Mall	Apr-2017	Ziyang, Sichuan	Other	10 years from opening	25,908
105 . .	Xuancheng Maisha Mall	May-2017	Xuancheng, Anhui	Other	10 years from opening	36,467
106 . .	Yingkou Bayuquan Mall	May-2017	Yingkou, Liaoning	Other	15 years from opening	65,379
107 . .	Hubei Xiantao Mall	Jun-2017	Xiantao, Hubei	Other	12 years from opening	31,288
108 . .	Tangshan Kaiping Mall	Jun-2017	Tangshan, Hebei	Tier III	10 years from opening	35,568
109 . .	Zibo Zhoucun Mall	Jun-2017	Zibo, Shandong	Tier III	10 years from opening	39,907
110 . .	Jiangxi Jiujiang Mall	Jun-2017	Jiujiang, Jiangxi	Other	10 years from opening	75,182
111 . .	Jiangsu Jingjiang Mall	Jun-2017	Jingjiang, Jiangsu	Other	12 years from opening	42,717
112 . .	Guangxi Guigang Mall	Jun-2017	Guigang, Guangxi	Other	10 years from opening	37,475
113 . .	Guangxi Beihai Mall	Jul-2017	Beihai, Guangxi	Other	10 years from opening	46,330
114 . .	Xichang Ningyuan Mall	Aug-2017	Xichang, Sichuan	Other	10 years from opening	59,441
115 . .	Chifeng Xintiandi Mall	Sep-2017	Chifeng, Inner Mongolia	Other	10 years from opening	39,490
116 . .	Wuhan Hanxi Mall	Sep-2017	Wuhan, Hubei	Tier II	10 years from opening	109,571
117 . .	Jinzhou Shopping Mall	Sep-2017	Jinzhou, Liaoning	Other	20 years from opening	66,066
118 . .	Zhangshu Rongjiang Mall	Sep-2017	Zhangshu, Jiangxi	Other	10 years from opening	30,173
119 . .	Huanghua Jinbao Mall	Sep-2017	Huanghua, Hebei	Other	10 years from opening	49,032
120 . .	Tianjin Hexi Mall	Oct-2003	Tianjin	Tier II	Automatically renewed every 5 years unless otherwise notified, with a maximum management period of 18 years	71,792
121 . .	Tianjin Hongqiao Mall	May-2004	Tianjin	Tier II	Automatically renewed every 5 years unless otherwise notified, with a maximum management period of 18 years	65,069
122 . .	Lishui Caifu Mall	Oct-2017	Lishui, Zhejiang	Tier III	10 years from opening	36,074
123 . .	Lankao Shopping Mall	Oct-2017	Kaifeng, Henan	Other	10 years from opening	28,907

No.	Name	Opening	Location	City Tier	Term of Management	Operating	
		Date				Area	
		(Month-Year)					(sq.m.)
124 . .	Guangdong Meizhou Mall	Oct-2017	Meizhou, Guangdong	Tier III	10 years from signing	32,161	
125 . .	Hejian Jingkai Mall	Oct-2017	Hejian, Hebei	Other	10 years from opening	29,491	
126 . .	Shandong Huimin Mall	Nov-2017	Binzhou, Shandon	Other	10 years from opening	37,687	
127 . .	Tongliao Shopping Mall	Nov-2017	Tongliao, Inner Mongolia	Other	8 years from opening	32,458	
128 . .	Xianyang Shopping Mall	Dec-2017	Xianyang, Shaanxi	Tier III	10 years from opening	29,172	
129 . .	Jingyin Chengdong Mall	Dec-2017	Jiangyin, Jiangsu	Other	10 years from opening	51,447	
130 . .	Ruian Xinqu Mall	Dec-2017	Rui'an, Zhejiang	Other	10 years from opening	53,222	
131 . .	Changzhou Jintan Mall	Dec-2017	Changzhou, Jiangsu	Tier II	10 years from opening	38,584	
132 . .	Dongyang Baiyun Mall	Dec-2017	Dongyang, Zhejiang	Other	10 years from opening	41,407	
133 . .	Heze Kunming Road Mall	Dec-2017	Heze, Shandong	Other	10 years from opening	51,967	
134 . .	Shandong Dongying Mall	Dec-2017	Dongying, Shandong	Other	10 years from opening	44,141	
135 . .	Loudi Huaxing Mall	Dec-2017	Loudi, Hunan	Other	10 years from opening	52,980	
136 . .	Mianyang Mianzi Mall	Dec-2017	Mianyang, Sichuan	Tier III	10 years from opening	39,866	
137 . .	Chengdu Longquanyi Mall	Dec-2017	Chengdu, Sichuan	Tier II	10 years from opening	26,671	
138 . .	Luzhou Jiangyang Mall	Dec-2017	Luzhou, Sichuan	Other	10 years from opening	52,089	
139 . .	Deyang Huashan Mall	Dec-2017	Deyang, Sichuan	Other	10 years from opening	38,219	
140 . .	Mianyang Santai Mall	Dec-2017	Mianyang, Sichuan	Tier III	10 years from opening	23,718	
141 . .	Chongqing Liangping Mall	Jan-2018	Chongqing	Tier II	12 years from opening	28,056	
142 . .	Chengle Binjiang Shopping Mall	Mar-2018	Fuzhou, Fujian	Tier II	10 years from opening	13,924	
143 . .	Wuhu Aoti Mall	Apr-2018	Wuhu, Anhui	Tier III	10 years from opening	22,100	
144 . .	Hicheng Shopping Mall	Apr-2018	Haicheng, Liaoning	Other	10 years from opening	39,727	
145 . .	Huainan Shannan Mall	May-2018	Huainan, Anhui	Other	10 years from opening	34,041	
146 . .	Zhoukou Longdu Mall	Jun-2018	Zhoukou, Henan	Other	15 years from opening	47,828	
147 . .	Guiyang Yunyan Mall	Jun-2018	Guiyang, Guizhou	Tier II	10 years from opening	72,768	
148 . .	Tangshan Fengnan Mall	Jun-2018	Tangshan, Hebei	Tier III	6 years from opening	32,134	
149 . .	Xinyang Wanjiahui Mall	Jul-2018	Xinyang, Henan	Tier III	10 years from opening	29,092	
150 . .	Gushi Shopping Mall	Jul-2018	Xinyang, Henan	Tier III	15 years from opening	34,081	
151 . .	Guangan Linshui Mall	Sep-2018	Guang'an, Sichuan	Other	10 years from opening	30,703	
152 . .	Yibin Jiangbei Mall	Sep-2018	Yibin, Sichuan	Other	10 years from opening	39,174	
153 . .	Chongqing Qianjiang Mall	Sep-2018	Chongqing	Tier II	10 years from opening	30,335	
154 . .	Shaoyang Baoqing Mall	Sep-2018	Shaoyang, Hunan	Other	8 years from opening	25,240	
155 . .	Weixian Tengfei Mall	Dec-2018	Xingtai, Hebei	Tier III	10 years from opening	22,114	
156 . .	Tangahsn Zhonghuan Mall	Dec-2018	Tangshan, Hebei	Tier III	10 years from opening	29,049	
157 . .	Yangchun Shopping Mall	Dec-2018	Yangchun, Guangdong	Other	10 years from opening	20,832	
158 . .	Daye Shopping Mall	Dec-2018	Daye, Hubei	Other	10 years from opening	38,747	
159 . .	Pingxiang Jiahe Mall	Dec-2018	Pingxiang, Jiangxi	Other	10 years from opening	36,011	
160 . .	Xiangxi Longshan Mall	Dec-2018	Longshan, Hunan	Other	10 years from opening	19,851	
161 . .	Xinhua Tongxin Mall	Dec-2018	Loudi, Hunan	Other	10 years from opening	17,703	
162 . .	Yongzhou Lingling Mall	Dec-2018	Yongzhou, Hunan	Other	10 years from opening	40,442	
163 . .	Hancheng Taishijie Mall	Oct-2018	Hancheng, Shaanxi	Other	10 years from opening	29,872	
164 . .	Ankang High-Tech Mall	Dec-2018	Ankang, Shaanxi	Other	10 years from opening	38,411	
165 . .	Xincai Shopping Mall	Dec-2018	Xincai, Henan	Other	10 years from opening	29,173	
166 . .	Puyang Fengye Mall	Dec-2018	Puyang, Henan	Other	10 years from opening	49,667	
167 . .	Feicheng Fengshan Mall	Nov-2018	Feicheng, Shandong	Other	10 years from opening	32,803	
168 . .	Yuncheng Jinhe Road Mall	Dec-2018	Heze, Shandong	Other	10 years from opening	30,761	
169 . .	Wuwei Shopping Mall	Dec-2018	Wuwei, Anhui	Other	10 years from opening	28,497	
170 . .	Yancheng Tinghu Mall	Dec-2018	Yancheng, Jiangsu	Tier III	10 years from opening	60,140	
171 . .	Haining Haichang Mall	Dec-2018	Haining, Zhejiang	Other	10 years from opening	41,663	

No.	Name	Opening	Location	City Tier	Term of Management	Operating	
		Date				Area	
		(Month-Year)					(sq.m.)
172 . .	Jiangsu Liyang Mall	Dec-2018	Liyang, Jiangsu	Other	10 years from opening	52,164	
173 . .	Zunyi Renhuai Mall	Oct-2018	Renhuai, Guizhou	Other	10 years from opening	27,635	
174 . .	Chongqing Bishan Mall	Nov-2018	Chongqing	Tier II	10 years from opening	28,055	
175 . .	Beian Beigang Mall	Nov-2018	Beian, Heilongjiang	Other	10 years from opening	27,018	
176 . .	Sichuan Guangan Mall	Dec-2018	Guang'an, Sichuan	Other	10 years from opening	22,318	
177 . .	Benxi Shopping Mall	Dec-2018	Benxi, Liaoning	Other	10 years from opening	16,045	
178 . .	Chongqing Rongchang Mall	Dec-2018	Chongqing	Tier II	10 years from opening	22,603	
179 . .	Acheng Shopping Mall	Dec-2018	Harbin, Heilongjiang	Tier II	10 years from opening	27,128	
180 . .	Liupanshui Liangdu Mall	Dec-2018	Liupanshui, Guizhou	Other	10 years from opening	52,554	
181 . .	Xingyi Fukang Mall	Dec-2018	Xingyi, Guizhou	Other	10 years from opening	30,816	
182 . .	Funan Tianzhu Mall	Jan-2019	Fuyang, Anhui	Tier III	10 years from opening	23,175	
183 . .	Yueqing Hongqiao Mall	Jan-2019	Yueqing, Zhejiang	Other	15 years from opening	36,994	
184 . .	Haian Yingbin Mall	Mar-2019	Hai'an, Jiangsu	Other	10 years from opening	35,665	
185 . .	Lu'an Yingbin Mall	Mar-2019	Lu'an, Anhui	Tier III	15 years from opening	48,673	
186 . .	Fuyang Tairui Mall	Mar-2019	Fuyang, Anhui	Tier III	10 years from opening	32,451	
187 . .	Longhui Kaiyue Mall	May-2019	Shaoyang, Hunan	Other	10 years from opening	19,039	
188 . .	Shangrao Xinzhou Mall	May-2019	Shangrao, Jiangxi	Tier III	10 years from opening	41,941	
189 . .	Guizhou No. 1 Mall	Jun-2019	Guiyang, Guizhou	Tier II	10 years from opening	137,336	
190 . .	Danyang Yingbin Mall	Jun-2019	Danyang, Jiangsu	Other	10 years from opening	42,885	
191 . .	Lanzhou Xinqu Mall	May-2019	Lanzhou, Gansu	Tier II	10 years from opening	39,618	
192 . .	Fujian No. 1 Mall	May-2019	Fuzhou, Fujian	Tier II	3 years from opening	114,818	
193 . .	Leshan Qingjiang Mall	Sep-2019	Leshan, Sicuan	Other	10 years from opening	35,060	
194 . .	Zhangye Tianyou Mall	Sep-2019	Zhangye, Gansu	Other	10 years from opening	26,419	
195 . .	Kunming Chenggong Mall	Sep-2019	Kunming, Yunnan	Tier II	10 years from opening	38,039	
196 . .	Ulanhot Mall	Sep-2019	Ulanhot, Inner Mongolia	Other	10 years from opening	37,734	
197 . .	Fuyang Yingzhou Mall	Oct-2019	Fuyang, Anhui	Tier III	10 years from opening	79,244	
198 . .	Qidong Huilong Mall	Dec-2019	Qidong, Jiangsu	Other	10 years from opening	39,136	
199 . .	Huangshan Shopping Mall	Dec-2019	Huangshan, Anhui	Other	10 years from opening	44,109	
200 . .	Guoyang Lexing Mall	Dec-2019	Haozhou, Anhui	Tier III	10 years from opening	26,767	
201 . .	Bengbu Zhongheng Mall	Dec-2019	Bengbu, Anhui	Other	10 years from opening	50,070	
202 . .	Nanjing Jiangning Mall	Dec-2019	Nanjing, Jiangsu	Tier II	10 years from opening	46,579	
203 . .	Changde Shimen Mall	Dec-2019	Changde, Hunan	Other	10 years from opening	16,480	
204 . .	Fuzhou Yingbin Mall	Dec-2019	Fuzhou, Jiangxi	Other	10 years from opening	34,490	
205 . .	Qianshan Fuxing Mall	Dec-2019	Shangrao, Jiangxi	Tier III	10 years from opening	15,451	
206 . .	Yibin Xuzhou Mall	Nov-2019	Yibin, Sichuan	Other	10 years from opening	24,619	
207 . .	Chongqing Wanzhou Mall	Nov-2019	Chongqing	Tier II	10 years from opening	49,444	
208 . .	Zigong Yandu Mall	Dec-2019	Zigong, Sichuan	Other	10 years from opening	32,516	
209 . .	Ziyang Yanjiang Mall	Dec-2019	Ziyang, Sichuan	Other	10 years from opening	29,208	
210 . .	Changge Shopping Mall	Dec-2019	Changge, Henan	Other	10 years from opening	29,867	
211 . .	Jinan Travel Road Mall	Dec-2019	Jinan, Shandong	Tier II	10 years from opening	53,162	
212 . .	Panzhou Hongguo Mall	Dec-2019	Panzhou, Guizhou	Other	10 years from opening	39,492	
213 . .	Xinzhou Shopping Mall	Dec-2019	Xinzhou, Shanxi	Other	10 years from opening	47,648	
214 . .	Yulin Shopping Mall	Dec-2019	Yulin, Guangxi	Other	20 years from opening	43,550	
215 . .	Yinchuan Lufeng Mall	Dec-2019	Yinchuan, Ningxia	Tier III	10 years from opening	38,784	
216 . .	Changde Dongxing Mall	Jun-2020	Changde, Hunan	Other	10 years from opening	37,023	
217 . .	Haozhou Shaohua Road Mall	Jul-2020	Haozhou, Anhui	Tier III	12 years from opening	34,439	
218 . .	Quyuan South-ring Mall	Jul-2020	Baoding, Hebei	Tier III	10 years from opening	19,269	
219 . .	Jishou Qianzhou Mall	Jul-2020	Jisou, Hunan	Other	10 years from opening	56,150	

No.	Name	Opening	Location	City Tier	Term of Management	Operating	
		Date				Area	
		(Month-Year)					(sq.m.)
220 . .	Laiyang Longmen Mall	Sep-2020	Laiyang, Shandong	Other	5 years from signing	59,145	
221 . .	Cangzhou Yanshan Mall	Sep-2020	Cangzhou, Hebei	Tier III	10 years from opening	21,518	
222 . .	Lhasa Dunzhu Mall	Sep-2020	Lhasa, Tibet	Other	10 years from opening	61,307	
223 . .	Yancheng Fan Highway Mall	Sep-2020	Yancheng, Jiangsu	Tier III	10 years from opening	15,776	
224 . .	Huishan Chengte Mall	Sep-2020	Wuxi, Jiangsu	Tier II	By Apr-6-2024	31,509	
225 . .	Sixian Huayuan Road Mall	Sep-2020	Suzhou, Anhui	Other	10 years from opening	25,704	
226 . .	Qiyang Xinghuan Mall	Sep-2020	Yongzhou, Hunan	Other	10 years from opening	33,116	
227 . .	Chongqing Jiangjin Mall	Sep-2020	Chongqing	Tier II	10 years from opening	28,351	
228 . .	Zhuji Shopping Mall	Oct-2020	Zhuji, Zhejiang	Other	By Jun-13-2028	46,547	
229 . .	Guangde Binhe Mall	Nov-2020	Guangde, Anhui	Other	10 years from opening	35,189	
230 . .	Baoying Anyi Mall	Dec-2020	Yangzhou, Jiangsu	Tier III	10 years from opening	37,489	
231 . .	Shangrao Yiyang Mall	Dec-2020	Shangrao, Jiangxi	Tier III	10 years from opening	19,593	
232 . .	Xiapu Xincheng Mall	Dec-2020	Ningde, Fujian	Tier III	10 years from opening	27,491	
233 . .	Chongqing Tongnan Mall	Dec-2020	Chongqing	Tier II	10 years from opening	28,593	
234 . .	Yantai Laishan Mall	Dec-2020	Yantai, Shandong	Tier III	10 years from opening	34,153	
235 . .	Zhenjiang Yangzhong Mall	Dec-2020	Yangzhong, Jiangsu	Other	10 years from opening	30,568	
236 . .	Weinan High-Tech Mall	Dec-2020	Weinan, Shaanxi	Other	10 years from opening	54,118	
237 . .	Fengfeng Xiangtang Mall	Dec-2020	Handan, Hebei	Tier III	10 years from opening	20,075	
238 . .	Xinchang Shopping Mall	Dec-2020	Shaoxing, Zhejiang	Tier III	10 years from opening	31,619	
239 . .	Baiyin Fumen Mall	Dec-2020	Baiyin, Gansu	Other	10 years from opening	31,796	
240 . .	Anhui Dingyuan Mall	Dec-2020	Chuzhou, Anhui	Tier III	10 years from opening	31,229	
241 . .	Nantong Ouliluoya Mall	Dec-2020	Nantong, Jiangsu	Tier III	By Jun-30-2030	36,388	
242 . .	Guangdong Heyuan Mall	Dec-2020	Heyuan, Guangdong	Other	10 years from opening	28,479	
243 . .	Hancheng Yingbin Mall	Dec-2020	Zhoukou, Henan	Other	10 years from opening	33,012	
244 . .	Donghai Jingdu Mall	Dec-2020	Lianyungang, Jiangsu	Tier III	10 years from opening	38,996	
245 . .	Zhaotong Zhaoyang Mall	Dec-2020	Zhaotong, Yunan	Other	10 years from opening	23,703	
246 . .	Yangxin Xingfu Mall	Dec-2020	Huangshi, Hubei	Other	10 years from opening	32,879	
247 . .	Jiaxing Nanhu Mall	Oct-2010	Jiaxing, Zhejiang	Tier III	By Sep-30-2030	78,647	
248 . .	Zhengzhou South-third-ring Mall	Sep-2019	Zhengzhou, Henan	Tier II	10 years from opening	42,553	
249 . .	Dandong Xincheng Mall	Oct-2017	Dandong, Liaoning	Other	10 years from opening	30,635	
250 . .	Changsha Ouliluoya Mall	Nov-2018	Changsha, Hunan	Tier II	10 years from opening	65,276	
251 . .	Foshan Jinshazhou Mall	Dec-2015	Foshan, Guangdong	Tier III	By Aug-31-2026	33,602	
252 . .	Liaocheng Dongchang Road Mall	May-2021	Liaocheng, Shandong	Tier III	10 years from opening	47,879	
253 . .	Zhangbei Huaan Mall	May-2021	Zhangjiakou, Hebei	Other	10 years from opening	13,856	
254 . .	Shouxian Yaohai Mall	May-2021	Huainan, Anhui	Other	10 years from opening	23,471	
255 . .	Yuncheng Xueyuan Road Mall	Jun-2021	Yuncheng, Shanxi	Other	10 years from opening	37,341	
256 . .	Tai'an High-speed railway station Mall	Jun-2021	Tai'an, Shandong	Tier III	10 years from opening	22,602	
257 . .	Xi'an Zhizun Mall	Jun-2021	Xi'an, Shaanxi	Tier II	10 years from opening	69,522	
258 . .	Linzhang Jinfeng Mall	Jun-2021	Handan, Hebei	Tier III	10 years from opening	11,552	
259 . .	Neijiang Chuanhua Mall	Sep-2021	Neijiang, Sichuan	Other	10 years from opening	30,648	
260 . .	Linyi Aoernuo Mall	Sep-2021	Linyi, Shandong	Tier III	By Jan-1-2023	12,784	
261 . .	Jinzhai Jinyue Mall	Sep-2021	Lu'an, Anhui	Tier III	10 years from opening	25,516	
262 . .	Tonghua Meihekou Mall	Nov-2021	Meihekou, Jilin	Other	10 years from opening	38,452	
263 . .	Changsha Chuangshiji Mall	Nov-2021	Changsha, Hunan	Tier II	10 years from opening	24,477	
264 . .	Qingyang Wanhui Mall	Dec-2021	Qingyang, Gansu	Other	10 years from opening	36,596	

No.	Name	Opening	Location	City Tier	Term of Management	Operating	
		Date				Area	
		(Month-Year)					(sq.m.)
265	Zaozhuang Guangming Road Mall	Dec-2021	ZaoZhuang, Shandong	Other	10 years from opening	56,612	
266	Yancheng Jianhu Mall	Dec-2021	Yancheng, Jiangsu	Tier III	10 years from opening	35,373	
267	Rizhao Xinqu Mall	Dec-2021	Rizhao, Shandong	Other	10 years from opening	46,862	
268	Yibin Gongxian Mall	Dec-2021	Yibin, Sichuan	Other	10 years from opening	17,778	
269	Handan Qiuxian Mall	Dec-2021	Handan, Hebei	Tier III	10 years from opening	6,380	
270	Anqing Huaining Ouli Mall	Dec-2021	Anqing, Anhui	Tier III	10 years from opening	23,238	
271	Liaoyang Xiangping Mall	Dec-2021	Liaoyang, Liaoning	Other	10 years from opening	46,161	
272	Xuchang Shopping Mall	Mar-2019	Xuchang, Henan	Other	10 years from opening	68,628	
273	Nanyang Jianshe Mall	Dec-2009	Nanyang, Henan	Tier III	15 years from signing	57,116	
274	Chibi Shopping Mall	Nov-2018	Chibi, Hubei	Other	15 years from opening	47,842	
275	Liuzhou New Century Mall	Dec-2016	Liuzhou, Guangxi	Tier III	10 years from opening	65,630	
276	Changde Deshan Mall	Oct-2017	Changde, Hunan	Other	10 years from opening	43,287	
277	Rongcheng Nanshan Mall	Oct-2018	Rongcheng, Shandong	Other	10 years from opening	26,450	
278	Changsha Ningxiang Mall	Sep-2017	Ningxiang, Hunan	Other	10 years from opening	34,241	

Note:

(1) Converted to a Managed Shopping Mall in 2011.

During the years ended 31 December 2019, 2020 and 2021, we opened 35, 31 and 20 new Managed Shopping Malls, respectively and, none of which were converted from our Portfolio Shopping Malls. During the same period, we closed ten, seven, and 14 of our Managed Shopping Malls, respectively. We closed such shopping malls primarily due to expiration or early termination of management contract.

MARKETING AND PROMOTION

Marketing

We advertise through the Internet, WeChat, national television CCTV, radio, national newspapers, outdoor posters and billboards to promote our brand and reputation and strengthen our customer loyalty. We also launched a “word of mouth advertising” system, with specific requirements on five aspects, i.e. “price, quality, service, environment and employees.” Meanwhile, with online operation capabilities, we built an online and offline integrated service close-loop with the shortest chain to accelerate and promote the marketing efficiency of brand merchants in the process covering online marketing, offline acceptance and conversion. Our marketing team consists of a staff of approximately 2,813 as at 31 December 2021. For the years ended 31 December 2019, 2020 and 2021, we have incurred advertising and promotional expenses of approximately RMB1,599.9 million, RMB953.9 million and RMB1,205.0 million, respectively.

Promotion

We frequently organise promotional activities to stimulate consumption and further increase the popularity of our shopping malls. We typically host promotional activities jointly with our tenants, who share the costs and expenses associated with such events. Our headquarters decide the theme of promotions and categories of products to be covered, while the individual shopping malls and our tenants implement the promotional activities and decide the details such as discount rates. We coordinate promotional activities on a nationally centralised basis, which brings us and our tenants more effective and cost-efficient marketing results. Our sales promotions include cash coupons, discount sales, gifts, raffles and bonus points under our membership programme.

In 2021, we successfully held twelve super product category carnivals, including “Super Sofa Category Carnival”, “Super All-House Furniture Category Carnival”, “Super Cabinet Category Carnival”, “Super Floor Category Carnival”, “Borderless Sofa Category Carnival” and “Super Children’s Furniture Category Carnival”. Through refined operation such as program review in core cities and core venues, upgrade of customer storage tools, and setting of sub-venues for brand categories, it has achieved a total global exposure of over 2.1 billion times, and successfully built a consuming IP in national single-category. Based on the orderly completion of the nine category pavilions in China, the “Super Category Festival” activity normalizes category marketing. Intensive and deep engagement in various vertical categories contributes to supplementing daily traffic operation other than promotion activities of shopping malls, and further enhances consumers’ stickiness to the brand of Red Star Macalline. Meanwhile, the Company integrates and strengthens industry resources, further focuses on precision marketing of categories, and expands marketing differentiation. A total of five nation-wide promotion activities, namely Super Home Decoration Festival, 51HOME Party Festival, 618 Ideal Life Carnival Season, October Global Home Decoration Carnival Season and Tmall double 11 Global Carnival Season were created during the year, to gain attention, with a total of 3 billion impressions for marketing activities during the year.

OUR NEW BUSINESSES

Online and offline integration

As a leading home improvement and furnishing shopping mall operator in China, in its new retail business layout, the Company has fully considered the characteristics of “low-frequency but high-value customer orders, and emphasizing on both services and experience” in the home furnishing industry, and pioneered an online and offline citywide retail model in the industry to promote digital transformation of the industry.

In 2019, the Company signed a strategic cooperation agreement with Alibaba to jointly expand business layout in the new retail sector, aiming to introduce Alibaba’s advanced business philosophy and technical support in the new retail sector to further promote the digital upgrading of the Company’s pan-home furnishings consumption industry chain. The “Home Furnishings Tongcheng New Retail” Project between the Company and Tmall is a core part in the above-mentioned strategic cooperation between the Company and Alibaba, aiming at providing better home furnishings shopping experience for users with the help of Tmall online empowerment and in combination with the offline shopping malls and services of Red Star Macalline. As the online main front of Home Furnishings Tongcheng New Retail, “Red Star Macalline Official Flagship Store” on Tmall platform (“Tmall Tongcheng Station”) adopts LBS (Location Based Services) technology to display localized products and undertake localized services and can push the localized digital store interface to users according to their geological location. After a user enters the interface of “Tmall Tongcheng Station”, the back-office system will automatically generate information about the products and services of the Macalline offline shopping malls in the city where the user is located. Then the user can consult about or purchase the home furnishing products in the Red Star Macalline shopping malls without leaving home, and learn details of the products through pictures, videos, 3D scenes and other means. After selecting specific products, the user can directly purchase them online or make an appointment to experience and purchase at a nearby store, realizing an integrated closed-loop process of “online display and customer attraction, offline experience and consumption” for home furnishing products. See “– Our Online Business”.

Online targeted traffic driving for enablement of merchants

The Company optimized its online traffic purchase arrangements by optimizing the placement matrix of multiple platforms including WeChat, Tik Tok and Xiaohongshu, and tracked the post-click data through a unified customer resource distribution system. Meanwhile, Red Star Macalline systematically standardized the traffic acceptance method. Red Star Macalline re-distributed the traffic to merchants for accurate matching through marketing tools such as customer information sorting and hidden number call, thus enabling merchants to carry out more standardized traffic acceptance and conversion.

In terms of the underlying marketing tools, with the underlying capabilities such as full-parameterization and physically-based real-time rendering, RTX real-time ray tracing, and growth animation built by 3D cloud design, the Company has developed the “Yinghuo Engine (萤火引擎)”, a content marketing solution tool for terminal merchants and shopping guides. Through the tool, users can select one or more models in the content library, which automatically generate contents in three forms, namely video/scenario pictures/white-background pictures. Meanwhile, users can quickly convert satisfactory contents into model details pages, and complete one-click distribution to major short video or community platforms. At present, the Yinghuo Engine supports 6 functional spaces and more than 10 categories of multi-style designs, reducing the threshold of use of the original 3D cloud design software and saving the cost of production of high-quality contents; meanwhile, it provides value-added services of short video marketing and is connected to major mainstream platform engines, thus solving the problem of how to reach more consumers after generating high-quality contents; subsequently, it directs product research and development, production and launch through the generation of visual data analysis, and supports and optimizes the efficiency of video marketing.

CUSTOMER SERVICE

We believe industry-leading customer service is also fundamental to our customer loyalty and satisfaction. Each of our shopping malls has a customer service centre. The customer services we provide generally include, among other things:

- return services: our return policy allows customers to return products without cause within 30 days of purchase;
- rebate of three times the price difference if a customer who has purchased a product at our shopping mall found that the price he or she paid for such product is higher than that of the same product in other shopping malls of the same type in the same city within seven days of purchase;
- free and punctual delivery and assembly services;
- free shopping guide from home improvement and furnishings consultants;
- free home design consultation;
- free parking for a limited period of time to customers who have purchased a minimum amount of products at our shopping malls; and
- free use of convenience facilities such as cell phone-charging stations, umbrellas, first-aid kits, wheelchairs, strollers and lockers.

With regard to the customer service system, we promote the service upgrade with home-based services as the core. While upgrading the service capability of the shopping malls and improving the service standard of the alliance member merchants, we create the theme month/season activities in full consideration of the category festival. Up to now, the segment of home-based services has incorporated nine theme pavilions including sleep and life pavilion, soft decoration and furnishings pavilion and smart electrical appliances pavilion, to provide customers with professional and high-quality home-based services, including mattress mite removal, sofa maintenance, household appliance cleaning and curtain cleaning. Taking soft decoration category as an example, we have successively cooperated with 15 major soft decoration brands in creating the “soft decoration renewal service season” activity. We achieve comprehensive traffic driving by providing maintenance services, soft decoration design solutions, etc. In 2021, “Home-based Services” served a total of 420,000 households for the year, with a customer satisfaction rate of 100%.

We have also established a centralised customer service centre to standardise customer services provided at our shopping malls across China and thus raise service quality systemically. We have set up a call centre to answer queries, handle complaints, provide promotion information and make follow-up phone calls for aftersales surveys. In order to protect the rights and interests of our customers, we implement the service commitment of “compensation in advance” (“先行赔付”). When customers shop in our malls and pay at the unified cashier desk, if there is a quality or service problem with the product, and it is difficult for the customer and the tenants to reach a consensus, we will compensate the customers in advance in accordance with relevant laws and regulations. Payment methods include delivery, repair, replacement, return, and financial compensation. Through our advance payment service, the customer complaints will be resolved promptly. The cost of advance compensation mainly comes from the quality assurance fee paid by the tenants and the advance compensation budget of the shopping mall. For the part of the shopping mall expenditure, we will seek compensation from the responsible tenants to reduce our loss, and at the same time require the tenants to bear their responsibilities. We have engaged over 600 senior customer complaint consultants, consisting of experienced mall staff and external experts, who provide regular trainings to our shopping mall staff and teach them to deal with customer complaints more professionally and effectively.

As at 31 December 2021, our net customer recommendation value was 67.35%, the service satisfaction rate was 95.96%, the delivery and installation satisfaction rate was 95.27%, the commodity satisfaction rate was 95.42%, and the environmental satisfaction rate was 97.06%.

PROCUREMENT AND SUPPLIERS

Given that our business operates as a third-party platform, we generally do not carry product inventory. Our suppliers mostly comprise construction contractors, equipment suppliers and property lessors for our Portfolio Shopping Mall business and advertisement firms for our branding and marketing. We develop our Portfolio Shopping Malls with our own constructors and purchase certain equipment such as air conditioners from relevant suppliers. We lease certain of our Portfolio Shopping Malls from third parties. We also engage advertising firms for our branding activities and our marketing and promotion activities in our shopping malls.

We have established a centralised procurement process that sources supplies to suit the specific needs and design of each project and also to increase our bargaining power leveraging the large purchase volume. We procure certain equipment such as air conditioners, while building materials such as steel, cement and decoration materials are generally procured by our construction contractors and subcontractors under our supervision and guidance. Similar to our tender process for construction contractors, we use a tender process to select suppliers from a list of our long-term partners based on a variety of factors, including their business scale, market, reputation, product quality and certification, sales and customer service quality, technical capabilities and compliance with national standards and requirements, as applicable.

TENANTS AND BUSINESS PARTNERS

We derive income from three aspects of our shopping mall business, including (i) tenants of our Portfolio Shopping Malls who pay us rent and management fees; (ii) partners of our Managed Shopping Malls who pay us initiation and entrance fees, tenant sourcing fees and annual management fees; and (iii) construction contractors who are engaged for construction of our Managed Shopping Malls and pay us construction consultation and management fee for our consulting services. Our diversified partner base has ensured stable operating cash inflows and also enabled us to further expand our business along the value chain.

COMPETITION

The home improvement and furnishing industry in China, particularly through operation of shopping malls, is highly fragmented and competitive. We face competition from a variety of market players, in particular national and international operators of shopping malls, gallery stores and traditional trading markets in areas in which we currently operate and in markets into which we intend to enter. Our business strategy depends on our ability to secure premises at prime locations and tenant resources in our target cities. However, such prime locations are very limited, and we face intense competition for such premises from other shopping malls, retailers and business establishments. We may not be able to obtain attractive premises for opening new shopping malls.

We believe that the major factors affecting competition in the home improvement and furnishing industry include branding, location, product quality, shopping environment and amenities, marketing and promotional activities, customer service and pricing. Any increase in competition may exert downward pressure on our rental rates and management and consultation fee levels, and adversely affect our profitability.

Our key competitors include foreign and domestic players in cities in which we operate that offer a similar range of products at a similar price range or have similar target customers. Domestic players including Easyhome, Ayd Group, Yuexing, Kinhom, Jimei Furnishings, Heung Kong, Orient Home Centre and Homemart have been competing with us. Moreover, certain foreign retailers such as IKEA and B&Q have also established their presence in China and have competed effectively with domestic retailers including us, leveraging their capital strength and high brand recognition in the international markets as well as their relatively advanced management module and operations and services.

When we carry out our expansion plan and enter into new regions, we may encounter competition from existing shopping malls that have better name recognition and better understanding of local consumer preferences in such regions. Some of these existing shopping malls may have an established customer base and relationships with distributors in the region, they may have better locations, or may be better able to effectively navigate the local legal and regulatory landscape.

In recent years, we faced increasing competition from Internet-based businesses engaged in e-commerce, including Meilele, Jia.com and home improvement and furnishings retail sector of Tmall.com and JD.com. Competition is particularly intense with certain products such as small home improvement and furnishing items. Due to intense competition, we have upgraded our online business. Increases in consumer spending via the Internet may significantly affect our ability to generate sales in our shopping malls. Competition may also intensify when our retail competitors also set up online platforms and start to sell products online.

For further discussion of our competitive environment, see “Risk Factors – Risks Relating to Our Business and Industry – The home improvement and furnishing industry is highly competitive” in this Offering Circular.

INFORMATION TECHNOLOGY

In terms of digital construction, we have independently developed a full-chain ERP system of full house decoration, digital marketing tools and a CRM system, and have developed the digital capability of the home decoration business. In terms of process technology research and development, we have made technological breakthroughs in anti-mildew, anti-seepage, anti-cracking, moisture-proof, villa noise reduction, etc., and obtained relevant utility model patents.

We have developed the “Star Cloud” system, a proprietary enterprise resource planning (ERP) system, which covers all aspects of our business and operations. Our Star Cloud System is controlled and operated from our headquarters and consists of an SAP system which focuses on financial reporting, an operation management system (OMS), a retail enterprise management (REM) system and an office automation (OA) system.

Our SAP system covers all aspects of financial reporting from generating original financial records to compiling financial statements. It is the core of our Star Cloud system and links all other operational systems to achieve seamless interaction between business operation and financial reporting.

We rely on our REM system to manage our tenant sourcing process, which covers contract signing at new shopping malls, annual contract renewal at existing shopping malls, adjustment of sales counter layout and information about brands and tenants. The centralised management of our daily operations across the country has been achieved by using our OMS system, which mainly focuses on product management and execution of operational agreements, among others. Such central digital database records most products offered at our shopping malls, including their brands, description and sales price. Our daily administration is managed by our OA system, which interfaces and integrates our separate budget management and procurement management.

Through our Star Cloud system, each of our regional offices, district offices has on-site terminals that record its financial and operational data on a real-time basis. Such data are then compiled and transmitted every day over dedicated lines to our central servers located at our headquarters. In addition, our information technology system allows our headquarters to access the financial and operating data of all our regional offices, district offices and shopping malls and monitor and analyse their performance on a real-time basis, including customer behaviour, rent level and demand for a particular product. As such, we are able to analyse such data to enhance the quality of our customer experience and also improve the cooperation among our shopping malls located in different areas.

In 2021, we have completed the launch of multiple applications/products, including home improvement ERP, employee end, project manager end, supply chain end, recruitment platform, etc. Through these product lines, we have completed development of a traffic management platform (placement and aggregation, marketing website, CRM and distribution), a business operation management platform (home improvement and public decoration), and a supply chain management platform (purchase management, bidding and tendering platform, etc.), and has established professional digital marketing capabilities covering advertising placement, acquisition of consumer clues and redistribution of traffic. In terms of construction of the home decoration system platform, through the core business flow management system of home decoration, the customer mini program and the supplier order management system, we established online processes of the core business of home decoration, supporting mobile management of construction site, thus improving the business management efficiency.

In light of the steady expansion of our business over the years, we have strengthened our system maintenance, expanded the bandwidth of our information technology systems and enhanced their safety and operational efficiency. We have formulated contingency plans for system failure caused by computer viruses, network failure, application failure, power failure and natural disasters. In particular, we conduct back-up storage of all our data on a daily basis. We plan to continue to upgrade or maintain our systems.

We have an approximately 170-person in-house IT team in charge of the system maintenance and data analysis and for providing IT trainings and support in our daily operations. Our IT team also engages and coordinates with specialised software companies to develop new systems and update existing systems according to our business needs. As at the date of this Offering Circular, we had not experienced any material system failure that has resulted in widespread and substantial loss of service or other significant damages.

INSURANCE

We maintain different types of insurance policies, such as property all risks insurance, business interruption insurance, public safety, liability insurance, motor vehicle insurance, employer liability insurance, directors and officers liability insurance. Our insurance policies generally cover economic loss of or damage to the properties, the interior decoration or the inventory of our tenants stored in our shopping malls as well as other losses arising out of or in connection with the equipment and facilities in our shopping malls such as elevators and air conditioners.

We do not maintain any product liability insurance, which we believe is in line with the normal industry practise for shopping malls in China. Pursuant to the terms of our exhibition space agreements, our tenants bear all product liability in respect of products sold in our shopping malls. For further details, see “Risk Factors – Risks Relating to Our Business and Industry – Customer complaints and product liability claims may damage our reputation and business” in this Offering Circular.

QUALITY CONTROL

We have adopted a series of control and management policies, procedures and plans that are designed to ensure we provide quality products and services to the satisfaction of our customers. We adhere to the corporate mission of being responsible for the environmental protection, and invest tens of millions of special expenses every year for the construction of a commodity environmental protection management system.

We evaluate product quality and genuineness, among other factors, when evaluating the performance of our tenants and determining their respective rankings on our brand classification chart, as we believe product genuineness is one of the most important factors to retail business. Under the guidance of the Ministry of Commerce, the General Administration of Quality Supervision, Inspection and Quarantine of the PRC (which has been merged into State Administration for Market Regulation), together with our cooperation with the China Quality Certification Centre and 20 brand factories, we launched the “query platform of Chinese household certified products” in December 2015 to promote the detection of counterfeit household products. If we identify any counterfeit or low-quality products offered by any of our tenants, the ranking of such tenant will be immediately downgraded on our brand classification chart. We believe this encourages our tenants to improve their product quality and genuineness in their business operations.

We engage the China Quality Certification Centre to regularly conduct quality and environmental inspections of the home furnishings offered at our shopping malls and we also engage nationally recognised inspection institutions to inspect the suppliers of home furnishings to ensure the product quality from the very beginning.

Our qualification review system ensures that all our tenants maintain the necessary qualifications as required by applicable laws. We believe we are also one of the few in the home improvement and furnishing industry to establish a quality and price inspection team, consisting of qualified staff with first-hand experience in home improvement and furnishings retail, who closely monitor the quality and price of products offered at our shopping malls in daily operations. We carry out green environmental protection leading brand certification and establish authentic product inquiry platform, creatively create environmental protection management mechanism. We select environmental protection brands higher than national standards for consumers, and realize home product traceability and consumer terminal inquiry to provide consumers with environment-friendly home furnishing experience.

Our efforts at quality control also include random inspection of products offered at our shopping malls by nationally recognised inspection institutions. Our full time inspection team regularly inspects all our shopping malls across the country. In addition, we conduct sampling inspection of source goods and evaluation of production quality control system through factory visits.

Our quality control efforts, together with our customer services, have won us numerous awards. Our individual shopping malls have been ranked among the highest tiers in terms of credibility and customer satisfaction, among other categories, by a variety of regulatory authorities and industry associations across China. In 2021, we were recognised as “China’s Five-star After-sales Service Enterprise” and among “China’s Top 10 Enterprises in the After-sales Service Industry” by the China General Chamber of Commerce at the 10th National After-sales Service Conference, and were granted the “2021 Customer Selection Award” by the China Information Industry Association of the National Development and Reform Commission.

HEALTH AND SAFETY MATTERS

We are subject to PRC laws and regulations regarding safety and work-related incidents. We have developed a comprehensive safety management system to implement our safety policies and procedures. We also engage independent third party supervisory companies to monitor safety measures throughout the construction process and submit monthly reports of the inspection results to us. In addition, we have installed a remote security surveillance system to monitor our operations for safety compliance.

We pay special attention to fire safety as our shopping malls host a large crowd of customers and display a large volume of flammable wooden furniture and household electrical appliances. We endeavour to keep a high standard for fireproof facilities as well as relevant internal fireproof guidelines beyond the regulatory fireproof requirements. For example, we require merchants in our shopping malls to use fire retardant panels and three coats of fireproof paint for wooden decoration materials when carrying out secondary renovations; we regularly check electrical circuits with infrared technology so as to promptly replace the worn circuits and avoid potential accidents. We have in place a detailed fire evacuation plan and a qualified fire safety team at each shopping mall. We also prohibit our shopping mall staff and sales persons from smoking and encourage our customers to refrain from smoking. We host fire drills from time to time to practise our fire evacuation procedures.

With respect to construction site safety, our construction contractors, as being the construction agents, are responsible for the safety of their workers on the construction sites and are required to maintain accident insurance for their workers. We generally do not carry insurance against personal injuries that may occur on-site but require our construction contractors to purchase accident insurance to cover their workers' medical and other related expenses. To ensure compliance with relevant laws and regulations, we have required our construction contractors to set up a system of standards and specifications for their construction workers to follow during construction.

ENVIRONMENTAL MATTERS

We are subject to certain environmental protection laws and regulations, including those relating to air pollution, noise emissions and water and waste discharge. Each of our property development projects is required under PRC laws 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 authorised environmental protection authorities. The approval from the relevant government authorities will specify the standards applicable to the construction project 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 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 rules and regulations.

In our operation, we strive to control the environmental protection management from the planning and design of the construction projects of shopping mall to its building construction as well as to property management and office building management after the completion of a project, covering green building certification, natural resource conservation, energy efficiency optimization and environmental protection procurement and so on. We strive to create corporate culture that cherishes resources, promote the concept of green and environmental protection to employees, and encourage employees to actively participate in environmental protection and adopt a green and healthy lifestyle. In addition to implementing the concept of environmental protection into our own behavior, we also require our tenants to comply with the laws and environmental requirements of the place where they are operating, and encourage them to pass certification standards such as

environmental protection issued by China Quality Certification Centre or water-saving product certification, China Environmental Labeling certification and ISO series system certification. We require our tenants to adhere to the environmental protection concept in the process of decoration and construction and use green environmental protection materials, including the materials which comply with China Environmental Labeling certification and the wooden boards which comply with GB18580 standard E1, thereby encouraging them to create a green environment.

INTELLECTUAL PROPERTY

Our intellectual property portfolio consists of copyright, trademark and domain name registrations.

As at 31 March 2022, we had over 900 trademarks registered in the PRC. Our principal brand name is also a “China well-known brand” recognised by the Trademark Office of SAIC. We have also obtained a licence to use eight of JSWB’s registered trademarks for 30 years from 1 June 2014 to 30 May 2044.

As at 31 March 2022, we had 36 main domain names for which we were the registered proprietor, including www.chinaredstar.com and www.mmall.com.

While we rely to a certain extent on our brand name when marketing our properties, our business is otherwise not materially dependent on any intellectual property right.

EMPLOYEES

As at 31 December 2021, we had 21,514 full-time employees. Our tenants employ their own employees to serve at their sales counters located in our shopping malls. These personnel must comply with the guidelines we set out. We supervise the performance of these personnel, provide comprehensive training and have the right to demand their replacement if they violate our guidelines. We enter into employment contracts with all of our employees. The remuneration of our employees consists of basic salary and performance bonuses. We conduct annual evaluations of our employees, supplemented by random checks from time to time. The evaluation results are linked directly with the employees’ compensation. 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, we contribute 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.

We attach great importance to human resources planning. We have established a training programme that aims to support and encourage our employees to develop various skill sets. The training programme includes seminars, workshops and external training opportunities, among others. In particular, to provide ample talent support to our nationwide expansion, we implement a project rotation and training system to develop and broaden the expertise and skills of our employees to cover a wide array and depth of experience in each stage of our operating process. Also, we have instituted and structured a series of talent development programmes that aim to allow our shopping mall managers to grow and flourish through internal promotion. We also sponsor members of our

management to attend the EMBA programmes in top universities in China to further improve their managerial skills. We believe that our robust talent reserve provides us with an advantageous strategic resource that is critical to efficient operation of our shopping malls and future expansion and growth.

PROPERTIES

As at 31 December 2021, we operated 95 of our Portfolio Shopping Malls with a total operating area of approximately 8,455,486 sq.m., mostly located in tier I and II cities. 61 of our Portfolio Shopping Malls were Self-owned, with a total operating area of approximately 6,400,260 sq.m. 34 of our Portfolio Shopping Malls were Non-self- owned, with a total operating area of approximately 2,055,226 sq.m. For further details of our Portfolio Shopping Malls, see also “Description of the Company – Our Shopping Malls – Project Portfolio – Our Portfolio Shopping Malls”.

LEGAL PROCEEDINGS

From time to time, we may be involved in legal proceedings or disputes in the ordinary course of business. As at the date of this Offering Circular, we are not aware of any material legal proceedings, claims or disputes currently existing or pending against us. See “Risk Factors – Risks Relating to Our Business and Industry – We may also be involved in legal and other proceedings arising out of our operations from time to time and may face significant liabilities as a result.”

DESCRIPTION OF THE LC BANK

The information included below is for information purposes only and is based on, or derived or extracted from, among other sources, publicly available information. Any information available from public sources that are referenced in the Offering Circular but is not separately included in the Offering Circular shall not be deemed to be incorporated by reference to the Offering Circular. The Company has taken reasonable care in the compilation and reproduction of the information. None of the Company, the Joint Lead Managers, the Trustee, the Agents or any of their respective affiliates, directors, officers, employees, representatives, agents, professional advisers or any person who controls any of them has independently verified such information. No representation or warranty, expressed or implied, is made or given by the Company, the Joint Lead Managers, the Trustee, the Agents or any of their respective affiliates, directors, officers, employees, representatives, agents, professional advisers or any person who controls any of them as to the accuracy, completeness or sufficiency of such information. Accordingly, such information should not be unduly relied upon. The Company confirms that the information included below has been accurately reproduced and that as far as the Company is aware and is able to ascertain from publicly available information, no facts have been omitted which would render the reproduced information inaccurate or misleading.

The Bonds have the benefit of the Standby Letter of Credit which will be issued by Bank of Shanghai Co., Ltd. Beijing Branch as the LC Bank. Under PRC laws, the LC Bank is not a separate and independent legal person but has capacity to carry on its activities within its scope of authorisation given by Bank of Shanghai, and if the assets of the LC Bank are not sufficient to meet the obligations of the LC Bank under the Standby Letter of Credit, Bank of Shanghai would have an obligation to satisfy the balance of the obligations under the Standby Letter of Credit.

OVERVIEW

Bank of Shanghai Co., Ltd. (formerly known as Shanghai City United Bank Ltd.) (the “Bank of Shanghai”) was incorporated in Shanghai, PRC, on 30 January 1996 as a joint-stock commercial bank. With the approval from the PBOC, it changed its name from Shanghai City United Bank Ltd. to Bank of Shanghai Co., Ltd. on 16 July 1998. Bank of Shanghai obtained a financial business certificate No. B0139H231000001 with the approval from the CBRC and obtained a business license with unified social credit code 91310000132257510M issued by the Shanghai Municipal Administration of Industry and Commerce. As at 31 December 2021, it had a total of 335 branches including Shanghai, Beijing, Shenzhen, Tianjin, Chengdu, Ningbo, Nanjing, Hangzhou and Suzhou. Bank of Shanghai has business operations across the Yangtze River Delta, the Circum-Bohai-Sea region, the Pearl River Delta, and Central and West China.

As at 31 December 2021, the total asset of Bank of Shanghai stood at RMB2.65 trillion, which represented a year-to-year increase of 7.76 per cent., and it recorded a net profit of RMB22.08 billion for the year ended 31 December 2021, which represents a year-to-year increase of 5.57 per cent.

With the strategic vision of providing boutique banking service and the core values of utmost sincerity and good faith, Bank of Shanghai has specialized its operations and customized its management in order to deliver a high level of services in, including but not limited to, supply chain, scientific technology, welfare-based investment, transactions and cross-border banking as well as consumer, pension-based and online finance. Over the past few years, Bank of Shanghai has taken advantages of financial and high-tech trends to deliver more intelligent and professional services to meet the demands of corporate and individual clients for increasingly diverse financial services.

STRENGTH OF BANK OF SHANGHAI

In aligning its development with China’s national strategy and Shanghai’s “three major tasks and one major platform”, Bank of Shanghai has been capitalizing on synergy so as to deliver better regional services, provide better financial services to the real economy by offering more small-credits and micro-credits as well as developing an online model of inclusive finance. Bank of Shanghai also puts retail banking as a crucial part of its business and has put in place a retail business system for customer operations, foundational support and creation of a business ecosystem, which benefits deeper technology integration and helps increase risk operation and management capabilities.

Bank of Shanghai has obtained many honours and awards throughout the years, among which, it was ranked 67th in terms of Tier 1 capital by the British “The Banker” magazine in the “Top 1000 Global Banks” ranking. It was awarded as “China Best Private Bank (City Business Banking Group)” in the “China Fortune Award” organized by “The Asian Banker” magazine, “Best Chinese Wealth Management Bank in 2021” in the 6th Asia Pacific Wealth Forum. Bank of Shanghai won the “Best Pension Financial Service in China” award in the “2020 China Awards Program”, the “Best Progressive Retail Bank in Asia Pacific, Middle East and Africa” award and “Best Progressive Retail Bank in China” award in “2020 International Retail Financial Service Excellence Award”, “China Best Private Wealth Charity Service Award” in the “Asian Banker of the Year 2020 – Global Wealth and Society Awards Program”, each organized by “The Asian Banker” magazine, respectively. It was selected in 2019 as the “Outstanding Performance Award” of Credit Fund for Small and Micro Enterprises in Pudong New District of Shanghai, “2019 Shanghai Banking Institutional Contribution Award”, “2019 Innovative Inclusive Financial Services in Shanghai”, “2019 Outstanding Contribution Award for Inclusive Financial Services in Shanghai”, “2019 Best Syndicated Loan Business in Shanghai”, “2019 Best Project Prize and Leading Bank of Syndicated Loan Business in Shanghai”, 24th among Top 100 Enterprises in Shanghai, 13th among Top 100 Enterprises in Service Industry in Shanghai, Top 10 Leading Underwriter of Debt Financing Plans, Best Private Wealth Philanthropic Services Award in China, Best Private Bank in China (City Commercial Bank Group), Great Listed Company of China, Bank with Outstanding Brand Force of China and Top 100 Innovative Financial Institutions, Trustworthy Bank of 2019 and City Commercial Bank of the Year in 2019.

PRINCIPAL BUSINESS ACTIVITIES

Bank of Shanghai’s principal lines of business consist of wholesale financial business, retail finance business, internet finance business, information and technology and R&D business and channel construction business.

(i) Wholesale financial business

The wholesale financial business of Bank of Shanghai mainly includes corporate deposits and loans of domestic and foreign currencies, and services relating to intermediate business, among which, the products and services relating to intermediate business mainly include settlement business, cash management business, investment banking business, custody business, guarantees and loan commitments business, agency services, corporate asset management services and trading and settlement of foreign exchange business.

Bank of Shanghai continues to deepen the integration of the Yangtze River Delta and gives priority to its business development in Shanghai, Circum-Bohai-Sea region, Pearl River Delta and other key areas. It has upgraded “Six Major Financial Services” including inclusive finance, supply chain finance, scientific and innovative finance, livelihood finance, green finance and cross-border finance, developed the linkage between commercial and investment banks, established an integrated operating system, deepened customer operations, optimized business structures, which has continuously enhanced Bank of Shanghai’s market competitiveness.

(ii) Retail finance business

Bank of Shanghai provides a broad range of products and services to individual clients, including individual loans, individual deposits, bank cards and products and services relating to intermediate business, among which, the products and services relating to intermediate business mainly include wealth management for individuals, investment services, agency services, agency insurance, agency payment, trading and settlement of foreign exchange and pension finance.

Bank of Shanghai focuses on the strategic positioning of the retail “top priority”. It has been and will continue to actively serve the national strategy and regional economy, exploring new needs of customers and focus on the empowerment of financial technology. Bank of Shanghai actively optimizes business structure in consumer finance, strengthens risk management, seizes market opportunities for wealth management and continues to accelerate business development. It also aims to accelerate digital transformation for pension finance and to maintain its leading position in the financial market. Bank of Shanghai has fully supported the fight against COVID-19, launched the “11 measures for retail business to prevent and control outbreaks of COVID-19 and serve people’s livelihoods”, and made every effort to provide financial services for all types of individual customers during outbreaks of COVID-19.

(iii) Internet finance business

Bank of Shanghai keeps innovating financial products and services by leveraging digital financial platforms and connecting various fintech-empowered scenarios and customers. In addition, it has been working on a digital internet finance business and product system which features a self-operated ecosystem to achieve rapid development of “one body and two wings”.

Focusing on platform connection, business innovation and capacity building, Bank of Shanghai has solved customers’ demands with financial technology applications, deepened the construction of digital open banks, promoted the innovation of internet financial products and provided basic support for the digital transformation and integrated operation of public and retail customer services.

(iv) Information technology and R&D business

Bank of Shanghai actively responded to the impact of COVID-19 outbreaks. For instance, it has been continuously upgrading its working mechanism of technology business integration, which aims to accelerate the innovation of business products by using scientific and technological means. In addition, it has strengthened construction of IT infrastructure and empowered high-quality development of management. Bank of Shanghai adapts to changes and has been constantly improving scientific and technological capabilities. In addition, it has always adhered to the integrated and collaborative information technology construction management, expanded the integrated management mechanism of technology business to corporate business, retail business, financial market and other business fields, and formed a full-process collaborative management mechanism from demand proposal to product launch.

(v) Channel construction business

With integrated online and offline operation that highlights “customers, products and channels”, Bank of Shanghai devotes itself to creating an online channel with “end-to-end” high-quality service experience, continuously optimizes the layout of physical outlets and commercial form images, and improves the digital and intelligent operation capabilities and the value contributions of online and offline channel customers.

In terms of mobile banking channels, Bank of Shanghai intensified the personal mobile banking services with a simplified and smart system. In response to customers’ feedbacks, Bank of Shanghai provided individualized services targeting customers with demands in consumption, pension, wealth and agency payment.

In terms of online banking channels, Bank of Shanghai’s personal online banking service has continuously enriched the types of deposits, wealth management and loans, and added new products from time to time, such as Zhajidai loans in inclusive finance. Bank of Shanghai also provides services such as differentiated fees for wealth management, financial statements and quick connection of Yinbaotong with insurance companies and message centres.

BOARD OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The board of directors, supervisors and senior management of Bank of Shanghai as at the date of this Offering Circular comprise of:

Name	Title
Jin Yu	Chairman, Executive Director
Zhu Jian	Vice Chairman, Executive Director, President
Shi Hongmin	Executive Director, Vice president, Chief Financial Officer
Ye Jun	Non-executive Director
Ying Xiaoming	Non-executive Director
Gu Jinshan	Non-executive Director
Kong Xuhong	Non-executive Director
Li Jian	Non-executive Director
Tao Hongjun	Non-executive Director
Zhuang Zhe	Non-executive Director
Guo Xizhi	Non-executive Director
Gan Xiangnan	Non-executive Director
Li Zhengqiang	Independent Director
Yang Dehong	Independent Director
Sun Zheng	Independent Director
Xiao Wei	Independent Director
Xue Yunkui	Independent Director
Gong Fangxiong	Independent Director
Jia Ruijun	Chief Supervisor
Ge Ming	External Supervisor
Yuan Zhigang	External Supervisor
Tang Weijun	External Supervisor
Lin Liquan	Employees’ supervisor
Zhang Lei	Employees’ supervisor
Hu Debin	Vice President, Chief Information Officer
Wang Ming	Vice President
Cui Qingjun	Vice President
Li Xiaohong	Secretary to the board of directors

FINANCIAL INFORMATION

Copies of the published audited consolidated financial statements and unaudited but reviewed consolidated financial statements of Bank of Shanghai, as well as its public filings, can be downloaded free of charge from the website of the Shanghai Stock Exchange at <http://www.sse.com.cn>. Such financial statements and public filings are available in the Chinese language only and are not included in and do not form part of this Offering Circular. The information contained on the website of the Shanghai Stock Exchange is subject to change from time to time. No representation or warranty, express or implied, is made or given by the Company, the Joint Lead Managers, the Trustee, the Agents or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers or any person who controls any of them, and none of them takes any responsibility for any information contained on the website of the Shanghai Stock Exchange.

GENERAL INFORMATION

Bank of Shanghai's head office is located at No. 168, Middle Yincheng Road, China (Shanghai) Pilot Free Trade Zone, Shanghai, China, 200120. Bank of Shanghai's website address is <http://https://www.bosc.cn/zh/>. Information contained on Bank of Shanghai's website is subject to changes from time to time. No representation is made by the Company, the Joint Lead Managers, the Trustee or the Agents and none of the Company, the Joint Lead Managers, the Trustee or the Agents takes any responsibility for any information contained on Bank of Shanghai's website.

SUMMARY OF RELEVANT PRC LAWS AND REGULATIONS

REGULATORY OVERVIEW

A summary of certain major laws and regulations in relation to our business is set forth below. Information contained herein should not be construed as an all-inclusive summary of laws or regulations applicable to us.

HOME FURNISHING CIRCULATION

The Twelfth Five-year Plan of Domestic Trading Development (國內貿易發展“十二五”規劃) issued by the General Office of the State Council on September 2012 sets up the goal of significantly increasing the modernisation of circulation, including increasing trading through e-commerce by 30% or more per annum, growing online retail sales rapidly, significantly improving the organisation of circulation and forming a batch of circulation enterprises with high competitiveness.

The Opinions of the State Council on Deepening the Reform to Speed up the Development of Circulation Industry (國務院關於深化流通體制改革加快流通產業發展的意見), which were issued by the State Council on 3 August 2012, put forward the goals of actively fostering large-scale circulation enterprises, supporting circulation enterprises with the strength to conduct cross-industry and cross-regional mergers and reorganisations, proposing policy support to broaden the financing channels of circulation enterprises and support listing and financing, setting up financial companies and issuing corporate bonds, medium-term notes and debt-financing tools of eligible large circulation enterprises.

The Several Opinions of the State Council to Promote the Development of Circulation Industry (國務院關於促進流通業發展的若干意見), which were issued by the State Council on 9 June 2005, look to promote the restructuring of state-owned circulation enterprises, speed up the development of large circulation enterprise groups, promote the fast development of chain operations, and encourage the development of logistics distribution centres, etc. The Opinions are beneficial to facilitating the integration of China's retail industry, improving the industrial concentration and enhancing our ability to compete with foreign investment.

The Opinions to Cultivate Large-scale Circulation Companies and Enterprises (關於培育流通領域大公司大企業集團的意見), which were jointly issued by several governmental authorities on 7 July 2004, look to guide all kinds of capital in participating in the development of circulation enterprises, promote the reform of property rights system, energetically develop modern circulation organisation forms and ways of distribution, and make efforts to cultivate large-scale circulation enterprises with famous brands, independent intellectual property rights, outstanding main business, strong core competitiveness and sustainable development.

THE PRC COMPANY LAW

Corporate entities incorporated in the PRC are governed by the PRC Company Law, which was promulgated by the Standing Committee (“SCNPC”) of the National People's Congress (“NPC”) on 29 December 1993 and came into effect on 1 July 1994. It was subsequently amended on 25 December 1999, 28 August 2004, 27 October 2005, and 28 December 2013 and 26 October 2018. Pursuant to the PRC Company Law, companies incorporated in the PRC are classified into categories, namely limited liability companies and joint stock companies. The PRC Company Law shall also apply to the foreign-invested limited liability companies and joint stock companies. Where laws on foreign investment have other stipulations, such stipulations shall apply.

FOREIGN INVESTMENT

Foreign investment within the territory of the PRC is regulated by the Foreign Investment Law of the PRC (中華人民共和國外商投資法), which was promulgated by SCNPC on 15 March 2019 and became effective on 1 January 2020. Simultaneously, Sino-foreign Equity Joint Ventures of the PRC (中華人民共和國中外合資經營企業法), the Wholly Foreign-owned Enterprises Law of the PRC (中華人民共和國外資企業法) and Sino-foreign Cooperative Joint Ventures of the PRC (中華人民共和國中外合作經營企業法) have been repealed since 1 January 2020.

Investment activities in the PRC by foreign investors were principally governed by the Special Administrative Measures for the Access of Foreign Investment (Negative List) (2021 Version) (外商投資准入特別管理措施(負面清單)(2021年版)) (the “**Negative List**”) and the Catalogue of Industries for Encouraging Foreign Investment (2020 Version) (鼓勵外商投資產業目錄(2020年版)) (the “**Encouraging List**”) promulgated by the NDRC and MOFCOM. The Negative List, which became effective on 1 January 2022, sets out special administrative measures in respect of the access of foreign investments in a centralized manner and the Encouraging List which became effective on 27 January 2021, specifies the encouraged industries for foreign investments. According to the Negative List and the Encouraging List, our core business (including operation of shopping mall, management and professional consulting services) falls within the permitted category for foreign investment.

PRODUCT QUALITY

The principal legal provisions governing product liability are set out in the Product Quality Law of the PRC (中華人民共和國產品質量法) (“**Product Quality Law**”), which was promulgated by SCNPC on 22 February 1993, became effective on 1 September 1993 and was amended on 8 July 2000, 27 August 2009 and 29 December 2018. The Product Quality Law is applicable to all activities of production and sale of any product within the territory of the PRC, and the producers and sellers shall be liable for product quality in accordance with the Product Quality Law. In the event of a violation of any legal provisions of the Product Quality Law, producers and sellers may be fined, suspended or stripped of business licences, and where the circumstances are serious, criminal liability shall be pursued. Consumers or other victims suffering personal injuries or property damage resulting from defects in commodities may demand compensations either from the sellers or from the manufacturers. If the liability lies with the manufacturers, the sellers shall have the right to recover the compensations from the manufacturers after paying the compensations, or *vice versa*.

According to the Administrative Regulations for Compulsory Product Certification (強制性產品認證管理規定), which were promulgated by the General Administration of Quality Supervision, Inspection and Quarantine of the PRC (which has been merged into State Administration for Market Regulation) on 3 July 2009 and came into effect on 1 September 2009, the specified products under the regulations may not be delivered, sold, imported or used in other business activities until they are certified and labelled with a certification mark. For products that are subject to compulsory product certification, the State implements unified product catalogues, unified compulsory requirements, standards and compliance assessment procedures in technical specifications, unified certification marks and unified charging standards. Producers or sellers or importers of products included in the catalogues shall entrust certification bodies designated by the Certification and Accreditation Administration to certify the products produced, sold or imported thereof.

CONSUMER PROTECTION

The rights and interests of consumers in purchasing and using commodities or receiving services for daily consumption, or business activities of business operators in their supply of commodities produced and sold by them or services to consumers, are governed by the Consumer Protection Law of the PRC (中華人民共和國消費者權益保護法) (“**Consumer Protection Law**”), which was promulgated by SCNPC on 31 October 1993, and amended subsequently on 27 August 2009 and 25 October 2013.

According to the Consumer Protection Law, consumers whose legitimate rights and interests are infringed upon in their purchase or use of commodities may demand compensation from the sellers concerned. In case the liability is on the manufacturers or other sellers who supply the commodities to the said sellers, the said sellers shall have the right to recover the compensation from the manufacturers or the other sellers after paying the compensation. Consumers or other victims suffering personal injuries or property damage resulting from defects of commodities may demand compensation either from the sellers or from the manufacturers. If the liability is on the manufacturers, the sellers shall have the right to recover the compensation from the manufacturers after paying the compensation; if the liability is on the sellers, the manufacturers shall have the right to recover the compensation from the sellers after paying the compensation. A consumer whose legitimate rights and interests are harmed in the purchase of goods or receipt of services rendered from a trade fair or a leased counter may seek compensation from the seller or the service provider. Upon conclusion of the trade fair or expiry of the lease period of the counter, the consumer may seek compensation from the organiser of the trade fair or the lessor of the counter. Upon compensation by the organiser of the trade fair or the lessor of the counter, the organiser of the trade fair or the lessor of the counter shall have the right to recover the compensation from the seller or the service provider.

According to the Civil Code of the PRC (中華人民共和國民法典), which was promulgated by NPC on 28 May 2020 and became effective on 1 January 2021, manufacturers shall be responsible for compensating the damages of the person or property caused by the defect of products. Sellers shall be responsible for compensation if the damages to the property or person are caused by defects resulting from the fault of sellers. The injured person may demand indemnification from the producer of the product or from the seller of the product. If the defect in the product is caused by the producer, the seller shall have the right, after paying indemnification, to recover the same from the producer. If the defect in the product is caused by the fault of the seller, the producer shall have the right, after paying indemnification, to recover the same from the seller. In addition, a natural person, legal person or other organisation engaging in the business of hotel, shopping malls, entertainment and the like or carrying out other social activities, which fails to perform duty of care and security within reasonable limits and thereby causes damages to others, shall bear the corresponding tortious liability.

ENVIRONMENTAL PROTECTION

Pursuant to the Environmental Protection Law of the PRC (中華人民共和國環境保護法), which was promulgated by SCNPC on 26 December 1989, amended on 24 April 2014 and became effective on 1 January 2015, pollutant-discharging enterprises, institutions and other manufacturing operators shall adopt measures to prevent and treat waste gas, wastewater, waste residue, medical waste, dust, malodorous gas, radioactive substances generated in manufacturing, construction or any other activities as well as environmental pollution and hazards such as noise, vibration, ray radiation,

electromagnetic radiation etc. and shall establish an environmental protection accountability system to specify the responsibilities of the person(s)- in-charge and the relevant personnel of the organisation. Pollutant-discharging enterprises, institutions and other manufacturing operators shall pay sewage fees pursuant to the relevant provisions of the State. Different penalties, including fines, suspensions of operation, announcements and criminal responsibility, shall be imposed against persons or enterprises in violation of the Environmental Protection Law depending on the individual circumstances and the extent of contamination.

The Company shall abide by the Prevention and Control of Water Pollution Law of the PRC (中華人民共和國水污染防治法), the Prevention and Control of Atmospheric Pollution Law of the PRC (中華人民共和國大氣污染防治法), the Prevention and Control of Noise Pollution Law of the PRC (中華人民共和國噪聲污染防治法), the Prevention and Control of Environmental Pollution by Solid Waste Law of the PRC (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 PRC (中華人民共和國環境影響評價法) and the Administrative Regulations on Environmental Protection for Development Projects (建設項目環境保護管理條例). These laws and regulations govern a broad range of environmental matters, including air pollution, noise emissions and water and waste discharge, and environmental impact assessment should be performed and approval shall be obtained before the project is constructed.

LEASE OF PROPERTIES

Both the Provisional Regulations Concerning the Grant and Assignment of the Right to Use State Land in Urban Areas at the PRC (中華人民共和國城鎮國有土地使用權出讓和轉讓暫行條例) and the Administration of Urban Real Estate Law of the PRC (中華人民共和國城市房地產管理法) permit the leasing of granted land use rights and of the buildings or houses erected on the land upon certain conditions. Pursuant to the Administrative Measures for Commodity House Leasing (商品房租賃管理辦法), which were promulgated by the Ministry of Housing and Urban-Rural Development of the PRC on 1 December 2010 and became effective on 1 February 2011, parties thereto shall register and file with the local property administration authority within thirty days of the signing of the lease contract. Those who fail to register may be ordered to rectify the failure within a specific time period or otherwise fined.

Under the Civil Code of the PRC (中華人民共和國民法典), the term of a leasing contract shall not exceed 20 years. Any change of ownership during the lease term to the leasing properties does not affect the validity of the leasing contract.

SURVEYING AND DESIGNING OF CONSTRUCTION PROJECTS

The Regulations on the Administration of Surveying and Designing of Construction Projects (建設工程勘察設計管理條例), which were promulgated by the State Council on 25 September 2000 and amended on 12 June 2015 and 7 October 2017, provide a qualification control system to enterprises engaging in surveying or designing activities of construction projects. The competent administrative departments for construction and the relevant departments, such as for transportation and water, of the people's governments at or above the county level shall implement the supervision and control over the surveying and designing activities of construction projects in accordance with the provisions of these Regulations. The enterprises for the surveying or designing of construction projects must conduct the surveying or designing of construction projects according to law, strictly implement the compulsory standards for construction projects, and be responsible for the surveying or designing quality of construction projects. The surveying or designing enterprises shall be engaged for the surveying or designing of construction projects within the approved scope of their respective qualifications.

CONSTRUCTION

According to the Provisions on the Administration of Qualifications of Enterprises in the Construction Industry (建築業企業資質管理規定), which were promulgated by the Ministry of Housing and Urban-Rural Development on 22 January 2015, came into effect on 1 March 2015 and were amended on 13 September 2016 and 22 December 2018, an enterprise in the construction industry shall apply for its qualification on the basis of its qualification conditions, such as capital, assets, specialised technicians, technologies, equipment and the construction projects completed, and may only engage in construction activities within its qualification scope after passing the qualification examination and obtaining the appropriate qualification certificate.

FIRE CONTROL

Pursuant to the Fire Prevention Law of the PRC (中華人民共和國消防法), which was promulgated by the SCNPC on 29 April 1998, amended on 28 October 2008, 23 April 2019 and 29 April 2021, public gathering places shall pass a fire prevention safety inspection conducted by the local public security fire-fighting department before the commencement of business operations.

ADMINISTRATION OF TRADING PLACES

Pursuant to the Guidance on Strengthening the Standardised Administration of Commodity Trading Markets (關於加強商品交易市場規範管理的指導意見) published by the State Administration for Industry and Commerce of the PRC (which has been merged into State Administration for Market Regulation) on 25 December 2013, local departments shall lead operators of trading markets to take responsibilities including maintaining the business order of markets, protecting legal rights and interests of consumers, and guaranteeing the quality of accountability of commodities.

LABOUR

According to the Labour Law of the PRC (中華人民共和國勞動法) promulgated by SCNPC on 5 July 1994 that became effective on 1 January 1995 and amended on 27 August 2009 and 29 December 2018, workers are entitled to fair employment, choice of occupation, labour remuneration, leave, a safe workplace, a sanitation system, social insurance and welfare and certain other rights. The working time for workers may not exceed eight hours per day and no more than 44 hours per week on average. Employers shall establish and improve their work safety and sanitation system, educate employees on safety and sanitation, and provide employees with a working environment that meets the national work safety and sanitation standards.

The Labour Contract Law of the PRC (中華人民共和國勞動合同法) was promulgated by SCNPC on 29 June 2007 and amended on 28 December 2012, and its implementation regulations were implemented on 18 September 2008 (collectively, “**Labour Contract Law**”). According to the Labour Contract Law, labour contracts must be executed in writing to establish labour relationships between employers and employees. Employees, who fulfil certain criteria (including having worked for the same employer for 10 years or more consecutively), may demand that employers execute non-fixed-term labour contracts. Wages paid by employers may not be lower than the local minimum wage. Both employers and employees must perform their respective obligations stipulated in the labour contracts. Where workers are provided by a staffing company, the staffing company is the

employer and performs the legal obligations of an employer toward the dispatched workers, including, among others, entering into a labour contract with a fixed term of more than two years with the workers and paying remuneration for their labour. The staffing company must conclude a labour dispatch agreement with the entities that receive labour services. In the event of a violation of any legal provisions of the Labour Contract Law, administrative penalties may be imposed on employers by the relevant PRC governmental authorities in charge of labour administration (including warnings, rectification orders, fines, orders for payment of wages and compensation to employees, revocation of business licences and other penalties).

The Employment Promotion Law of the PRC (中華人民共和國就業促進法), which was promulgated by SCNPC on 30 August 2007, became effective on 1 January 2008 and was amended on 24 April 2015, requires that individuals have equal employment opportunities, both in hiring and in employment terms, without discrimination on the basis of ethnicity, race, gender, religious belief, communicable disease or rural residence. Under this law, companies are encouraged to provide employees with vocational training. Administrative authorities at the county level or above are responsible for implementing policies to promote employment.

Pursuant to the Social Insurance Law of the PRC (中華人民共和國社會保險法) (“**Social Insurance Law**”) promulgated by SCNPC on 28 October 2010, which became effective on 1 July 2011 and amended on 29 December 2018, employers in the PRC must register with the relevant social insurance authority and make contributions to the pension insurance fund, basic medical insurance fund, unemployment insurance fund, maternity insurance fund and work-related injury insurance fund. Pursuant to the Social Insurance Law, pension insurance, basic medical insurance and unemployment insurance contributions must be paid by both employers and employees, while work-related injury insurance and maternity insurance contributions must be paid solely by employers. An employer must declare and make social insurance contributions in full and on time. The social insurance contributions payable by employees must be withheld and paid by employers on behalf of the employees. Employers who fail to register with the social insurance authority may be ordered to rectify the failure within a specific time period. If the employer fails to rectify the failure to register within the specified time period, a fine or one to three times the actual premium may be imposed. If the employer fails to make social insurance contributions on time and in full, the social insurance collecting agency shall order the employer to make up the shortfall within the prescribed time period and impose a late payment fee amounting to 0.05% of the unpaid amount for each day it is overdue. If the non-compliance continues, the employer may be subject to a fine ranging from one to three times the unpaid amount owed to the relevant administrative agency.

Pursuant to the Regulations on the Administration of Housing Accumulation Fund (住房公積金管理條例) effective on 3 April 1999, and amended on 24 March 2002 and 24 March 2019, an employer (including a foreign invested company) shall undertake the registration with the administrative centre of housing provident funds and pay the funds for their staff. If an employer, in violation of the aforesaid regulations, fails to undertake registration or to open the housing provident funds account for its employees, the administrative centre of housing provident funds will impose an order for completion within prescribed time limit. If such employer further fails to process within the aforesaid time limit, a fine ranging from RMB10,000 to RMB50,000 will be imposed. Furthermore, if an employer, in violation of the aforesaid regulations, fails to pay or to fully pay the housing provident funds, the administrative centre of housing provident funds will impose an order for payment within a prescribed time limit, and if such employer further fails to make payment within the aforesaid time limit, the centre shall have the right to apply for compulsory enforcement in court.

REMITTANCE OF RMB INTO AND OUTSIDE THE PRC

Renminbi is not a freely convertible currency. The remittance of Renminbi into and outside the PRC is subject to control imposed under PRC law.

CURRENT ACCOUNT ITEMS

Under PRC foreign exchange control regulations, current account payments include payments for imports and exports of goods and services, payments of income and current transfers into and outside the PRC.

Prior to July 2009, all current account items were required to be settled in foreign currencies with limited exceptions. Following progressive reforms, Renminbi settlement of imports and exports of goods and of services and other current account items became permissible nationwide in 2012.

Since July 2013, the procedures for cross-border Renminbi trade settlement under current account items have been simplified and trades through e-commerce can also be settled in Renminbi under the current regulatory regime. A cash pooling arrangement for qualified multinational enterprise group companies was introduced in late 2014, under which a multinational enterprise group can process cross-border Renminbi payments and receipts for current account items on a collective basis for eligible member companies in the group. In addition, the eligibility requirements for multinational enterprise groups have been lowered and the cap for net cash inflow has been increased in September 2015.

The PBOC also permit enterprises in the China (Shanghai) Free Trade Pilot Zone (“**Shanghai FTZ**”) to establish an additional cash pool in the local scheme in the Shanghai FTZ, but each onshore company within the group may only elect to participate in one cash pooling programme. In November 2016, PBOC Shanghai Headquarters further allowed banks in Shanghai to provide multinational enterprise groups with services of full-function onshore cash pooling, which will enable broader scope for utilising pooled cash.

On 23 October 2019, the SAFE promulgated Notice by the State Administration of Foreign Exchange of Simplifying Foreign Exchange Accounts (國家外匯管理局關於精簡外匯帳戶的通知)(匯發[2019]29號). SAFE has decided to review and integrate certain foreign exchange accounts and further reduce the types of accounts in order to further intensify the reform of foreign exchange administration, simplifying the relevant business operating procedures, and facilitate true and compliant foreign exchange transactions by banks, enterprises and other market participants, for example, “Current accounts – foreign currency cash account” and “current accounts – foreign exchange account under current accounts of overseas institutions” are included in “current accounts – foreign exchange settlement account”.

On the same day, the SAFE issued Notice by the State Administration of Foreign Exchange of Further Facilitating Cross-border Trade and Investment (國家外匯管理局關於進一步促進跨境貿易投資便利化的通知)(匯發[2019]28號), based on which, for the revenue obtained by an enterprise from trade in goods, the enterprise may, on its own, decide whether to open a to-be-inspected account for export revenue (“to-be-inspected account”). If an enterprise has not opened a to-be-inspected account, the examined revenue from trade in goods by the bank in accordance with the existing provisions may be directly deposited into the foreign exchange account under current accounts or used for foreign exchange settlement.

The regulations referred to above are subject to interpretation and application by the relevant PRC authorities. Local authorities may adopt different practices in applying these regulations and impose conditions for settlement of current account items.

CAPITAL ACCOUNT ITEMS

Under PRC foreign exchange control regulations, capital account items include cross-border transfers of capital, direct investments, securities investments, derivative products and loans. Capital account payments are generally subject to approval of, and/or registration or filing with, the relevant PRC authorities.

Until recently, settlement of capital account items, for example, the capital contribution of foreign investors to foreign invested enterprises in the PRC, were generally required to be made in foreign currencies. Under progressive reforms, foreign enterprises are now permitted use Renminbi to settle all capital account items that can be settled in foreign currencies. Cross-border Renminbi payment infrastructure and trading facilities are being improved. Approval, registration and filing requirements specifically for capital account payments in Renminbi are being removed gradually.

PRC entities are also permitted to borrow Renminbi-denominated loans from foreign lenders (which are referred to as “**foreign debt**”) and lend Renminbi-denominated loans to foreign borrowers (which are referred to as “outbound loans”), as long as such PRC entities have the necessary quota, approval or registration. PRC entities may also denominate security or guarantee arrangements in Renminbi and make Renminbi payments thereunder to parties in the PRC as well as other jurisdictions (which is referred to as “cross-border security”). Under current rules promulgated by the State Administration of Foreign Exchange of the PRC (“**SAFE**”) and PBOC, foreign debts borrowed, outbound loans extended, and the cross-border security provided by a PRC onshore entity (including a financial institution) in Renminbi shall, in principle, be regulated under the current PRC foreign debt, outbound loan and cross-border security regimes applicable to foreign currencies. After piloting in the free trade zones, PBOC and SAFE launched a nation-wide system of macro-prudential management on cross-border financing in 2016, which provides for a unified regime for financings denominated in both foreign currencies and Renminbi.

Since September 2015, qualified multinational enterprise groups can extend Renminbi-denominated loans to, or borrow Renminbi-denominated loans from, eligible offshore member entities within the same group by leveraging the cash pooling arrangements. The Renminbi funds will be placed in a special deposit account and may not be used to invest in stocks, financial derivatives, or non-self-use real estate assets, or purchase wealth management products or extend loans to enterprises outside the group. Enterprises within the Shanghai FTZ may establish another cash pool under the Shanghai FTZ rules to extend inter-company loans, although Renminbi funds obtained from financing activities may not be pooled under this arrangement.

The securities markets, specifically the Renminbi Qualified Foreign Institutional Investor (“**RQFII**”) regime and the China Interbank Bond Market (“**CIBM**”), have been further liberalised for foreign investors. PBOC has relaxed the quota control for RQFII, initiated a bond market mutual access scheme between mainland and Hong Kong to allow eligible investors to invest in CIBM and has also expanded the list of foreign investors eligible to directly invest in CIBM, removed quota restriction, and granted more flexibility for the settlement agents to provide the relevant institutions with more trading facilities (for example, in relation to derivatives for hedging foreign exchange risk).

Interbank foreign exchange market is also opening-up. In 2018, CFETS further relaxed qualifications, application materials and the procedures for foreign participating banks (which needs to have a relatively large scale of Renminbi purchase and sale business and international influence) to access the inter-bank foreign exchange market.

Recent reforms introduced were aimed at controlling the remittance of Renminbi for payment of transactions categorised as capital account items. There is no assurance that the PRC Government will continue to gradually liberalise the control over Renminbi payments of capital account item transactions in the future. The relevant regulations are relatively new and will be subject to interpretation and application by the relevant PRC authorities. Further, if any new PRC regulations are promulgated in the future which have the effect of permitting or restricting (as the case may be) the remittance of Renminbi for payment of transactions categorised as capital account items, then such remittances will need to be made subject to the specific requirements or restrictions set out in such rules.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT OF THE COMPANY

BOARD OF DIRECTORS

Our Board of Directors comprises 14 directors, including four executive Directors, five non-executive Directors and five independent non-executive Directors. Our Directors serve a term of three years and may be re-elected for successive reappointments.

The following table sets forth the information in respect of the Directors of the Company.

Name	Age	Position/Title (Responsibility)
<i>Executive Directors</i>		
Mr. CHE Jianxing	56	Chairman, Executive Director and General Manager
Ms. GUO Binghe	48	Vice Chairman and Executive Director
Ms. CHE Jianfang	53	Executive Director and Vice General Manager
Mr. JIANG Xiaozhong	53	Executive Director and Vice General Manager
<i>Non-executive Directors</i>		
Ms. CHEN Shuhong	49	Non-executive Director
Mr. CHEN Zhaohui	43	Non-executive Director
Mr. JIANG Xiangyu	36	Non-executive Director
Ms. HU Xiao	42	Non-executive Director
Mr. YANG Guang	45	Non-executive Director
<i>Independent Non-executive Directors</i>		
Mr. LEE Kwan Hung, Eddie	56	Independent Non-executive Director
Mr. QIAN Shizheng	69	Independent Non-executive Director
Mr. WANG Xiao	47	Independent Non-executive Director
Ms. ZHAO Chongyi	47	Independent Non-executive Director
Ms. QIN Hong	59	Independent Non-executive Director

EXECUTIVE DIRECTORS

Mr. CHE Jianxing, aged 56, the founder of our Group. Mr. CHE started his career in furniture manufacturing in the late 1980s. He established Changzhou Red Star Furniture Store (常州市紅星傢俱城) in December 1990 and served as its general manager from 1990 to 1994; he founded Red Star Furniture Group Co., Ltd. in June 1994 and served as its chairman of the board of directors and general manager from 1994 to 2007; he founded Red Star Limited, the predecessor of the Company, in 2007, and has served as the Chairman and the general manager since 2007. Mr. CHE is Ms. CHEN Shuhong's husband and Ms. CHE Jianfang's brother. 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 thirteen session of the Political Consultative Conference Shanghai Committee (上海市政協第十三屆委員會). Mr. CHE was awarded the "Working Model of Jiangsu Province" by Jiangsu Provincial People's Government in April 2006, the "National Excellent Private Enterprise Owner Caring for Employees (全國關愛員工優秀民營企業家)" by All-China Federation of Industry & Commerce and All-China Federation of Trade Union in June 2007, the "Most Respectful Entrepreneur of Jiangsu Province over the 30 Years of Opening and Reform (改革開放30年江蘇省最受尊敬企業家)" in 2008, the "Changzhou Outstanding Entrepreneur" by the Changzhou government in January 2012, the "Shanghai Top 10 Outstanding Persons of Commerce (上海商業十大傑出人物)" by Shanghai Commercial Association in October 2012, the "Glory Star of Shanghai (上海市光彩之星)" by Shanghai Federation of Industry and Commerce in June 2013, the "Shanghai Outstanding Star (上海傑出之星)" by the Shanghai

government, Shanghai Federation of Industry and Commerce and Shanghai Outstanding Enterprise Promotion Association (上海光彩事業促進會) in February 2014, the “Leader of the Third Session of Industry and Commerce of Shanghai (第三屆上海市工商業領軍人物)” by Shanghai Commercial Association and Shanghai Enterprise Association (上海市企業聯合會) in March 2018, 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. GUO Binghe, aged 48, joined the Company in June 2007 and has been serving as Vice Chairman of the Company since November 2018, primarily responsible for the Company’s legal compliance and internal control and providing support and assistance to the board of directors in the performance of its duties. Mr. Guo was a vice general manager of the Company from October 2011 to December 2021 and the Secretary to the Board from December 2013 to December 2021. Prior to joining the Company, Mr. GUO worked in the investment banking division of Shenyin & Wanguo Securities Co., Ltd. from July 2001 to March 2004. He then worked in Skyone Securities Co., Ltd. from March 2004 to October 2005. From 2006 to 2007, Mr. GUO served as assistant chief financial officer of Red Star Furniture Group.

Mr. GUO completed his studies in English education at Anhui Education College (now known as Hefei Normal University) in July 1998, and obtained a master’s degree in economics from Fudan University in July 2001 and a degree of executive master of business administration from Cheung Kong Graduate School of Business.

Ms. CHE Jianfang, aged 53, joined the Company in June 2007 and has been an executive Director and a vice general manager of the Company since then. Ms. CHE is primarily responsible for merchandising management of our Group. Prior to joining the Company, Ms. CHE worked as the general manager at the Changzhou Red Star Furniture General Factory from 1990 to 1993, mainly responsible for general operation of the business. She served as the general manager responsible for national investment operation at Red Star Furniture Group from 1994 to 2007. Ms. CHE is Mr. XU Guofeng’s wife and Mr. CHE Jianxing’s sister.

Ms. CHE completed the “Senior Executive Programme for China” jointly organised by China Europe International Business School (“CEIBS”), Harvard Business School and the School of Economics and Management of Tsinghua University in December 2007. She also completed the China CEO Programme jointly organised by Cheung Kong Graduate School of Business, Columbia Business School, the International Institute for Management Development and London Business School in July 2011, the second phase of the CEO Alumni Humanities course of Cheung Kong Graduate School of Business in November 2016 and the CEO Leading the Future course of Shanghai Advanced Institute of Finance in March 2017. Ms. CHE completed the executive master of business administration (EMBA) program in PBC School of Finance, Tsinghua University in April 2018. Currently, Ms. CHE serves as a member of Shanghai Pudong New Area Committee of CPPCC, the vice chairman of the Federation of Industry and Commerce of Pudong New Area, a member of the Central Enterprise Committee of the China National Democratic Construction Association, the executive director of the Enterprise Committee of Shanghai Committee of the China National Democratic Construction Association, the chairman of the Red Star Macalline Branch of the China National Democratic Construction Association, the vice chairman of Shanghai Entrepreneur Association, and vice president of the Fourth Council of Shanghai Outstanding Enterprise Promotion Association, and has always been committed to social welfare undertakings and initiated the

establishment of “Red Star True Love Fund”. Ms. CHE has been honoured as the Model of “Accomplishments of Females” by All-China Women’s Federation, the “Top Ten Entrepreneurs” of Changzhou City, the “National Outstanding Achievement Award for Excellent Entrepreneurial Women”, the “Excellent Entrepreneur” in the National Building Decoration Materials Industry, the “Glory Star of Shanghai in 2017”, “The March 8th Red Banner Pacesetter in Shanghai in 2017-2018”, the “Top Ten Outstanding Entrepreneurs” by Shanghai Committee of China National Democratic Construction Association”, the “Advanced Individual in Prevention and Control of COVID-19 Pandemic” by Shanghai Committee of China National Democratic Construction Association and other awards.

Mr. JIANG Xiaozhong, aged 53, joined the Company in June 2007 and has been an executive Director and a vice general manager of the Company since December 2012. Mr. JIANG is primarily responsible for business development and operation of our Group. Prior to joining the 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 in July 1992. He graduated with an executive master of business administration degree from the executive master of business administration programme at Cheung Kong Graduate School of Business in September 2011.

NON-EXECUTIVE DIRECTORS

Ms. CHEN Shuhong, aged 49, joined the Company in June 2007 and has been a non-executive Director since then. Ms. CHEN is primarily responsible for overseeing the Company’s management and strategic development. Prior to joining our Company, Ms. CHEN worked at the Changzhou Red Star Furniture General Factory from July 1992 to December 1993, and was mainly responsible for finance and accounting-related work. She then served as a manager of Changzhou Home Furnishing Wholesale Center from January 1994 to June 1999. Ms. CHEN served as the chief financial officer of Red Star Furniture Group from June 1999 to June 2007. Ms. CHEN is Mr. CHE Jianxing’s wife.

Ms. CHEN obtained a college degree for adult higher education in accounting from Jiangsu Polytechnic University (now known as Changzhou University) in 2003. She graduated with an executive master of business administration degree from the executive master of business administration program of The Hong Kong University of Science and Technology in June 2012.

Mr. CHEN Zhaohui, aged 43, joined the Company in March 2021 and has been a non-executive Director of the Company since then. Mr. CHEN joined Zhongrong Life Insurance Co., Ltd. in July 2017, served as the chief actuary from July 2017 to December 2018, the deputy general manager since December 2018 and the deputy general manager and person in charge of finance since January 2019. He successively worked at Minsheng Life Insurance Co., Ltd., Sun Life Everbright Life Insurance Co., Ltd., BOB-Cardif Life Insurance Co., Ltd., Bohai Life Insurance Co., Ltd. and Asia Pacific Actuarial Department of PricewaterhouseCoopers from July 2003 to July 2017, during which he was in charge of product development, actuarial evaluation, asset and liability management, solvency management and other related work and corresponding team management.

Mr. CHEN studied at Nankai University from September 2000 to July 2003 and obtained a master’s degree in economics. Mr. Chen is also a fellow member of China Association of Actuaries (FCAA) and Society of Actuaries (FSA).

Mr. JIANG Xiangyu, aged 36, joined the Company in September 2021 and has been a non-executive Director of the Company since then. Mr. JIANG has served as General Manager of the Equity Investment Department of AEON Insurance Asset Management Co., Ltd. since January 2017. Prior to this, Mr. JIANG served as a consultant of Deloitte Touche Tohmatsu Certified Public Accountants from August 2008 to August 2010, and as an investment manager of SINALIS from September 2011 to December 2013. From June 2014 to September 2016, he served as Senior Investment Manager of the Asset Management Center of AEON Life Insurance Co., Ltd., and from September 2016 to December 2016, he served as Assistant to the General Manager of the Equity Investment Department of AEON Insurance Asset Management Co., Ltd. Currently, he is also a director of Beijing Capital Development Co., Ltd., a company listed on the Shanghai Stock Exchange (stock code: 600376). Mr. JIANG graduated from the Chinese University of Hong Kong with a master's degree in Business Administration.

Ms. HU Xiao, aged 42, joined the Company in March 2022 and has been a non-executive Director of the Company since then. Ms. Hu serves as a director and managing director of the strategic investment department of Alibaba Group Holding Ltd. (a company listed on the New York Stock Exchange under the stock code of BABA, and on the Stock Exchange under the stock code of 9988) consecutively since March 2017. Ms. Hu served as an accountant of KPMG Huazhen LLP from September 2002 to July 2003, a research assistant of the stock research department of China International Capital Corporation Limited (a company listed on Shanghai Stock Exchange under the stock code of 601995, and on the Stock Exchange under the stock code of 3908) from July 2003 to July 2006, an associate and vice president of Citigroup Global Markets Asia Limited consecutively from July 2008 to July 2012, a vice president and director of Merrill Lynch (Asia Pacific) Limited consecutively from July 2012 to March 2017. She has served as a non-executive director of Huatai Securities Co., Ltd. (a company listed on Shanghai Stock Exchange under the stock code of 601688, and on the Stock Exchange under the stock code of 6886) since October 2018 and a non-independent director of YTO Express Group Co., Ltd. (a company listed on Shanghai Stock Exchange under the stock code of 600233) since February 2021. Ms. Hu graduated from The Hong Kong University of Science and Technology with a master degree in business administration in April 2008.

Mr. YANG Guang, aged 45, joined the Company in March 2022 and has been a non-executive Director of the Company since then. Mr. Yang joined Alibaba Group Holding Ltd. (a company listed on the New York Stock Exchange under the stock code of BABA, and on the Stock Exchange under the stock code of 9988, the "Alibaba Group") in September 2007, and currently serves as the president of Tmall industry development and operation centre of Alibaba Group, being responsible for the operation of Tmall and Taobao. Before his current position in Alibaba Group, Mr. Yang led the operation team of consumer electronics product in Taobao.com and served as vice president of Tmall Business Segment. Mr. Yang was also one of the core members of the team responsible for the establishment of Tmall.com and Taobao Travel. From 2012 to 2015, Mr. Yang was responsible for Taobao.com's innovative business. Mr. Yang previously served as a non-executive director of Haier Electronics Group Co., Ltd., and a director of Suning.com Co., Ltd. (a company listed on the Shenzhen Stock Exchange under the stock code of 002024). Mr. Yang has also served as a non-executive director of AGTech Holdings Limited (a company listed on the Stock Exchange under the stock code of 8279) since August 2016. Mr. Yang graduated from Jilin University, China, majoring in biological pharmacy in June 1999.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. LEE Kwan Hung, Eddie, aged 56, has been appointed as our independent non-executive Director since February 2015. He is primarily responsible for participating in the decision making for our Company's significant events and advising on issues relating to the nomination of our Directors and senior management. From December 1992 to April 1994, Mr. LEE worked in the Listing Division of the Stock Exchange, where he served as a manager and later a senior manager, and was a partner of Woo Kwan Lee & Lo from April 2001 to February 2011. Mr. LEE is currently a consultant at Howse Williams law firm. He has been an independent non-executive director of several companies listed on the Stock Exchange, including Embry Holdings Limited (stock code: 1388) since November 2006, NetDragon Websoft Inc. (stock code: 777) since June 2008, Newton Resources Ltd. (stock code: 1231) since December 2010, Tenfu (Cayman) Holdings Company Limited (stock code: 6868) since August 2011, Glory Sun Financial Group Limited (stock code: 1282) since November 2015, FSE Services Group Limited (stock code: 331) since November 2015, and Ten Pao Group Holdings Limited (stock code: 1979) since November 2015. Mr. LEE was an independent non-executive director of China BlueChemical Ltd. (stock code: 3983) (until May 2021).

Mr. LEE obtained his Bachelor of Laws (Honours) degree and Postgraduate Certificate in Laws from the University of Hong Kong in 1988 and 1989, respectively. He was admitted as a solicitor in Hong Kong in 1991 and in the United Kingdom in 1997.

Mr. QIAN Shizheng, aged 69, joined the Company in April 2016 and has been appointed as our independent non-executive Director since then. He is primarily responsible for participating in the decision making for our Company's significant events and advising on issues relating to corporate governance, audit and the remuneration and assessment of our Directors and senior management. Mr. QIAN has over 30 years of experience in the theory and practice of finance and accounting. Mr. QIAN served as the Deputy Dean of the Department of Accounting at Shanghai Fudan University from August 1983 to December 1997. During the period from January 1998 to June 2012, he served as the executive director and later the vice president of Shanghai Industrial Holdings Limited, a company listed on the Stock Exchange (stock code: 363), and concurrently served as the vice chairman of Haitong Securities Co., Ltd., a company listed on both the Shanghai Stock Exchange (stock code: 600837) and the Stock Exchange (stock code: 6837) as well as an independent director at Shanghai Chengtuo Holding Co., Ltd., a company listed on the Shanghai Stock Exchange (stock code: 600649). Mr. QIAN returned to Shanghai Fudan University in July 2012 and is now a professor at the School of Management of Shanghai Fudan University. Mr. QIAN is concurrently acting as an independent director at Shanghai Lujiazui Finance and Trade Zone Development Co., Ltd., a company listed on the Shanghai Stock Exchange (stock code: 600663), Spring Airlines Co., Ltd., a company listed on the Shanghai Stock Exchange (stock code: 601021), Hanhua Financial Holding Co., Ltd., a company listed on the Stock Exchange (stock code: 3903), Jingrui Holdings Limited, a company listed on the Stock Exchange (stock code: 1862), Lonking Holdings Limited, a company listed on the Stock Exchange (stock code: 3339).

Mr. QIAN obtained his bachelor's degree in economics from the Accounting Department at Shanghai University of Finance and Economics in July 1983 and obtained his master's degree in economics and PhD in management from Shanghai Fudan University in January 1993 and July 2001, respectively.

Mr. WANG Xiao, aged 47, has been appointed as our independent non-executive Director since November 2018. Mr. WANG is currently is a partner in the capital markets practice of Hillhouse investment. During April 2000 and March 2001, he served as manager in the head office of Bank of China. During March 2001 and March 2011, he served as senior manager in the Shanghai Stock Exchange. From March 2011 to April 2015, he served as an investigator of the CSRC. From April 2015 to December 2015, he served as a member of the executive committee of Shanghai Lujiazui International Financial Assets Commodity Exchange Co., Ltd. and Ping An Insurance (Group) Company of China, Ltd. (listed on the Hong Kong Stoke Exchange, stock code: 2318 and listed on the Shanghai Stock Exchange, stock code: 601318). He served as an independent director of Long Yuan Construction Group Co, Ltd. (listed on the Shanghai Stock Exchange, stock code: 600491) since March 2017. Mr. WANG is a professor (part-time) of the China Insurance Actuarial Research Institute of Central University of Finance and Economics and is also a columnist of Caixin.com. Mr. WANG is a certified public accountant of the PRC and a CFA charterholder.

Mr. WANG studied at and obtained a master's degree in accounting from the Central University of Finance and Economics from September 1997 to April 2000, a master's degree in finance from the London Business School from September 2007 to June 2008. He obtained his PhD degree in management from Shanghai Fudan University from September 2004 to June 2009.

Ms. ZHAO Chongyi, aged 47, has been appointed as our independent non-executive Director since November 2018. Ms. ZHAO served as the general manager of Chateau Medicis (France), Asia regional partner and deputy president of Barnes International (France), and director and president of Barnes Asia Limited (Hong Kong), and currently is the deputy chairman and senior executive vice president of Grand Parc Du Puy Du Fou (France) in Asia region, the co-founder and director of Tandem Partners Limited (Hong Kong), and the founder and director of Chinaccessory Manufactory Co. Limited (Hong Kong).

Ms. ZHAO obtained a master's degree in business administration in the Open University of Hong Kong, (now known as Hong Kong Metropolitan University), from September 2001 to June 2003. Ms. ZHAO received executive education from The John F. Kennedy School of Government at Harvard University from August 2014 to December 2014 and from The Cheung Kong Graduate School of Business from June 2017 to June 2018.

Ms. QIN Hong, aged 59, has been appointed as our independent non-executive Director since November 2020. Ms. QIN worked at the Urban-Rural Construction Economic Research Institute of China, the Institute of Housing and Real Estate of the Policy Research Centre of Ministry of Housing and Urban-Rural Development and was transferred to Renmin University of China in May 2019. She is currently a senior researcher at the National Institute of Development and Strategy, Renmin University of China. She served as an independent non-executive director at Fang Holdings Limited (listed on the New York Stock Exchange, stock code: SFUN) from November 2019 to June 2020. Ms. Qin graduated from the Department of Economics of Capital Construction of the Graduate School of Chinese Academy of Social Sciences and obtained a master's degree in economics.

SUPERVISORY COMMITTEE

The Supervisory Committee comprises three members. Our Supervisors serve a term of three years and may be re-elected for successive reappointments. The functions and duties of the Supervisory Committee include reviewing financial reports, business reports and profit distribution plans prepared by the Board of Directors and overseeing the financial and business performance of our Group. They are also entitled to appoint certified public accountants and practicing auditors to re-examine the Company's financial information where necessary.

The following table sets forth the information in respect of the Supervisors of the Company.

<u>Name</u>	<u>Age</u>	<u>Position/Title</u>
Mr. PAN Ning	55	Chairman of the Supervisory Committee
Ms. CHAO Yanping	51	Employee representative Supervisor
Mr. ZHENG Hongtao	55	Independent Supervisor
Mr. CHEN Gang	46	Independent Supervisor

SUPERVISORS

Mr. PAN Ning, aged 55, has been the chairman of the Supervisory Committee of the Company since February 2012. He was previously a vice general manager of the Company from June 2007 to December 2011, mainly responsible for overseeing the audit and evaluating investment decisions of the Company. Prior to joining the Company, Mr. PAN worked as an officer at the Changzhou branch of the People's Bank of China, the Changzhou branch of Industrial and Commercial Bank of China and Changzhou Commercial Bank from November 1983 to March 2002. Mr. PAN served as a vice president of Red Star Furniture Group from 2002 to 2007, mainly responsible for corporate finance work.

Mr. PAN completed a part-time course in finance at Jiangsu Radio and Television University (now known as Jiangsu Open University) in July 1991 and a postgraduate course in monetary banking at Suzhou University in June 1998. He completed the "Senior Executive Program for China" jointly organized by China Europe International Business School, Harvard Business School and the School of Economics and Management of Tsinghua University in December 2009. Mr. PAN completed the finance executive master of business administration course in Shanghai Advanced Institute of Finance and obtained his master's degree in executive master of business administration in June 2016. Mr. PAN was accredited by the Jiangsu branch of Industrial and Commercial Bank of China as an economist in June 1992.

Ms. CHAO Yanping, aged 51, has been the employee representative Supervisor of the Company since December 2010. Ms. CHAO has been serving as a general manager of the Company's first development centre since June 2007, mainly responsible for overseeing business development and operations of the Company. Prior to joining the Company, Ms. CHAO worked as the general manager of Shanghai region in Red Star Furniture Group from 2002 to 2007, mainly responsible for projects investment and development. Ms. CHAO completed the part-time course of business administration at the University of Shanghai for Science and Technology in January 2010.

Mr. ZHENG Hongtao, aged 55, joined the Company in January 2016 and has been an independent Supervisor since then. He has been engaging in teaching and research work at Beijing National Accounting Institute as a director of corporate governance and risk control centre. Mr. ZHENG was a teacher at Guangdong Zhongkai Technology and Economics College from July 1995 to December 1996. From January 1997 to October 1997, Mr. ZHENG was a researcher at the Rural Economics Research Center of the Ministry of Agriculture. From October 1997 to September 1998, Mr. ZHENG served as an investment project manager at the investment banking division of Everbright Securities Company Limited (which was subsequently listed on both the Stock Exchange (stock code: 6178) and the Shanghai Stock Exchange (stock code: 601788)).

Mr. ZHENG participated in post-doctoral research in finance at Zhongnan University of Economics and Law from July 2002 to December 2006. He graduated from Huazhong Agricultural University with a doctoral degree in agricultural economics and management and a master's degree in agriculture in June 2001 and June 1995, respectively.

Mr. ZHENG is currently an independent director of China SUFA Technology Industry Co., Ltd., CNNC, Venustech Group Co., Ltd., a company listed on the Shenzhen Stock Exchange (stock code: 002439), CNFC Overseas Fisheries Co., Ltd., a company listed on the Shenzhen Stock Exchange (stock code: 000798) and Zhejiang Hongwei Supply Chain Group Co., Ltd.. In February 2010, Mr. ZHENG was named as a professor by the Ministry of Finance of the People's Republic of China. Mr. ZHENG was an independent director of Tangshan Jidong Cement Co., Ltd. a company listed on the Shenzhen Stock Exchange (stock code: 000401) and Hengxin Mobile Business Co., Ltd., a company listed on the Shenzhen Stock Exchange (stock code: 300081) and Beijing Tianli Mobile Service Integration, Inc., a company listed on the Shenzhen Stock Exchange (stock code: 300399), during the three years prior to the date of this Offering Circular.

Mr. CHEN Gang, aged 46, joined the Company in January 2016 and has been an independent Supervisor of the Company since then. Mr. CHEN served as the senior manager and business director of the headquarters of investment banking of Huatai United Securities Co., Ltd., formerly known as United Securities Co., Ltd. and the general manager of its investment banking division of Shanghai from July 2001 to August 2006. From August 2006 to February 2007, he served as an assistant general manager of the headquarters of mergers and acquisitions financing department and the person in charge of the Shanghai branch of China Securities. From February 2007 to January 2010, he served as the vice general manager and the executive general manager of the headquarters of investment banking of Zhongtai Securities Co., Ltd., formerly known as Qilu Securities Co., Ltd.. From February 2010 to December 2016, he successively acted as assistant to president and general manager of the investment banking division of Zhongshan Securities Co., Ltd., vice general manager of the OTC Market division and general manager of the new third board business of Zhongshan Securities Co., Ltd. From January 2017 to September 2018, he served as the vice-president of Lian Chu Securities Co., Ltd. and the general manager of the investment banking division. He has been a partner of Shanghai Lanjue Investment Management Co., Ltd. from October 2018 to November 2020. Since 2020, he has served as the founding partner of Shanghai Tongjing Technology Innovation Fusion Industry Fund Management Co., Ltd. (under construction).

Mr. CHEN graduated from Beijing University of Posts and Telecommunications with a major in English for Science and technology and a bachelor's degree in engineering in July 1998. Mr. CHEN completed the finance courses (including insurance courses) of the Economics College in Fudan University and obtained a master's degree in economics in July 2001, completed the world economy courses of the Economics College in Fudan University and obtained a doctoral degree in economics in July 2009, and engaged in post-doctoral research on politics in the International Relationships and Public Affairs College in Fudan University and graduated in July 2012. Mr. CHEN concurrently serves as an independent director of HONSUN, Honghui Optics Communication, Etone Information, Shanghai Shengnong and Chinanets, a master tutor of the School of Economics at Fudan University, a master tutor of the Fanhai International Finance School at Fudan University, the director of the Art Finance Institution of Asian Humanity and Nature Research (Macao), and the deputy director of the Shanghai Financial Committee of China National Democratic Construction Association. Mr. CHEN was accredited as a Chinese Certified Public Accountant by Shanghai Institute of Certified Public Accountants in November 2004, and was certified as Senior Certified Public Accountant (the 3rd batch) by The Chinese Institute of Certified Public Accountants in March 2018. In September 2009, Mr. CHEN was accredited by Jiangsu Office of Personnel as a senior economist. Mr. CHEN was listed in the first batch of sponsors in the Chinese securities market in 2004, and was certified as an international registered auditor by The Association of International Accountants in 2017; and Mr. CHEN acquired the qualification for APMI management accountant (senior member) in September 2018.

SENIOR MANAGEMENT

The following table sets forth the information regarding the members of senior management of the Company (other than those concurrently acting as executive Directors).

Name	Age	Position/Title
Ms. QIU Zhe	44	Executive President
Mr. LIU Yuanjin	67	Vice General Manager
Mr. XI Shichang	48	Chief Financial Officer
Mr. LI Jianhong	48	Vice General Manager

Ms. QIU Zhe, aged 44, has been the Executive President since joining the 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.

Mr. LIU Yuanjin, aged 67, joined the Company in June 2007 and has been a vice general manager of our Company since 30 December 2010. He is primarily responsible for the business development and operations of the Company. Prior to joining the Company, Mr. LIU worked at Changzhou Juqian Street Primary School from September 1971 to January 1977. Mr. LIU was a member and a deputy secretary of the communist youth league committee of Tianning District, Changzhou City from January 1977 to September 1981. From July 1985 to August 1997, Mr. LIU worked in the government of Tianning District, Changzhou City, where he served as head of the industry department, head of the planning economy department and the deputy district chief. From August 1997 to December 2003, Mr. LIU served as deputy head and deputy secretary of the central management committee and a member of the party committee of the Changzhou National High Technology Development Zone, and concurrently served as the deputy district chief and deputy secretary of the communist party committee of Xinbei District, Changzhou City. Mr. LIU served as a vice president of Red Star Furniture Group from 2004 to 2007, mainly responsible for project development.

Mr. LIU completed his studies in engineering management at Tianjin University in July 1985. He completed the “Senior Executive Program for China” jointly organized by CEIBS, Harvard Business School and the School of Economics and Management of Tsinghua University in December 2007. He completed the EMBA course of Cheung Kong Graduate School of Business in 2014. Mr. LIU also completed his CEO course of China Europe International Business School in 2017. He is currently studying his CEO course at Cheung Kong Graduate School of Business.

Mr. XI Shichang, aged 48, joined the Company in July 2010 and has been the chief financial officer of our Company since December 2010. He is primarily responsible for overseeing corporate finance and financial management of our Company. Prior to joining the Company, from October 1999 to December 2002, Mr. XI worked at Shanghai Zhong Yong Xin Accounting Firm. From January 2003 to July 2010, Mr. XI worked at Deloitte Touche Tohmatsu CPA Limited. Mr. XI graduated with a bachelor’s degree in finance from Shanghai University of Finance and Economics in July 1995 and a master of business administration degree from the executive master of business administration program at CEIBS in October 2013. Mr. XI has been a Certified Public Accountant (non-practicing member) accredited by The Chinese Institute of Certified Public Accountants and a member of the Institute of Public Accountants, Australia since June 2011.

Mr. LI Jianhong, aged 48, joined the Company in February 2013 and has been a vice general manager of the Company since March 2013. He is primarily responsible for the investment and financing of the Company. 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 Ltd., a company listed on the Stock Exchange (Stock Code: 01999) in September 2000 and served as its executive director and chief operating officer from April 2005 to October 2011.

Mr. LI graduated with a bachelor’s degree in accounting from Xiamen University in July 1994, and obtained a distance education degree in executive master of business administration from Peking University 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 CICPA in June 2001.

TERMS AND CONDITIONS OF THE BONDS

The following are the Terms and Conditions of the Bonds substantially in the form in which they (other than the text in italics) will be endorsed on the definitive bonds and referred to in the Global Certificate representing the Bonds.

The issue of the U.S.\$249,700,000 5.20 per cent. credit enhanced bonds due 2025 (the “**Bonds**”, which expression includes, unless the context requires otherwise, any further bonds issued pursuant to Condition 16 (*Further Issues*) and consolidated and forming a single series therewith) was authorised by resolutions of the board of directors of Red Star Macalline Group Corporation Ltd. (the “**Issuer**”) dated 30 March 2022 and resolutions of the shareholders of the Issuer dated 22 April 2022. The Bonds are constituted by a trust deed (the “**Trust Deed**”) dated 26 August 2022 between the Issuer and Citicorp International Limited (the “**Trustee**”, which expression shall include all persons for the time being as the trustee or trustees under the Trust Deed, and shall include its successors or assigns) as trustee for itself and the holders (as defined below) of the Bonds. The Bonds are the subject of an agency agreement (the “**Agency Agreement**”) dated 26 August 2022 relating to the Bonds between the Issuer, the Trustee, Citicorp International Limited as registrar (the “**Registrar**”), Citibank, N.A., London Branch as transfer agent (the “**Transfer Agent**”) and as initial principal paying agent (the “**Principal Paying Agent**” and, together with any other paying agents appointed under the Agency Agreement, the “**Paying Agents**”), the other agents named therein (where references herein to “**Agents**” means the Principal Paying Agent, the Registrar, the Transfer Agent and any other agent or agents appointed from time to time pursuant to the Agency Agreement with respect to the Bonds and shall include their respective successors or assigns), and Citibank, N.A., Hong Kong Branch as pre-funding account bank (the “**Pre-Funding Account Bank**”) and as letter of credit proceeds account bank (the “**LC Proceeds Account Bank**”). The Bonds have the benefit of an irrevocable standby letter of credit (the “**Standby Letter of Credit**”) dated on or about 26 August 2022 issued by Bank of Shanghai Co., Ltd. Beijing Branch (the “**LC Bank**”) in favour of the Trustee on behalf of itself and the Bondholders. The Bondholders are entitled to the benefit of, are bound by, and are deemed to have notice of all the provisions of the Trust Deed, the Agency Agreement and the Standby Letter of Credit. Copies of the Trust Deed, the Agency Agreement and Standby Letter of Credit are available for inspection by Bondholders during normal business hours (being 9.00 a.m. (Hong Kong time) to 5.00 p.m. (Hong Kong time) Monday to Friday except for public holidays) at the specified office for the time being of the Principal Paying Agent and at the principal place of business of the Trustee at 20th Floor, Citi Tower, One Bay East, 83 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong. These terms and conditions (these “**Conditions**”) include summaries of, and are subject to, the detailed provision of the Trust Deed (which includes the form of the Bonds), the Agency agreement and the Standby Letter of Credit.

All capitalised terms that are not defined in these Conditions will have the meanings given to them in the Trust Deed.

1. FORM, DENOMINATION AND TITLE

- 1.1 The Bonds are issued in the specified denomination of U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof (each, an “**Authorised Denomination**”).
- 1.2 The Bonds are represented by registered certificates (the “**Certificates**”) which shall be numbered serially and, save as provided in Condition 2.1 (*Transfer*), each Certificate shall represent the entire holding of Bonds by the same holder.

- 1.3 Title to the Bonds shall pass by registration in the register of Bondholders that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the “**Register**”). Except as ordered by a court of competent jurisdiction or as required by law, the holder of any Bond shall be deemed to be and may be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on the Certificate representing it (other than the endorsed form of transfer) or the theft or loss of such Certificate, and no person shall be liable for so treating the holder.
- 1.4 In these Conditions, a “**Bondholder**” and “**holder**” (in relation to a Bond) means the person in whose name a Bond is registered in the Register (or in the case of a joint holding, the first named thereof).

*Upon issue, the Bonds will be represented by a global certificate (the “**Global Certificate**”) registered in the name of a nominee of, and deposited with, a common depositary for Euroclear Bank SA/NV (“**Euroclear**”) and Clearstream Banking S.A. (“**Clearstream**”). These conditions are modified by certain provisions contained in the Global Certificate. See “Summary of Provisions relating to the Bonds While in Global Form” in the Offering Circular.*

Except in the limited circumstances described in the Global Certificate, owners of interests in Bonds represented by the Global Certificate will not be entitled to receive definitive Certificates in respect of their individual holdings of Bonds. The Bonds are not issuable in bearer form.

2. TRANSFERS OF BONDS AND ISSUE OF CERTIFICATES

2.1 Transfer

A Bond may, subject to the Agency Agreement and Condition 2.4 (*Closed Periods*), be transferred in whole or in part upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate(s) representing such Bonds to be transferred, together with the form of transfer endorsed on such Certificate(s) (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar or the relevant Transfer Agent may require. In the case of a transfer of part only of a holding of Bonds represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred (which must be in an Authorised Denomination) and a further new Certificate in respect of the balance of the holding not transferred (which must be in an Authorised Denomination) shall be issued to the transferor. In the case of a transfer of Bonds to a person who is already a holder of Bonds, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding. All transfers of Bonds and entries on the Register will be made in accordance with the detailed regulations concerning transfers of Bonds (the “**Regulations**”, the initial form of which is scheduled to the Trust Deed). No transfer of title to a Bond will be valid unless and until entered on the Register. The Regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Trustee, or by the Registrar with the prior written approval of the Trustee. A copy of the current Regulations will be made available by the Registrar to any Bondholder upon request (free of charge to the Bondholder and at the Issuer’s expense).

Transfers of interests in the Bonds evidenced by the Global Certificate will be effected in accordance with the rules of the relevant clearing systems.

2.2 Delivery of New Certificates

Each new Certificate to be issued pursuant to Condition 2.1 (*Transfer*) shall be available for delivery within five business days of receipt by the Registrar or, as the case may be, any Transfer Agent, of a duly completed and signed form of transfer and surrender of the existing Certificate(s). The form of transfer is available at the specified offices of each Transfer Agent. Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such form of transfer or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Transfer Agent or the Registrar (as the case may be) the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2.2, “**business day**” means a day, other than a Saturday, Sunday or public holiday, on which commercial banks are generally open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

2.3 Transfer Free of Charge

Certificates, on transfer of Bonds, shall be issued and registered without charge by or on behalf of the Issuer, the Registrar or any Transfer Agent, but upon (i) payment by the relevant holder of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity and/or security and/or pre-funding as the Registrar or the relevant Transfer Agent may require); (ii) the Registrar or the relevant Transfer Agent being satisfied in its absolute discretion with the documents of title or identity of the person making the application; and (iii) the relevant Agent being satisfied that the Regulations have been complied with.

2.4 Closed Periods

No Bondholder may require the transfer of a Bond to be registered (i) during the period of 15 calendar days ending on (and including) the due date for redemption of that Bond; (ii) during the period of seven calendar days ending on (and including) any Record Date; and (iii) after the exercise of a put option in relation to such Bond pursuant to Condition 7.3 (*Redemption for Relevant Events*).

3. STATUS OF THE BONDS

The Bonds constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 5.1 (*Negative Pledge*)) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by applicable law, at all times rank at least equally with all the Issuer’s other present and future unsecured and unsubordinated obligations.

4. STANDBY LETTER OF CREDIT AND PRE-FUNDING

4.1 Standby Letter of Credit

The Bonds will have the benefit of the Standby Letter of Credit issued in favour of the Trustee, on behalf of itself and the Bondholders, by the LC Bank. The Standby Letter of Credit shall be drawable by the Trustee as beneficiary under the Standby Letter of Credit on behalf of itself and the Bondholders upon the presentation of a demand by authenticated SWIFT (or by such method of communication otherwise permitted under the Standby Letter of Credit) (**provided that** in the event that the SWIFT system is not available for any reason, the Trustee may instead present a demand via facsimile transmission as specified in the Standby Letter of Credit) sent by or on behalf of the Trustee to the LC Bank in accordance with the Standby Letter of Credit (the “**Demand**”) stating that (i) the Issuer has failed to comply with Condition 4.2 (*Pre-Funding*) in relation to pre-funding the amount that is required to be pre-funded under these Conditions and/or has failed to provide the Required Confirmations (as defined below) in accordance with Condition 4.2 (*Pre-Funding*), or (ii) an Event of Default (as defined in Condition 10 (*Events of Defaults*)) has occurred and the Trustee has given notice to the Issuer that the Bonds are immediately due and payable in accordance with Condition 10 (*Events of Defaults*).

Only one drawing is permitted under the Standby Letter of Credit.

Such drawing on the Standby Letter of Credit will be payable in U.S. dollars to or to the order of the Trustee at the time and to the account specified in the Demand presented to the LC Bank. Payment received by the Trustee in respect of the Demand will be deposited into the LC Proceeds Account.

The payment made under the Standby Letter of Credit in respect of any amount payable under these Conditions or in connection with the Bonds, the Trust Deed and/or the Agency Agreement shall, to the extent of the drawing paid to or to the order of the Trustee, satisfy the obligations of the Issuer in respect of such amount payable under these Conditions or in connection with the Bonds, the Trust Deed and/or the Agency Agreement.

The LC Bank’s aggregate liability under the Standby Letter of Credit shall be expressed and payable in U.S. dollars and shall not in any circumstances exceed U.S.\$257,192,200 (the “**Maximum Limit**”), which includes an amount representing (i) the aggregate principal amount of the Bonds plus the amount of interest payable in respect of one Interest Period in accordance with Condition 6 (*Interest*) and (ii) U.S.\$1,000,000 being the maximum amount payable under the Standby Letter of Credit for all fees, costs, expenses, indemnity payments and all other amounts payable to the Trustee in connection with the Bonds, the Trust Deed, the Agency Agreement and/or any other transaction document relating to the Bonds. The Standby Letter of Credit takes effect from the Issue Date and shall remain valid and in full force until 5:00 p.m. (Hong Kong time) on 26 September 2025 (the “**Expiry Date**”) and shall expire at the counters of the LC Bank.

See “Appendix A – Form of Irrevocable Standby Letter of Credit” in the Offering Circular for the form of the Standby Letter of Credit.

4.2 Pre-Funding

In order to provide for the payment of any amount in respect of the Bonds (other than the Make Whole Redemption Price under Condition 7.4 (*Optional Redemption*) or the amounts payable under Condition 7.5 (*Mandatory Redemption upon Pre-Funding Failure*)) (the “**Relevant Amount**”) as the same shall become due, the Issuer shall, in accordance with the Agency Agreement, by no later than 10:00 a.m. (Hong Kong time) on the Pre-Funding Business Day falling ten Pre-Funding Business Days prior to the due date for such payment under these Conditions (the “**Pre-Funding Date**”):

- (a) unconditionally pay or procure to be paid the Relevant Amount into the Pre-Funding Account; and
- (b) deliver to the Trustee and the Principal Paying Agent by facsimile or email (i) a Payment and Solvency Certificate (as defined below) signed by any authorised signatory of the Issuer, and (ii) a copy of the irrevocable payment instruction from the Issuer to the Pre-Funding Account Bank requesting the Pre-Funding Account Bank to pay the Relevant Amount which was paid into the Pre-Funding Account on the Pre-Funding Date in full to the Principal Paying Agent by no later than 10:00 a.m. (Hong Kong time) on the Business Day immediately preceding the due date for such payment (together, the “**Required Confirmations**”).

The Pre-Funding Account Bank shall notify the Trustee as soon as reasonably practicable upon the failure by the Issuer to pay the Relevant Amount into the Pre-Funding Account in accordance with these Conditions.

If the Relevant Amount has not been paid into the Pre-Funding Account in full or the Trustee does not receive the Required Confirmations, in each case by 10:00 a.m. (Hong Kong time) on the Pre-Funding Business Day immediately following the Pre-Funding Date (each event, a “**Pre-Funding Failure**”), the Trustee:

- (i) shall give notice substantially in the form set out in the Trust Deed (the “**Pre-Funding Failure Notice**”) to the Bondholders by the second Pre-Funding Business Day immediately following the Pre-Funding Date of (A) the Pre-Funding Failure and (B) the redemption of the Bonds in accordance with Condition 7.5 (*Mandatory Redemption upon Pre-Funding Failure*) to occur as a result of the Pre-Funding Failure; and
- (ii) shall by no later than 5:00 p.m. (Hong Kong time) on the second Pre-Funding Business Day immediately following the Pre-Funding Date issue the Demand to the LC Bank for the principal amount in respect of all of the Bonds then outstanding, together with interest accrued to, but excluding, the Mandatory Redemption Date (as defined in Condition 7.5 (*Mandatory Redemption upon Pre-Funding Failure*)) and all fees, costs, expenses, indemnity payments and all other amounts payable by the Issuer under or in connection with the Bonds, the Trust Deed, the Agency Agreement and/or any other transaction document relating to the Bonds, **provided that**, in accordance with the Standby Letter of Credit, the Trustee need not physically present the Demand to the LC Bank and shall be entitled to submit the Demand by authenticated SWIFT (or by such method of communication otherwise permitted under the Standby Letter of Credit) (**provided further that** in the event that the SWIFT system is not available for any reason, the Trustee may instead present the Demand via facsimile transmission as specified in the Standby Letter of Credit).

Following receipt by the LC Bank of the Demand by 6:00 p.m. (Hong Kong time) on a Business Day falling on or after the Issue Date, the LC Bank shall by 10:00 a.m. (Hong Kong time) on the fourth Business Day after the Business Day on which the LC Bank receives the Demand (or, if the Demand is received after 6:00 p.m. (Hong Kong time) on a Business Day, then by 10:00 a.m. (Hong Kong time) on the fifth Business Day after the Business Day on which the LC Bank receives the Demand), pay to the Trustee or to the order of the Trustee the amount in U.S. dollars specified in the Demand to the LC Proceeds Account specified in the Demand.

For the purposes of these Conditions:

“**Business Day**” means a day (other than a Saturday, a Sunday or a public holiday) on which banks are open for business in Hong Kong, Beijing, London and New York City;

“**LC Proceeds Account**” means a non-interest bearing U.S. dollar account established in the name of the Trustee with the LC Proceeds Account Bank;

“**Payment and Solvency Certificate**” means a certificate in substantially the form set forth in the Agency Agreement stating the Relevant Amount in respect of the relevant due date in respect of the Bonds and confirming that (A) payment for the Relevant Amount has been made by the Issuer to the Pre-Funding Account in accordance with Condition 4.2 (*Pre-Funding*) and (B) the Issuer is solvent;

“**Pre-Funding Account**” means a non-interest bearing U.S. dollar account established in the name of the Issuer with the Pre-Funding Account Bank and designated for the purposes specified above; and

“**Pre-Funding Business Day**” means a day (other than a Saturday, a Sunday or a public holiday) on which banks are generally open for business in Hong Kong, London, Beijing, New York City and Shanghai.

5. NEGATIVE PLEDGE AND OTHER COVENANTS

5.1 Negative Pledge

So long as any of the Bonds remains outstanding (as defined in the Trust Deed), the Issuer shall not, and the Issuer shall procure that none of its Principal Subsidiaries will, create, permit to subsist or have outstanding any mortgage, charge, lien, pledge or other security interest upon, or with respect to, the whole or any part of its present or future business, undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness, or any guarantee or indemnity in respect of any Relevant Indebtedness without, subject to the Issuer having used commercially reasonable efforts to obtain all requisite regulatory approvals (if any), at the same time or prior thereto (i) securing all amounts payable by it under the Bonds and the Trust Deed equally and rateably therewith; or (ii) providing such other security for the Bonds as may be approved by an Extraordinary Resolution (as defined in the Trust Deed).

5.2 Provision of Information by the Issuer

- (a) So long as any Bond remains outstanding, the Issuer shall file with the Trustee as soon as they are available, but in any event within 150 calendar days after the end of each Relevant Period, copies of the relevant Audited Financial Reports in the English language, together with a Compliance Certificate (on which the Trustee may conclusively rely as to such compliance); and
- (b) So long as any Bond remains outstanding, the Issuer shall file with the Trustee as soon as they are available, but in any event within 90 calendar days after the end of each Relevant Period, copies of the relevant Semi-Annual Unaudited Financial Reports in the English language;

provided that, if at any time the Capital Stock of the Issuer is listed for trading on a recognised stock exchange, the Issuer will file with the Trustee, as soon as they are available but in any event not more than 10 calendar days after any annual or semi-annual financial reports of the Issuer are filed with The Stock Exchange of Hong Kong Limited or any other recognised exchange on which the Issuer's Capital Stock is at any time listed for trading (and in the case of the Compliance Certificate, within 14 calendar days of a written request of the Trustee), true and correct copies of any financial or other report filed with such exchange in lieu of the reports identified in clauses (a) and (b) above, together with a Compliance Certificate (on which the Trustee may conclusively rely as to such compliance).

5.3 Undertakings relating to NDRC

The Issuer undertakes to file or cause to be filed with the National Development and Reform Commission of the PRC (the “NDRC”), within 10 NDRC Registration Business Days after the Issue Date, the requisite information and documents in accordance with the Notice on Promoting the Reform of the Filing and Registration System for Issuance of Foreign Debt by Corporates (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知(發改外資[2015]2044號)) promulgated by the NDRC on 14 September 2015 which came into effect immediately (the “NDRC Post-Issuance Filing”). The Issuer shall complete the NDRC Post-Issuance Filing and comply with all applicable PRC laws and regulations in relation to the issue of the Bonds.

The Issuer shall within 15 NDRC Registration Business Days after submission of such NDRC Post-Issuance Filing provide the Trustee with a certificate in English signed by an authorised signatory of the Issuer confirming the submission of the NDRC Post-Issuance Filing (on which the Trustee may conclusively rely as to such compliance). The Trustee shall have no obligation to monitor or assist with or ensure the completion of the NDRC Post-Issuance Filing on or before the deadline referred to above or to verify the accuracy, validity and/or genuineness of any documents in relation to or in connection with the NDRC Post-Issuance Filing, and shall not be liable to Bondholders or any other person for not doing so.

5.4 Undertakings relating to SAFE

The Issuer undertakes to file or cause to be filed with the Shanghai Branch of the State Administration of Foreign Exchange (“SAFE”) the requisite information and documents within the prescribed time period in accordance with the Administrative Measures for Foreign Debt Registration (外債登記管理辦法) issued by SAFE and which came into effect on 13 May 2013, the Circular on Relevant Matters about the Macro-Prudential Management of Cross-Border Financing in Full Aperture (中國人民銀行關於全口徑跨境融資宏觀審慎管理有關事宜的通知) issued by the People’s Bank of China (the “PBoC”) and which came into effect on 12 January 2017, and any implementation rules, reports, certificates, approvals or guidelines as issued by SAFE or the PBoC from time to time (the “**Foreign Debt Registration**”). The Issuer shall use its commercially reasonable endeavours to complete the Foreign Debt Registration and obtain a registration record from SAFE (or any other document evidencing the completion of registration issued by SAFE) on or before the Registration Deadline. The Issuer shall:

- (a) within five SAFE Registration Business Days after receipt of the registration record from SAFE (or any other document evidencing the completion of registration issued by SAFE), provide the Trustee with (x) a certificate in English substantially in the form set out in the Trust Deed signed by an authorised signatory of the Issuer (on which the Trustee may conclusively rely as to such compliance) confirming the completion of the Foreign Debt Registration; and (y) copies of the relevant SAFE registration record, any other document evidencing the completion of registration issued by SAFE and the particulars of registration (the “**Registration Documents**”); and
- (b) give notice to the Bondholders (in accordance with Condition 17 (*Notices*)) confirming the completion of the Foreign Debt Registration within five SAFE Registration Business Days after the documents comprising the Registration Documents are delivered to the Trustee.

The Trustee shall have no obligation or duty to monitor or ensure the completion of the Foreign Debt Registration on or before the Registration Deadline or at all, or to verify the accuracy, validity and/or genuineness of any documents comprising or prepared or submitted in relation to or in connection with the Foreign Debt Registration and/or the Registration Documents or to give notice to the Bondholders confirming the completion of the Foreign Debt Registration, and shall not be liable to Bondholders, the Issuer or any other person for not doing so.

5.5 Interpretation

In these Conditions:

“**Audited Financial Reports**” means the annual consolidated financial statements of the Issuer prepared in accordance with the International Financial Reporting Standards or the generally accepted accounting principles in the PRC, which include a statement of profit or loss and other comprehensive income, a statement of financial position, a statement of change in equity and a statement of cash flows of the Issuer, audited by a member firm of independent accountants, together with the auditors’ report and notes to the financial statements;

“**Capital Stock**” means any and all shares, interests (including joint venture interests), participations or other equivalents (however designated) of capital stock of a corporation or any and all equivalent ownership interests in a Person (other than a corporation);

“**Compliance Certificate**” means a certificate of the Issuer signed by one Authorised Signatory (as defined in the Trust Deed) that, having made all reasonable enquiries, to the best of the knowledge, information and belief of the Issuer as at a date (the “**certification date**”) not more than seven calendar days before the date of the certificate:

- (a) no Event of Default or Potential Event of Default existed and had existed at any time since the certification date of the previous Compliance Certificate (or in the case of the first Compliance Certificate the date of the Trust Deed) or, if such an event existed and had existed, giving details of it; and
- (b) during the period from and including the certification date of the previous Compliance Certificate (or in the case of the first Compliance Certificate the date of the Trust Deed) to and including the certification date of such Compliance Certificate, the Issuer has complied with all its obligations contained in the Trust Deed, the Agency Agreement and the Bonds or, if non-compliance occurred, giving details of it;

“**Issue Date**” means 26 August 2022;

“**NDRC Registration Business Day**” means a day, other than a Saturday, Sunday or a public holiday, on which the relevant NDRC branch in the PRC is open for business;

“**Person**” means any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organisation, government or any agency or political subdivision thereof or any other entity;

“**PRC**” means the People’s Republic of China, and for the purpose of these Conditions only, excluding the Hong Kong Special Administrative Region of the People’s Republic of China, the Macau Special Administrative Region of the People’s Republic of China and the region of Taiwan;

“**Principal Subsidiary**” means at any time a Subsidiary of the Issuer:

- (a) whose total assets, operating income or net profits or (in the case of a Subsidiary which itself has Subsidiaries) consolidated total assets, operating income or net profits represent in each case (or, in the case of a Subsidiary acquired after the end of the financial period to which the then latest audited consolidated financial statements of the Issuer and its Subsidiaries relate, are equal to) 5 per cent. or more of the consolidated total assets, operating income or net profits of the Issuer and its Subsidiaries, all as calculated respectively by reference to the then latest audited financial statements (consolidated or, as the case may be, unconsolidated) of such Subsidiary and the then latest audited consolidated financial statements of the Issuer and its Subsidiaries, **provided that** in the case of a Subsidiary of the Issuer acquired after the end of the financial period to which the then latest audited consolidated financial statements of the Issuer and its Subsidiaries relate, the reference to the then latest audited consolidated financial statements of the Issuer and its Subsidiaries for the purposes of the calculation above shall, until consolidated financial statements for the financial period in which the acquisition is made have been prepared and audited as aforesaid, be deemed to be a reference to such first-mentioned accounts as if such Subsidiary had been shown in such accounts by reference to its then latest relevant audited accounts, adjusted as deemed appropriate by the auditors of the Issuer;

- (b) to which is transferred the whole or substantially the whole of the undertaking and assets of a Subsidiary of the Issuer which immediately prior to such transfer is a Principal Subsidiary, **provided that** the transferor Subsidiary shall upon such transfer forthwith cease to be a Principal Subsidiary and the transferee Subsidiary shall cease to be a Principal Subsidiary pursuant to this subparagraph (b) on the date on which the consolidated financial statements of the Issuer and its Subsidiaries for the financial period current at the date of such transfer have been prepared and audited as aforesaid but so that such transferor Subsidiary or such transferee Subsidiary may be a Principal Subsidiary on or at any time after the date on which such consolidated financial statements have been prepared and audited as aforesaid by virtue of the provisions of subparagraph (a) above or, prior to or after such date, by virtue of any other applicable provision of this definition; or
- (c) to which is transferred an undertaking or assets which, taken together with the undertaking or assets of the transferee Subsidiary, generated (or, in the case of the transferee Subsidiary being acquired after the end of the financial period to which the then latest audited consolidated financial statements of the Issuer and its Subsidiaries relate, generate operating income or net profits equal to) not less than 5 per cent. of the consolidated operating income or net profits of the Issuer, or represent (or, in the case aforesaid, are equal to) not less than 5 per cent. of the consolidated total assets of the Issuer and its Subsidiaries taken as a whole, all as calculated as referred to in subparagraph (a) above, **provided that** the transferor Subsidiary (if a Principal Subsidiary) shall upon such transfer forthwith cease to be a Principal Subsidiary unless immediately following such transfer its undertaking and assets generate (or, in the case aforesaid, generate operating income or net profits equal to) not less than 5 per cent. of the consolidated operating income or net profits of the Issuer, or its assets represent (or, in the case aforesaid, are equal to) not less than 5 per cent. of the consolidated total assets of the Issuer and its Subsidiaries taken as a whole, all as calculated as referred to in subparagraph (a) above, and the transferee Subsidiary shall cease to be a Principal Subsidiary pursuant to this subparagraph (c) on the date on which the consolidated financial statements of the Issuer and its Subsidiaries for the financial period current at the date of such transfer have been prepared and audited but so that such transferor Subsidiary or such transferee Subsidiary may be a Principal Subsidiary on or at any time after the date on which such consolidated financial statements have been prepared and audited as aforesaid by virtue of the provisions of subparagraph (a) above or, prior to or after such date, by virtue of any other applicable provision of this definition;

provided that, in relation to subparagraphs (a), (b) and (c) above of this definition,

- (x) if at any relevant time in relation to the Issuer or any Subsidiary which itself has Subsidiaries no consolidated accounts are prepared and audited, the total assets, operating income or net profits of the Issuer and/or any such Subsidiary shall be determined on the basis of *pro forma* consolidated accounts prepared for this purpose by the Issuer;
- (y) if any relevant time in relation to any Subsidiary, no accounts are audited, its total assets, operating income or net profits (consolidated, if appropriate) shall be determined on the basis of *pro forma* accounts (consolidated, if appropriate) of the relevant Subsidiary prepared for this purpose by the Issuer; and

- (z) if the accounts of any Subsidiary (not being a Subsidiary referred to in subparagraph (c) above) are not consolidated with those of the Issuer, then the determination of whether or not such Subsidiary is a Principal Subsidiary shall be based on a *pro forma* consolidation of its accounts (consolidated, if appropriate) with the consolidated accounts (determined on the basis of the foregoing) of the Issuer;

“Registration Deadline” means the day falling 120 SAFE Registration Business Days after the Issue Date;

“Relevant Indebtedness” means any present or future indebtedness (whether being principal, premium, interest or other amounts) for or in respect of any bonds, notes, debentures, loan stock certificates or other securities issued outside the PRC which for the time being are, or are intended to be or capable of being, quoted, listed or dealt in or traded on any stock exchange or over-the-counter market or other securities market, and that have a final maturity date of one year or more from their date of issuance, which does not include any bilateral loans, syndicated loans or club deal loans;

“Relevant Period” means, in relation to the Audited Financial Reports, each period of twelve months ending on the last day of the financial year (being 31 December of that financial year) and in relation to the Semi-Annual Unaudited Financial Reports, each period of six months ending on the last day of the first half financial year (being 30 June of that financial year);

“SAFE Registration Business Day” means a day, other than a Saturday, Sunday or a public holiday, on which the relevant SAFE branch in the PRC is open for business;

“Semi-Annual Unaudited Financial Reports” means the semi-annual unaudited consolidated financial statements of the Issuer, which include a statement of profit or loss and other comprehensive income, a statement of financial position, a statement of change in equity and a statement of cash flows of the Issuer prepared on a basis consistent with the Audited Financial Reports; and

“Subsidiary” of any person means (a) any company or other business entity of which that person owns or controls (either directly or through one or more other Subsidiaries) more than 50 per cent. of the issued share capital or other ownership interest having ordinary voting power to elect directors, managers or trustees of such company or other business entity, or (b) any company or other business entity which at any time has its accounts consolidated with those of that person or which, under the law, regulations or generally accepted accounting principles of the jurisdiction of incorporation of such person from time to time, should have its accounts consolidated with those of that person.

6. INTEREST

The Bonds bear interest on their outstanding principal amount from and including 26 August 2022 at the rate of 5.20 per cent. per annum, payable semi-annually in arrear on 26 February and 26 August in each year (each an “**Interest Payment Date**”), commencing on 26 February 2023. Each Bond will cease to bear interest from the due date for redemption unless, upon surrender of the Certificate representing such Bond, payment of principal is improperly withheld or refused. In such event it shall continue to bear interest at such rate (both before and after judgement) until whichever is the earlier of (a) the day on which all sums due in respect of such Bond up to that day are received by or on behalf of the relevant holder, and (b) the day which is seven calendar days after the Trustee or the Principal Paying Agent has notified Bondholders of receipt of all sums due in respect of all the Bonds up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant holders under these Conditions).

If interest is required to be calculated for a period of less than a complete Interest Period (as defined below), it shall be calculated on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed.

In this Condition 6, “**Interest Period**” means the period beginning on and including the Issue Date and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date.

7. REDEMPTION AND PURCHASE

7.1 Final Redemption

Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on 26 August 2025 (the “**Maturity Date**”) subject to this Condition 7.

7.2 Redemption for Taxation Reasons

- (a) The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 calendar days’ notice to the Bondholders and the Trustee (which notice shall be irrevocable), at their principal amount, together with interest accrued up to, but excluding, the date fixed for redemption but unpaid, if (i) the Issuer has or will become obliged to pay the Additional Tax Amounts as provided or referred to in Condition 9 (*Taxation*) as a result of any change in, or amendment to, the laws, regulations or rulings of Hong Kong or the PRC or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws, regulations or rulings (including but not limited to any decision by a court of competent jurisdiction) or the stating of an official position with respect thereto, which change or amendment becomes effective (or in the case of an official position, is announced) on or after 23 August 2022 and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, **provided that** no such notice of redemption shall be given earlier than 90 calendar days prior to the earliest date on which the Issuer would be obliged to pay such Additional Tax Amounts were a payment in respect of the Bonds then due.

- (b) From and after the date fixed for redemption, if moneys sufficient for the redemption of such Bonds shall have been made available as provided in the Trust Deed for redemption on the date fixed for redemption, the Bonds shall cease to bear interest, and the only right of the Bondholders shall be to receive payment of the redemption price, interest accrued to the date fixed for redemption and Additional Tax Amounts, if any. However, if there is any failure in payment of such redemption moneys or such payment is improperly withheld or refused by the Issuer, interest on the Bonds will continue to accrue.
- (c) Prior to the publication of any notice of redemption pursuant to this Condition 7.2, the Issuer shall deliver to the Trustee:
 - (i) a certificate signed by any authorised signatory of the Issuer stating that the obligation referred to in subparagraph (a)(i) above cannot be avoided by the Issuer taking reasonable measures available to it; and
 - (ii) an opinion in form and substance satisfactory to the Trustee of independent legal advisers of recognised standing to the effect that the Issuer has or will become obligated to pay such Additional Tax Amounts as a result of such change or amendment or the stating of an official position.

The Trustee shall be entitled, and without liability to any person for doing so, to accept such certificate and opinion as conclusive evidence of the satisfaction of the conditions precedent set out in the subparagraphs above, in which event they shall be conclusive and binding on the Bondholders.

7.3 Redemption for Relevant Events

At any time following the occurrence of a Relevant Event (as defined below), the holder of any Bond will have the right, at such holder's option, to require the Issuer to redeem all but not some only of that holder's Bonds on the Put Settlement Date at their principal amount, together with accrued interest up to but excluding such Put Settlement Date. To exercise such right, the holder of the relevant Bond must deposit at the specified office of the Principal Paying Agent or any Paying Agent a duly completed and signed notice of redemption, in the form for the time being current, obtainable from the specified office of the Principal Paying Agent or any Paying Agent (a "**Relevant Event Put Exercise Notice**"), together with the Certificate evidencing the Bonds to be redeemed by not later than 30 calendar days following a Relevant Event, or, if later (and **provided that** the Issuer shall have given notice of a Relevant Event to Bondholders in accordance with Condition 17 (*Notices*) within (i) 14 calendar days (in the case of a Change of Control) or (ii) 10 PRC Business Days (in the case of a No Registration Event) of such Relevant Event), 30 calendar days following the date upon which notice thereof is given to the Bondholders by the Issuer in accordance with Condition 17 (*Notices*).

The "**Put Settlement Date**" shall be the fourteenth day after the expiry of such period of 30 calendar days as referred to above. A Relevant Event Put Exercise Notice, once delivered, shall be irrevocable and the Issuer shall redeem the Bonds the subject of the Relevant Event Put Exercise Notices delivered as aforesaid on the Put Settlement Date.

The Issuer shall give notice to Bondholders in accordance with Condition 17 (*Notices*) and to the Trustee, the Transfer Agents and the Principal Paying Agent by not later than 14 calendar days (in the case of a redemption for a Change of Control) or 10 PRC Business Days (in the case of a redemption for a No Registration Event) following the first day on which it becomes aware of the occurrence of a Relevant Event, which notice shall specify the procedure for exercise by holders of their rights to require redemption of the Bonds pursuant to this Condition 7.3.

The Trustee and the Agents shall not be required to take any steps to ascertain whether a Relevant Event has occurred and shall not be responsible or liable to the Bondholders, the Issuer or any other person for any loss arising from any failure to do so.

In this Condition 7.3:

a “**business day**” means a day (other than a Saturday or Sunday) on which commercial banks are open for business in New York City and Hong Kong and, in the case of presentation of a Certificate, in the place in which the specified office of the Principal Paying Agent or the relevant Paying Agent is located;

a “**Change of Control**” occurs when:

- (a) the Controlling Persons, acting together, cease to, directly or indirectly, Control the Issuer; or
- (b) the Controlling Persons, acting together, cease to own or hold, directly or indirectly, at least 30 per cent. of the Voting Rights of the Issuer’s share capital; or
- (c) any person or persons acting together, directly or indirectly (x) owns or holds more Voting Rights of the Issuer’s share capital than the Controlling Persons acting together or (y) acquires Control of the Issuer if such person or persons does not or do not have, and would not be deemed to have, Control of the Issuer on the Issue Date; or
- (d) the Issuer consolidates with or merges into or sells or transfers all or substantially all of its assets to any other person or persons, acting together, except where such person(s) is/are Controlled, directly or indirectly, by a Controlling Person;

“**Control**” means (where applicable): (i) the possession, directly or indirectly, of the power to nominate or designate no less than 50 per cent. of the members then in office of a person’s board of directors or other governing body, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of Voting Rights, contract or otherwise or (ii) the possession, directly or indirectly, of the power to direct or cause the direction of the management policies of a person. For the avoidance of doubt, a person is deemed to Control another person so long as it fulfils one of the two foregoing requirements and the terms “**Controlling**” and “**Controlled**” have meanings correlative to the foregoing;

“**Controlling Persons**” means (i) Mr. CHE Jianxing, (ii) any other person or entity directly Controlled by Mr. CHE Jianxing or (iii) the estate or immediate family member of Mr. CHE Jianxing or the legal representatives of any of the foregoing, including any trust for which Mr. CHE Jianxing is a settlor or a beneficiary (such person or entity and Mr. CHE Jianxing, each a “**Controlling Person**”);

a “**No Registration Event**” occurs when the Registration Conditions are not satisfied by 6.00 p.m. (Hong Kong time) on the Registration Deadline (as defined in Condition 5.5 (*Interpretation*));

a “**person**” includes any individual, company, corporation, firm, partnership, joint venture, undertaking, association, organisation, trust, state, agency of a state (in each case whether or not being a separate legal entity) but does not include:

- (a) the Issuer’s board of directors or any other governing board; and
- (b) the Issuer’s wholly-owned direct or indirect Subsidiaries (as defined in Condition 5.5);

“**PRC Business Day**” means a day (other than a Saturday, Sunday or public holiday) on which commercial banks are generally open for business in the PRC;

“**Registration Conditions**” means the receipt by the Trustee of the Registration Documents;

a “**Relevant Event**” means a Change of Control or a No Registration Event; and

“**Voting Rights**” means the right generally to vote at a general meeting of shareholders of the Issuer (irrespective of whether or not, at the time, stock of any other class or classes shall have, or might have, voting power by reason of the happening of any contingency, and any such voting power shall therefore be excluded for the purpose of this definition).

7.4 Optional Redemption

The Issuer may, at any time upon giving not less than 30 nor more than 60 calendar days’ notice (the “**Make Whole Redemption Notice**”) to Bondholders in accordance with Condition 17 (*Notices*) (which notice shall be irrevocable), redeem the Bonds, in whole but not in part, at a redemption amount equal to the Make Whole Redemption Price (as defined below), **provided that** the Issuer shall, prior to giving such Make Whole Redemption Notice, (i) unconditionally pay or procure to be paid the Make Whole Redemption Price in full into the Pre-Funding Account and (ii) give to the Trustee and the Principal Paying Agent by facsimile or email (x) a Redemption and Solvency Certificate signed by any authorised signatory of the Issuer and (y) a copy of the irrevocable payment instruction from the Issuer to the Pre-Funding Account Bank requesting the Pre-Funding Account Bank to pay the Make Whole Redemption Price which was paid into the Pre-Funding Account in full to the Principal Paying Agent by no later than 10:00 a.m. (Hong Kong time) on the Business Day immediately preceding such redemption date.

The Trustee shall be entitled, and without liability to any person for doing so, to accept Redemption and Solvency Certificate as conclusive evidence of the solvency status of the Issuer, which shall be conclusive and binding on the Bondholders.

If the Make Whole Redemption Price is not received in full by the Principal Paying Agent on or before the Business Day immediately preceding such redemption date, the Issuer’s exercise of its right to redeem the Bonds under this Condition 7.4 and such Make Whole Redemption Notice shall be immediately and automatically cancelled forthwith and shall cease to have any further effect. Nothing herein shall prejudice the Issuer’s right to issue a new Make Whole Redemption Notice after such cancellation.

For the purpose of this Condition 7.4:

“**Make Whole Redemption Price**” means the higher of:

- (a) the principal amount of the Bonds, plus any accrued but unpaid interest; and
- (b) the Make Whole Amount, plus any accrued but unpaid interest;

“**Make Whole Amount**” means an amount determined in good faith by the Issuer (who may, but shall not be obliged to, in turn consult with an independent financial institution of recognised standing) on the fifth Business Day before the issue of the Make Whole Redemption Notice to be equal to the sum of (i) the present value of the principal amount of the Bonds, plus (ii) the present value of the remaining scheduled interest in respect of the period from (and including) the redemption date to (but excluding) the Maturity Date, in each case discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the actual number of days elapsed) at the Treasury Yield plus 25 basis points;

“**New York Business Day**” means, for the purposes of this Condition, a day on which commercial banks are open for business in New York City;

“**Redemption and Solvency Certificate**” means a certificate in substantially the form set forth in the Agency Agreement stating the Make Whole Redemption Price in respect of the relevant date fixed for redemption of the Bonds and confirming that (a) payment for the Make Whole Redemption Price has been made by the Issuer to the Pre-Funding Account in accordance with Condition 7.4 (*Optional Redemption*) and (b) the Issuer is solvent; and

“**Treasury Yield**” means:

- (a) the yield, under the heading which represents the average for the week immediately preceding the date on which such yield is calculated, appearing in the most recently published statistical release designated “**H.15(519)**” or any successor publication which is published weekly by the Board of Governors of the Federal Reserve System, available on the world-wide-website of the Board of Governors Federal Reserve System at <http://www.federalreserve.gov/releases/h15/>, or any successor site, or, failing which, on Bloomberg pages PX1, PX2 and PX3 and which established a yield for actively traded United States Treasury securities adjusted to constant maturity under the caption “**Treasury Constant Maturities**”, with a maturity comparable to the time period between the redemption date and the Maturity Date (the “**Remaining Maturity**”), (if no maturity falls within three months before or after such time period, yields for the two published maturities most closely corresponding to such time period shall be determined and the Treasury Yield shall be interpolated or extrapolated from such yields on a straight-line basis, rounding to the nearest month); or as such aforesaid yield is displayed on the Reuters screen FRBCMT page (or such other page which may replace that page on that service or a successor service); or

- (b) in the event that such yield referred to in paragraph (a) above does not appear in such statistical release or any successor publication, site, page servicer or any successor thereto during the week preceding the date on which the Make Whole Redemption Price shall be determined (which shall be the fifth New York Business Day before the issue of the Make Whole Redemption Notice), the yield shall be determined as follows:

The Issuer shall select and appoint in good faith, three or more primary U.S. Government securities dealers in New York City (each a Primary Treasury Dealer) or their respective successors as reference dealer; **provided, however, that** if any of the foregoing ceases to be a **Primary Treasury Dealer**, the Issuer shall substitute therefore another Primary Treasury Dealer. The Issuer shall also select and appoint in good faith, one of the reference dealers as the quotation agent. The quotation agent will select a United States Treasury security having a maturity comparable to the Remaining Maturity, which would be used in accordance with customary financial practice to price new issues of corporate debt securities with a maturity comparable to the Remaining Maturity. The reference dealers will provide one of the Primary Treasury Dealers appointed by the Issuer in good faith (the “**Independent Investment Bank**”) with the bid and asked prices for that comparable United States Treasury security as of 3:00 p.m. (New York City time) on the fifth New York Business Day before the issue of the Make Whole Redemption Notice. The Independent Investment Bank will calculate the average of the bid and asked prices provided by each reference dealer to obtain such reference dealer’s quotation. The Independent Investment Bank will eliminate the highest and the lowest quotations and then calculate the average of the remaining quotations; **provided, however, that** if the Independent Investment Bank obtains fewer than four quotations, it will calculate the average of all the quotations without eliminating any of them. The average quotation is called the comparable treasury price. The applicable Treasury Yield will be the semi-annual equivalent yield to maturity of a security whose price is equal to the comparable treasury price, in each case expressed as a percentage of its principal amount.

Absent any manifest error, the determination of the Treasury Yield in accordance with the procedures set forth above will be final and binding.

7.5 Mandatory Redemption upon Pre-Funding Failure

The Bonds shall be redeemed at their principal amount on the Interest Payment Date falling immediately after the date the Pre-Funding Failure Notice is given to the Bondholders in accordance with Condition 4.2 (*Pre-Funding*) (the “**Mandatory Redemption Date**”), together with interest accrued to (but not including) the Mandatory Redemption Date.

If any Bondholder shall have exercised its right to require the Issuer to redeem its Bonds under Condition 7.3 (*Redemption for Relevant Events*) and a Pre-Funding Failure Notice is given to the Bondholders in accordance with Condition 4.2 (*Pre-Funding*) as a result of the Pre-Funding Failure relating to the amount payable pursuant to such redemption, the Bonds shall be redeemed in whole, but not in part, at their principal amount in accordance with this Condition 7.5 on the Put Settlement Date, together with interest accrued up to (but not including) such Put Settlement Date, **provided that** if such Pre-Funding Failure occurs and a Pre-Funding Failure Notice has been given or is given to the Bondholders in respect of a scheduled payment of principal or interest payable under Condition 6 (*Interest*) or Condition 7.1 (*Final Redemption*), the Put Settlement Date shall be the Mandatory Redemption Date.

7.6 Notices of Redemption

If there is more than one notice of redemption given in respect of any Bond (which shall include any notice given by the Issuer pursuant to Condition 7.2 (*Redemption for Taxation Reasons*) or Condition 7.4 (*Optional Redemption*) and any Relevant Event Put Exercise Notice given by a Bondholder pursuant to Condition 7.3 (*Redemption for Relevant Events*)), the notice given first in time shall prevail and in the event of two notices being given on the same date, the first to be given shall prevail.

7.7 Date of Redemption

All Bonds in respect of which any notice of redemption is given under Condition 7.2 (*Redemption for Taxation Reasons*) or Condition 7.3 (*Redemption for Relevant Events*) or Condition 7.4 (*Optional Redemption*) shall be redeemed on the date specified in such notice in accordance with this Condition 7.

7.8 Purchase

The Issuer and each of its Subsidiaries may at any time purchase Bonds in the open market or otherwise at any price. The Bonds so purchased, while held by or on behalf of the Issuer or any such Subsidiary, shall not entitle the holder to vote at any meetings of the Bondholders and shall not be deemed to be outstanding for, among other things, the purposes of calculating quorums at meetings of the Bondholders or for the purposes of Conditions 10 (*Events of Default*), 13.1 (*Meetings of Bondholders, Modification and Waiver*) or 14 (*Enforcement*).

7.9 Cancellation

All Certificates representing Bonds purchased by or on behalf of the Issuer or any of its Subsidiaries may at the option of the Issuer be surrendered for cancellation to the Principal Paying Agent and, upon surrender thereof, all such Bonds shall be cancelled forthwith. Any Certificates so purchased and surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Bonds shall be discharged.

7.10 Calculations

Neither the Trustee nor any Agent shall be responsible for calculating or verifying the calculations of any amount payable under any notice of redemption (including but not limited to, any Make Whole Amount) and shall not be liable to the Bondholders or any other person for not doing so.

8. PAYMENTS

8.1 Method of Payment

- (a) Payments of principal and premium (if any) shall be made (subject to surrender of the relevant Certificates at the specified office of the Principal Paying Agent or any Paying Agent if no further payment falls to be made in respect of the Bonds represented by such Certificates) in a manner provided in paragraph (b) below.
- (b) Interest on each Bond shall be paid to the person shown on the Register at the close of business on the fifth Payment Business Day before the due date for payment thereof (the “**Record Date**”). Payments of interest on each Bond shall be made by transfer to a U.S. dollar account maintained by the payee by or on behalf of it with a bank that processes payments in U.S. dollars, details of which appear on the Register at the close of business on the Payment Business Day before the due date for payment, or by U.S. dollar cheque drawn on a bank that processes payments in U.S. dollars mailed to the address of the Bondholder appearing on the Register at the time if the Bondholder does not have a registered account.

*So long as the Bonds are represented by the Global Certificate, each payment in respect of the Global Certificate will be made to the person shown as the holder of the Bonds in the Register at the close of business (of the relevant clearing system) on the Clearing System Business Day before the due date for such payments, where “**Clearing System Business Day**” means a weekday (Monday to Friday, inclusive) except 25 December and 1 January.*

- (c) If the amount of principal being paid upon surrender of the relevant Certificate is less than the outstanding principal amount of the Bonds evidenced by such Certificate, the Registrar will annotate the Register with the amount of principal so paid and will (if so requested in writing by the Issuer or a Bondholder) issue a new Certificate with a principal amount equal to the remaining unpaid outstanding principal amount. If the amount of interest being paid is less than the amount then due, the Registrar will annotate the Register with the amount of interest so paid.

8.2 Payments subject to Applicable Laws

All payments are subject in all cases to (i) any applicable fiscal or other laws, regulations and directives in the place of payment but without limiting the Issuer’s obligations pursuant to the provisions of Condition 9 (*Taxation*) and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the “**Code**”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto. No commission or expenses shall be charged to the Bondholders in respect of such payments.

8.3 Payment Initiation

Where payment is to be made by transfer to a registered account, payment instructions (for value on the due date or, if that is not a Payment Business Day, for value the first following day which is a Payment Business Day) will be initiated on the due date for payment (or, if that date is not a Payment Business Day, on the first following day which is a Payment Business Day), or, in the case of payments of principal and premium (if any) where the relevant Certificate has not been surrendered at the specified office of the Principal Paying Agent or any Paying Agent, on the first Payment Business Day on which the Principal Paying Agent is open for business and on or following which the relevant Certificate is surrendered.

8.4 Appointment of Agents

The Principal Paying Agent, the Registrar and the Transfer Agent initially appointed by the Issuer and their respective specified offices are listed below. The Agents act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Bondholder. The Issuer reserves the right at any time with the prior written approval of the Trustee to vary or terminate the appointment of the Principal Paying Agent, the Registrar, any Transfer Agent or any of the other Agents and to appoint additional or other Agents, **provided that** the Issuer shall at all times maintain (i) a Principal Paying Agent, (ii) a Registrar, (iii) a Transfer Agent, and (iv) such other agents as may be required by any other stock exchange on which the Bonds may be listed, in each case, as approved in writing by the Trustee.

Notice of any such change or any change of any specified office of any Agent shall promptly be given by the Issuer to the Bondholders in accordance with Condition 17 (*Notices*).

8.5 Delay in Payment

Bondholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due on a Bond if the due date is not a Payment Business Day, or if the Bondholder is late in surrendering or cannot surrender its Certificate (if required to do so).

8.6 Non-Payment Business Days

If any date for payment in respect of any Bond is not a Payment Business Day, the holder shall not be entitled to payment until the following Payment Business Day nor to any interest or other sum in respect of such postponed payment.

In this Condition 8, “**Payment Business Day**” means a day (other than a Saturday or a Sunday) on which commercial banks are open for business in New York City and Hong Kong, and the place in which the specified office of the Principal Paying Agent is located and, if surrender of the relevant Certificate is required, in the place in which the specified office of the relevant Paying Agent is located.

9. TAXATION

All payments of principal, premium and interest by or on behalf of the Issuer in respect of the Bonds and the Trust Deed shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Hong Kong or the PRC or any political subdivision or authority therein or thereof having power to tax, unless such withholding or deduction is required by law.

Where such withholding or deduction is made by the Issuer at the rate of up to and including the aggregate rate applicable on 23 August 2022 to payments made by PRC tax residents to non-PRC resident enterprises (the “**Applicable Rate**”), the Issuer will increase the amounts paid by it to the extent required (the “**PRC Taxes**”), so that the net amount received by Bondholders equals the amounts which would otherwise have been receivable by them had no such withholding or deduction been required.

In the event that any such PRC deduction or withholding in excess of the Applicable Rate or any Hong Kong (including any political subdivision or authority therein or thereof having power to tax) deduction or withholding is required, the Issuer shall pay such additional amounts (the “**Additional Tax Amounts**”, which for the avoidance of doubt shall include the PRC Taxes) as will result in receipt by the Bondholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no Additional Tax Amounts (and, for the avoidance of doubt, any additional amounts payable under the preceding paragraph) shall be payable in respect of any Bond:

- (a) to a holder (or to a third party on behalf of a holder) who is liable to such taxes, duties, assessments or governmental charges in respect of such Bond by reason of his or the beneficial owner having some connection with Hong Kong or the PRC other than the mere holding of the Bond; or
- (b) in respect of which the Certificate representing it is presented for payment more than 30 calendar days after the Relevant Date except to the extent that the holder of it would have been entitled to such Additional Tax Amounts on surrendering the Certificate representing such Bond for payment on the last day of such period of 30 calendar days; or
- (c) where such withholding or deduction is imposed on a payment to a holder who would not be liable for or subject to such withholding or deduction by making a declaration of identity, non-residence or other similar claim for exemption to the relevant tax authority if, after having been requested to make such a declaration or claim, such holder fails to do so within any applicable period prescribed by such relevant tax authority.

In these Conditions, a “**Relevant Date**” in respect of any Bond means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven calendar days after that on which notice is duly given to the Bondholders that, upon further surrender of the Certificate representing such Bond being made in accordance with these Conditions, such payment will be made, **provided that** payment is in fact made upon such surrender.

Neither the Trustee nor any Agent shall be responsible for paying any tax, duty, charges, withholding or other payment referred to in this Condition 9 or for determining whether such amounts are payable or the amount thereof, and shall not be responsible or liable for any failure by the Issuer or any Bondholder to pay such tax, duty, charges, withholding or other payment.

10. EVENTS OF DEFAULT

If any of the following events (each an “**Event of Default**”) occurs, the Trustee at its discretion may, and if so requested by holders of at least 25 per cent. in principal amount of the Bonds then outstanding or if so directed by an Extraordinary Resolution of the Bondholders shall (**provided that** in either such case, the Trustee shall have been indemnified and/or secured and/or pre-funded to its satisfaction), give notice to the Issuer that the Bonds are, and they shall immediately become, due and payable at their principal amount together (if applicable) with accrued interest.

An Event of Default occurs if:

10.1 Events of Default with respect to the Issuer

- (a) **Non-Payment under the Bonds:** there is failure to pay the principal of or interest on any of the Bonds when due and in the case of interest, such failure continues for a period of 21 calendar days; or
- (b) **Breach of Other Obligations:** the Issuer does not perform or comply with any one or more of its other obligations under the Bonds, the Trust Deed or the Agency Agreement which default is incapable of remedy or, if capable of remedy, is not remedied within 45 calendar days after the Trustee has given written notice thereof to the Issuer, **provided that** if there has been a breach by the Issuer of its obligations to pre-fund any amount in respect of the Bonds and/or to provide the Required Confirmations in accordance with Condition 4.2 (*Pre-Funding*) and such amount has subsequently been paid in full by the LC Bank following a drawing under the Standby Letter of Credit to, or to the order of, the Trustee and paid to the Bondholders in full, then such breach will not constitute an Event of Default under this Condition 10.1(b); or
- (c) **Enforcement Proceedings:** (i) any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer or any of its Principal Subsidiaries over all or a substantial part of the assets of the Issuer or any of its Principal Subsidiaries becomes enforceable and any step is taken to enforce it (including the taking of possession), or (ii) an application is made (or documents filed with a court) for the appointment of an administrative or other receiver, manager, administrator or other similar official, or an administrative or other receiver, manager, administrator or other similar official is appointed or a distress, attachment, execution or other legal process is levied, enforced or sued out on or against all or a substantial part of the undertaking or assets of the Issuer or any of its Principal Subsidiaries or an encumbrancer takes possession of all or a substantial part of the undertaking or assets of any of them, or a distress, execution, attachment, sequestration or other process is levied, enforced upon or put in force against all or a substantial part of the undertaking or assets of any of them, and in any such case in sub-paragraphs (i) or (ii) above of this Condition 10.1(c) except where (other than the appointment of an administrator) such application or legal process is initiated by the relevant company and is discharged or stayed within 45 calendar days; or

- (d) **Insolvency:** the Issuer or any of its Principal Subsidiaries (i) is (or is deemed by law or a competent court to be) insolvent or bankrupt or unable to pay its debts as and when such debts fall due, stops, suspends or threatens to stop or suspend payment of, all or a material part of its debts, (ii) proposes or makes any agreement for the deferral, rescheduling or other readjustment of all of its debts (or of a material part of its debts at that time) and which it will or might otherwise be unable to pay when due, (iii) proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared in respect of or affecting all of the debts of the Issuer or any of its Principal Subsidiaries or a material part of such debts, except for the purpose of and followed by a solvent winding-up, dissolution, reconstruction, amalgamation, reorganisation, merger or consolidation (x) on terms approved by an Extraordinary Resolution of the Bondholders, or (y) in the case of a Principal Subsidiary of the Issuer, whereby the material undertaking and assets of such Principal Subsidiary are transferred to or otherwise vested in the Issuer or another of its Subsidiaries; or
- (e) **Winding-up:** (i) an order is made by a court of competent jurisdiction or an effective resolution is passed for the winding-up or dissolution of the Issuer or any of its Principal Subsidiaries (except for a voluntary solvent winding-up of any such Principal Subsidiary), or (ii) the Issuer or any of its Principal Subsidiaries initiates or consents to any judicial proceedings relating to itself, under any applicable liquidation, insolvency, composition, reorganisation or other similar laws (including the obtaining of a general moratorium in respect of all or a substantial part of its debts) (except for a voluntary solvent winding-up of any such Principal Subsidiary), or (iii) the Issuer or any of its Principal Subsidiaries ceases or through an official action of the board of directors of the Issuer or the relevant Principal Subsidiary of the Issuer, as the case may be, threatens to cease to carry on all or substantially all of its business or operations, except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation (x) on terms approved by an Extraordinary Resolution of the holders of the Bonds; or (y) in the case of a Principal Subsidiary of the Issuer where the material undertaking and assets of the Principal Subsidiary of the Issuer are transferred to or otherwise vested in the Issuer or another of its Subsidiaries or (z) in the case of a principal subsidiary of the Issuer which is the subject of a disposal on an arm's length where the assets (whether in cash or otherwise) resulting from such disposal is vested in Issuer or any of its Subsidiaries; or
- (f) **Government Intervention:** a substantial part of the assets or undertaking of the Issuer or any of its Principal Subsidiaries is condemned, seized, expropriated or otherwise appropriated by any person acting under the authority of any national, regional or local government; or
- (g) **Authorisation and Consents:** any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order (i) to enable the Issuer lawfully to enter into, exercise its rights and perform and comply with its obligations under the Bonds, the Trust Deed and the Agency Agreement, (ii) to ensure that those obligations are legally binding and enforceable and (iii) to make the Bonds, the Trust Deed, the Agency Agreement and the Standby Letter of Credit admissible in evidence in the courts of Hong Kong is not taken, fulfilled or done; or
- (h) **Illegality:** it is or will become unlawful for the Issuer to perform or comply with any one or more of its obligations under any of the Bonds, the Trust Deed or the Agency Agreement; or

- (i) **Unenforceability of the Standby Letter of Credit:** the enforceability of the Standby Letter of Credit is contested by the LC Bank or the LC Bank denies any one or more of its obligations under the Standby Letter of Credit; or
- (j) **Analogous Events:** any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of Conditions 10.1(c) (*Enforcement Proceedings*) to 10.1(f) (*Government Intervention*) (both inclusive); or

10.2 Events of Default with respect to the LC Bank

- (a) **Cross-Acceleration (LC Bank):** any present or future Public External Indebtedness of the LC Bank or any LC Bank Subsidiary becomes due and payable prior to its stated maturity by reason of any default, event of default or the like (howsoever described) in respect of the terms thereof, or any such Public External Indebtedness is not paid when due or, as the case may be, within any originally applicable grace period, provided that the aggregate amount of the relevant Public External Indebtedness in respect of which one or more of the events mentioned above in this Condition 10.2(a) have occurred equals or exceeds U.S.\$25,000,000 (or its equivalent in any other currency or currencies); or
- (b) **Enforcement Proceedings (LC Bank):** a distress, attachment, execution or other legal process is levied, enforced or sued out on or against any material part of the property, assets or revenues of the LC Bank or any of the LC Bank Material Subsidiaries and is not discharged or stayed within 30 days; or
- (c) **Insolvency (LC Bank):** the LC Bank or any LC Bank Material Subsidiary is insolvent or bankrupt or unable to pay its debts as and when such debts fall due; stops or suspends payment of all or a material part of its debts; proposes or makes any agreement for the deferral, rescheduling or other readjustment of all or a material part of its debts; proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of all or a material part of its debts; or a moratorium is agreed or declared in respect of or affecting all or a material part of the debts of the LC Bank or any LC Bank Material Subsidiary; or
- (d) **Winding-up (LC Bank):** an order of any court of competent jurisdiction is made or an effective resolution is passed for the winding-up or dissolution or administration of the LC Bank or any LC Bank Material Subsidiary (except for any voluntary solvent winding-up of any LC Bank Material Subsidiary), or the LC Bank ceases or threatens to cease to carry on all or a substantial part of its business or operations, except for the purpose of and followed by a solvent winding-up, dissolution, reconstruction, amalgamation, reorganisation, merger or consolidation (i) on terms approved by an Extraordinary Resolution of the Bondholders, or (ii) in the case of a LC Bank Material Subsidiary, whereby the undertaking and assets of such LC Bank Material Subsidiary are transferred to or otherwise vested in the LC Bank and/or any other LC Bank Material Subsidiary; or
- (e) **Illegality (LC Bank):** it is or will become unlawful for the LC Bank to perform or comply with any one or more of its obligations under the Standby Letter of Credit; or
- (f) **Analogous Events:** any event occurs which under the laws of the relevant jurisdiction has an analogous effect to any of the events referred to in any of paragraphs (b) (*Enforcement Proceedings (LC Bank)*) to (e) (*Illegality (LC Bank)*) above (both inclusive).

In these Conditions:

“LC Bank Material Subsidiary” means a Subsidiary of the LC Bank whose total assets, total revenue or net profit (consolidated in the case of an LC Bank Subsidiary which itself has subsidiaries) as at the date at which its latest audited financial statements were prepared or, as the case may be, for the financial period to which those audited financial statements relate, account for five per cent. or more of the consolidated total assets, or consolidated total revenue or consolidated net profit of the LC Bank as at such date or for such period. If a LC Bank Material Subsidiary transfers all of its assets and business to an LC Bank Subsidiary, the transferee shall become a LC Bank Material Subsidiary and the transferor shall cease to be a LC Bank Material Subsidiary on completion of such transfer;

“LC Bank Subsidiary” means any entity whose financial statements at any time are required by law or in accordance with generally accepted accounting principles to be fully consolidated with those of the LC Bank; and

“Public External Indebtedness” means any indebtedness of the LC Bank or any LC Bank Subsidiary, or any guarantee or indemnity by the such entity of indebtedness for money borrowed, which (i) is in the form of or represented by any bond, note, debenture, debenture stock, loan stock, certificate or other instrument which is issued outside the PRC and is, or is capable of being, listed, quoted or traded on any stock exchange or in any securities market (including, without limitation, any over-the-counter market) (without regard, however, to whether or not such instruments are sold through public offerings or private placements); and (ii) has an original maturity of more than 365 days.

11. PRESCRIPTION

Claims against the Issuer for payment in respect of the Bonds shall be prescribed and become void unless made within 10 years (in the case of principal or premium, if any) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

12. REPLACEMENT OF CERTIFICATES

If any Certificate is mutilated or defaced or alleged to be lost, stolen or destroyed, it may be replaced, subject to applicable laws, regulations or other relevant regulatory authority regulations, at the specified office of the Registrar or any Transfer Agent as may from time to time be designated by the Issuer for that purpose and notice of whose designation is given to Bondholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security, indemnity, prefunding and otherwise as the Issuer and/or the Registrar or such Transfer Agent may require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

13. MEETINGS OF BONDHOLDERS, MODIFICATION AND WAIVER

13.1 Meetings of Bondholders

The Trust Deed contains provisions for convening meetings of Bondholders to consider matters affecting their interests, including the sanctioning by Extraordinary Resolution of the Bondholders of a modification of any of these Conditions or any provisions of the Trust Deed, the Agency Agreement or the Standby Letter of Credit. Such a meeting may be convened by the Issuer or the Trustee and shall be convened by the Trustee if requested in writing to do so by Bondholders holding not less than 10 per cent. in principal amount of the Bonds for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution of the Bondholders will be two or more persons holding or representing more than 50 per cent. in principal amount of the Bonds for the time being outstanding, or at any adjourned meeting one or more persons being or representing Bondholders whatever the principal amount of the Bonds held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to modify the maturity of the Bonds or the dates on which interest is payable in respect of the Bonds, (ii) to reduce or cancel the principal amount of or interest on, the Bonds, (iii) to change the currency of payment of the Bonds or the Standby Letter of Credit, (iv) to modify the provisions concerning the quorum required at any meeting of Bondholders or the majority required to pass an Extraordinary Resolution of the Bondholders, (v) to cancel or modify the Standby Letter of Credit (other than an amendment or supplement to, or a replacement of, the Standby Letter of Credit in connection with a further issue of securities pursuant to Condition 16 (*Further Issues*) or modification pursuant to Condition 13.2 (*Modification and Waiver*)), or (vi) to modify Conditions 4 (*Standby Letter of Credit and Pre-Funding*) (subject to Condition 13.2 (*Modification and Waiver*)), in which case the necessary quorum will be two or more persons holding or representing not less than two-thirds, or at any adjourned meeting not less than one-third, in principal amount of the Bonds for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Bondholders (whether or not they were present at the meeting at which such resolution was passed).

The Trust Deed provides that a resolution in writing signed by or on behalf of the Bondholders holding not less than 90 per cent. in principal amount of the Bonds for the time being outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Bondholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Bondholders and/or by electronic consent.

13.2 Modification and Waiver

The Trustee may (but shall not be obliged to) agree, without the consent of the Bondholders, to (i) any modification of any of these Conditions or any of the provisions of the Trust Deed, the Agency Agreement or the Standby Letter of Credit that is in its opinion of a formal, minor or technical nature or is made to correct a manifest error or to comply with any mandatory provision of law, or (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of these Conditions or any of the provisions of the Trust Deed, the Agency Agreement or the Standby Letter of Credit that is in the opinion of the Trustee not materially prejudicial to the interests of the Bondholders. Any such modification, authorisation or waiver shall be binding on the Bondholders and such modification, authorisation or waiver shall be notified by the Issuer to the Bondholders as soon as practicable.

13.3 Entitlement of the Trustee

In connection with the exercise of its functions, rights, powers and/or discretions (including but not limited to those referred to in this Condition 13), the Trustee shall have regard to the interests of the Bondholders as a class and shall not have regard to the consequences of such exercise for individual Bondholders, and the Trustee shall not be entitled to require on behalf of any Bondholder, nor shall any Bondholder be entitled to claim, from the Issuer or the Trustee, any indemnification or payment in respect of any tax consequence of any such exercise upon individual Bondholders.

13.4 Certificates and Reports

The Trustee may rely without liability to Bondholders or to any other person on any information, report, advice, opinion, confirmation or certificate obtained from any lawyers, valuers, accountants (including the auditors), surveyors, financial advisers or financial institutions, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept and shall be entitled to rely on any such information, report, confirmation, certificate, advice or opinion and, in such event, such information, report, confirmation, certificate, advice or opinion shall be binding on the Issuer and the Bondholders.

13.5 Trustee not Responsible

The Trust Deed states that the Trustee shall not be responsible for the execution, delivery, legality, effectiveness, adequacy, genuineness, validity, enforceability or admissibility in evidence of the Trust Deed, the Bonds, the Certificates, the Register, the Agency Agreement, the Standby Letter of Credit or any other document relating thereto; or for any licence, consent or other authority for the execution, delivery, legality, effectiveness, adequacy, genuineness, validity, performance, enforceability or admissibility in evidence of the Trust Deed, the Agency Agreement, the Standby Letter of Credit, the Certificates, the Register, or any other document relating thereto. In addition, the Trust Deed states that the Trustee shall not be responsible for the effect of the exercise of any of its powers, rights, duties and discretions hereunder or thereunder, save to the extent resulting directly from its gross negligence, wilful default or fraud.

13.6 Directions from Bondholders

Notwithstanding anything to the contrary in these Conditions, the Trust Deed, the Agency Agreement or the Standby Letter of Credit, whenever the Trustee is required or entitled by the terms of these Conditions, the Trust Deed, the Agency Agreement or the Standby Letter of Credit to exercise any discretion or power, take any action, make any decision or give any direction or certification, the Trustee is entitled, prior to exercising any such discretion or power, taking any such action, making any such decision, or giving any such direction or certification, to seek directions from the Bondholders by way of an Extraordinary Resolution and (other than in the case of the making of a drawing under the Standby Letter of Credit) to be indemnified, provided with security and/or pre-funded to its satisfaction against all action, proceedings, claims and demands to which it may be or become liable and all costs, charges,

damages, expenses (including legal expenses) and liabilities which may be incurred by it in connection therewith, and the Trustee is not responsible for any loss or liability incurred by any person as a result of any delay in it exercising such discretion or power, taking such action, making such decision, or giving such discretion or certification where the Trustee is seeking such directions or in the event that no such directions are received. Neither the Trustee nor any of the Agents shall be under any obligation to monitor compliance with the provisions of the Trust Deed, the Agency Agreement, the Standby Letter of Credit or these Conditions.

14. ENFORCEMENT

At any time after the Bonds become due and payable, the Trustee may, at its discretion and without further notice, institute such proceedings against the Issuer or the LC Bank as it may think fit to enforce the terms of the Trust Deed, the Bonds or the Agency Agreement and (where appropriate) to drawdown on and enforce the Standby Letter of Credit, but it need not do so unless (i) it shall have been so directed by an Extraordinary Resolution of the Bondholders or so requested in writing by Bondholders holding at least 25 per cent. in principal amount of the Bonds outstanding, and (ii) (other than in the case of making a drawing under the Standby Letter of Credit) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction. No Bondholder may proceed directly against the Issuer or the LC Bank unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.

The Trustee may refrain from taking any action in any jurisdiction if the taking of such action in that jurisdiction would, in its opinion based upon legal advice in the relevant jurisdiction, be contrary to any law of that jurisdiction. Furthermore, the Trustee may also refrain from taking such action if it would otherwise render it liable to any person in that jurisdiction or if, in its opinion based upon such legal advice, it would not have the power to do the relevant thing in that jurisdiction by virtue of any applicable law in that jurisdiction or if it is determined by any court or other competent authority in that jurisdiction that it does not have such power. The Trustee shall be entitled to rely on such opinion without liability or responsibility to any person.

15. INDEMNIFICATION OF THE TRUSTEE

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility. The Trustee's compensation and reimbursement of liabilities (if any) shall be paid in priority to the claims of the Bondholders.

None of the Trustee or any of the Agents shall be responsible for the performance by the Issuer, the LC Bank and any other person appointed by the Issuer and/or the LC Bank in relation to the Bonds of the duties and obligations on their part expressed in respect of the same and, unless it has express written notice from the Issuer or the LC Bank to the contrary, the Trustee and each Agent may assume that the same are being duly performed. None of the Trustee or any Agent shall be liable to any Bondholder, the Issuer, the LC Bank or any other person for any action taken by the Trustee or such Agent in accordance with the instructions of the Bondholders.

The Trust Deed also contains provisions pursuant to which the Trustee is entitled, *inter alia*, (i) to enter into business transactions with the Issuer and/or the LC Bank to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer and/or the LC Bank, (ii) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Bondholders, and (iii) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

16. FURTHER ISSUES

The Issuer may from time to time without the consent of the Bondholders create and issue further securities either having the same terms and conditions as the Bonds in all respects (or in all respects except for the first payment of interest on them, the issue date and the timing for complying with the NDRC Post-Issuance Filing and the Foreign Debt Registration) and so that such further issue shall be consolidated and form a single series with the outstanding securities of any series (including the Bonds); **provided that** (a) the Issuer shall undertake to comply with Conditions 5.3 (*Undertakings relating to NDRC*) and 5.4 (*Undertakings relating to SAFE*) with respect to such new bonds and references to the “**Issue Date**” as used therein shall be deemed to mean the initial issue date of such new bonds and (b) in order for such new bonds to be consolidated to form a single series with the existing Bonds prior to the completion of the NDRC Post-Issuance Filing and the Foreign Debt Registration of the existing Bonds or the new bonds, or both, the term “**Registration Deadline**” under Condition 5.5 (*Interpretation*) with respect to such new bonds shall mean the same day as the Registration Deadline of the existing Bonds; **provided further that** such new bonds may only be issued if a further or supplemental or replacement standby letter of credit is issued by the LC Bank (or an amendment is made to the Standby Letter of Credit) on terms that are substantially similar to the Standby Letter of Credit (including that the stated amount of such further or supplemental standby letter of credit represents an increase at least equal to the principal of and the interest payment due on such new bonds and any fees, costs, expenses, indemnity payments and all other amounts in connection with such issue (subject to a cap (if any) as agreed between the Issuer and the Trustee)) and such supplemental documents are executed and further opinions are obtained as the Trustee may require, as further set out in the Trust Deed. References to the Standby Letter of Credit shall thereafter include such further, supplemental, replacement or amended standby letter of credit. References in these Conditions to the Bonds include (unless the context requires otherwise) any other securities issued pursuant to this Condition and forming a single series with the Bonds. Any further securities forming a single series with the outstanding securities of any series (including the Bonds) constituted by the Trust Deed or any deed supplemental to it shall, and any other securities may (with the consent of the Trustee), be constituted by a deed supplemental to the Trust Deed.

17. NOTICES

Notices to the holders of Bonds shall be mailed at the expense of the Issuer to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday, a Sunday or a public holiday) after the date of mailing. The Issuer shall also ensure that notices are duly published at the Issuer’s expense in a manner that complies with the rules and regulations of any stock exchange or other relevant authority on which the Bonds are for the time being listed. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once, on the first date on which publication is made.

So long as the Bonds are represented by the Global Certificate and the Global Certificate is held on behalf of Euroclear or Clearstream or the Alternative Clearing System (as defined in the Global Certificate), notices to Bondholders may be given by delivery of the relevant notice to Euroclear or Clearstream or the Alternative Clearing System, for communication by it to entitled accountholders in substitution for notification as required by the Conditions and shall be deemed to have been given on the date of delivery to such clearing system.

18. CURRENCY INDEMNITY

U.S. dollar is the sole currency of account and payment for all sums payable by the Issuer under or in connection with the Bonds, the Trust Deed and/or the Agency Agreement, including damages. Any amount received or recovered in a currency other than U.S. dollars (whether as a result of, or of the enforcement of, a judgement or order of a court of any jurisdiction, in the winding-up or dissolution of the Issuer or otherwise) by any Bondholder in respect of any sum expressed to be due to it from the Issuer will only constitute a discharge to the Issuer to the extent of the U.S. dollar amount which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If that U.S. dollar amount is less than the U.S. dollar amount expressed to be due to the recipient under any Bond, the Trust Deed and/or the Agency Agreement, the Issuer will indemnify such recipient and the Trustee against any loss sustained by it as a result. In any event, the Issuer will indemnify the recipient and the Trustee against the cost of making any such purchase. For the purposes of this Condition 18, it will be sufficient for the Bondholder, as the case may be, to demonstrate that it would have suffered a loss had an actual purchase been made. These indemnities constitute a separate and independent obligation from the Issuer's other obligations, will give rise to a separate and independent cause of action, will apply irrespective of any indulgence granted by any Bondholder and will continue in full force and effect despite any other judgement, order, claim or proof for a liquidated amount in respect of any sum due under any Bond, the Trust Deed, the Agency Agreement or any other judgement or order.

19. GOVERNING LAW AND JURISDICTION

19.1 Governing Law

The Bonds, the Trust Deed, the Agency Agreement, the Standby Letter of Credit and any non-contractual obligations arising from or in connection with the Bonds, the Trust Deed, the Agency Agreement and the Standby Letter of Credit are governed by English law.

19.2 Jurisdiction

The Issuer has in the Trust Deed (i) agreed for the benefit of the Trustee and the Bondholders that the courts of Hong Kong shall have exclusive jurisdiction to settle any dispute (a “**Dispute**”) arising out of or in connection with the Bonds, the Trust Deed, the Agency Agreement and the Standby Letter of Credit (including any non-contractual obligation arising out of or in connection with the Bonds); (ii) agreed that those courts are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue that any other courts are more appropriate or convenient; (iii) designated the principal place of business of

Hong Kong Red Star Macalline Universal Home Furnishings Limited in Hong Kong at 31/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong, or such other person with an address in Hong Kong and/or at such other address in Hong Kong as the Issuer may specify by notice in writing to the Trustee and the Bondholders within 30 calendar days of such change of address to accept service of any process on its behalf; (iv) consented to the enforcement of any judgment; and (v) to the extent that it may in any jurisdiction claim for itself or its assets immunity from suit, execution, attachment (whether in aid of execution, before judgment or otherwise) or other legal process, and to the extent that in any such jurisdiction there may be attributed to itself or its assets or revenues such immunity (whether or not claimed), agreed not to claim and irrevocably waived such immunity to the full extent permitted by the laws of such jurisdiction.

20. RIGHTS OF THIRD PARTIES

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any terms of this Bond, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

SUMMARY OF PROVISIONS RELATING TO THE BONDS IN GLOBAL FORM

The Global Certificate contains the following provisions which apply to the Bonds in respect of which they are issued whilst they are represented by the Global Certificate, some of which modify the effect of the Terms and Conditions of the Bonds. Terms defined in the Terms and Conditions of the Bonds have the same meaning in paragraphs 1 to 7 below.

1. ACCOUNTHOLDERS

For so long as all of the Bonds are represented by the Global Certificate and the Global Certificate is held on behalf of a clearing system, each person (other than another clearing system) who is for the time being shown in the records of Euroclear or Clearstream (as the case may be) as the holder of a particular aggregate principal amount of such Bonds (each an “**Accountholder**”) (in which regard any certificate or other document issued by Euroclear or Clearstream (as the case may be) as to the aggregate principal amount of such Bonds standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be deemed to be the holder of such aggregate principal amount of such Bonds for all purposes other than with respect to payments of principal, premium (if any) and interest on the Bonds, the right to which shall be vested, as against the Issuer and the Trustee, solely in the nominee for the relevant clearing system (the “**Relevant Nominee**”) in accordance with and subject to the terms of the Global Certificate. Each Accountholder must look solely to Euroclear or Clearstream, as the case may be, for its share of each payment made to the Relevant Nominee.

2. CANCELLATION

Cancellation of any Bond following its redemption or purchase by the Issuer or any of the Issuer’s Subsidiaries at the option of the Issuer will be effected by reduction in the aggregate principal amount of the Bonds in the register of Bondholders and by the annotation of the appropriate schedule to the Global Certificate.

3. PAYMENTS

Each payment of principal, premium (if any) and interest in respect of Bonds represented by the Global Certificate will be made upon presentation and surrender of the Global Certificate to any Paying Agent.

Each payment will be made to or to the order of, the person whose name is entered on the Register at the close of business on the Clearing System Business Day immediately prior to the date for payment, where “**Clearing System Business Day**” means a weekday (Monday to Friday, inclusive) except 25 December and 1 January.

Distributions of amounts with respect to book-entry interests in the Bonds held through Euroclear or Clearstream will be credited, to the extent received by the Principal Paying Agent, to the cash accounts of Euroclear or Clearstream participants in accordance with the relevant system’s rules and procedures.

A record of each payment made will be endorsed on the appropriate schedule to the Global Certificate by or on behalf of the Issuer and shall be *prima facie* evidence that payment has been made.

4. NOTICES

So long as the Bonds are represented by the Global Certificate and the Global Certificate is held on behalf of a clearing system, notices to Bondholders may be given by delivery of the relevant notice to that clearing system for communication by it to entitled Accountholders in substitution for notification as required by the Terms and Conditions of the Bonds.

5. REGISTRATION OF TITLE

Registration of title to Bonds in a name other than that of the Relevant Nominee will not be permitted unless Euroclear or Clearstream, as appropriate, notifies the Issuer that it is unwilling or unable to continue as a clearing system in connection with the Global Certificate, and in each case a successor clearing system approved by the Trustee is not appointed by the Issuer within 90 days after receiving such notice from Euroclear or Clearstream, as relevant. In these circumstances title to a Bond may be transferred into the names of holders notified by the Relevant Nominee in accordance with the Conditions, except that Certificates in respect of Bonds so transferred may not be available until 21 days after the request for transfer is duly made.

6. TRANSFERS

Transfers of book-entry interests in the Bonds will be effected through the records of Euroclear and Clearstream and their respective participants in accordance with the rules and procedures of Euroclear and Clearstream and their respective direct and indirect participants.

7. BONDHOLDERS' REDEMPTION

For so long as the Bonds are represented by the Global Certificate and the Global Certificate is held on behalf of Euroclear and/or Clearstream, the Bondholder's redemption option may be exercised by any holder of Bonds giving notice to any Paying Agent in accordance with the standard procedures of Euroclear or Clearstream (which may include notice being given on his instructions by Euroclear or Clearstream or any common depositary for them to any Paying Agent by electronic means) of the principal amount of Bonds in respect of which the option is exercised and presenting or procuring the presentation of the Global Certificate to such Paying Agent for endorsement within the time limits specified in the Conditions.

SUBSCRIPTION AND SALE

The Issuer has entered into a subscription agreement with BOSC International Company Limited, China International Capital Corporation Hong Kong Securities Limited, Sigma Capital Management Limited, Haitong International Securities Company Limited and Industrial Bank Co., Ltd. Hong Kong Branch (together, the “**Joint Lead Managers**”) dated 23 August 2022 (the “**Subscription Agreement**”), pursuant to which and subject to certain conditions contained therein, the Issuer has agreed to issue and the Joint Lead Managers have severally and not jointly agreed with the Issuer to subscribe, or to procure subscribers to subscribe for the principal amount of the Bonds as set forth opposite their names in the following table.

	Principal amount of the Bonds
Joint Lead Managers	
BOSC International Company Limited	U.S.\$100,000,000
China International Capital Corporation Hong Kong Securities Limited	U.S.\$100,000,000
Sigma Capital Management Limited.	U.S.\$3,000,000
Haitong International Securities Company Limited.	U.S.\$23,350,000
Industrial Bank Co., Ltd. Hong Kong Branch	U.S.\$23,350,000
Total.	U.S.\$249,700,000

The Joint Lead Managers are offering the Bonds in accordance with the terms of the Subscription Agreement and subject to certain conditions precedent contained in the Subscription Agreement, including, *inter alia*, the receipt by the Joint Lead Managers of documentation related to the issuance and sale of the Bonds and legal opinions. The Subscription Agreement may be terminated by the Joint Lead Managers in certain circumstances prior to payment being made to the Issuer. The Subscription Agreement provides that the Issuer will indemnify the Joint Lead Managers against certain liabilities in connection with the offer and sale of the Bonds.

The Issuer will pay the Joint Lead Managers’ customary fees and commissions in connection with the offering and will reimburse the Joint Lead Managers for certain fees and expenses incurred in connection with the offering.

IMPORTANT NOTICE TO CMIs (INCLUDING PRIVATE BANKS)

This notice to CMIs (including Private Banks) is a summary of certain obligations the Code imposes on CMIs, which require the attention and cooperation of other CMIs (including Private Banks). Certain CMIs may also be acting as OCs for this offering and are subject to additional requirements under the Code.

Prospective investors who are the directors, employees or major shareholders of the Issuer, a CMI or its group companies would be considered under the Code as having an Association with the Issuer, the CMI or the relevant group company. CMIs should specifically disclose whether their investor clients have any Association when submitting orders for the Bonds. In addition, Private Banks should take all reasonable steps to identify whether their investor clients may have any Associations with the Issuer or any CMI (including its group companies) and inform the Joint Lead Managers accordingly.

CMIIs are informed that the marketing and investor targeting strategy for this offering includes institutional investors, sovereign wealth funds, pension funds, hedge funds, family offices and high net worth individuals, in each case, subject to the selling restrictions, if applicable, any MiFID II product governance and UK MiFIR product governance language set out elsewhere in this Offering Circular.

CMIIs should ensure that orders placed are bona fide, are not inflated and do not constitute duplicated orders (i.e. two or more corresponding or identical orders placed via two or more CMIIs). CMIIs should enquire with their investor clients regarding any orders which appear unusual or irregular. CMIIs should disclose the identities of all investors when submitting orders for the Bonds (except for omnibus orders where underlying investor information should be provided to the OCs when submitting orders). Failure to provide underlying investor information for omnibus orders, where required to do so, may result in that order being rejected. CMIIs should not place “X-orders” into the order book.

CMIIs should segregate and clearly identify their own proprietary orders (and those of their group companies, including Private Banks as the case may be) in the order book and book messages.

CMIIs (including Private Banks) should not offer any rebates to prospective investors or pass on any rebates provided by the Issuer. In addition, CMIIs (including Private Banks) should not enter into arrangements which may result in prospective investors paying different prices for the Bonds.

The Code requires that a CMI disclose complete and accurate information in a timely manner on the status of the order book and other relevant information it receives to targeted investors for them to make an informed decision. In order to do this, those Joint Lead Managers in control of the order book should consider disclosing order book updates to all CMIIs.

When placing an order for the Bonds, Private Banks should disclose, at the same time, if such order is placed other than on a “principal” basis (whereby it is deploying its own balance sheet for onward selling to investors). Private Banks who do not provide such disclosure are hereby deemed to be placing their order on such a “principal” basis. Otherwise, such order may be considered to be an omnibus order pursuant to the Code. Private Banks should be aware that placing an order on a “principal” basis may require the Joint Lead Managers to apply the “proprietary orders” of the Code to such order and will require the Joint Lead Managers to apply the “rebates” requirements of the Code to such order.

In relation to omnibus orders, when submitting such orders, CMIIs (including Private Banks) are requested to provide the following underlying investor information, preferably in Excel Workbook format, in respect of each order constituting the relevant omnibus order (failure to provide such information may result in that order being rejected). To the extent information being disclosed by CMIIs and investors is personal and/or confidential in nature, CMIIs (including Private Banks) agree and warrant: (A) to take appropriate steps to safeguard the transmission of such information to the OCs; (B) that they have obtained the necessary consents from the underlying investors to disclose such information to the OCs. By submitting an order and providing such information to the OCs, each CMI (including Private Banks) further warrants that they and the underlying investors have understood and consented to the collection, disclosure, use and transfer of such information by the OCs and/or any other third parties as may be required by the Code, including to the Issuer, relevant regulators and/or any other third parties as may be required by the Code, for the purpose of complying

with the Code, during the bookbuilding process for this offering. CMI's that receive such underlying investor information are reminded that such information should be used only for submitting orders in this offering. The Joint Lead Managers may be asked to demonstrate compliance with their obligations under the Code, and may request other CMI's (including Private Banks) to provide evidence showing compliance with the obligations above (in particular, that the necessary consents have been obtained). In such event, other CMI's (including Private Banks) are required to provide the relevant Joint Lead Manager with such evidence within the timeline requested.

To: ***Include relevant contact email addresses of the Overall Coordinators where the underlying investor information should be sent – OCs to provide***

CMI's submitting orders should send ALL of the below information, at the same time as such order is submitted, to EACH OC contact set out above. Failure to do so may result in such order being rejected.

Offering: *Offering of U.S. dollar Denominated Credit Enhanced Bonds (ISIN: XS2516930489) by Red Star Macalline Group Corporation Ltd. (紅星美凱龍家居集團股份有限公司)*

Date:

Name of CMI submitting order:

Name of prospective investor:

Type of unique identification of prospective investor: . . . *For **individual investor clients**, indicate one of the following:*

- (i) HKID card; or*
- (ii) national identification document; or*
- (iii) passport.*

*For **corporate investor clients**, indicate one of the following:*

- (i) legal entity identifier (LEI) registration; or*
- (ii) company incorporation identifier; or*
- (iii) business registration identifier; or*
- (iv) other equivalent identity document identifier.*

Unique identification number of prospective investor: . . . *Indicate the unique identification number which corresponds with the above "type" of unique identification*

Order size (and any price limits):

- Other information:
- Associations *Identify any “Associations” (as used in the Code) and, if any Associations identified, provide sufficient information to enable the OCs to assess whether such order may negatively impact the price discovery process.*

 - Proprietary Orders *Identify if this order is a “Proprietary Order” (as used in the Code) and, if so, provide sufficient information to enable the OCs to assess whether such order may negatively impact the price discovery process.*

 - Duplicated Orders (i.e. two or more corresponding or identical orders placed via two or more CMIs). *If the prospective investor has placed an/any order(s) via other CMIs in this offering, identify if this order is (i) a separate/unique order or (ii) a duplicated order.*

 - Contact Information of CMI submitting the order: *Provide 24-hour contact details (telephone and email) of relevant individual(s) who may be contacted in relation to this order.*

NEW ISSUE OF THE BONDS

The Bonds are a new issuance of securities with no established trading market. Application will be made to the Hong Kong Stock Exchange for permission to deal in, and for listing of, the Bonds by way of debt issues to Professional Investors only. However, no assurance can be given as to the liquidity of any trading market for the Bonds. A liquid or active public trading market for the Bonds may not develop. If an active trading market for the Bonds does not develop, the market price and liquidity of the Bonds may be adversely affected. If the Bonds are traded, they may trade at a discount from their initial offering price, depending on prevailing interest rates, the market for similar securities, the performance of the Issuer and other factors.

STABILISATION

In connection with the issue of the Bonds, the Joint Lead Manager appointed and acting in its capacity as a Stabilising Manager or any person acting on behalf of the Stabilising Manager may, to the extent permitted by applicable laws and regulations, over-allot the Bonds or effect transactions with a view to supporting the market price of the Bonds at a level higher than that which might otherwise prevail, but in so doing, the Stabilising Manager or any person(s) acting on its behalf shall act as principal and not as agent of the Issuer. However, there is no assurance that the Stabilising Manager or any person(s) acting on its behalf will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the Bonds is made and, if commenced, may be discontinued at any time, and must be brought to an end after a limited period. Such stabilisation shall be in compliance with all applicable laws, regulations and rules. Any loss or profit sustained as a consequence of any such over-allotment or stabilisation shall be for the account of the Stabilising Manager.

OTHER RELATIONSHIPS

Each of the Joint Lead Managers or its affiliates may purchase the Bonds for its or their own account and enter into transactions, including, without limitation, credit derivatives, including asset swaps, repackaging and credit default swaps relating to the Bonds or the securities of the Issuer, and its subsidiaries or associates at the same time as the offer and sale of the Bonds or in secondary market transactions. Such transactions would be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of the Bonds to which this Offering Circular relates (notwithstanding that such selected counterparties may also be purchaser of the Bonds). Each Joint Lead Manager and/or its affiliate(s) may purchase Bonds and be allocated Bonds for asset management and/or proprietary purposes, acting as investor for their own accounts and not with a view to distribution, and may in that capacity retain, purchase or sell for its own account such securities and any securities of the Issuer or related investments and may offer or sell such securities or other investments otherwise than in connection with the offering of the Bonds. Accordingly, references herein to the Bonds being offered should be read as including any offering of the Bonds to the Joint Lead Managers and/or their respective affiliates acting in such capacity. Such persons do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

The Joint Lead Managers and their affiliates are full service financial institutions engaged in various activities which may include securities trading, commercial and investment banking, financial advice, investment management, principal investment, hedging, financing and brokerage activities. The Joint Lead Managers and their affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with the Issuer, or its subsidiaries, jointly controlled entities or associates from time to time. They have received, and may in the future receive, customary fees and commissions for these transactions. In addition to the transactions noted above, the Joint Lead Managers and their affiliates may, from time to time, engage in other transactions with, and perform services for, the Issuer, or its subsidiaries, jointly controlled entities or associates in the ordinary course of their business. In addition, the Joint Lead Managers and certain of their respective subsidiaries and affiliates may hold shares or other securities in the Issuer as beneficial owners, on behalf of clients or in the capacity of investment advisors.

SELLING RESTRICTIONS TO THE OFFERING

General

The distribution of this Offering Circular or any offering material and the offering, sale or delivery of the Bonds is restricted by law in certain jurisdictions. Therefore, persons who may come into possession of this Offering Circular or any offering material are advised to consult with their own legal advisers as to what restrictions may be applicable to them and to observe such restrictions. This Offering Circular may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorised.

No action has been taken or will be taken in any jurisdiction that would permit a public offering of the Bonds, or possession or distribution of this Offering Circular or any amendment or supplement thereto or any other offering or publicity material relating to the Bonds, in any country or jurisdiction where action for that purpose is required.

If a jurisdiction requires that the offering of the Bonds be made by a licenced broker or dealer and the Joint Lead Managers or any affiliate of the Joint Lead Managers is a licenced broker or dealer in that jurisdiction, the offering of the Bonds shall be deemed to be made by the Joint Lead Managers or their affiliate on behalf of the Issuer in such jurisdiction.

United States

The Bonds and the Standby Letter of Credit have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States and the Bonds may not be offered or sold within the United States except in certain transactions exempt from or not subject to the registration requirements of the Securities Act. Each Joint Lead Manager has represented that it has not offered or sold, and agrees that it will not offer or sell, any Bonds constituting part of its allotment within the United States except in accordance with Rule 903 of Regulation S under the Securities Act or pursuant to another exemption from the registration requirements of the Securities Act. Accordingly, neither it, its affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to the Bonds. Terms used in this paragraph have the meaning given to them by Regulation S under the Securities Act.

PROHIBITION OF SALES TO EEA RETAIL INVESTORS

Each Joint Lead Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Bonds which are the subject of the offering contemplated by this Offering Circular in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision, the expression “**retail investor**” means a person who is one (or more) of the following:

- (i) a retail client as defined in point (11) of MiFID II; or
- (ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

PROHIBITION OF SALES TO UK RETAIL INVESTORS

Each Joint Lead Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Bonds which are the subject of the offering contemplated by this Offering Circular in relation thereto to any retail investor in the United Kingdom. For the purposes of this provision, the expression “**retail investor**” means a person who is one (or more) of the following:

- (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or
- (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA.

UNITED KINGDOM

Each Joint Lead Manager has represented and agreed that:

- (a) it has only communicated or caused to be communicated, and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the Bonds in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Guarantee; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Bonds in, from or otherwise involving the United Kingdom.

HONG KONG

Each Joint Lead Manager has represented and agreed that:

- (i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Bonds other than (A) to “**professional investors**” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the “**SFO**”) and any rules made under the SFO or (B) in other circumstances which do not result in the document being a prospectus as defined in the Companies (Winding Up and Miscellaneous Provision) Ordinance (Cap. 32) of Hong Kong (the “**CWUMPO**”) or which do not constitute an offer to the public within the meaning of the CWUMPO; and
- (ii) it has not issued or had in its possession for the purposes of issue and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Bonds, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Bonds which are or are intended to be disposed of only to persons outside Hong Kong or only to “**professional investors**” as defined in the SFO and any rules made under the SFO.

PRC

Each Joint Lead Manager has represented and agreed that no Bonds will be offered or sold in the PRC (excluding Hong Kong and Macau) directly or indirectly, except in compliance with applicable laws and regulations. This Offering Circular does not constitute an offer to sell or the solicitation of an offer to buy any securities in the PRC to any person to whom it is unlawful or make the offer or solicitation in the PRC.

No Bonds may be offered or sold, directly or indirectly, and neither this Offering Circular nor any advertisement or other offering material may be distributed or published in the PRC, except under circumstances that will result in compliance with any applicable laws and regulations.

SINGAPORE

Each Joint Lead Manager has acknowledged that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Joint Lead Manager has represented and agreed that it has not offered or sold any Bonds or caused the Bonds to be made the subject of an invitation for subscription or purchase and will not offer or sell any Bonds or cause the Bonds to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Bonds, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Bonds are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- a. a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- b. a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Bonds pursuant to an offer made under Section 275 of the SFA except:

- (i) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (ii) where no consideration is or will be given for the transfer;
- (iii) where the transfer is by operation of law;
- (iv) as specified in Section 276(7) of the SFA; or
- (v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

JAPAN

The Bonds have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the “**Financial Instruments and Exchange Act**”). Accordingly, each Joint Lead Manager has represented and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Bonds in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

TAXATION

The following summary of certain Hong Kong and PRC tax consequences of the purchase, ownership and disposition of the Bonds is based upon applicable laws, regulations, rulings and decisions in effect at the date of this Offering Circular, all of which are subject to change (possibly with retroactive effect). This discussion does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Bonds and does not purport to deal with consequences applicable to all categories of investors, some of which may be subject to special rules. Neither these statements nor any other statements in this Offering Circular are to be regarded as advice on the tax position of any Bondholder or any persons acquiring, selling or otherwise dealing in the Bonds or on any tax implications arising from the acquisition, sale or other dealings in respect of the Bonds. Persons considering the purchase of the Bonds should consult their own tax advisers concerning the possible tax consequences of buying, holding or selling any Bonds, including under the laws of their country of citizenship, residence or domicile.

HONG KONG

Withholding Tax

No withholding tax is payable in Hong Kong in respect of payments of principal, premium (if any) or interest in respect of the Bonds or in respect of any capital gains arising from the sale of the Bonds.

Profits Tax

Hong Kong profits tax is chargeable on every person carrying on a trade, profession or business in Hong Kong in respect of profits arising in or derived from Hong Kong from such trade, profession or business (excluding profits arising from the sale of capital assets).

Under the Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong) (the “**Inland Revenue Ordinance**”) as it is currently applied by the Inland Revenue Department, interest on the Bonds may be deemed to be profits arising in or derived from Hong Kong from a trade, professional or business carried on in Hong Kong in the following circumstances:

- (a) interest on the Bonds is received by or accrues to a financial institution (as defined in the Inland Revenue Ordinance) and arises through or from the carrying on by the financial institution of its business in Hong Kong; or
- (b) interest on the Bonds is derived from Hong Kong and is received by or accrues to a company (other than a financial institution) carrying on a trade, profession or business in Hong Kong; or
- (c) interest on the Bonds is derived from Hong Kong and is received by or accrues to a person (other than a company) carrying on a trade, profession or business in Hong Kong and is in respect of the funds of the trade, profession or business.

Sums derived from the sale, disposal or redemption of the Bonds will be subject to Hong Kong profits tax where received by or accrued to a person who carries on a trade, profession or business in Hong Kong and the sums have a Hong Kong source.

Sums received by or accrued to a financial institution by way of gains or profits arising through or from the carrying on by the financial institution of its business in Hong Kong from the sale, disposal and redemption of the Bonds will be subject to profits tax.

Stamp Duty

No Hong Kong stamp duty will be chargeable upon the issue or transfer of a Bond.

Estate Duty

No Hong Kong estate duty is payable in respect of the Bonds.

PRC

The following summary describes certain PRC tax consequences of ownership of the Bonds by beneficial owners who, or which, are not residents of mainland China for PRC tax purposes. These beneficial owners are referred to as non-PRC Bondholders in this “*PRC Taxation*” section. In considering whether to invest in the Bonds, investors should consult their individual tax advisors with regard to the application of PRC tax laws to their particular situations as well as any tax consequences arising under the laws of any other tax jurisdiction.

Pursuant to the EIT Law and its implementation regulations, enterprises that are established under laws of foreign countries and regions (including Hong Kong, Macau and Taiwan) but whose “**de facto management body**” are within the territory of China are treated as PRC tax resident enterprises for the purpose of the EIT Law and must pay PRC enterprise income tax at the rate of 25% in respect of their taxable income. If the relevant PRC tax authorities decide, in accordance with applicable tax rules and regulations, that the “**de facto management body**” of the Issuer is within the territory of PRC, the Issuer may be held to be a PRC tax resident enterprise for the purpose of the EIT Law and be subject to PRC enterprise income tax at the rate of 25% on its taxable income.

Pursuant to the EIT Law and its implementation regulations, any non-resident enterprise without an establishment within the PRC or whose income has no connection to its establishment inside the PRC must pay enterprise income tax on income sourced within the PRC, and such income tax must be withheld at source by the PRC payer acting as a withholding agent. Accordingly, the Issuer is required to withhold income tax from the payments of interest in respect of the Bonds to any non-PRC Bondholder, and gain from the disposition of the Bonds may be subject to PRC tax, if the income or gain is treated as PRC-sourced. The tax rate is generally 10% for non-resident enterprise Bondholders and 20% in the case of non-resident individual Bondholders.

The Issuer has agreed to pay additional amounts to Bondholders in the event that withholding on interest payments is required, subject to certain exceptions, so that they would receive the full amount of the scheduled payment, as further set out in the Terms and Conditions of the Bonds.

THE PROPOSED FINANCIAL TRANSACTIONS TAX (“FTT”)

On 14 February 2013, the European Commission published a proposal (the “**Commission’s Proposal**”) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the “participating Member States”). However, Estonia has since stated that it will not participate.

The Commission’s Proposal has very broad scope and could, if introduced, apply to certain dealings in the Bonds (including secondary market transactions) in certain circumstances. The issuance and subscription of Bonds should, however, be exempt.

Under the Commission’s Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Bonds where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, “established” in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between participating Member States and the scope of any such tax is uncertain. Additional EU Member States may decide to participate.

Prospective holders of the Bonds are advised to seek their own professional advice in relation to the FTT.

SUMMARY OF CERTAIN MATERIAL DIFFERENCES BETWEEN PRC GAAP AND IFRS

The Consolidated Financial Statements included in this Offering Circular were prepared and presented in accordance with PRC GAAP. PRC GAAP are substantially in line with IFRS, except for certain modifications. between PRC GAAP and IFRS. The following is a general summary of certain material differences between PRC GAAP and IFRS on recognition and presentation as applicable to the Issuer. The Issuer is responsible for preparing the summary below. Since the summary is not meant to be exhaustive, there is no assurance regarding the completeness of the financial information and related footnote disclosure between PRC GAAP and IFRS and no attempt has been made to quantify such differences. Had any such quantification or reconciliation been undertaken by the Issuer, other potentially significant accounting and disclosure differences may have required that are not identified below. Additionally, no attempt has been made to identify possible future differences between PRC GAAP and IFRS as a result of prescribed changes in accounting standards. Regulatory bodies that promulgate PRC GAAP and IFRS have significant ongoing projects that could affect future comparisons or events that may occur in the future.

GOVERNMENT GRANT

Under PRC GAAP, an assets-related government grant is only required to be recognised as deferred income, and evenly amortised to profit or loss over the useful life of the related asset. However, under IFRS, such assets-related government grants are allowed to be presented in the statement of financial position either by setting up the grant as deferred income or by deducting the grant in arriving at the carrying amount of the asset.

Under PRC GAAP, the relocation compensation for public interests is required to be recognised as special payables. The income from compensation attributable to losses of fixed assets and intangible assets, related expenses, losses from production suspension incurred during the relocation and reconstruction period and purchases of assets after the relocation shall be transferred from special payables to deferred income and accounted for in accordance with the government grants standard. The surplus reached after deducting the amount transferred to deferred income shall be recognised in capital reserve. Under IFRS, if an entity relocates for reasons of public interests, the compensation received shall be recognised in profit and loss.

REVERSAL OF IMPAIRMENT LOSS

Under PRC GAAP, once an impairment loss is recognised for a long term asset (including fixed assets, intangible assets and goodwill, etc.), it shall not be reversed in any subsequent period. Under IFRS, an impairment loss recognised in prior periods for an asset other than goodwill could be reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised.

RELATED PARTY DISCLOSURES

Under PRC GAAP, government-related entities are not treated as related parties. Under IFRS, government-related entities are still treated as related parties.

FIXED ASSETS AND INTANGIBLE ASSETS

Under PRC GAAP, only the cost model is allowed.

Under IFRS, an entity can choose either the cost model or the revaluation model as its accounting policy.

INDEPENDENT AUDITORS

The consolidated financial information of the Company as at and for each of the three years ended 31 December 2019, 2020 and 2021 is included elsewhere or incorporated by reference in this Offering Circular and has been audited by Ernst & Young Hua Ming LLP. Such audited consolidated financial statements of the Company as at and for each of the years ended 31 December 2020 and 2021 are included in this Offering Circular.

For the purpose of the offers and sales outside the United States in offshore transactions in reliance on Regulation S, Ernst & Young Hua Ming LLP has acknowledged the inclusion in this Offering Circular of all references to its name, its Independent Auditor's Reports on the consolidated financial statements of the Company as at and for each of the years ended 31 December 2020 and 2021, in the form and context in which they are included elsewhere or incorporated by reference in this Offering Circular.

GENERAL INFORMATION

1. *Clearing System:* The Bonds have been accepted for clearance through Euroclear and Clearstream under Common Code number 251693048 and the International Securities Identification Number for the Bonds is XS2516930489.
2. *Authorisations:* The issue of the Bonds was authorised by the resolution of the directors of the Issuer on 30 March 2022 and by the resolutions of the shareholders of the Issuer on 22 April 2022. The Issuer made an application for the NDRC Pre-Issuance Registration of the offering of the Bonds with the NDRC in accordance with the NDRC Circular issued by the NDRC and which came into effect on 14 September 2015 and received an Enterprise Foreign Debt Filing Registration Certificate on 1 June 2022 in connection with the NDRC Pre-Issuance Registration and also intends to cause the requisite information and documents in respect of the issue of the Bonds to be filed with NDRC within 10 NDRC Registration Business Days following the Issue Date.

The Issuer will be required to register or cause to be registered with the State Administration of Foreign Exchange of the PRC or its local counterpart (“SAFE”) the requisite information and documents within the prescribed time frame in accordance with (i) the Administrative Measures for Foreign Debt Registration (《外債登記管理辦法》) issued by SAFE and which came into effect on 13 May 2013, and (ii) the Circular on Relevant Matters about the Macro-Prudential Management of Cross-Border Financing in Full Aperture (《中國人民銀行關於全口徑跨境融資宏觀審慎管理有關事宜的通知》) issued by PBOC and which came into effect on 12 January 2017 and, any implementation rules, reports, certificates, approvals or guidelines as issued by SAFE or the PBOC, as the case may be, from time to time (the “**Foreign Debt Registration**”), and to comply with all applicable PRC laws and regulations in relation to the Bonds. The Issuer shall use its commercially reasonable endeavours to complete the Foreign Debt Registration on or before the SAFE Registration Deadline. Save for the Foreign Debt Registration, the Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of the Bonds.

3. *No Material Adverse Change:* Except as disclosed in this Offering Circular, there has been no material adverse change in the financial or trading position or prospects of the Issuer or the Group since 31 December 2021, and there has been no significant change in the financial or trading position of the Issuer or the Group since 31 December 2021.
4. *Litigation:* None of the Issuer or any of the Issuer’s other subsidiaries is involved in any governmental, legal or arbitration proceedings, including any such proceedings which are pending or threatened of which the Issuer or the Group is aware, during the previous 12 months, which may have, or have had in the recent past, a significant effect on the business or financial position of the Issuer or any of the Issuer’s other subsidiaries.
5. *Available Documents:* Physical copies of the financial statements of the Company as at and for the year ended 31 December 2020, the financial statements of the Company as at and for the year ended 31 December 2021, the Standby Letter of Credit, the Trust Deed and the Agency Agreement relating to the Bonds and the Memorandum and Articles of Association of the Issuer will be available for inspection from the Issue Date at the specified office of the Trustee at 20th Floor, Citi Tower, One Bay East, 83 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong during normal business hours, so long as any of the Bonds is outstanding.

6. *Reliance by the Trustee:* Pursuant to the Terms and Conditions of the Bonds and the Trust Deed, the Trustee may rely without liability to Bondholders on any report, confirmation or certificate or any advice of any accountants, lawyers, financial advisors, financial institution or other expert, whether or not addressed to it and whether or not their liability in relation thereto is limited (by its terms or by any engagement letter entered into in relation thereto by the Trustee or any other person or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept and shall be entitled to rely on any such report, confirmation, certificate or advice and such report, confirmation, certificate or advice shall be binding on the Issuer and the Bondholders.

7. *Listing of the Bonds:* Application will be made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Bonds by way of debt issues to Professional Investors only and such permission is expected to become effective on or about 29 August 2022.

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Audited consolidated financial statements as at and for the year ended 31 December 2021⁽¹⁾

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Audited consolidated financial statements as at and for the year ended 31 December 2020⁽¹⁾

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(1) Audited consolidated financial statements as at and for the years ended 31 December 2020 and 2021 are prepared in accordance with the PRC GAAP and have been audited by Ernst & Young Hua MingLLP. See "*Summary Financial Information of the Company*".



Auditor's Report

Ernst & Young Hua Ming (2022) Shen Zi No. 60954737_B01
Red Star Macalline Group Corporation Ltd.

TO THE SHAREHOLDERS OF RED STAR MACALLINE GROUP CORPORATION LTD.,

1. OPINION

We have audited the financial statements of Red Star Macalline Group Corporation Ltd., which comprise the consolidated and the Company's balance sheets as at 31 December 2021, the consolidated and the Company's income statements, the consolidated and the Company's statements of changes in shareholders' equity and the consolidated and the Company's cash flow statements for 2021, and notes to the financial statements.

In our opinion, the accompanying financial statements of the Company are prepared in all material respects in accordance with Accounting Standards for Business Enterprises ("ASBEs") and fairly present the consolidated and the Company's financial position as at 31 December 2021, and the consolidated and the Company's operating results and cash flows for 2021.

2. BASIS FOR OPINION

We conducted our audit in accordance with China Standards on Auditing ("CSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with China Code of Ethics for Certified Public Accountants (the "Code"), and we have fulfilled our other ethical responsibilities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

3. KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Ernst & Young Hua Ming (2022) Shen Zi No. 60954737_B01
Red Star Macalline Group Corporation Ltd.

3. KEY AUDIT MATTERS (continued)

Key audit matter:	How our audit addressed the key audit matter:
<p>Measurement of investment properties at fair value</p> <p>As of 31 December 2021, the Group's investment properties at fair value were RMB95,575 million, accounting for about 71% of the Group's total book assets. Investment properties of the Group are subsequently measured using a fair value model.</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>For disclosure on the matter in the notes to the financial statements, please refer to Note III — 12. Investment Property, Note III — 32. Significant Accounting Judgments and Estimates, Note V — 16. Investment Property and Note V — 55. Gain on Fair Value Changes.</p>	<p>We performed the following audit procedures:</p> <ol style="list-style-type: none"> (1) Evaluating the objectivity, independence and professional competence of third-party appraisers engaged by the management; (2) Taking samples and inviting internal evaluation experts to assist us in evaluating the valuation methods, key estimates and assumptions such as discount rate, vacancy rate, etc., adopted by appraisers; testing the rationality of relevant key estimates and assumptions by examining historical data and public market information; (3) Reviewing the adequacy of disclosures related to the investment properties at fair value in the financial statements.

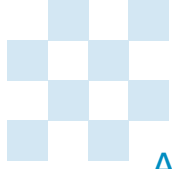
3. KEY AUDIT MATTERS (continued)

Key audit matter:	How our audit addressed the key audit matter:
<p>The recognition of revenue from the brand consulting and management service for the early stage of the project ("Revenue for the Early Stage of the Project") and construction revenue</p> <p>In 2021, revenue from the brand consulting and management service for the early stage of the project and revenue from construction and design service recognized by the Group were RMB6,67 million and RMB1,499 million, respectively. The Group recognized the above two revenues based on the progress of project performance and the progress of construction, respectively.</p> <p>The amount of revenue from the brand consulting and management service for the early stage of the project was relatively large, and the splitting of contract performance obligations, the allocation of transaction considerations, and the progress of project performance all involved major estimates and judgments of the management. The Group recognized the performance obligations included in the contract for revenue from the brand consulting and management service for the early stage of the project, and recognized the revenue based on the progress of the performance.</p> <p>In addition, the amount of revenue from construction and design service is relatively large too, the total budget cost of projects, and the progress of project performance all involved major estimates and judgments of the management. Therefore, we considered the recognition of the above two revenues as key audit matters.</p> <p>For disclosure on the matter in the notes to the financial statements, please refer to Note III — 24. Revenue from contracts with customers, Note III — 32. Significant Accounting Judgments and Estimates, Note V — 47. Revenue and Cost.</p>	<p>We performed the following audit procedures:</p> <ol style="list-style-type: none"> (1) Understanding and performing cross – testing on the revenue for the early stage of the project and construction revenue, as well as the internal controls related to the receivables cycle, and performing control tests on important control points; reviewing the rationality of the revenue recognition method adopted by management for revenue for the early stage of the project and construction revenue; (2) Examining the services and engineering agreements and other materials signed by the Group and understanding the relevant terms and services; (3) Reviewing management's performance obligation to identify and determine revenue for the early stage of the project and construction revenue, and examining the rationality of the basis and method of transaction consideration allocation; (4) Obtaining the evidence based on which the management evaluates the progress of the project performance, and analyzing and testing the budget cost, contract amount and progress of the project performance; (5) Reviewing the adequacy of disclosure on revenue for the early stage of the project and construction revenue this year in the financial statements.

Ernst & Young Hua Ming (2022) Shen Zi No. 60954737_B01
Red Star Macalline Group Corporation Ltd.

3. KEY AUDIT MATTERS (continued)

Key audit matter:	How our audit addressed the key audit matter:
<p>Estimation of impairment allowance of accounts receivable, contract assets and other financial assets measured at amortized cost</p> <p>As of 31 December 2021, the original values of accounts receivable, other receivables, entrusted loans and lending in other current assets, long-term receivables, non-current assets due within one year, entrusted loans and lending in other non-current assets, and contract assets were RMB3,367 million, RMB1,265 million, RMB1,387 million, RMB479 million, RMB148 million, RMB1,051 million, and RMB2,034 million. The balance of impairment provision was RMB1,410 million, RMB371 million, RMB146 million, RMB46 million, RMB7 million, RMB11 million, and RMB328 million, respectively.</p> <p>According to the requirements of Accounting Standards for Business Enterprises No. 22 — Recognition and Measurement of Financial Instruments, when assessing the impairment allowance for receivables and contract assets, the Group made a judgment based on its expected credit losses.</p> <p>The management divided the receivables and contract assets into different credit risk characteristic combination categories based on the composition of receivables and contract assets and the different types of customer returns and credit in recent years. In terms of each credit risk characteristic combination category, the management estimated the expected credit loss rate of receivables and contract assets based on the actual loss rate of receivables and contract assets with similar credit risk characteristics in previous years and combined with prospective consideration. Different proportion of impairment allowance shall be made for different levels of risk, and impairment allowance shall be made accordingly.</p>	<p>We performed the following audit procedures:</p> <ol style="list-style-type: none"> (1) Understanding the policies of the Group's receivables and impairment allowance for contract assets and the method adopted by the management for assessing the amount of impairment, and performing cross – testing on the procedures and internal controls related to the processes of impairment of receivables and contract asset; (2) Reviewing and evaluating the rationality of the “expected credit loss model” used by the management to estimate the impairment allowance for receivables and contract assets, as well as the adequacy of impairment allowance; assessing key assumptions and parameters used for estimating expected credit loss, including the rationality of the selection of forward-looking coefficients based on industry conditions; (3) Discussing with management to evaluate receivables and contract assets with defaults and indication of impairment. Examining relevant supporting evidence, including post collection, evaluation of customer's credit history, operating conditions and loan repayment ability, etc., and judging the rationality of management's impairment allowance of the Group; (4) Reviewing the adequacy of management's disclosure of impairment allowance of receivables and contract assets.



3. KEY AUDIT MATTERS (continued)

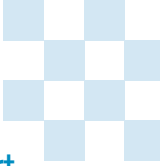
Key audit matter:

How our audit addressed the key audit matter:

Estimation of impairment allowance of accounts receivable, contract assets and other financial assets measured at amortized cost (continued)

The division of different credit risk characteristics combination categories for receivables, the expected credit loss rate and the estimation of forward-looking adjustments all involved major judgments and estimates of management, and there were great uncertainties in estimation. Moreover, the setting of various parameters needs to be based on the statistics and analysis of more complicated historical data. Therefore, we identified this matter as a key audit matter.

For disclosure on the matter in the notes to the financial statements, please refer to Note III – 9. Financial Instruments, Note III – 25. Contract Assets and Contract Liabilities, Note V – 4. Accounts Receivable, Note V – 7. Other Receivables, Note V – 9. Contract Assets, Note V – 10. Noncurrent assets due within one year, Note V – 11. Other current assets, Note V – 12. Long-term Receivables, Note V – 25. Other non-current assets, Note V – 56. Impairment loss of credit, Note V – 57. Impairment losses of assets, Note VIII – 3. Risks of Financial Instruments.



Ernst & Young Hua Ming (2022) Shen Zi No. 60954737_B01
Red Star Macalline Group Corporation Ltd.

4. OTHER INFORMATION

The management of the Company is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

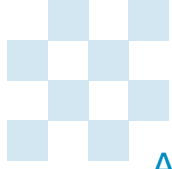
If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

5. RESPONSIBILITIES OF THE MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

The management of the Company is responsible for the preparation and fair presentation of the financial statements in accordance with ASBEs, and for designing, implementing and maintaining such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing (as applicable) matters related to going concern and using the a going concern basis of accounting, unless the management either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so.

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

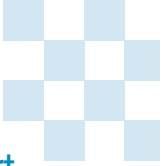


6. AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with CSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are generally 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 financial statements.

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

- (1) Identify and assess the risks of material misstatement of the 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.
- (2) 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 internal control.
- (3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



Ernst & Young Hua Ming (2022) Shen Zi No. 60954737_B01
Red Star Macalline Group Corporation Ltd.

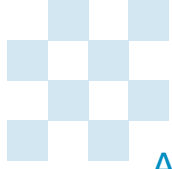
6. AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (continued)

As part of an audit in accordance with CSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also: (continued)

- (4) Conclude on the appropriateness of the management's use of 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required by CSAs to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the information obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- (5) Evaluate the overall presentation (including the disclosures), structure and content of the financial statements, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (6) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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, related safeguards.



Ernst & Young Hua Ming (2022) Shen Zi No. 60954737_B01
Red Star Macalline Group Corporation Ltd.

6. AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (continued)

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's 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.

Ernst & Young Hua Ming (LLP)

Chinese Certified Public Accountants: LIANG Hongbin
(The engagement partner)

Chinese Certified Public Accountants: Xiao Xiao

Beijing, China

30 March 2022

Consolidated Balance Sheet

As at 31 December 2021

RMB

Assets	Note V	31 December 2021	31 December 2020
Current Assets			
Cash and bank balances	1	6,903,715,249.53	6,511,092,198.09
Financial assets held for trading	2	1,018,692,853.25	247,611,072.73
Derivative financial assets	69	–	2,160,732.11
Notes receivable	3	86,554,182.13	–
Accounts receivable	4	1,957,650,342.07	1,934,826,113.43
Receivables financing	5	–	5,872,800.00
Prepayments	6	305,043,459.08	323,626,340.62
Other receivables	7	935,666,616.98	1,524,654,743.28
Inventories	8	329,087,511.33	328,295,668.02
Contract assets	9	1,705,475,178.70	1,375,364,101.48
Non-current assets due within one year	10	140,144,400.00	248,704,377.99
Other current assets	11	2,270,860,332.29	2,634,575,271.37
Total current assets		15,652,890,125.36	15,136,783,419.12
Non-current assets			
Long-term receivables	12	433,325,229.21	532,498,896.89
Long-term equity investments	13	3,929,090,179.77	3,703,895,492.49
Other equity instrument investments	14	4,169,970,944.17	4,206,678,046.54
Other non-current financial assets	15	370,774,540.60	396,924,540.60
Investment properties	16	95,575,000,000.00	93,150,000,000.00
Fixed assets	17	2,655,001,955.04	2,737,965,196.94
Construction in progress	18	88,911,088.97	80,629,155.83
Right-of-use assets	19	3,899,861,973.84	3,852,597,418.85
Intangible assets	20	125,191,951.03	343,768,582.72
Development expenditure	21	12,238,146.01	30,837,675.61
Goodwill	22	97,597,047.85	97,597,047.85
Long-term prepaid expenses	23	504,900,607.96	454,054,803.22
Deferred tax assets	24	2,670,232,754.70	1,541,067,156.39
Other non-current assets	25	5,002,555,455.51	5,282,621,202.44
Total non-current assets		119,534,651,874.66	116,411,135,216.37
Total assets		135,187,542,000.02	131,547,918,635.49

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

Consolidated Balance Sheet

As at 31 December 2021

RMB

Liabilities and equity	Note V	31 December 2021	31 December 2020
Current liabilities			
Short-term loans	26	2,957,088,415.02	3,448,371,909.45
Derivative financial liabilities	69	18,167,670.06	–
Notes payable	27	9,000,000.00	–
Accounts payable	28	2,400,880,410.78	2,085,329,223.24
Advance from customers	29	1,692,678,416.28	960,787,153.16
Contract liabilities	30	1,925,076,587.06	2,287,548,874.89
Payroll payable	31	609,186,211.11	563,788,624.24
Taxes payable	32	828,853,545.05	671,338,917.19
Other payables	33	9,770,693,294.55	8,987,388,645.49
Non-current liabilities due within one year	34	11,699,289,233.98	11,897,443,643.72
Other current liabilities	35	220,624,831.48	736,850,395.29
Total current liabilities		32,131,538,615.37	31,638,847,386.67
Non-current liabilities			
Long-term loans	36	21,606,316,908.01	22,212,429,627.44
Bonds payable	37	532,619,987.37	4,432,634,711.35
Lease liabilities	38	3,957,786,655.49	4,082,933,276.21
Long-term payables	39	730,548,821.82	712,856,318.61
Deferred income	40	213,857,300.87	224,943,229.90
Deferred tax liabilities	24	13,401,316,273.63	12,517,571,618.93
Other non-current liabilities	41	5,082,339,292.35	4,627,859,670.75
Total non-current liabilities		45,524,785,239.54	48,811,228,453.19
Total liabilities		77,656,323,854.91	80,450,075,839.86

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

Consolidated Balance Sheet

As at 31 December 2021

RMB

Liabilities and equity	Note V	31 December 2021	31 December 2020
Equity			
Share capital	42	4,354,732,673.00	3,905,000,000.00
Capital reserve	43	6,880,495,088.02	3,648,120,125.82
Other comprehensive income	44	1,877,732,755.94	1,720,585,961.74
Surplus reserve	45	2,206,429,308.76	2,076,486,432.95
Retained earnings	46	38,662,409,591.69	36,213,026,423.36
Total equity attributable to shareholders of the Company		53,981,799,417.41	47,563,218,943.87
Non-controlling interests		3,549,418,727.70	3,534,623,851.76
Total equity		57,531,218,145.11	51,097,842,795.63
Total liabilities and equity		135,187,542,000.02	131,547,918,635.49

This financial statement is signed by the following persons:

Legal representative:

CHE Jianxing

Person in charge of accounting:

XI Shichang

Person in charge
of the accounting department:

CAI Weichun

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

Red Star Macalline Group Corporation Ltd.

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Consolidated Income Statement

For the year 2021

RMB

	Note V	2021	2020
Revenue	47	15,512,792,215.84	14,236,460,098.98
Less: Cost of sales	47	5,946,476,374.29	5,480,170,024.86
Taxes and surcharges	48	444,213,449.40	377,414,782.27
Sale expenses	49	2,063,508,529.45	1,693,772,759.64
Management expenses	50	2,004,068,303.50	1,680,856,568.05
Research and development expenses	51	60,662,404.01	36,035,643.66
Financial expenses	52	2,461,030,413.09	2,464,418,667.68
Including: Interest expenses		2,694,541,165.59	2,548,719,302.83
Interest income		227,196,077.05	194,886,018.04
Add: Other income	53	157,986,045.42	184,249,900.19
Investment income	54	539,056,113.92	222,015,867.89
Including: Investment income from associates and joint ventures		45,193,914.37	44,959,080.07
Gain on fair value changes	55	371,721,560.94	494,132,525.69
Impairment loss of credit	56	(482,324,412.32)	(126,335,204.00)
Impairment losses of assets	57	(270,517,522.20)	(333,165,778.40)
Gain from disposal of assets	58	13,583,009.15	1,368,758.55
Operating profit		2,862,337,537.01	2,946,057,722.74
Add: Non-operating income	59	43,461,098.33	57,938,296.96
Less: Non-operating expenses	60	103,823,054.44	189,847,568.12
Total profit		2,801,975,580.90	2,814,148,451.58
Less: Income tax expenses	63	612,975,607.73	750,071,048.61
Net profit		2,188,999,973.17	2,064,077,402.97
According to the classification of ownership			
Net profit attributable to owners of the Company		2,047,401,906.98	1,730,581,791.56
Non-controlling interests		141,598,066.19	333,495,611.41

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

Consolidated Income Statement

For the year 2021

RMB

	Note V	2021	2020
Net other comprehensive income (after tax)		688,050,541.49	1,261,871,486.11
Net other comprehensive income (after tax) attributable to owners of the Company	44	689,070,931.36	1,253,005,655.52
Other comprehensive income that will not be reclassified to profit or loss			
Changes in fair value of other equity instrument investments		671,394,288.08	1,081,989,482.82
Other comprehensive income/(loss) that will be reclassified to profit or loss			
Fair value hedge reserve			
(Effective part of fair value hedging)		18,917,420.31	92,080,050.37
Transfer from owner-occupied properties to investment properties measured at fair value		3,734,825.31	77,663,553.12
Exchange differences from translation of financial statements		(4,975,602.34)	1,272,569.21
Net other comprehensive income (after tax) attributable to non-controlling interests		(1,020,389.87)	8,865,830.59
Total comprehensive income		2,877,050,514.66	3,325,948,889.08
Include:			
Total comprehensive income attributable to shareholders of the Company		2,736,472,838.34	2,983,587,447.08
Total comprehensive income attributable to non-controlling interests		140,577,676.32	342,361,442.00
Earnings per share	64		
Basic earnings per share		0.51	0.44
Diluted earnings per share		N/A	N/A

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

Red Star Macalline Group Corporation Ltd.

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Consolidated Statement of Changes in Equity

For the year 2021

RMB

2021

	Attributable to shareholders of the Company							Non-controlling interest	Total equity
	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	Retained earnings	Sub-total			
I. Prior year's closing balance	3,905,000,000.00	3,648,120,125.82	1,720,585,961.74	2,076,486,432.95	36,213,026,423.36	47,563,218,943.87	3,534,623,851.76	51,097,842,795.63	
II. Changes in the current year	449,732,673.00	3,232,374,962.20	157,146,794.20	129,942,875.81	2,449,383,168.33	6,418,580,473.54	14,794,875.94	6,433,375,349.48	
(I) Total comprehensive income	-	-	689,070,931.36	-	2,047,401,906.98	2,736,472,838.34	140,577,676.32	2,877,050,514.66	
(II) Shareholders' contributions and reduction in capital									
1. A Shares offering	449,732,673.00	3,228,631,126.29	-	-	-	3,678,363,799.29	-	3,678,363,799.29	
2. Minority shareholders' increase in capital	-	-	-	-	-	-	92,945,917.44	92,945,917.44	
3. Acquisition of non-controlling interest	-	(4,311,113.53)	-	-	-	(4,311,113.53)	(1,723,857.46)	(6,034,970.99)	
4. Disposal of subsidiaries	-	-	-	-	-	-	(3,290,020.40)	(3,290,020.40)	
5. Amount of share payment included in equity	-	8,054,949.44	-	-	-	8,054,949.44	-	8,054,949.44	
(III) Profit distribution									
1. Surplus reserve	-	-	-	129,942,875.81	(129,942,875.81)	-	-	-	
2. Distributions to shareholders	-	-	-	-	-	-	(213,714,839.96)	(213,714,839.96)	
(IV) Transfers within shareholders' equity									
1. Other comprehensive income converted to retained earnings	-	-	(531,924,137.16)	-	531,924,137.16	-	-	-	
III. Balance at the end of the year	4,354,732,673.00	6,880,495,088.02	1,877,732,755.94	2,206,429,308.76	38,662,409,591.69	53,981,799,417.41	3,549,418,727.70	57,531,218,145.11	

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

Consolidated Statement of Changes in Equity

For the year 2021

RMB

2020

	Attributable to shareholders of the Company							Non-controlling interest	Total equity
	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	Retained earnings	Sub-total			
I. Prior year's closing balance	3,550,000,000.00	4,239,976,571.04	1,483,127,041.17	1,954,818,567.23	34,486,715,762.57	45,714,637,942.01	3,270,212,452.72	48,984,850,394.73	
II. Changes in the current year	355,000,000.00	(591,856,445.22)	237,458,920.57	121,667,865.72	1,726,310,660.79	1,848,581,001.86	264,411,399.04	2,112,992,400.90	
(I) Total comprehensive income	-	-	1,253,005,655.52	-	1,730,581,791.56	2,983,587,447.08	342,361,442.00	3,325,948,889.08	
(II) Shareholders' contributions and reduction in capital									
1. Minority shareholders' increase in capital	-	-	-	-	-	-	32,757,233.76	32,757,233.76	
2. Non-controlling interest arising from acquisition of subsidiaries	-	-	-	-	-	-	60,306,451.61	60,306,451.61	
3. Acquisition of non-controlling interest	-	(254,276,569.03)	-	-	-	(254,276,569.03)	(4,874,823.20)	(259,151,392.23)	
4. Disposal of subsidiaries	-	-	-	-	-	-	3,391,278.37	3,391,278.37	
5. Amount of share payment included in equity	-	17,420,123.81	-	-	-	17,420,123.81	-	17,420,123.81	
(III) Profit distribution									
1. Surplus reserve	-	-	-	121,667,865.72	(121,667,865.72)	-	-	-	
2. Distributions to shareholders	-	-	-	-	(898,150,000.00)	(898,150,000.00)	(169,530,183.50)	(1,067,680,183.50)	
(IV) Transfers within shareholders' equity									
1. Capitalization of capital reserves	355,000,000.00	(355,000,000.00)	-	-	-	-	-	-	
2. Other comprehensive income converted to retained earnings	-	-	(1,015,546,734.95)	-	1,015,546,734.95	-	-	-	
III. Balance at the end of the year	3,905,000,000.00	3,648,120,125.82	1,720,585,961.74	2,076,486,432.95	36,213,026,423.36	47,563,218,943.87	3,534,623,851.76	51,097,842,795.63	

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

Red Star Macalline Group Corporation Ltd.

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Consolidated Cash Flow Statement

For the year 2021

RMB

	Note V	2021	2020
I. Cash Flows from Operating Activities:			
Cash received from the sales of goods and rendering of services		15,922,286,472.68	13,689,086,481.94
Other cash received relating to operating activities	65	745,080,836.48	1,103,050,559.56
Sub-total of cash inflow from operating activities		16,667,367,309.16	14,792,137,041.50
Cash payments for goods purchased and services received		2,556,631,015.20	2,526,024,923.73
Cash payments to and on behalf of employees		3,747,555,692.55	3,512,090,114.51
Payments of various types of taxes		2,025,343,655.66	2,056,853,550.87
Other cash payments relating to operating activities	65	2,957,167,663.67	2,537,436,010.80
Sub-total of cash outflow from operating activities		11,286,698,027.08	10,632,404,599.91
Net cash flows from operating activities	66	5,380,669,282.08	4,159,732,441.59
II. Cash Flows from Investing Activities:			
Cash received from disposal of investments		1,322,781,883.99	1,664,085,777.48
Cash received from investment income		45,055,548.66	58,257,357.43
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		22,567,628.53	12,293,793.12
Net cash paid for disposal of subsidiaries and other business units	66	1,228,752,943.29	1.00
Other cash received relating to investing activities	66	5,205,335,622.37	2,958,669,428.19
Sub-total of cash inflow from investing activities		7,824,493,626.84	4,693,306,357.22
Cash paid to purchase and construct fixed assets, intangible assets and other long-term assets		2,388,177,808.52	2,897,045,105.81
Cash paid for investments		395,601,717.34	821,691,902.94
Net cash paid for acquisition of subsidiaries and other business units	66	10,401,590.16	1,601,155,020.77
Other cash paid relating to investing activities	65	5,157,126,057.01	4,225,215,454.06
Sub-total of cash outflow from investing activities		7,951,307,173.03	9,545,107,483.58
Net cash flow used in investing activities		(126,813,546.19)	(4,851,801,126.36)

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

Consolidated Cash Flow Statement

For the year 2021

RMB

	Note V	2021	2020
III. Cash Flows from Financing Activities:			
Cash receipts from capital contributions		3,756,407,429.29	19,851,620.02
Including: Cash receipts from capital contributions from minority shareholders of subsidiaries		78,043,630.00	19,851,620.02
Cash received from borrowings		9,646,415,073.31	18,606,921,576.10
Other cash received relating to financing activities	65	2,771,139,059.49	1,027,475,244.93
Sub-total of cash inflow from financing activities		16,173,961,562.09	19,654,248,441.05
Cash repayments of borrowings		15,781,495,700.99	14,605,037,153.80
Cash payments for distribution of dividends or profits or settlement of interest expenses		2,818,662,075.98	3,790,180,349.49
Including: Payments for distribution of dividends or profits to minority shareholders of subsidiaries		224,794,448.23	206,450,575.50
Other cash paid relating to financing activities	65	2,627,436,761.11	1,440,929,047.32
Sub-total of cash outflow from financing activities		21,227,594,538.08	19,836,146,550.61
Net cash flow used in financing activities		(5,053,632,975.99)	(181,898,109.56)
IV. Effect of Exchange Rate Changes on Cash and Cash Equivalents		(3,297,946.51)	(1,064,656.34)
V. Net Increase/(Decrease) in Cash and Cash Equivalents		196,924,813.39	(875,031,450.67)
Add: Opening balance of cash and cash equivalents		5,901,061,909.81	6,776,093,360.48
VI. Closing Balance of Cash and Cash Equivalents	66	6,097,986,723.20	5,901,061,909.81

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

Company's Balance Sheet

31 December 2021

RMB

Assets	Note XIV	31 December 2021	31 December 2020
Current Assets			
Cash and bank balances		1,233,562,517.05	1,299,963,274.29
Financial assets held for trading		2,000,000.00	–
Accounts receivable	1	257,521,066.44	359,697,091.95
Receivables financing		–	1,000,000.00
Prepayments		11,006,551.03	36,345,965.67
Other receivables	2	29,364,073,537.36	32,459,976,718.24
Inventories		2,040,824.23	1,851,919.04
Contract assets		61,971,407.50	63,508,968.26
Non-current assets due within one year		121,095,664.22	47,074,500.00
Other current assets		560,236,376.95	184,119,809.78
Total current assets		31,613,507,944.78	34,453,538,247.23
Non-current assets			
Long-term receivables		1,102,171,612.39	261,383,468.63
Long-term equity investments	3	20,575,617,082.41	20,540,883,665.40
Other equity instrument investment		2,434,914,911.35	2,342,809,849.82
Other non-current financial assets		10,100,000.00	20,100,000.00
Fixed assets		22,799,667.34	28,332,687.63
Construction in progress		57,489,241.90	46,854,205.04
Intangible assets		52,281,703.75	276,668,672.03
Long-term prepaid expenses		20,225,578.99	21,338,386.32
Right-of-use assets		1,852,722.70	–
Deferred tax assets		570,245,925.04	483,196,562.20
Other non-current assets		2,440,002,186.56	2,300,721,882.18
Total non-current assets		27,287,700,632.43	26,322,289,379.25
Total assets		58,901,208,577.21	60,775,827,626.48

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

Company's Balance Sheet

31 December 2021

RMB

Liabilities and equity	31 December 2021	31 December 2020
Current liabilities		
Short-term loans	4,013,080,706.29	5,012,438,306.13
Notes payable	300,000,000.00	–
Accounts payable	88,061,036.18	83,576,930.85
Advance from customers	110,519,917.12	41,012,002.24
Contract liabilities	707,694,264.58	848,611,175.36
Payroll payable	133,682,565.41	95,905,952.50
Taxes payable	18,161,897.37	–
Other payables	21,860,315,249.86	24,924,966,658.16
Non-current liabilities due within one year	3,548,699,740.29	6,223,833,969.14
Other current liabilities	92,888,660.23	114,419,192.48
Total current liabilities	30,873,104,037.33	37,344,764,186.86
Non-current liabilities		
Long-term loans	2,564,143,400.80	2,784,000,770.48
Bonds payable	532,619,987.37	2,489,414,936.19
Lease liabilities	62,402.08	–
Long-term payables	83,936,885.48	156,770,759.24
Deferred income	76,385.89	71,800.18
Other non-current liabilities	1,721,782,171.80	363,303,705.22
Total non-current liabilities	4,902,621,233.42	5,793,561,971.31
Total liabilities	35,775,725,270.75	43,138,326,158.17
Equity		
Share capital	4,354,732,673.00	3,905,000,000.00
Capital reserve	8,162,137,697.40	4,825,621,385.84
Other comprehensive income	921,462,032.09	789,631,598.82
Surplus reserve	2,026,610,741.53	1,896,667,865.72
Retained earnings	7,660,540,162.44	6,220,580,617.93
Total equity	23,125,483,306.46	17,637,501,468.31
Total liabilities and equity	58,901,208,577.21	60,775,827,626.48

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

Company's Income Statement

For the year 2021

RMB

	Note XIV	2021	2020
Revenue	4	1,613,113,750.55	1,551,920,353.44
Less: Cost of sales	4	309,437,779.17	268,533,477.13
Taxes and surcharges		15,287,209.02	10,399,473.73
Sale expenses		225,726,996.51	119,579,492.09
Management expenses		845,451,034.19	766,337,863.48
Financial expenses		525,088,499.79	786,516,523.63
Including: Interest expenses		1,669,082,106.54	1,684,980,624.11
Interest income		1,091,708,890.81	917,075,966.42
Add: Other income		25,507,114.27	40,131,571.94
Investment income	5	1,975,146,159.85	1,653,505,575.18
Including: Investment income from associates and joint ventures		34,589,222.16	46,570,464.70
Credit impairment (losses)/gains		(213,770,675.22)	69,224,323.43
Impairment losses of assets		(211,507,348.79)	(195,174,790.28)
Gains/(losses) from disposal of assets		67,478.87	(1,575,513.62)
Operating profit		1,267,564,960.85	1,166,664,690.03
Add: Non-operating income		2,080,773.67	627,636.33
Less: Non-operating expenses		67,544,671.25	79,319,670.53
Total profit		1,202,101,063.27	1,087,972,655.83
Less: income tax expenses		(97,327,694.85)	(128,706,001.39)
Net profit		1,299,428,758.12	1,216,678,657.22
Net other comprehensive income (after tax)		402,304,095.47	431,741,779.79
Other comprehensive income that will not be reclassified to profit or loss			
Changes in fair value of other equity instrument investments		402,304,095.47	431,741,779.79
Total comprehensive income		1,701,732,853.59	1,648,420,437.01

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

Company's Statement of Changes in Equity

For the year 2021

RMB

2021

	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	Retained earnings	Total equity
I. Opening balance in the current year	3,905,000,000.00	4,825,621,385.84	789,631,598.82	1,896,667,865.72	6,220,580,617.93	17,637,501,468.31
II. Changes in the current year						
(I) Total comprehensive income	-	-	402,304,095.47	-	1,299,428,758.12	1,701,732,853.59
(II) Shareholders' contributions and reduction in capital						
1. Ordinary shares from shareholders	449,732,673.00	3,228,631,126.29	-	-	-	3,678,363,799.29
2. Amount of share payment included in equity	-	8,054,949.44	-	-	-	8,054,949.44
3. Business combinations involving enterprises under common control	-	99,830,235.83	-	-	-	99,830,235.83
(III) Profit distribution						
1. Surplus reserve	-	-	-	129,942,875.81	(129,942,875.81)	-
(IV) Transfers within shareholders' equity						
1. Other comprehensive income carried forward to retained earnings	-	-	(270,473,662.20)	-	270,473,662.20	-
III. Balance at the end of the year	4,354,732,673.00	8,162,137,697.40	921,462,032.09	2,026,610,741.53	7,660,540,162.44	23,125,483,306.46

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

Red Star Macalline Group Corporation Ltd.

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Company's Statement of Changes in Equity

For the year 2021

RMB

2020

	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	Retained earnings	Total equity
I. Opening balance in the current year	3,550,000,000.00	5,163,201,262.03	357,819,908.70	1,775,000,000.00	6,023,789,736.76	16,869,810,907.49
II. Changes in the current year						
(I) Total comprehensive income	-	-	431,741,779.79	-	1,216,678,657.22	1,648,420,437.01
(II) Shareholders' contributions and reduction in capital						
1. Amount of share payment included in equity	-	17,420,123.81	-	-	-	17,420,123.81
(III) Profit distribution						
1. Surplus reserve	-	-	-	121,667,865.72	(121,667,865.72)	-
2. Distributions to shareholders	-	-	-	-	(898,150,000.00)	(898,150,000.00)
(IV) Transfers within shareholders' equity						
1. Capitalization of capital reserve	355,000,000.00	(355,000,000.00)	-	-	-	-
2. Other comprehensive income carried forward to retained earnings	-	-	69,910.33	-	(69,910.33)	-
III. Balance at the end of the year	3,905,000,000.00	4,825,621,385.84	789,631,598.82	1,896,667,865.72	6,220,580,617.93	17,637,501,468.31

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

Company's Cash Flow Statement

For the year 2021

RMB

	2021	2020
I. Cash Flows from Operating Activities:		
Cash received from the sales of goods and rendering of services	1,637,015,904.13	1,765,783,013.30
Other cash received relating to operating activities	45,728,206.84	345,713,306.42
Sub-total of cash inflow from operating activities	1,682,744,110.97	2,111,496,319.72
Cash payments for goods purchased and services received	259,436,718.30	246,700,509.80
Cash payments to and on behalf of employees	618,774,610.79	634,080,637.15
Payments of various types of taxes	270,005,748.16	139,670,750.64
Other cash payments relating to operating activities	795,531,097.64	644,284,091.49
Sub-total of cash outflow from operating activities	1,943,748,174.89	1,664,735,989.08
Net cash flows from operating activities	(261,004,063.92)	446,760,330.64
II. Cash Flows from Investing Activities:		
Cash received from disposal of investments	464,900,717.83	55,781,394.59
Cash received from investment income	2,305,397,883.38	2,125,578,892.76
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	68,341.36	3,591,259.12
Net cash paid for disposal of subsidiaries and other business units	1,203,728,961.91	735,498,158.86
Other cash received relating to investing activities	7,758,105,355.55	4,468,886,284.65
Sub-total of cash inflow from investing activities	11,732,201,260.03	7,389,335,989.98
Cash paid to purchase and construct fixed assets, intangible assets and other long-term assets	45,476,955.58	376,599,623.89
Cash paid for investments	526,350,000.00	1,420,955,929.00
Net cash paid for acquisition of subsidiaries and other business units	255,225,000.00	1,732,409,618.94
Other cash paid relating to investing activities	8,024,852,787.29	7,563,026,900.00
Sub-total of cash outflow from investing activities	8,851,904,742.87	11,092,992,071.83
Net cash flows from/(used in) investing activities	2,880,296,517.16	(3,703,656,081.85)

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

Company's Cash Flow Statement

For the year 2021

RMB

	2021	2020
III. Cash Flows from Financing Activities:		
Cash receipts from capital contributions	3,678,363,799.29	–
Cash received from borrowings	12,565,006,780.00	9,776,509,225.00
Other cash received relating to financing activities	5,948,630,334.46	8,247,222,081.70
Sub-total of cash inflow from financing activities	22,192,000,913.75	18,023,731,306.70
Cash repayments of borrowings	18,600,963,110.00	9,926,772,458.44
Cash payments for distribution of dividends or profits or settlement of interest expenses	816,358,809.08	1,819,770,909.25
Other cash paid relating to financing activities	5,530,912,372.82	3,460,879,184.09
Sub-total of cash outflow from financing activities	24,948,234,291.90	15,207,422,551.78
Net cash flows from financing activities	(2,756,233,378.15)	2,816,308,754.92
IV. Effect of Exchange Rate Changes on Cash and Cash Equivalents	40,167.67	16,469,767.04
V. Net Increase (Decrease) in Cash and Cash Equivalents	(136,900,757.24)	(424,117,229.25)
Add: Opening balance of cash and cash equivalents	1,070,463,274.29	1,494,580,503.54
VI. Closing Balance of Cash and Cash Equivalents	933,562,517.05	1,070,463,274.29

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



Notes to the Financial Statements

For the year 2021

RMB

I. GENERAL INFORMATION OF THE COMPANY

Red Star Macalline Group Corporation Ltd. (formerly known as Shanghai Red Star Macalline Home Furnishing Company Limited** (上海紅星美凱龍家居傢飾品有限公司) and Shanghai Red Star Macalline Enterprise Management Company Limited** (上海紅星美凱龍企業管理有限公司), hereinafter referred to as “the Company”) is a limited liability company jointly established by Red Star Macalline Holding Group Company Limited** (紅星美凱龍控股集團有限公司) (formerly known as Shanghai Red Star Macalline Investment Company Limited** (上海紅星美凱龍投資有限公司)) and Red Star Furniture Group Co., Ltd.** (紅星傢俱集團有限公司) on 18 June 2007 in Shanghai, the People’s Republic of China (the “PRC”), with a term of operation of 10 years and an original registered capital and paid-in capital of RMB120,000,000.00. The Company is headquartered in Lane 1466, Shenchang Road, Minhang District, Shanghai.

On 2 November 2007, Red Star Furniture Group Co., Ltd. transferred all the 90% equity held by it to Red Star Macalline Holding Group Company Limited, and completed the business registration for such change on 16 November 2007, after which, Red Star Macalline Holding Group Company Limited held 100% equity of the Company.

According to the resolution passed at the general meeting of the Company on 21 November 2008 and as approved by Shanghai Municipal Commission of Commerce in its document dated 12 December 2008 (Hu Shang Wai Zi Pi [2008] No.519), the Company decided to increase its registered capital by RMB24,578,313.00, which was contributed by Candlewood Investment SRL and Springwood Investment SRL, two new foreign shareholders. As such, the Company changed in nature from a domestic enterprise into a Sino-foreign joint venture, with its name changed from Shanghai Red Star Macalline Home Furnishing Company Limited to Shanghai Red Star Macalline Enterprise Management Company Limited. After such capital increase, the registered capital and paid-in capital of the Company amounted to RMB144,578,313.00.



Notes to the Financial Statements

For the year 2021

RMB

I. GENERAL INFORMATION OF THE COMPANY (continued)

According to the absorption and merger agreement of the Company dated 8 August 2009 and the provisions of the Articles of Association as amended, the Company applied to absorb and merge with Tianjin Red Star Macalline Home Decoration Co., Ltd.** (天津紅星美凱龍傢飾有限公司). Tianjin Red Star Macalline Home Decoration Co., Ltd. is a limited liability company established in Tianjin, the PRC on 1 June 2007, with a term of operation of 10 years and an original registered capital of RMB40,000,000.00, and is mainly engaged in the wholesale and retail of and investment management, investment consultation and commodity information consultation in relation to furniture and construction materials, as well as the provision of design planning and management services for the shopping malls under operation and other businesses. According to the resolution passed at the general meeting of Tianjin Red Star Macalline Home Decoration Co., Ltd. on 1 November 2007 and as approved by Tianjin Municipal Commission of Commerce in its document dated 24 December 2007 (Jin Shang Wu Zi Guan [2008] No. 680), Tianjin Red Star Macalline Home Decoration Co., Ltd. decided to increase its registered capital by RMB11,880,674.00, which was contributed by Candlewood Investment SRL and Springwood Investment SRL, two new foreign shareholders. As such, Tianjin Red Star Macalline Home Decoration Co., Ltd. changed in nature from a domestic enterprise into a Sinoforeign joint venture. After such capital increase, the registered capital and paid-in capital of Tianjin Red Star Macalline Home Decoration Co., Ltd. amounted to RMB51,880,674.00. The Company had paid its equity to the shareholders of Tianjin Red Star Macalline Home Decoration Co., Ltd. as the merger consideration upon the absorption and merger of Tianjin Red Star Macalline Home Decoration Co., Ltd., after which, the registered capital and paid-in capital of the Company amounted to RMB196,458,987.00.

According to the resolution passed at the Board meeting of the Company on 28 March 2010 and the provisions of the Articles of Association as amended, the Company applied to increase its registered capital by RMB25,960,651.00 to RMB222,419,638.00. Such increase in the registered capital had been contributed in full by the new shareholders, namely Beijing Ruibang Beite Entrepreneur Investment Center (Limited Partnership), WHWH Group Company Limited, Beijing Yaxiang Xingtai Investment Company Limited, Tianjin Jinkai Equity Investment Fund Partnership (Limited Partnership), Lianyungang Fairbay Infrastructure Construction Company Limited, Mianyang Science and Technology Park Industry Fund (Limited Partnership), Beijing Bainian Decheng Entrepreneur Investment Center (Limited Partnership), Shanghai Yinping Investment Management Company Limited, Shanghai Junyi Investment Consultancy Company Limited, Shanghai Ping'an Pharmacy Company Limited and Nantong Qianjun Construction Material Company Limited. After such capital increase, the registered capital and paid-in capital of the Company amounted to RMB222,419,638.00, and the Company completed the business registration in respect of such change on 1 June 2010.

I. GENERAL INFORMATION OF THE COMPANY (continued)

According to the resolution passed at the Board meeting of the Company on 22 June 2010 and the provisions of the Articles of Association as amended, the Company applied to increase its registered capital by RMB5,866,965.00 to RMB228,286,603.00. Such increase in the registered capital had been contributed in full by the new shareholders, namely Shanghai Meilong Assets Management Company Limited, Shanghai Xingkai Business Administration Company Limited and Shanghai Hongmei Investment Management Company Limited. After such capital increase, the registered capital and paid-in capital of the Company both amounted to RMB228,286,603.00, and the Company completed the business registration in respect of such change on 28 July 2010.

According to the approval of the Ministry of Commerce of the People's Republic of China dated 23 December 2010 (Shang Zi Pi [2010] No. 1266), the resolution of the Board meeting, and the provisions of the sponsor agreement and Articles of Association of the Company, the Company was converted into a foreign-invested joint stock limited company in accordance with laws and changed its name to Red Star Macalline Group Corporation Ltd. (紅星美凱龍家居集團股份有限公司). The Company converted RMB3,000,000,000.00 out of the audited net assets of RMB3,260,932,367.04 of Shanghai Red Star Macalline Enterprise Management Company Limited as at 30 June 2010 at a conversion rate of 1:1 into a registered capital of RMB3,000,000,000.00, divided into 3,000,000,000 shares in total with a par value of RMB1 each, and paid the registered capital of RMB3,000,000,000.00, representing 100% of the Company's registered capital. The Company completed the business registration in respect of such change on 6 January 2011.

According to the resolution at the second extraordinary general meeting of the Company in 2015, the Articles of Association as amended and the approval of Shanghai Municipal Commission of Commerce (Hu Shang Wai Zi Pi [2015] No. 398), the Company applied to increase its registered capital by RMB80,329,038.00 by way of capital contribution from Candlewood Investment SRL and Springwood Investment SRL of RMB60,917,952.00 and RMB19,411,086.00, respectively. After such capital increase, the registered capital and paid-in capital of the Company amounted to RMB3,080,329,038.00. In the meanwhile, Beijing Ruibang Beite Entrepreneur Investment Center (Limited Partnership), WHWH Group Company Limited, Beijing Yaxiang Xingtai Investment Company Limited, Tianjin Jinkai Equity Investment Fund Partnership (Limited Partnership), Lianyungang Fairbay Infrastructure Construction Company Limited, Mianyang Science and Technology Park Industry Fund (Limited Partnership), Beijing Bainian Decheng Entrepreneur Investment Center (Limited Partnership), Shanghai Yinping Investment Management Company Limited, Shanghai Junyi Investment Consultancy Company Limited and Nantong Qianjun Construction Material Company Limited, all being the original shareholders of the Company, transferred their shares in the Company to Red Star Macalline Holding Group Company Limited, the controlling shareholder of the Company. The Company completed the business registration in respect of such change on 6 February 2015.



Notes to the Financial Statements

For the year 2021

RMB

I. GENERAL INFORMATION OF THE COMPANY (continued)

Pursuant to the proposal of the Board, as approved at the fourth extraordinary general meeting of the Company in 2015, and as permitted by China Securities Regulatory Commission on 8 May 2015 via the Approval on the Issuance of Foreign Preference Shares by Red Star Macalline Group Corporation Ltd. (Zheng Jian Xu Ke [2015] No. 822), the Company publicly issued no more than 1,180,792,000 overseas-listed foreign shares (H Shares) to overseas investors and became listed on the Main Board of Hong Kong Stock Exchange. As of 26 June 2015, the Company completed the issuance of 543,588,000 overseas-listed foreign shares (H Shares) with a par value of RMB1.00 per share to overseas investors at a price of HK\$13.28 per share. After such issuance, the paid-in capital (share capital) of the Company amounted to RMB3,623,917,038.00, representing 3,623,917,038 ordinary shares of RMB1.00 per share, including 2,561,103,969 domestic shares with restrictive conditions for sale and 1,062,813,069 overseas-listed foreign shares (H Shares) with no restrictive conditions for sale. On 26 June 2015, such overseas-listed foreign shares (H Shares) publicly issued were listed and traded on the Hong Kong Stock Exchange. The Company completed the business registration in respect of such change on 7 September 2015.

Approved at the second extraordinary general meeting of 2016 and permitted on 22 December 2017 in Reply on Approval of Initial Public Offering of Shares by Red Star Macalline Group Corporation Ltd. (Zheng Jian Xu Ke [2017] No. 2373) issued by the China Securities Regulatory Commission, the Company carried out public offering of no more than 315,000,000 RMB-denominated ordinary shares (A shares), which were listed and traded at the Shanghai Stock Exchange. As of 17 January 2018, the Company completed the public offering of RMB-denominated ordinary shares (A shares) totaling 315,000,000 shares with a nominal value of RMB1.00 per share, and the issue price per share amounted to RMB10.23. Upon completion of the offering, the paid-in capital (share capital) of the Company amounted to RMB3,938,917,038.00, among which, the amount of RMB-denominated shares (A shares) subject to trading moratorium was 2,561,103,969 shares; the amount of RMB-denominated shares (A shares) not subject to trading moratorium was 315,000,000 shares, and the amount of overseas listed foreign shares (H shares) not subject to trading moratorium was 1,062,813,069 shares. The Company completed the business registration in respect of such change on 20 March 2018.

I. GENERAL INFORMATION OF THE COMPANY (continued)

As considered and approved at the 2017 Annual General Meeting, A Share Shareholders' Class Meeting and H Share Shareholders' Class Meeting, the Company repurchased 388,917,038 overseas-listed foreign shares (H shares) at an offer price of HK\$11.78 per share by way of conditional voluntary cash offer. The Company has completed the offer and cancelled such H shares in July 2018, after which the paid-in capital (share capital) of the Company amounted to RMB3,550,000,000.00. The Company completed the business registration in respect of such change on 29 September 2018.

As considered and approved at the 2019 Annual General Meeting, A Share Shareholders' Class Meeting and H Share Shareholders' Class Meeting, the Company issued 0.1 bonus share per 1 share by way of conversion of capital reserve to all of its shareholders, based on the total share capital of 3,550,000,000 shares prior to the implementation of the profit distribution plan for 2019, which resulted in an increase of 355,000,000 shares in total. After the distribution, the share capital of the Company amounted to RMB3,905 million, representing an increase of RMB355 million, which decreased the capital reserve by RMB355 million. The additional tradable shares not subject to selling restrictions have been listed on 7 July 2020.

At the 2019 Annual General Meeting, the A Share Shareholders' Class Meeting and H Share Shareholders' Class Meeting held by the Company in 2020, resolutions in relation to non-public issuance including the Resolution on the Fulfilment of Conditions for the Non-public Issuance of A Shares by the Company, the Resolution on the 2020 Non-public Issuance of A Shares of the Company, and the Resolution on the 2020 Plan for the Non – public Issuance of A Shares of the Company, were considered and approved. On 19 April 2021, the Company received the Reply as to Approval for Non-Public Issuance of Shares by Red Star Macalline Group Corporation Ltd. (Zheng Jian Xu Ke [2021] No.1361) issued by the CSRC. In October 2021, the actual number of shares issued by the Company at an issue price of RMB8.23 per share was 449,732,673, and as verified by the Capital Verification Report for Red Star Macalline Group Corporation Ltd. (Ernst & Young Hua Ming (2021) YZ No.60954737_B01) issued by Ernst & Young Hua Ming (LLP), the total subscription payment of subscribers for the non – public issuance of shares was RMB3,701,299,898.79. The net proceeds after deduction of the issuance expense (exclusive of tax) were RMB3,678,363,799.29, which increased the share capital by RMB449,732,673.00 and the capital reserve by RMB3,228,631,126.29. The Company completed the industrial and commercial change registration on 2 December 2021.

The business scope of the Company and its subsidiaries (hereinafter referred to as the “Group”) mainly includes providing investees with management service, enterprise management and product information consulting; providing the home furnishing business stores with design planning and management services, wholesale of furniture, building materials (steel exclusive) and decoration materials, and relevant supporting services, exhibition and display services.

The parent company and ultimate parent company of the Group is Red Star Macalline Holding Group Company Limited incorporated in Shanghai, the People's Republic of China, and our actual controller is Che Jianxing.

These financial statements have been approved by the Board of the Company by resolutions on 30 March 2022. Pursuant to the Articles of Association of the Company, these financial statements will be proposed to the general meeting for consideration and approval.

The consolidation scope of these consolidated financial statements shall be determined on the basis of control. Refer to Note VI for the change of scope for the year.



Notes to the Financial Statements

For the year 2021

RMB

II. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements are prepared in accordance with Accounting Standards for Business Enterprises — Basic Standards issued by the Ministry of Finance and the specific accounting standards, application guide, interpretation and other relevant provisions promulgated and revised thereafter (the “Accounting Standards for Business Enterprises”).

As of 31 December 2021, the Group’s current liabilities in aggregate exceeded its current assets in aggregate with an amount of RMB16.479 billion. The management of the Group had assessed its ongoing operation for the 12 months starting from 1 January 2022, and after taking into account unutilized bank facilities held by the Group and the Group’s expected operating cash inflows and financing arrangements as of 31 December 2021, believed that the Group can obtain sufficient working capital to ensure its continuing operations during the year from 1 January 2022 to 31 December 2022. Therefore, these financial statements have been prepared on a going concern basis.

When preparing the financial statements, except for certain financial instruments and investment properties, the financial statements have been carried at historical cost basis. If the assets are impaired, corresponding provisions for impairment shall be made according to relevant provisions.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

The Group formulated specific accounting policies and accounting estimates according to the characteristics of its actual production and operation, which is mainly embodied in the allowance for bad debts in relation to accounts receivable, the recognition and measurement of revenue and investment properties.

1. Declaration Following ASBEs (Accounting Standards for Business Enterprises)

The financial statements have been prepared in accordance with ASBEs, and presented truly and completely the Company’s and the Group’s financial position as at 31 December 2021, and the operating results and cash flows for 2021.

2. Accounting Period

The Group has adopted the calendar year as its accounting year, i.e. from 1 January to 31 December.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

3. Functional Currency

The Group adopts Renminbi (“RMB”) as its functional currency and to prepare its financial statements. Unless otherwise stated, the financial statements are all presented in RMB.

The subsidiaries, Joint ventures, Associates of the Group determine their functional currencies according to the main economic environment where they operate and convert to RMB when preparing financial statements.

4. Business Combination

Business combinations are classified into business combinations involving enterprises under common control and business combinations involving enterprises not under common control.

Business combinations involving enterprises under common control

A business combination involving enterprises under common control is a business combination in which all of the combining enterprises are ultimately controlled by the same party or parties both before and after the combination, and that control is not transitory. In a business combination involving enterprises under common control, the party which obtains control of other combining enterprise(s) on the combination date is the merging party and the other combining enterprise(s) is (are) the merged party. The combination date refers to the date on which the merging party actually obtains control of the merged parties.

Assets and liabilities that are obtained in a business combination involving enterprises under common control, including goodwill arising from the acquisition of the merging party by the ultimate controller, shall be accounted for on the basis of the carrying amounts on the financial statements of the ultimate controller at the combination date. The difference between the carrying amount of the net assets obtained by the merging party and the carrying amount of the consideration paid for the combination (or the aggregate par value of shares issued) is adjusted to the share premium in capital reserve. If the share premium is not sufficient to absorb the difference, any excess is adjusted against retained earnings.

Business combinations involving enterprises not under common control

A business combination involving enterprises not under common control is a business combination in which all of the combining enterprises are not ultimately controlled by the same party or parties before and after the combination. In a business combination involving enterprises not under common control, the party which obtains control of other combining enterprise(s) on the acquisition date is the acquirer and the other combining enterprise(s) is (are) the acquiree(s). The acquisition date refers to the date on which the acquirer actually obtains control of the acquiree.

The acquiree’s identifiable assets, liabilities and contingent liabilities acquired in the business combination involving enterprises not under common control are measured at fair value at the acquisition date.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

4. Business Combination (continued)

Business combinations involving enterprises not under common control (continued)

The excess of the fair value of the sum of the combination consideration paid (or the fair value of equity securities issued) and equity interests in the acquiree held prior to the acquisition date over the fair value of the acquiree's identifiable net assets acquired in combination, was recognized as goodwill, which is subsequently measured at cost less cumulative impairment losses. In case the fair value of the sum of the combination consideration paid (or the fair value of equity securities issued) and equity interests in the acquiree held prior to the acquisition date is less than the fair value of the acquiree's identifiable net assets acquired in combination, a review of the measurement of the fair values of the various identifiable assets, liabilities and contingent liabilities, the consideration paid for the combination of the acquiree (or the fair value of equity securities issued) and the equity interests in the acquiree held prior to the acquisition date is conducted. If the review indicates that the fair value of the sum of the consideration paid for the combination (or the fair value of equity securities issued) and equity interests in the acquiree held prior to the acquisition date is indeed less than the fair value of the acquiree's identifiable net assets acquired in combination, the difference is recognized in current profit or loss.

5. Consolidated Financial Statement

The consolidation scope of the consolidated financial statements is determined on the basis of control, including the financial statement of the Company and all of its subsidiaries, which represent the entities controlled by the Company (including separable parts of an enterprise or investee and structured entities controlled by the Company).

In preparation of consolidated financial statements, the subsidiaries use the same accounting year and accounting policies as those of the Company. All intra-group assets, liabilities, interests, income, expenses and cash flows are eliminated in full on consolidation.

Where the amount of losses of a subsidiary attributable to the minority shareholders in the current period exceeds their share of the opening balance of owner's equity of the subsidiary, the excess shall be allocated against minority interests.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

5. Consolidated Financial Statement (continued)

For a subsidiary acquired through a business combination not involving entities under common control, the operating results and cash flows of the acquiree shall be included in the consolidated financial statements, from the date on which the Group gains control till the Group ceases the control of it. While preparing the consolidated financial statements, the acquirer shall adjust the subsidiary's financial statements, on the basis of the fair values of the identifiable assets, liabilities and contingent liabilities recognized on the acquisition date.

For subsidiaries acquired through business combinations involving entities under common control, the operating results and cash flows of the acquiree shall be included in the consolidated financial statements from the beginning of the period in which the combination occurs. While preparing the comparative consolidated financial statements, adjustments are made to related items in the financial statements for the prior period as if the reporting entity established through combination has been existing since the ultimate controller begins to exercise control.

The Group's control over an investee is re-assessed if change in relevant facts and situations causes changes in one or more of the control substances.

Where there is no loss of control, the change in minority interests is accounted for as equity transaction.

6. Classification of Joint Arrangements and Joint Ventures

There are two types of joint arrangements – joint operations and joint ventures. A joint operation is a joint arrangement whereby the joint operators have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the joint operators only have rights to the net assets of the arrangement.

A joint operator recognizes the following items in relation to its interest in a joint operation: its solely-held assets, and its share of any assets held jointly; its solely-assumed liabilities, and its share of any liabilities incurred jointly; its revenue from the sale of its share of the output arising from the joint operation; its share of the revenue from the sale of the output by the joint operation; its solely-incurred expenses, and its share of any expenses incurred jointly.

7. Cash and Cash Equivalents

Cash comprises the Group's cash on hand and deposits that can be readily withdrawn on demand. Cash equivalents are the Group's short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

8. Translation of Transactions and Financial Statements Denominated in Foreign Currencies

The Group translates the amount of foreign currency transactions occurred into its functional currency.

Foreign currency transactions are recorded, on initial recognition, in the functional currency, by applying the foreign currency amount the spot exchange rate prevailing on the transaction dates. At the balance sheet date, foreign currency monetary items are translated using the spot exchange rate prevailing on the balance sheet date. All the resulting differences on settlement and monetary item translation are taken to profit or loss for the current period, except for those relating to foreign currency borrowings specifically for construction and acquisition of qualifying assets, which are capitalised in accordance with the principle of capitalisation of borrowing costs. Non-monetary foreign currency items measured at historical cost shall still be translated at the spot exchange rate prevailing on the transaction date, and the amount denominated in the functional currency is not changed. Non-monetary foreign currency items measured at fair value are translated at the spot exchange rate prevailing at the date on which the fair values are determined. The difference thus resulted are recognised in profit or loss for the current period or as other comprehensive income based on the nature of the non-monetary items.

For the purpose of preparing the consolidated financial statements, financial statements of a foreign operation are translated from the foreign currency into RMB using the following method: assets and liabilities on the statement of financial position are translated at the spot exchange rate at the end of the reporting period; shareholders' equity items except for retained earnings are translated at the spot exchange rates at the dates on which such items arose; income and expenses in profit or loss are translated at the average exchange rates during the transaction period. The exchange differences arising on translation of financial statements denominated in foreign currencies are recognized as other comprehensive income. For disposals of equity interests in foreign operations, the proportionate share of the accumulated exchange differences arising on translation of financial statements in other comprehensive income of foreign operations is transferred to profit or loss. For partial disposals, the reclassification is determined in proportion to the disposal.

Foreign currency cash flows and cash flows of overseas subsidiaries are translated using the average exchange rate of the period when the cash flow occurs (unless the exchange rate fluctuations make it inappropriate to convert at such exchange rate, the spot exchange rate on the date at the date when the cash flows occur is used for translation). The effect of exchange rate changes on cash is separately presented as an adjustment item in the cash flow statement.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

9. Financial Instrument

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Recognition and derecognition of financial instruments

A financial asset or financial liability is recognized when the Group becomes a party to the contractual provisions of the financial instrument.

The Group derecognizes a financial asset (or part of a financial asset, or part of a group of similar financial assets), i.e. writes off the financial asset from the account and balance sheet, when the following conditions are met:

- (1) the rights to receive cash flows from the financial asset expire;
- (2) the Group has transferred its rights to receive cash flows from the financial asset, or has assumed an obligation to pay them in full without material delay to a third party under a “pass-through” arrangement; and either (a) has transferred substantially all the risks and rewards of ownership of the financial asset, or (b) has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset, but has not retained control of the financial asset.

If the underlying obligation of a financial liability has been discharged or cancelled or has expired, the financial liability is derecognized. If an existing financial liability is replaced by the same creditor with a new financial liability that has substantially different terms, or if the terms of an existing financial liability are substantially revised, such replacement or revision is accounted for as the derecognition of the original liability and the recognition of a new liability, and the resulting difference is recognized in profit or loss for the current period.

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales of financial assets refer to that the financial assets are delivered to or by the Group under the terms of a contract within a period as specified by law or general practice. The trade date is the date on which the Group undertakes to buy or sell a financial asset.



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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

9. Financial Instrument (continued)

Classification and measurement of financial assets

On initial recognition, the Group's financial assets are classified based on the business model of the Group's financial asset management and the characteristics of the financial assets' contractual cash flows as: financial assets at fair value through profit or loss, financial assets at amortized cost and financial assets at fair value through other comprehensive income. Only if the Group changes its business model for managing financial assets, all affected related financial assets can be reclassified.

Financial assets are initially recognized at fair value. However, if the initial recognition of accounts receivable or notes receivable arising from sale of goods or provision of services does not include significant financing components or does not consider financing components not exceeding one year, it shall be initially recognized as the transaction price.

For the financial assets at fair value through profit or loss, related transaction expenses are directly charged to profit or loss for the current period; for other financial assets, related transaction expenses are included in the initial recognized amount.

The subsequent measurement of a financial asset is determined by its category:

Debt instrument investment measured at amortized cost

A financial asset shall be measured at amortized cost if both of the following conditions are met: the financial asset is held within a business model whose objective is to collect contractual cash flows; and the contractual terms of the financial asset set that the cash flows on specified dates are solely payments of principal and the interest based on the outstanding amount of principal. The interest income from such financial asset is recognized using the effective interest method, and gains or losses arising from its derecognition, revision or impairment is recognized in profit or loss for the current period.

Debt instrument investment at fair value through other comprehensive income

A financial asset shall be measured at fair value through other comprehensive income if both of the following conditions are met: the financial asset is held by the Group within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and the contractual terms of the financial asset set that the cash flows on specified dates are solely payments of principal and interest on the outstanding amount of principal. The interest income from such financial asset is recognized using the effective interest method. The change in fair value of such financial asset shall be recognized in other comprehensive income, except for interest income, impairment losses and exchange differences recognized in profit or loss for the current period. When the financial asset is derecognized, the cumulative gains or losses previously recognized in other comprehensive income is reclassified from other comprehensive income to profit or loss for the current period.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

9. Financial Instrument (continued)

Classification and measurement of financial assets (continued)

Equity instrument investment at fair value through other comprehensive income

The Group irrevocably opts to assign some of the investments in non-tradable equity instruments to financial assets at fair value through other comprehensive income, and only recognizes relevant dividend incomes (excluding dividend incomes taken back clearly as part of investment cost) in profit or loss for the current period, while subsequent changes in fair value is recognized as other comprehensive income, without needing to withdraw impairment allowance. When the financial assets are derecognized, the cumulative gains or losses previously recognized in other comprehensive income are reclassified from other comprehensive income to retained earnings.

Financial assets at fair value through profit or loss

The financial assets other than those measured at amortized cost and at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. For such financial assets, fair value is used for subsequent measurement, except those related to hedge accounting, and all changes in fair value are recognized in profit or loss for the current period.

Neither a certain financial asset designated as the financial asset at fair value through profit or loss by an enterprise at the time of initial recognition can be reclassified as other financial assets nor can other financial assets be redesignated as financial assets at fair value through profit or loss after initial recognition.

Based on the above condition, such financial assets designated by the Group mainly include derivatives, stocks and funds purchased from the secondary market for the purpose of earning price spread.

Classification and measurement of financial liabilities

The Group's financial liabilities are, on initial recognition, classified as other financial liabilities. Transaction expenses relating to other financial liabilities are included in the initial recognized amount.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

9. Financial Instrument (continued)

Classification and measurement of financial liabilities (continued)

The subsequent measurement of financial liability is determined by its category:

Other financial liabilities

Such financial liabilities are subsequently measured at amortized cost by using the effective interest method.

Impairment of financial instrument

On the basis of expected credit losses, the Group performs the impairment treatment on financial assets measured at amortized cost, debt instrument investments measured at fair value through other comprehensive income, lease receivables, and contract assets and recognizes the loss provision.

For receivables and contract assets that do not contain significant financing components, the Group uses a simplified measurement method to measure loss provision based on the amount of expected credit losses for the entire duration of the life.

For lease receivables, the Group uses a simplified measurement method to measure loss provision based on the amount of expected credit losses for the entire duration of the life.

For financial assets other than those measured by the aforesaid simplified measurement method, the Group assesses whether its credit risk has increased significantly since the initial recognition on each balance sheet date. If the credit risk has not increased significantly since the initial recognition (at the first phase), the Group measures the loss provision based on the amount of expected credit loss over the next 12 months and calculates the interest income based on the book balance and effective interest rate; if the credit risk has increased significantly but the financial assets have not yet been credit-impaired since the initial recognition (at the second phase), the Group measures the loss provision based on the amount of expected credit losses for the entire duration of the life and calculates the interest income based on the book balance and effective interest rate; if the financial assets have been credit-impaired since the initial recognition (at the third phase), the Group measures the loss provision based on the amount of expected credit losses for the entire duration of the life and calculates the interest income based on the amortized cost and effective interest rate. For financial instruments that have lower credit risk on the balance sheet date, the Group assumes that its credit risk has not increased significantly since the initial recognition.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

9. Financial Instrument (continued)

Impairment of financial instrument (continued)

Expected credit losses of financial instruments are assessed on an individual basis and group basis by the Group. The Group assesses expected credit losses of financial instruments including accounts receivable, other receivables, contract assets and long-term receivables based on grouping by age and in light of credit risk characteristics of different customers.

Refer to Note VIII. 3 for disclosures including the Group's criteria for judging the significant increase of credit risk, definition of credit-impaired assets and assumption of expected credit loss measurement.

When the Group no longer reasonably expects to be able to fully or partially recover the contractual cash flows of financial assets, the Group directly writes down the book balance of the financial assets.

Elimination of financial instruments

The net amount after eliminating financial assets and financial liabilities is presented in the balance sheet if the following conditions are satisfied: a lawful right exists for eliminating recognized amounts, and such lawful right is currently enforceable; it is planned that the financial assets and financial liabilities are to be netted against each other, or that they are to be realized and settled simultaneously.

Derivative financial instruments

The Group uses derivative financial instruments such as foreign exchange forward contracts to hedge exchange rate risk. Derivative financial instruments are initially measured at the fair value of the day when the derivative transaction contract is signed, and subsequently measured at their fair value. Derivative financial instruments with a positive fair value are recognized as an asset, and those with a negative fair value are recognized as a liability.

Except for hedging accounting, gains or losses arising from changes in fair value of derivative instruments are directly included in the current profit and loss.



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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

9. Financial Instrument (continued)

Transfer of financial assets

If the Group transfers substantially all the risks and rewards of ownership of the financial asset to the transferee, it derecognizes the financial asset; if the Group retains substantially all the risks and rewards of ownership of the financial asset, it does not derecognize the financial asset.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership of a financial asset, it is accounted for as follows: if the Group has not retained control of the financial asset, it derecognizes the financial asset and recognizes any resulting assets or liabilities; if the Group has retained control of the financial asset, it recognizes the financial asset to the extent of its continuing involvement in the transferred financial asset and recognizes an associated liability.

For continuing involvement by providing financial guarantee in respect of the transferred financial assets, the assets arising from such involvement is recognized as the lower of the book value of the financial assets and the amount of the financial guarantee. Amount of financial guarantee refers to the maximum amount to be repayable on demand among the considerations received.

10. Inventory

Inventories mainly include goods in inventory and low-value consumables, etc.

Inventories are initially measured at cost. Cost of inventories comprises costs of purchase and other cost. When the inventories are delivered, the actual costs of the delivered inventories are determined by using the method of weighted average. Low-value consumables are amortized by using the one-time writing-off method.

The inventory system is a perpetual inventory system.

On the balance sheet date, the inventories shall be measured at the lower of cost and net realizable value. When the cost is higher than the net realizable value, inventory impairment allowance shall be provided and included in current profit or loss. In case the factors impacting the previous providing of the inventory impairment allowance are eliminated, making the net realizable value of the inventory be higher than its book value, the write-down amount should be recovered from the amount of inventory impairment allowance previously provided and the corresponding amount shall be reversed to current profit or loss.

The net realizable value represents the amount derived by deducting the potential cost, estimated sale expenses and related taxes to the completion date from the estimated selling price of the inventory in daily activities. When providing the inventory impairment allowance, the finished products shall be provided by categories.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

11. Long-term Equity Investments

Long-term equity investments include equity investments in subsidiaries, joint ventures and associates.

A long-term equity investment is initially recorded at its initial investment cost on acquisition. For a long-term equity investment acquired under business combination involving entities under common control, the initial investment cost is the share of the book value of the owner's equity of the party being combined on the date of business combination in the consolidated financial statements of the ultimate controller. The difference between the initial investment cost and the book value of the consideration for combination is adjusted to capital reserve (or charged against retained earnings if there is any shortfall). Other comprehensive income held prior to the date of business combination is accounted for on the same basis as where the relevant assets or liabilities are directly disposed of by the investee in disposal of such investment. Shareholders' equity recognized as a result of changes in other shareholders' equity of the investee other than net profit or loss, other comprehensive income and profit appropriation is taken to profit or loss for the current period upon disposal of such investment. In particular, those which remain as long-term equity investments upon disposal are carried forward in proportion, and those which are converted to financial instruments upon disposal are carried forward in full. For a long-term equity investment acquired through a business combination not involving entities under common control, the initial investment cost is the cost of business combination (Business combination not involving entities under common control which is achieved after multiple transactions, the initial investment cost is the sum of book value of equity investments of the acquiree held prior to the date of acquisition and the addition to investment cost on the date of acquisition). Cost of business combination includes the sum of fair values of the assets given, liabilities incurred or assumed, and equity securities issued by the acquirer. Other comprehensive income recognized on equity method held prior to the date of acquisition is accounted for on the same basis as where the relevant assets or liabilities are directly disposed of by the investee in disposal of such investment. Shareholders' equity recognized as a result of changes in other shareholders' equity of the investee other than net profit or loss, other comprehensive income and profit appropriation is taken to profit or loss for the current period upon the disposal of such investment. In particular, those which remain as long-term equity investments upon disposal are carried forward in proportion, and those which are converted to financial instruments upon disposal are carried forward in full. Accumulated fair value change of equity investments held prior to the date of acquisition being taken to other comprehensive income as financial instruments is taken to retained earnings in full under cost method. For a long-term equity investment acquired by means other than business combination, the initial investment cost is determined as follows: for a long-term equity investment acquired by paying cash, the initial investment cost is the actual purchase price paid and those costs, taxes and other necessary expenditures directly attributable to the acquisition of the long-term equity investment; for a long-term equity investment acquired by the issue of equity securities, the initial investment cost is the fair value of the equity securities issued; for a long-term equity investment acquired by the swap of non-monetary assets, the initial investment cost is determined based on Accounting Standard for Business Enterprises No. 7 – Swap of Non-monetary Assets.

For a long-term equity investment where the Company can exercise control over the investee, the Company uses the cost method in the Company's separate financial statements. Control refers to the power over an investee, and exposure, or rights, to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect the amount of the investor's returns.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

11. Long-term Equity Investments (continued)

Under the cost method, the long-term equity investment is measured at its initial investment cost. For addition or recovery of investments, the cost of long-term equity investments is adjusted accordingly. Cash dividend or profit declared to be distributed by an investee is recognized as profit or loss for the current period.

The equity method is adopted for a long-term equity investment when the Group holds joint control, or exercises significant influence on the investee. Joint control refers to the contractually-agreed shared control over an arrangement and related activities under such arrangement shall be decided on with the unanimous consent of the parties sharing control. Significant influence is the power to participate in the financial and operating policy decisions of the investee rather than to control or jointly control with other parties over the formulation of those policies.

Under the equity method, where the initial investment cost of a long-term equity investment is more than the share of the fair value of the investee's identifiable net assets when the investment is made, the cost is included in the initial investment cost of the long-term equity investment. Where the initial investment cost is less than the share of the fair value of the investee's identifiable net assets when the investment is made, the difference is recognized in profit or loss for the current period and the cost of the long-term equity investment is adjusted accordingly.

Under the equity method, the Group recognizes its share in the net profit or loss and other comprehensive income made by the investee as investment income or losses and other comprehensive income after the acquisition of the long-term equity investment, and adjusts the book value of the long-term equity investment accordingly. When recognizing the Group's share in the net profit or loss of the investee, the Group recognizes the net profit of the investee after making appropriate adjustments based on the fair values of the identifiable assets of the investee when the investment is acquired and in accordance with the Group's accounting policies and periods, after eliminating the portion of the profits or losses, arising from internal transactions with its joint ventures and associates, attributable to the investor according to its share ratio (but losses arising from internal transactions that belong to impairment losses on assets should be recognized in full), save for business formed by assets invested or disposed. The book value of the long-term equity investment is reduced accordingly based on the Group's share of profit or cash dividends declared to be distributed by the investee. The Group's share in net loss of the investee is recognized to the extent that the book value of the long-term equity investment and other long-term equity substantively forming net investments of the investee are written down to zero, except that the Group has incurred obligations to assume additional losses. The Group adjusts the book value of the long-term equity investment for other changes in shareholders' equity of the investee (other than net profit or loss, other comprehensive income and profit appropriation of the investee) and includes the corresponding adjustments in the shareholders' equity.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

11. Long-term Equity Investments (continued)

On disposal of the long-term equity investment, the difference between its book value and consideration actually received is recognized in profit or loss for the current period. For long-term equity investments under equity method, when the use of the equity method is discontinued because of disposal, other comprehensive income previously accounted for under the equity method shall be accounted for on the same basis as where the relevant assets or liabilities are disposed of directly by the investee. Shareholders' equity recognized as a result of changes in other shareholders' equity of the investee (other than net profit or loss, other comprehensive income and profit distribution) shall be taken in full to the profit or loss for the current period. If the equity method remains in use, other comprehensive income previously accounted for under the equity method shall be accounted for on the same basis as where the relevant assets or liabilities are disposed of directly by the investee and taken to the profit or loss for the current period in proportion. Shareholders' equity recognized as a result of changes in other shareholders' equity of the investee (other than net profit or loss, other comprehensive income and profit distribution) shall be taken to the profit or loss for the current period on a pro-rata basis.

12. Investment Property

Investment property is any property held for rental earnings or capital appreciation or both. It includes buildings being leased out, buildings under construction to be leased out, etc.

An investment property is measured initially at cost. Expenditure subsequently incurred for such investment property is recognized in its cost if the economic benefits associated with such asset are probable to flow in and relevant costs can be measured reliably, otherwise, recognized in profit or loss for the current period in which they are incurred.

There exists an active property trading market at the place of the investment properties of the Group and the market price of and other information relating to identical or similar properties are available to the Group in the property trading market, which makes it possible to estimate the fair value of investment properties in a reasonable manner. As such, the Group subsequently measures investment properties by adopting the fair value model and adjusts its book value based on investment properties' fair value at balance sheet date with the difference between fair value and original book value recognized in profit or loss for the current period.

Where an investment property is sold, transferred, retired or damaged, the income from its disposal net of the book value and related taxes is recognized in profit or loss for the current period.

13. Fixed Assets

A fixed asset is recognized only when the economic benefits associated with the asset are probable to flow into the Group and the cost of the asset can be measured reliably. Subsequent expenditures incurred for the fixed asset are included in the cost of the fixed asset when the above confirming condition is met, and the book value of the replaced part is derecognized; otherwise the expenditures are recognized in profit or loss in the current period in which they are incurred.

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

13. Fixed Assets (continued)

Fixed assets are initially measured at cost. The cost of a purchased fixed asset consists of the acquisition price, relevant taxes, and other expenditure directly attributable the fixed asset incurred before the asset is ready for intended use.

A fixed asset is depreciated using the straight-line method. The useful life, estimated net residual value rate and annual depreciation rate of each category of fixed assets are as follows:

	Useful life	Estimated net residual value rate	Annual depreciation rate
Houses and buildings	40 years	5%	2.38%
Special equipment	10 years	5%	9.50%
Electronic equipment, appliances and furniture	3-5 years	5%	19.00-31.67%
Transportation equipment	5 years	5%	19.00%

If a fixed asset is upon disposal or no economic benefits are expected to be generated from its use or disposal, the fixed asset is derecognized. When a fixed asset is sold, transferred, retired or damaged, the income from its disposal net of the book value and related taxes is recognized in profit or loss for the current period.

The Group reviews the useful life and estimated net residual value of a fixed asset and the depreciation method applied at least once at each year-end, and adjusts when necessary.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

14. Construction in Progress

The cost of construction in progress is recognized at its actual construction expenditures. The actual construction expenditures include various necessary construction expenditures during the construction period, borrowing costs capitalized before it is ready for intended use and other relevant costs.

Construction in progress is transferred to a fixed asset when it is ready for intended use.

15. Borrowing Costs

Borrowing costs are interests and other related cost arising from Group's borrowing, including borrowing interests, amortization of discounts or premiums, ancillary expenses and exchange differences arising from foreign currency lending etc.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying asset are capitalized, and other borrowing costs are recognized in profit or loss for the current period. Qualifying assets are fixed assets, investment property and inventory that necessarily to be acquired, constructed or produced through a substantial period of time to get ready for its intended use or sale.

Borrowing costs may be capitalised only when:

- (1) Expenditures for such asset are incurred;
- (2) Borrowing costs are incurred;
- (3) The acquisition, construction or production activities which are necessary to prepare the asset for its intended use or sale have started.

Capitalization of borrowing costs ceases when the qualifying asset being acquired, constructed or produced becomes ready for its intended use or sale. Borrowing costs incurred subsequently are recognized in profit or loss for the current period.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

15. Borrowing Costs (continued)

During the period of capitalisation, the amount of capitalised interests in each accounting period is determined by the following methods:

- (1) For dedicated borrowings, the amount of capitalised interests is the interest expenses actually incurred in the current period less the interest income earned on temporary deposits or investment income.
- (2) For general borrowings utilised, the amount of capitalised interests is the weighted average asset expenditures of the excess of accumulative asset expenditure over the dedicated borrowings multiplying the weighted average interest rate of the general borrowings utilised.

Where the acquisition, construction or production of a qualified asset is interrupted abnormally and the interruption period lasts for more than 3 consecutive months, other than those necessary to prepare the asset for its intended use or sale, the capitalization of the borrowing costs shall be suspended. Borrowing costs incurred during the interruption period are recognized as cost in profit or loss for the current period, until those acquisition, construction or production is resumed.

16. Right-of-use assets

The Group's right-of-use assets mainly include houses and buildings, machines and equipment.

On the commencement date of the lease term, the Group recognizes its right to use the leased asset during the lease period as right-of-use assets, including: the initial measured amount of lease liabilities; lease payments made at or before the commencement date of lease term less any incentives already received (if there is a lease incentive); the initial direct costs incurred by the lessee; an estimate of costs to be incurred by the lessee in dismantling and removing the leased assets, restoring the site on which they are located or restoring the leased assets to the condition required by the terms of the lease. The Group subsequently uses the straight line method to depreciate the right-of-use assets. If it is reasonable to determine the ownership of the leased asset can be obtained when the lease term expires, the Group will depreciate over the remaining useful life of the leased assets. If it cannot be reasonably determined that the ownership of the leased asset can be obtained when the lease term expires, the Group depreciates during the shorter period between the lease term and the remaining useful life of the leased assets.

When the Group re-measures lease liabilities according to the present value of the changed lease payment and adjusts the book value of the right-of-use asset accordingly, if the book value of the right-of-use asset has been reduced to zero while lease liabilities still needs to be further reduced, the Group accounts for the remaining amount in the profit or loss for the current period.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

17. Intangible Assets

Intangible assets may be recognized and initially measured at cost only when economic benefits relating to it are likely to flow into the Group as well as its cost can be measured reliably. However, for intangible assets acquired from business combination not under common control, if their fair value can be measured reliably, they are recognized separately as intangible assets and measured at fair value.

The useful life of an intangible asset shall be determined based on the term in which it can generate economic benefits for the Group. An intangible asset is regarded as having an indefinite useful life when there is no foreseeable term in which it can generate economic benefits for the Group.

The useful life of each category of intangible assets is as follows:

	Useful life
Trademark use rights	30 years
Softwares	2-10 years
Others	3 years

An intangible asset with finite useful life is amortised over its useful life by using the straight-line method. The Group reviews the useful life and amortization method of an intangible asset with finite useful life at least once at each year-end, and adjusts when necessary.

The Group's expenditures for its internal research and development projects are classified into expenditures on the research stage and expenditures on the development stage. Expenditures on the research stage are recognized in profit or loss for the current period when incurred. Expenditures on the development stage are to be capitalized only if the following conditions can be satisfied simultaneously: the technical feasibility to complete the intangible asset so that it will be available for use or sale; the intention to complete the intangible asset, and to use or sell it; how the intangible asset will generate economic benefits. Among other things, it can be demonstrated that there is an existing market for products produced by the intangible asset or there is an existing market for the intangible asset itself, and the usage of it, if the intangible asset is to be used internally; the availability of adequate technical, financial and other resources to complete the development of the intangible asset and the ability to use or sell it; the ability to measure reliably the expenditure attributable to the intangible asset during its development stage. The development expenditure that do not meet the above conditions are recognized in profit or loss for the current period when incurred.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

18. Impairment of Assets

The Group determines impairment of assets excluding inventory, contract assets, investment property measured at fair value model, deferred income taxes and financial assets by below method:

The Group determines whether there is any indication that assets have suffered impairment at balance sheet date. If an impairment indication exists, the Group will estimate its recoverable amount and carry out impairment test. The impairment test should be carried out for the goodwill arising from business combination and the intangible assets with indefinite useful life at least once at each year-end whether an impairment indication exists. As for intangible assets that have not been ready for intended use, an impairment test also should be carried out each year.

The recoverable amount of an asset is the higher of the net of its fair value less costs of disposal and the present value of the future cash flows expected to be derived from the asset. Recoverable amount is estimated by the Group on individual asset basis. If it is not practical to estimate the recoverable amount of an individual asset, the recoverable amount of the asset group to which the asset belongs will be determined. The asset group is determined according to whether the main cash inflows generated from the asset group are independent from cash inflows from other assets or asset group.

If such recoverable amount of an asset or asset group is less than its book value, the Group reduces its book value to the recoverable amount, the reduction amount is recognized in profit or loss for the current period and a provision for impairment of such assets has been made.

For the purpose of impairment test of goodwill, the book value of goodwill arising from business combination is reasonably allocated to the related assets group since the purchasing date, and those difficulty allocated to the related assets group will be allocated to the related sets of assets groups. The related assets group or sets of assets groups are those expected to benefit from the synergies of the business combination and not larger than the reportable segment determined by the Group.

If there exists impairment indication for assets group or sets of assets groups related to goodwill when an impairment test is carried out for the related assets group or sets of assets groups including goodwill, an impairment test should be firstly carried out for assets group or sets of assets groups excluding goodwill to calculate the recoverable amount and recognize the corresponding impairment losses. An impairment test then should be carried out for assets group or sets of assets groups including goodwill, comparing its book value and the recoverable amount, if the recoverable amount is less than the book value, the impairment losses amount is deducted and amortized to the book value of the goodwill of assets group or sets of assets groups firstly and then deducted the book value of other assets on a pro rata basis according to the proportion of the book value of other assets of assets group or sets of assets groups excluding goodwill.

Once an impairment loss is recognized for above-mentioned assets, it will not be reversed in subsequent accounting period.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

19. Long-term Prepaid Expenses

Long-term prepaid expenses are amortized using the straight-line method, and their amortized periods are as follow:

	Amortized periods
Improvement of fixed assets rented	3-10 years
Others	3-5 years

20. Employee Remuneration

Employee remuneration is all kinds of reward or compensation for service rendered by employees or the termination of employment given by the Group. Employee remuneration includes short-term remuneration, post-employment benefits, termination benefits and other long-term employee benefits. Benefits provided by the Group to employees' spouses, children, dependents, families of the deceased employees and other beneficiaries also belong to employee remuneration.

Short-term remuneration

Actually occurred short-term remuneration is recognized as liabilities and charged to the profit or loss for the current period or to the costs of relevant assets in the accounting period during which employees provide services.

Post-employment benefits (Defined contribution plans)

Employees of the Group participated in pension insurance and unemployment insurance managed by local government and corresponding expenses are recognized in costs of related assets or profit or loss for the current period when occurred.

Termination benefits

When the Group provides termination benefits to employees, employee remuneration liabilities are recognized for termination benefits, with a corresponding charge to the profit or loss for the current period at the earlier of the following dates: when the enterprise cannot unilaterally withdraw the offer of termination benefits because of the employment termination plan or a curtailment proposal; and when the enterprise recognizes costs or expenses related to restructuring that involves the payment of termination benefits.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

21. Lease liabilities

On the commencement date of the lease term, the Group recognized the present value of the lease payments that have not been paid as lease liabilities, except for short-term leases and low-value asset leases. In calculating the present value of the lease payments, the Group uses the interest rate implicit in the lease as the discount rate; if the interest rate implicit in the lease cannot be determined, the lessee's incremental borrowing rate is used as the discount rate. The Group calculates the interest expense of the lease liability for each period of the lease term based on the fixed periodic interest rate and recognizes it in profit or loss for the current period, unless otherwise required to be included in relevant costs of assets. The variable lease payments that are not included in the measurement of the lease liabilities are recognized in profit or loss for the current period when actually incurred, unless otherwise required to be included in relevant costs of assets.

After the commencement date of the lease term, when the actual fixed payment amount changes, the expected payable amount of the guarantee residual value changes, the index or ratio used to determine the lease payment changes, or the assessment results or actual exercise of the purchase option, the renewal option or the termination option change, the Group re-measures the lease liability based on the present value of the changed lease payments.

22. Provisions

Except for contingent consideration and contingent liability assumed in a business combination not under common control, the Group recognizes an obligation related to a contingency as a provision when the following conditions are satisfied simultaneously:

- (1) the obligation is a present obligation assumed by the Group;
- (2) it is probable that an outflow of economic benefits from the Group will be required to settle the obligation;
- (3) the amount of the obligation can be measured reliably.

A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation, with comprehensive consideration of factors such as the risks, uncertainty and time value of money relating to a contingency. The carrying amount of a provision is reviewed at each balance sheet date. If there is clear evidence that the carrying amount does not reflect the current best estimate, the carrying amount is adjusted according to the current best estimate.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

23. Share-based payment

Share-based payment is divided into equity-settled share-based payment and cash-settled share-based payment. Equity-settled share-based payment refers to transactions in which the Group uses shares or other equity instruments as consideration for obtaining services.

Where equity-settled share-based payments are exchanged for services provided by employees, they are measured at the fair value of the equity instruments granted to employees. If the right is exercised immediately after the grant, it is included in the relevant costs or expenses at fair value on the grant date, and the capital reserve is increased accordingly; if the right can be exercised only after the service within the waiting period is completed, on every balance sheet date during the waiting period, the services acquired in the current period are included into the relevant costs or expenses according to the fair value at the grant date, and the capital reserve is increased accordingly. Fair value of equity instruments is determined using a binomial model.

No costs or expenses will be recognized for the share-based payment that ultimately fail to exercise due to failing to meet non-market conditions and/or service period conditions. If market conditions or non-exercisable rights conditions are stipulated in the share-based payment agreement, regardless of whether market conditions or non-exercisable rights conditions are met, as long as all other performance conditions and/or service period conditions are met, they are regarded as exercisable rights.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

24. Revenue from contracts with customers

The Group recognizes revenue when it performs the performance obligations in the contract, namely, when the customer obtains control over relevant goods or services. Obtaining control over relevant goods or services refers to the ability to direct the use of goods or the provision of services and obtain substantially all of the economic benefits from them.

Revenue relating to Managed Shopping Malls

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 recognized 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 recognized 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.

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 recognized 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.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

24. Revenue from contracts with customers (continued)

Revenue relating to Managed Shopping Malls (continued)

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 recognized 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/JV/associate Portfolio Shopping Malls and Managed Shopping Malls. The revenue arising therefrom is recognized 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 recognizes 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 recognized according to the amount of costs incurred until the performance schedule can be reasonably determined.



Notes to the Financial Statements

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

24. 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 recognized 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 recognized when the Group fulfilled the performance obligations in the contract and customers obtained control over relevant goods or services.

Other revenues

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 recognized 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 recognized when the Group fulfilled the performance obligations in the contract and customers obtained control over relevant goods or services.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

25. Contract Assets and Contract Liabilities

The Group presents contract assets or contract liabilities in the balance sheet based on the relationship between the fulfilment of performance obligations and customer payments. The Group offsets contract assets and contract liabilities of same contract and presents in net amount.

Contract assets

Contract assets refer to the right to receive consideration for goods or services already transferred to customers, and that right is conditioned on factors other than the passage of time.

See Note III. 9 for the Group's methods for determining expected credit loss of contract assets and accounting treatment methods.

Contract liabilities

A contract liability is the obligation to transfer goods or services to customers in connection with customer consideration received or receivable, for example, amounts received by an enterprise prior to the transfer of the promised goods or services.

26. Government Grants

Government grant is recognized when the Group can comply with the conditions attached to it and it can be received. If a government grant is in the form of monetary asset, it is measured at the amount received or receivable. If a government grant is in the form of non-monetary asset, it is measured at fair value; in the event that fair value is not reliably determinable, it is measured at a nominal amount.

Government grants for purchasing, building or forming long-term assets in other methods regulated in government documents are recognized as asset-related government grants. Judgments should be made based on the necessary basic conditions for obtaining the government grants when government documents are unclearly stated. Government grants with purchasing, building or forming long-term assets in other methods as basic conditions, are recognized as asset-related government grants, whereas the rest as income-related government grants.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

26. Government Grants (continued)

Income-related government grants used to recover related costs or losses in the subsequent period are recognized as deferred income, and are recognized in profit or loss for the current period or used to offset related costs of the period in which the related costs or losses are recognized; those used to recover related costs or losses incurred are directly recognized in profit or loss for the current period or used to offset related costs.

Asset-related government grants are used to offset the book value of related assets; or recognized as deferred income, and reasonably and systematically included in profit or loss by stages within the useful life of the related assets (however, government grants measured at nominal amounts are directly recognized in profit or loss for the current period), and if the related assets are sold, transferred, retired or damaged before the end of their useful life, the balance of the relevant deferred income that has not been allocated shall be carried into the profit or loss of the period when the assets are disposed of.

27. Income Tax

Income tax comprises current income tax and deferred income tax. Except that the adjusted goodwill arising from business combination, or the income tax relating to the transaction or item which is directly included in the shareholders' equity is included in the shareholders' equity, all income taxes shall be included in the profit or loss for the current period as income tax expenses or incomes.

The Group measures a current income tax liability or asset arising from the current and prior period based on the amount of income tax expected to be paid by the Group or returned by tax authority calculated by the requirements of tax laws.

The Group shall provide the deferred income taxes at the temporary difference between the book value of the assets and liabilities on the balance sheet date and the tax base, and the temporary difference between the book value of the items that have not been recognized as the assets and liabilities but whose tax base may be determined according to the requirements of tax laws, and the tax base, using the balance sheet liability method.

A deferred tax liability is recognized at all taxable temporary differences, except:

- (1) Where the taxable temporary differences arise from the initial recognition of goodwill, or the initial recognition of an asset or liability in a transaction which contains both of the following characteristics: the transaction is not a business combination; and at the time of the transaction, neither the accounting profit nor taxable income or deductible loss is affected.
- (2) In respect of taxable temporary differences associated with investments in subsidiaries, joint ventures and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not be reversed in the foreseeable future.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

27. Income Tax (continued)

A deferred tax asset is recognized for deductible temporary differences, carry forward of deductible losses from subsequent years and tax credits, to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, deductible losses and tax credits can be utilized, except:

- (1) Where the deductible temporary differences arise from a transaction that is not a business combination, and at the time of the transaction, neither the accounting profit nor taxable income or deductible loss is affected.
- (2) In respect of the deductible temporary differences associated with investments in subsidiaries, joint ventures and associates, a deferred tax asset is only recognized to the extent that it is probable that the temporary differences will be reversed in the foreseeable future and taxable income will be available against which the deductible temporary differences can be utilized in the future.

At the balance sheet date, the Group measures the deferred tax assets and deferred tax liabilities at the tax rates that are expected to apply to the period when the asset is recovered or the liability is settled, according to the requirements of tax laws. The measurement of deferred tax assets and deferred tax liabilities reflects the income tax consequences that would follow from the manner in which the asset is expected to be recovered or the liability is expected to be settled at the balance sheet date.

The book value of deferred tax assets is reviewed by the Group at the balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable income will be available in future periods to allow the deferred tax assets benefit to be utilized. Unrecognized deferred tax assets are reassessed by the Group at the balance sheet date and are recognized to the extent that it has become probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be reversed.

Where the following conditions are satisfied simultaneously, deferred tax assets and deferred tax liabilities are presented on a net basis after offsetting: With the legal rights of net settlement of current income tax assets and current income tax liabilities granted, and deferred tax assets and deferred tax liabilities are related to income tax to be paid by the same entity liable to pay tax to the same tax collection and management authority or related to different entities liable to pay tax, but the relevant entity liable to pay tax is intended to apply net settlement of current income tax assets and current income tax liabilities or, at the same time, acquire assets or repay debt in each future period in which significant deferred tax assets and deferred tax liabilities would be reversed.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

28. Lease

Identification of leases

On the commencement date of the contract, the Group assesses whether the contract is a lease or contains a lease. If one party under the contract transfers one or more of the rights to control the use of identified assets for a certain period of time in exchange for consideration, the contract shall be a lease or contain a lease. In order to determine whether the contract has transferred the right to control the use of the identified assets within a certain period of time, the Group assesses whether the customers in the contract are entitled to substantially all of the economic benefits arising from the use of the identified assets during the period of use and have the right to lead the use of identified assets during this period of use.

Identification of separate leases

Where the contract contains multiple separate leases, the Group will split the contract and separate the leases for accounting treatment. The right to use the identified asset constitutes a separate lease in the contract if the following conditions are met simultaneously:

- (1) The lessee can profit from using the asset alone or in conjunction with other resources that are readily available;
- (2) The asset does not have a high degree of dependency or a high degree of association with other assets in the contract.

Assessment of lease term

The lease term is the non-cancellable period during which the Group has the right to use the leased asset. The Group has the option to renew the lease, that is, it has the right to choose to renew the lease of the asset, and if it is reasonable to determine that the option will be exercised, the lease term also includes the period covered by an option to renew the lease. The Group has the option to terminate the lease, that is, it has the right to choose to terminate the lease of the asset, but if it is reasonable to determine that the option will not be exercised, the lease term includes the period covered by the termination of the lease option. In the event of a major event or change within the Group's controllable range, and affecting whether the Group reasonably determines that the corresponding option will be exercised, the Group reassesses whether it is reasonable to determine to exercise the option to renew the lease, purchase option or not to exercise the option to terminate the lease.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

28. Lease (continued)

As a lessee

For the general accounting treatment of the Group as a lessee, please refer to Note III. 16 and Note III. 21.

Lease modifications

The lease modifications refer to change of lease scope, lease consideration, and lease term outside the original contract terms, including the increase or termination of the use rights of one or more leased assets, and the extension or shortening of the lease term stipulated in the contract.

If the lease modifications have met the following conditions simultaneously, the Group will account for the lease modifications as a separate lease:

- (1) The lease modifications expand the scope of the lease by adding the rights of use of one or more leased assets;
- (2) The increased consideration is equivalent to the amount after adjustment of the stand-alone price of the enlarged portion of the lease scope based on the circumstances of the contract.

For a lease modification that is not accounted for as a separate lease, the Group redetermines the lease term, and remeasures the lease liability by discounting the lease payments after the modification using a revised discount rate at the effective date of the lease modification. In calculating the present value of the lease payments after the modification, the Group uses the interest rate implicit in the lease for the remainder of the lease term as the discount rate; if the interest rate implicit in the lease for the remainder of the lease term cannot be determined, the Group's incremental borrowing rate at the effective date of the lease modification is used as the discount rate.

Regarding the impact of the above adjustment of lease liabilities, the Group distinguishes between the following circumstances for accounting treatment:

- (1) If the lease modifications result in a narrower lease scope or a shorter lease term, the Group decreases the book value of the right-of-use asset to reflect the partial or full termination of the lease. Any gain or loss relating to the partial or full termination of the lease shall be recognized in profit or loss for the current period;
- (2) For other lease modifications, the Group makes a corresponding adjustment to the book value of right-of-use asset.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

28. Lease (continued)

Lease modifications (continued)

Short-term lease and low-value asset lease

The Group recognizes the lease which has a term of no more than 12 months and does not include the purchase option on the commencement date of the lease term as a short-term lease; the lease with a value of no more than RMB40,000 when the single leased asset is a new asset is recognized as a low-value asset lease. If the Group subleases or expects to sublease the leased assets, the original lease is not recognized as a low-value asset lease. The Group choose not to recognize the right-of-use assets and lease liabilities for short-term leases and low-value asset leases. During each period of the lease term, the related asset costs or profit or loss for the current period are included by using the straight-line method.

As a lessor

At the lease commencement date, leases that substantially transfer almost all the risks and rewards related to the ownership of leased assets are classified as finance leases. Otherwise, all other leases are classified as operating leases. When the Group is an intermediate lessor, the sublease is classified by reference to the right-of-use assets arising from the original lease.

As a lessor under finance leases

At the commencement date of the lease term, the Group recognizes finance lease receivables for finance leases and derecognizes the finance lease assets. When the finance lease receivables are initially measured, the Group shall account for the net lease investment as the value of the finance lease receivables. Net lease investment is the sum of the unguaranteed residual value and the present value of the lease receivables that are not received at the commencement date of the lease term, discounted at the interest rate implicit in the lease.

The Group calculates and recognizes interest income in each period during the lease term, based on a constant periodic rate of interest. Variable lease payments received by the Group, and not included in the measurement of the net lease investment shall be included into profit or loss for the current period when actually incurred.

Where the Group is deemed as a lessor of a producer or dealer of finance leases, at the commencement date of the lease term, the Group will recognize the lower of the fair value of the leased assets and the present value of lease receivables discounted at market interest rate as the revenue, and carry forward the balance of the carrying amount of the leased assets after deduction of the present value of the unguaranteed residual value as the cost of sales. The costs incurred for obtaining the finance leases by the Group, will be included into profit or loss for the current period at the commencement date of the lease term.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

28. Lease (continued)

As a lessor (continued)

As a lessor under finance leases (continued)

If the finance leases modifies and meets the following conditions simultaneously, the Group will account for the modification as a separate lease:

- (1) The modifications expand the scope of the lease by adding the rights of use of one or more leased assets;
- (2) The increased consideration is equivalent to the amount after adjustment of the stand-alone price of the enlarged portion of the lease scope based on the circumstances of the contract.

For the modifications in finance leases which are not accounted as a separate lease, the Group will account for the modified lease by distinguishing between the following:

- (1) Where the modifications come into effect on the lease commencement date, and this lease would be classified as an operating lease, the Group will account for the operating lease as a new lease from the effective date of the lease modifications. The carrying amount of the leased assets equals to the net lease investment before the effective date of the lease modifications;
- (2) Where the modifications come into effect on the lease commencement date, and this lease would be classified as a finance lease, the Group will account for the finance lease in accordance with the requirements relating to the modified or renegotiated contract in Note III. 16.

As a lessor under operating leases

Rental income from operating leases is recognized as profit or loss for the current period on the straight-line basis in each period during the lease terms. A variable lease payment that is not included in lease receivables is included in profit or loss for the current period when it actually occurs.

In case of modification of an operating lease, the Group shall account for it as a new lease from the effective date of the modification, and the amount of the advance receipt or lease receivables related to the lease before the modification shall be regarded as the collection amount of the new lease.

Sale-Leaseback Transactions

The Group evaluates and determines whether the transfer of assets in the sale-leaseback transaction is a sale in accordance with Note III. 24.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

28. Lease (continued)

As a lessee

If the asset transfer in a sale-leaseback transaction is a sale, the Group, as a lessee, measures the right-of-use asset formed by the sale-leaseback based on the portion of the original asset's book value related to the right of use obtained from the leaseback, and only recognizes the relevant gains or losses on the right transferred to the lessor; if the asset transfer in a sale-leaseback transaction is not part of the sale, the Group, as a lessee, continues to recognize the transferred asset and at the same time recognizes a financial liability equal to the transfer income, and accounts for the financial liabilities in accordance with Note III. 9.

As a lessor

If the asset transfer in a sale-leaseback transaction is a sale, the Group act as a lessor to account for asset purchases and account for asset leases in accordance with the foregoing provisions; if the asset transfer in a sale-leaseback transaction is not part of the sale, the Group, as a lessor, does not recognize the transferred assets, but recognizes a financial asset equal to the transfer income, and accounts for the financial assets in accordance with Note III. 9.

29. Hedge Accounting

For the purpose of the methods of hedge accounting, hedges of the Group are classified as:

- (1) Fair value hedges refer to the hedging against the risk of fair value change in respect of definite commitments which are not yet recognized (other than exchange rate risks) of assets or liabilities already recognized.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship, as well as related risk management objectives and strategies. The documentation included identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group assessed the hedging effectiveness. Hedge effectiveness is the extent to which the changes in fair value of the hedging instruments can offset changes in the fair value of hedged items caused by hedged risk. Such hedges are assessed on an ongoing basis as complying with the effectiveness requirements of a hedge as at the initial designated date and in subsequent periods.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

29. Hedge Accounting (continued)

If the hedging instrument expires or is sold, terminated or exercised (but the rollover or replacement of part of a hedging instruments are not treated as expired or terminated), or there is a change in risk management objective, which makes the hedging relationship no longer meet the risk management objective, or the hedging no longer meets other qualifying criteria for hedge accounting, the Group discontinued the application of hedge accounting.

Where the hedge relationship no longer satisfies the validity requirements due to the hedging ratio, and the objective of risk management designated for the hedge relationship does not change, the hedge relationship will be re-balanced by the Group.

For details of the Group's assessment method of hedging effectiveness, risk management strategy and how to apply the strategy to manage risks, please refer to Note V. 69.

Hedges which meet the criteria for hedge accounting are accounted for as follows:

Fair value hedging

Gains or losses arising from a hedging instrument are recognized in profit or loss for the current period. Gains or losses in respect of the hedged item attributable to hedged risk exposure are recognized in profit or loss for the current period and the book value of the hedged item not at fair value is adjusted at the same time.

For fair value hedging relating to debt instruments carried at amortized cost, the adjustments to the book value of the hedged items are amortized to profit or loss for the current period over the remaining term of the hedge using the effective interest rate method. Amortization at effective interest rate may begin upon the adjustment of the book value but no later than the time when the hedged item ceases to be adjusted for changes in its fair value attributable to the hedge risk. If the hedged item is derecognized, the unamortized fair value is recognized in profit or loss for the current period.



Notes to the Financial Statements

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

29. Hedge Accounting (continued)

Cost of hedging

The Group separates the intrinsic value and time value of an option contract and designates as the hedging instrument only the change in intrinsic value of an option; or separates the forward element from the spot element of a forward contract and designates as the hedging instrument only the change in the value of the spot element; or separates the foreign currency basis spread of the financial instruments and designates as the hedging instrument only the financial instruments which foreign currency basis spread is separated, the Group recognises the time value of an option, forward element of a forward contract and the part of the hedged items that are relevant to the fair value changes of foreign currency basis spread of the financial instrument into other comprehensive income. If the characteristics of the hedged items are related to the transaction, the same accounting treatment with the cash flow hedge reserve shall be applied. If the characteristics of the hedged items are related to the period of time, the above fair value change shall be amortised on a systematic and reasonable basis over the time when the hedged item affects the profit or loss or other comprehensive income, transferred from other comprehensive income to profit or loss for the current period.

30. Profit Distribution

The Company's cash dividends are recognized as liabilities upon approval by the shareholders' general meeting. Since the Board is authorized to approve the interim cash dividends under the Articles of Association of the Company, the interim cash dividends shall be recognized as liabilities upon approval by the Board.

31. Fair Value Measurement

The Group measures its investment properties, derivative financial instruments, receivables financing, equity instrument investments, other non-current financial assets and financial assets held for trading at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the orderly transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal market (or the most advantageous market) must be accessible by the Group at the measurement date. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING

31. Fair Value Measurement (continued)

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.

The Group uses valuation techniques that are appropriate in the current circumstances and supported by sufficient available data and other information, maximising the use of relevant observable inputs and use unobservable inputs only under the circumstances where observable inputs cannot be obtained or practicably obtained.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy described as follows, based on the lowest level input that is significant to the fair value measurement as a whole: Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities accessible at the measurement date; Level 2 – based on directly or indirectly observable inputs for the asset or liability other than inputs within Level 1; Level 3 – based on unobservable inputs for the asset or liability.

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Group re-assesses them at each balance sheet date to determine whether transfers have occurred between levels in the hierarchy.

32. Significant Accounting Judgments and Estimates

The preparation of the financial statements requires the management to make judgments, estimates and assumptions that will affect the reported amounts and disclosure of revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities at the balance sheet date. However, uncertainty about these estimates and assumptions could result in outcomes that could lead to a material adjustment to the book value of the assets or liabilities affected in the future.

Judgments

In the process of applying the Group's accounting policies, the management has made the following judgments which have significant effect on the amounts recognized in the 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.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING (continued)

32. Significant Accounting Judgments and Estimates (continued)

Judgments (continued)

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 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.

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.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING (continued)

32. Significant Accounting Judgments and Estimates (continued)

Judgments (continued)

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.

Contractual cash flow characteristics

The classification of financial assets at initial recognition depends on the contractual cash flow characteristics of the financial assets. When it is necessary to judge whether the contractual cash flow is only for the payment of the principal and the interest based on the outstanding principal, including the assessment of the correction of the time value of money, it is necessary to judge whether there is a significant difference compared with the benchmark cash flow, and for financial assets with prepayment characteristics, it is necessary to judge whether the fair value of the prepayment characteristics is insignificant.

Division of investment properties and fixed assets

The Group will exercise its discretion to classify investment properties and fixed assets. Investment property is any property held to 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.

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.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING (continued)

32. Significant Accounting Judgments and Estimates (continued)

Judgments (continued)

Judgment of significant influence on invested company

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 recognizes equity investments that the Group has a significant impact on the investee as long-term equity investments.

Hedging validity judgment

The Group believes that there is an economic relationship between the hedged item and the hedging instrument. This economic relationship causes the value of the hedged instrument and the hedged item to change in opposite directions due to the same hedged risk; among the changes in the value arising from the economic relationship between the hedged items and the hedging instrument, the impact of credit risk is not dominant; the hedge ratio of the hedging relationship is equal to the ratio of the actual number of hedged items to the actual number of hedging instruments that hedge it. The Group continuously evaluates the effectiveness of the hedging relationship in accordance with the hedging relationship on and after the hedging start date.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that may cause a material adjustment to the book value of assets and liabilities within the future accounting periods, are discussed below.

Impairment of financial instruments and contract assets

The Group uses the expected credit loss model to assess the impairment of financial instruments and contract assets. The application of the expected credit loss model requires significant judgments and estimations, and all reasonable and evidenced information, including forward-looking information, should be considered. In making such judgments and estimations, the Group infers the expected changes in the debtor's credit risk based on the historical repayment data in combination with economic policies, macroeconomic indicators, and industry risks. Different estimates may affect the provision for impairment losses. The provision for impairment losses may not be equal to the actual amount of future impairment losses.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING (continued)

32. Significant Accounting Judgments and Estimates (continued)

Estimation uncertainty (continued)

Fair value of unlisted equity investments

The valuation of unlisted equity investments is the estimated future cash flows discounted on the basis of the current discount rate of other financial instruments with similar contractual terms and risk characteristics. This requires the Group to estimate the expected future cash flows, credit risks, fluctuations and discount rates, so the valuation of unlisted equity investments is uncertain.

Investment property fair value measurement

The Group adopts the fair value model with changes in fair value recognized in profit or loss for the current period for conducting follow-up measurement of its investment properties. The assessment of the fair value of investment properties requires the management to make reasonable estimates of such parameters as rental growth rate, rate of return during the lease term, rate of return beyond the lease term, and vacancy rate.

Impairment of non-current assets other than financial assets (other than goodwill)

The Group assesses whether there are any indications of impairment for all non-current assets other than financial assets at the balance sheet date. For non-current assets other than financial assets, which are tested for impairment when there are indicators that the carrying amount may not be recoverable. Impairment exists when the carrying amount of an asset or asset group exceeds its recoverable amount, which is the higher of its fair value less disposal costs and the present value of the future cash flows. The calculation of the fair value less disposal costs is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs that would be directly attributable to the disposal of the asset. When present value of future cash flows calculations are undertaken, the management must estimate the expected future cash flows from the asset or asset group and choose a suitable discount rate in order to calculate the present value of those cash flows. For details, please refer to Note V. 19.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING (continued)

32. Significant Accounting Judgments and Estimates (continued)

Estimation uncertainty (continued)

Impairment of goodwill

The Group carries out tests for impairment of goodwill on an annual basis, which entails estimation of the present value of future cash flows of the asset groups or asset portfolios to which goodwill is allocated. When estimating the present value of future cash flows, the Group needs to estimate the cash flows generated by the future asset groups or asset portfolios, and select the appropriate discount rate to determine the present value of future cash flows.

Deferred tax assets

Deferred tax assets shall be recognised for all deductible losses not used to the extent that there is likely sufficient taxable income available for deduction of deductible losses. It requires the management to determine the value of the to-be-recognized deferred tax assets by using adequate discretion to estimate the time and amount of taxable income to be obtained in the future in combination with tax planning strategies.

Lessee's incremental borrowing rate

For leases where the interest rate within the lease cannot be determined, the Group adopts the lessee'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.

IV. TAXATION

1. Major Categories of Tax and Tax Rate

- Value-added tax (VAT)
- Rental income: output VAT was calculated as per 5% (simple taxation conditions should be met) or 9% of the taxable income;
 - Income from modern service industry (including entrusted management service and project management and consulting): output VAT is calculated as per 6% of the taxable income;
 - Income from construction services: output VAT was calculated as per 9% of the taxable income;
 - Revenue from sales of goods: output VAT was calculated as per 13% of the taxable income;
 - For the output VAT calculated above, the Group may pay VAT after deducting deductible input VAT for the current period apart from simple calculation and payment.
 - Small-scale taxpayers should pay VAT as per 3% of the taxable income.
- Urban maintenance and construction tax
- It is levied as per the turnover taxes actually paid: For city urban area, tax rate is 7%; for counties and towns, tax rate is 5%; for other areas, tax rate is 1%.
- Enterprise income tax
- It is levied at 25% of the taxable income, except for the subsidiaries subject to tax preference.
- Property tax
- For properties subject to price-based taxation, tax should be paid based on the residual value of the property approved by the tax authorities at a rate of 1.2%; for properties subject to taxation based on rental income, tax should be paid based on the rental income at a rate of 12%. Property tax is declared and paid by the Company and its subsidiaries on their own as required.
- Land use tax
- Paid as actual tax rate.
- Stamp duty
- Paid as actual tax rate.

All the overseas subsidiaries of the Company (including Hong Kong Special Administrative Region of the PRC) should calculate and pay taxes as per the applicable categories of tax and tax rate required by local tax laws.



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IV. TAXATION (continued)

2. Tax Preference

Pursuant to Cai Shui [2011] No. 58 Notice on the Taxation Policies for Deepening the Implementation of the Western Development Strategy 《(關於深入實施西部大開發戰略有關稅收政策問題的通知)》 and Announcement of Taxation on Issues concerning Enterprise Income Tax in Deepening the Implementation of the Western Development Strategy 《(關於深入實施西部大開發戰略有關企業所得稅問題的公告)》 (SAT [2012] No. 12), 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 Co., Ltd. (重慶兩江新區紅星美凱龍商業管理有限公司), Chengdu Red Star Ogloria Brand Management Company Limited, Red Star Macalline Chengdu Business Management Company Limited, and Red Star Macalline Chengdu Enterprise Management and Consultancy Company Limited under the Company are entitled to the enterprise income tax preference policy, and the above companies, were subject to a tax rate of 15% for the year upon approval by competent tax authorities as they met relevant conditions.

Red Star Xizhao Investment Company Limited, Red Star Macalline Home Furnishing Mall Management Company Limited, Red Star Zhongying Investment Company Limited (紅星眾盈投資有限公司) and Tibet Red Star Macalline Business Management Company Limited (西藏紅星美凱龍企業管理有限公司) under the Company are entitled to enterprise income tax preference policy and are subject to a tax rate of 15% for the year pursuant to Zangzhengfa [2014] No. 51 Notice Issued by the People's Government of the Tibet Autonomous Region Regarding the Publication of Implementation Rules of Enterprise Income Tax Policy of the Tibet Autonomous Region 《(西藏自治區人民政府關於印發<西藏自治區企業所得稅政策實施辦法>的通知)》.

IV. TAXATION (continued)

2. Tax Preference (continued)

Red Star Macalline Enterprise Management and Consultancy Company Limited (紅星美凱龍企業管理諮詢有限公司), Red Star Ogloria Enterprise Management Company Limited (紅星歐麗洛雅企業管理有限公司), 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), Khorgos Hongju Corporate Management Co., Ltd. (霍爾果斯紅居企業管理有限公司) and Red Star Macalline Expo Business Management Company Limited (紅星美凱龍世博商業管理有限公司) under the Company are temporarily exempted from enterprise income tax for the year pursuant to the Cai Shui [2011] No. 112 Notice on Corporate Income Tax Preferential Policy in the Kashi and Khorgos Special Economic Development Zones in Xinjiang《(關於新疆喀什霍爾果斯兩個特殊經濟開發區企業所得稅優惠政策的通知)》 and Cai Shui [2016] No. 85 Notice on Improving Xinjiang Depressed Region and Encouraged Development Industries Enterprise Income Tax Incentives Directory《(關於完善新疆困難地區重點鼓勵發展產業企業所得稅優惠目錄的通知)》.

On December 2019, Shanghai Red Star Macalline Building Design Company Limited (上海紅星美凱龍建築設計有限公司) under the Company obtained the Certificate for Hi-tech Enterprise, whose certificate number was GR201931003212 with a validity of three years, and was subject to a tax rate of 15% for the year.

Notes to the Financial Statements

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V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

1. Cash and Bank Balances

	2021	2020
Cash on hand	7,523,570.17	8,615,723.97
Bank deposits	6,094,644,142.41	5,918,419,429.26
Other cash and bank balances	801,547,536.95	584,057,044.86
	6,903,715,249.53	6,511,092,198.09

As at 31 December 2021, the Group's cash and bank balances deposited overseas was equivalent to RMB142,400,776.53 (31 December 2020: equivalent to RMB42,686,514.22).

As at 31 December 2021, the Group's time deposits with maturity of more than three months amounted to RMB21,925,853.01 (31 December 2020: RMB25,973,243.42).

Interest income earned on the Bank's current deposits is calculated by using its current deposit interest rate. The deposit periods for term time deposits vary from 1 month to 40 months depending on the cash requirements of the Group and the Group earned interest income according to the respective time deposit rates of the Bank.

As at 31 December 2021, in the Group's other cash and bank balances, RMB266,797,879.55 was used as deposits and certificates of deposit for borrowings (31 December 2020: RMB320,515,556.83 was used as deposits and certificates of deposit for borrowing); RMB33,184,807.81 (31 December 2020: RMB30,343,913.91) was frozen; RMB91,794,170.10 (31 December 2020: RMB119,156,554.03) was deposit reserve placed with the People's Bank of China by the Group; RMB5,950,178.56 (31 December 2020: RMB20,273,548.18) was deposited investment fund placed with securities accounts; and RMB386,075,637.30 (31 December 2020: RMB93,767,471.91) was deposits. RMB17,744,863.63 (31 December 2020: Nil) was the monetary funds deposited on the third-party platform.

When preparing the cash flow statement, the aforesaid restricted other cash and bank balances and time deposits with maturity of more than three months were excluded from cash and cash equivalents.

V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. Financial Assets Held for Trading

	2021	2020
Financial assets at fair value through profit or loss		
Equity instrument investments	26,804,549.59	175,575,264.98
Funds	353,477,750.00	–
Debt instrument investments	638,410,553.66	72,035,807.75
	1,018,692,853.25	247,611,072.73

3. Notes Receivable

	2021	2020
Commercial acceptance bill	59,509,521.93	–
Bank acceptance bill	27,044,660.20	–
	86,554,182.13	–

The notes receivable that have been endorsed or discounted but have not yet expired on the balance sheet date are as follows:

	2021		2020	
	Terminated recognition	Untermated recognition	Terminated recognition	Untermated recognition
Commercial acceptance bill	–	59,509,521.93	–	–
Bank acceptance bill	–	27,044,660.20	–	–
	–	86,554,182.13	–	–

Notes to the Financial Statements

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V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. Accounts Receivable

Aging analysis of the accounts receivable is as follows:

	2021	2020
Within 1 year	1,206,127,898.92	1,268,780,662.38
1 to 2 years	486,544,298.40	500,460,774.30
2 to 3 years	450,663,470.90	382,305,782.14
Over 3 years	1,224,067,682.78	944,105,876.69
	3,367,403,351.00	3,095,653,095.51
Less: Allowance for bad debts in relation to accounts receivable	1,409,753,008.93	1,160,826,982.08
	1,957,650,342.07	1,934,826,113.43

	2021			
	Book balance Amount	Percentage (%)	Bad debt allowance Amount	Proportion (%)
Accounts receivable for which bad debt allowance is provided individually	852,768,282.65	25.32	835,725,727.04	98.00
Accounts receivable for which bad debt allowance is provided by portfolio of credit risk characteristics	2,514,635,068.35	74.68	574,027,281.89	22.83
	3,367,403,351.00	100.00	1,409,753,008.93	41.86

	2020			
	Book balance Amount	Percentage (%)	Bad debt allowance Amount	Proportion (%)
Accounts receivable for which bad debt allowance is provided individually	814,054,233.01	26.30	794,579,233.01	97.61
Accounts receivable for which bad debt allowance is provided by portfolio of credit risk characteristics	2,281,598,862.50	73.70	366,247,749.07	16.05
	3,095,653,095.51	100.00	1,160,826,982.08	37.50

V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. Accounts Receivable (continued)

As at 31 December 2021, the top five amount of accounts receivable collected by debtors for which bad debt allowance is provided individually are as follows:

	Book balance	Bad debt allowance	Expected credit loss rate (%)	Reason for provision
Changzhou Wujin Construction Engineering Co., Ltd. (常州市武進建設工程有限公司)	55,000,000.00	55,000,000.00	100.00	Accounts receivable are expected to be unrecoverable
Jiangsu Provincial Construction Group Co., Ltd. (江蘇省建築工程集團有限公司)	31,000,000.00	31,000,000.00	100.00	Accounts receivable are expected to be unrecoverable
Beijing Haiyu Apartment Management Co., Ltd. (北京海寓公寓管理有限公司)	28,089,136.34	28,089,136.34	100.00	Accounts receivable are expected to be unrecoverable
Shenzhen Tianyi Hengye Investment Development Co., Ltd. (深圳市天意恒業投資發展有限公司)	23,600,000.00	23,600,000.00	100.00	Accounts receivable are expected to be unrecoverable
Xuanwei Xintiandi Real Estate Development Co., Ltd. (宣威市新天地房地產開發有限公司)	20,000,000.00	20,000,000.00	100.00	Accounts receivable are expected to be unrecoverable

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V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. Accounts Receivable (continued)

As at 31 December 2020, the top five amount of accounts receivable collected by debtors for which bad debt allowance is provided individually are as follows:

	Book balance	Bad debt allowance	Expected credit loss rate (%)	Reason for provision
Changzhou Wujin Construction Engineering Co., Ltd. (常州市武進建設工程有限公司)	55,000,000.00	55,000,000.00	100.00	Accounts receivable are expected to be unrecoverable
Jiangsu Provincial Construction Group Co., Ltd. (江蘇省建築工程集團有限公司)	31,000,000.00	31,000,000.00	100.00	Accounts receivable are expected to be unrecoverable
Beijing Haiyu Apartment Management Co., Ltd. (北京海寓公寓管理有限公司)	28,089,136.34	28,089,136.34	100.00	Accounts receivable are expected to be unrecoverable
Guangxi Shengli Decoration Engineering Co. Ltd. (廣西晟力裝飾工程有限公司)	24,000,000.00	24,000,000.00	100.00	Accounts receivable are expected to be unrecoverable
Shenzhen Tianyi Hengye Investment Development Co., Ltd. (深圳市天意恒業投資發展有限公司)	23,600,000.00	23,600,000.00	100.00	Accounts receivable are expected to be unrecoverable

V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. Accounts Receivable (continued)

The accounts receivable for which bad debt allowance is provided by portfolio of credit risk characteristics are as follows:

	Book balance expected to incur credit loss	2021 Expected credit loss rates (%)	Lifetime expected credit loss
Portfolio One: Brand consulting and management services for the early stage of project			
Within 1 year	104,200,000.00	15.59	16,244,780.00
1 to 2 years	154,270,000.00	22.23	34,294,221.00
2 to 3 years	239,698,621.63	26.96	64,622,748.39
3 to 4 years	224,450,000.00	33.50	75,190,750.00
4 to 5 years	137,800,000.00	57.95	79,855,100.00
5 to 6 years	64,290,000.00	64.69	41,589,201.00
Over 6 years	41,750,000.00	100.00	41,750,000.00
	966,458,621.63		353,546,800.39
Portfolio Two: Construction and design services			
Within 1 year	811,195,069.80	6.11	49,564,018.76
1 to 2 years	183,513,124.75	19.30	35,418,033.08
2 to 3 years	40,427,087.51	35.49	14,347,573.36
	1,035,135,282.06		99,329,625.20

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V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. Accounts Receivable (continued)

The accounts receivable for which bad debt allowance is provided by portfolio of credit risk characteristics are as follows: (continued)

	Book balance expected to incur credit loss	2021 Expected credit loss rates (%)	Lifetime expected credit loss
Portfolio Three: Other consulting services			
Within 1 year	123,938,974.99	16.18	20,053,326.15
1 to 2 years	70,838,105.31	33.53	23,752,016.71
2 to 3 years	54,163,606.69	57.08	30,916,586.70
Over 3 years	36,172,152.09	100.00	36,172,152.09
	285,112,839.08		110,894,081.65

	Book balance expected to incur credit loss	2021 Expected credit loss rates (%)	Lifetime expected credit loss
Portfolio Four: Rental and related income	101,838,129.65	4.50	4,582,715.83

	Book balance expected to incur credit loss	2021 Expected credit loss rates (%)	Lifetime expected credit loss
Portfolio Five: Others	126,090,195.93	4.50	5,674,058.82

V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. Accounts Receivable (continued)

The accounts receivable for which bad debt allowance is provided by portfolio of credit risk characteristics are as follows: (continued)

	Book balance expected to incur credit loss	2020 Expected credit loss rates (%)	Lifetime expected credit loss
Portfolio One: Brand consulting and management services for the early stage of project			
Within 1 year	214,405,555.56	10.15	21,762,163.87
1 to 2 years	273,303,986.37	15.59	42,608,091.48
2 to 3 years	236,200,000.00	21.24	50,168,880.00
3 to 4 years	155,266,619.10	29.52	45,834,705.96
4 to 5 years	73,290,000.00	51.72	37,905,588.00
5 to 6 years	22,500,000.00	63.07	14,190,750.00
Over 6 years	19,250,000.00	100.00	19,250,000.00
	994,216,161.03		231,720,179.31

	Book balance expected to incur credit loss	2020 Expected credit loss rates (%)	Lifetime expected credit loss
Portfolio Two: Construction and design services			
Within 1 year	633,420,008.67	4.75	30,087,450.41
1 to 2 years	73,615,966.48	9.00	6,625,436.98
2 to 3 years	22,915,575.84	15.00	3,437,336.38
	729,951,550.99		40,150,223.77

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V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. Accounts Receivable (continued)

The accounts receivable for which bad debt allowance is provided by portfolio of credit risk characteristics are as follows: (continued)

	Book balance expected to incur credit loss	2020 Expected credit loss rates (%)	Lifetime expected credit loss
Portfolio Three: Other consulting services			
Within 1 year	136,386,293.79	15.82	21,576,311.68
1 to 2 years	68,536,760.53	33.57	23,007,790.51
2 to 3 years	9,132,590.94	56.89	5,195,530.99
Over 3 years	30,519,178.08	100.00	30,519,178.08
	244,574,823.34		80,298,811.26

	Book balance expected to incur credit loss	2020 Expected credit loss rates (%)	Lifetime expected credit loss
Portfolio Four: Rental and related income	110,899,863.74	4.50	4,990,493.87

	Book balance expected to incur credit loss	2020 Expected credit loss rates (%)	Lifetime expected credit loss
Portfolio Five: Others	201,956,463.40	4.50	9,088,040.86

The movements on the allowance for bad debts in relation to accounts receivable are as follows:

	Opening balance	Provision for the current year	Reversal for the current year	Write-off for the current year	Other changes (Note)	Closing balance
2021	1,160,826,982.08	334,367,599.25	(23,209,118.00)	(60,359,512.73)	(1,872,941.67)	1,409,753,008.93
2020	1,168,987,516.74	212,041,980.32	(144,180,630.64)	(76,021,884.34)	-	1,160,826,982.08

Note: Other changes are the movements on the allowance for bad debts in relation to accounts receivable due to disposal of subsidiaries.

V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. Accounts Receivable (continued)

In 2021, the actual write-off account receivables is RMB60,359,512.73, of which, the important written-off account includes receivables from Shaanxi Haixing Real Estate Development Co., Ltd. (陝西海興房地產開發有限責任公司) amounting to RMB18,750,000.00 for brand consulting and management services for the early stage of project, receivables from Shanxi Xinghe Real Estate Development Co., Ltd. (山西星河房地產開發有限公司) amounting to RMB8,000,000.00 for brand consulting and management services for the early stage of project, receivables from Wensu County Zhongtian Commercial Service Co., Ltd. (溫宿縣中天商業服務有限責任公司) amounting to RMB5,000,000.00 for brand consulting and management services for the early stage of project and receivables from Yong'an Haoyuan Real Estate Co., Ltd. (永安市昊元置業有限公司) amounting to RMB4,075,000.00 for brand consulting and management services for the early stage of project. The above accounts receivable were written off after management's approval because they could not be recovered.

As at 31 December 2021, the top five amount of accounts receivable are as follows:

	Closing balance	Proportion to total balance of accounts receivable (%)	Bad debt allowance closing balance
Beijing Urban Construction Chengdu Properties Co., Ltd. (北京城建成都置業有限公司)	108,969,000.09	3.24	6,658,005.91
Shenyang Hongxing Real Estate Co., Ltd. (瀋陽紅興置業有限公司)	63,934,957.47	1.90	5,172,665.90
Zhanjiang Haixin Meikai Investment Co., Ltd. (湛江市海新美凱投資有限公司)	60,736,394.59	1.80	3,639,391.50
Nanchang Hengrun Industrial Co., Ltd. (南昌市恒潤實業有限公司)	58,484,463.43	1.74	4,480,576.58
Changzhou Wujin Construction Engineering Co., Ltd. (常州市武進建設工程有限公司)	55,000,000.00	1.63	55,000,000.00

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V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. Accounts Receivable (continued)

As at 31 December 2020, the top five amount of accounts receivable are as follows:

	Closing balance	Proportion to total balance of accounts receivable (%)	Bad debt allowance closing balance
Changzhou Wujin Construction Engineering Co., Ltd. (常州市武進建設工程有限公司)	55,000,000.00	1.78	55,000,000.00
Fengyang Zhongzhi Construction Development Co., Ltd. (鳳陽中置建設發展有限公司)	42,000,000.00	1.36	8,626,200.00
Jiangsu Provincial Construction Group Co., Ltd. (江蘇省建築工程集團有限公司)	34,152,855.60	1.10	28,816,603.65
Tai'an Hengdi Yudou Real Estate Development Co., Ltd. (泰安恒地玉都房地產開發有限公司)	33,415,154.88	1.08	1,587,063.61
China Construction Eighth Engineering Division Corp., Ltd. (中國建築第八工程局有限公司)	31,759,312.59	1.03	1,508,567.35

V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. Receivables Financing

	2021	2020
Bank acceptance bill	–	5,872,800.00

The notes receivable that have been endorsed or discounted but have not yet expired on the balance sheet date are as follows:

	2021 Terminated recognition	2020 Terminated recognition
Bank acceptance bill	24,490,000.00	26,500,000.00

6. Prepayments

Aging analysis of prepayments is as follows:

	2021		2020 Closing balance	
	Book balance	Percentage (%)	Book balance	Percentage (%)
Within 1 year	275,928,392.87	90.45	287,698,948.69	88.90
1 to 2 years	16,189,813.04	5.31	22,432,541.88	6.93
2 to 3 years	8,485,785.78	2.78	9,850,680.60	3.04
Over 3 years	4,439,467.39	1.46	3,644,169.45	1.13
	305,043,459.08	100.00	323,626,340.62	100.00

As at 31 December 2021, none of the Group's significant prepayments aged more than one year.

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V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

6. Prepayments (continued)

As at 31 December 2021, top five prepayments are as follows:

	Closing balance	Percentage to the total amount of prepayments (%)
IPE S.R.L	12,343,025.94	4.05
Schindler (China) Elevator Co., Ltd. (迅達(中國)電梯有限公司)	9,081,100.00	2.98
Suzhou Diya Furniture Co., Ltd. (蘇州迪雅傢俱有限公司)	4,982,807.61	1.63
Shaanxi Qinmincheng Construction Engineering Co., Ltd. (陝西秦民誠建設工程有限公司)	4,562,764.00	1.50
Nanshufang Culture Development Co., Ltd. (楠書房文化發展有限公司)	4,424,778.64	1.45

As at 31 December 2020, top five prepayments are as follows:

	Closing balance	Percentage to the total amount of prepayments (%)
Eastern Charm Limited	16,171,250.00	5.00
Beijing Zhongzhan Weihong Investment Management Company (北京中展偉宏投資管理公司)	10,000,000.00	3.09
Nanchang Wuse Metal Products Co., Ltd. (南昌五色金屬製品有限公司)	7,348,516.12	2.27
Wanhe Bauhinia Group Co., Ltd. (萬和紫荊集團有限公司)	5,000,000.00	1.54
Gozcso Limited	4,979,285.55	1.54

7. Other Receivables

	2021	2020
Interests receivable	10,680,396.48	44,648,521.46
Dividends receivable	31,000,000.00	31,000,000.00
Other receivables	893,986,220.50	1,449,006,221.82
	935,666,616.98	1,524,654,743.28

V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

7. Other Receivables (continued)

Interests receivable

	2021	2020
Interests receivable	10,680,396.48	44,648,521.46

Dividends receivable

	2021	2020
Chengdu Dongtai Mall Co., Ltd.	31,000,000.00	31,000,000.00

Other receivables

Aging analysis of other receivables is as follows:

	2021	2020
Within 1 year	644,428,457.84	1,217,275,281.24
1 to 2 years	132,651,819.03	93,885,092.39
2 to 3 years	85,067,024.84	107,751,690.89
Over 3 years	402,871,055.91	318,618,495.53
	1,265,018,357.62	1,737,530,560.05
Less: Bad debt allowance for other receivables	371,032,137.12	288,524,338.23
	893,986,220.50	1,449,006,221.82

Notes to the Financial Statements

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V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

7. Other Receivables (continued)

Other receivables (continued)

Other receivables classified by nature are as follows:

	2021	2020
Loan and advances	408,880,022.33	871,981,239.12
Sales proceeds collected and paid on behalf of the tenants	303,122,173.95	395,455,585.15
Deposits	134,813,513.39	107,860,274.61
Others	47,170,510.83	73,709,122.94
	893,986,220.50	1,449,006,221.82

V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

7. Other Receivables (continued)

Other receivables (continued)

The movement of bad debt provision for other receivables based on 12-month expected credit losses and the lifetime expected credit losses is as follows:

2021

	Stage 1 Expected credit losses in the next 12 months	Stage 2 Lifetime expected credit losses	Stage 3 Credit-impaired financial assets (Lifetime expected credit losses)	Total
Opening balance	118,845,867.20	-	169,678,471.03	288,524,338.23
Opening balance in current year				
- Transfer to stage 2	-	-	-	-
- Transfer to stage 3	-	-	-	-
- Reverse to stage 2	-	-	-	-
- Reverse to stage 1	-	-	-	-
Provision for the current year	73,546,778.32	-	18,000,000.00	91,546,778.32
Reversal for the current year	(5,022,544.61)	-	-	(5,022,544.61)
Write-off for the current year	(4,016,434.82)	-	-	(4,016,434.82)
Closing balance	183,353,666.09	-	187,678,471.03	371,032,137.12

Notes to the Financial Statements

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V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

7. Other Receivables (continued)

Other receivables (continued)

The movement of bad debt provision for other receivables based on 12-month expected credit losses and the lifetime expected credit losses is as follows: (continued)

2020

	Stage 1 Expected credit losses in the next 12 months	Stage 2 Lifetime expected credit losses	Stage 3 Credit-impaired financial assets (Lifetime expected credit losses)	Total
Opening balance	101,184,008.04	–	154,888,749.02	256,072,757.06
Opening balance in current year				
– Transfer to stage 2	–	–	–	–
– Transfer to stage 3	(24,260,000.00)	–	24,260,000.00	–
– Reverse to stage 2	–	–	–	–
– Reverse to stage 1	–	–	–	–
Provision for the current year	41,976,398.51	–	1,394,490.00	43,370,888.51
Reversal for the current year	–	–	–	–
Write-off for the current year	(54,539.35)	–	(10,864,767.99)	(10,919,307.34)
Closing balance	118,845,867.20	–	169,678,471.03	288,524,338.23

V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

7. Other Receivables (continued)

Other receivables (continued)

2021

Significant changes on book balance of other receivables that affected the change in bad debt allowance this year are as follow:

Original balance of 2021

	Stage 1 Expected credit losses in the next 12 months	Stage 2 Lifetime expected credit losses	Stage 3 Credit-impaired financial assets (Lifetime expected credit losses)	Total
Opening balance	1,564,976,666.09	-	172,553,893.96	1,737,530,560.05
Opening balance in current year				
- Transfer to stage 2	-	-	-	-
- Transfer to stage 3	-	-	-	-
- Reverse to stage 2	-	-	-	-
- Reverse to stage 1	-	-	-	-
Increase during this year	626,428,457.82	-	18,000,000.00	644,428,457.82
Decrease during this year	(1,112,924,225.43)	-	-	(1,112,924,225.43)
Write-off for the current year	(4,016,434.82)	-	-	(4,016,434.82)
Closing balance	1,074,464,463.66	-	190,553,893.96	1,265,018,357.62

Notes to the Financial Statements

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V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

7. Other Receivables (continued)

Other receivables (continued)

Original balance of 2020

	Stage 1 Expected credit losses in the next 12 months	Stage 2 Lifetime expected credit losses	Stage 3 Credit-impaired financial assets (Lifetime expected credit losses)	Total
Opening balance	744,208,423.38	–	159,158,661.95	903,367,085.33
Opening balance in current year				
– Transfer to stage 2	–	–	–	–
– Transfer to stage 3	(24,260,000.00)	–	24,260,000.00	–
– Reverse to stage 2	–	–	–	–
– Reverse to stage 1	–	–	–	–
Increase during this year	845,082,782.06	–	–	845,082,782.06
Reversal for the current year	–	–	–	–
Write-off for the current year	(54,539.35)	–	(10,864,767.99)	(10,919,307.34)
Closing balance	1,564,976,666.09	–	172,553,893.96	1,737,530,560.05

V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

7. Other Receivables (continued)

Other receivables (continued)

The movements on the allowance for bad debts in relation to other receivables are as follows:

	Opening balance	Provision for the current year	Recovery or reversal for the current year	Write-off for the current year	Closing balance
2021	288,524,338.23	91,546,778.32	(5,022,544.61)	(4,016,434.82)	371,032,137.12
2020	256,072,757.06	43,370,888.51	–	(10,919,307.34)	288,524,338.23

As at 31 December 2021, the top five entities with the largest amounts of other receivables are as follows:

	Closing balance	Proportion to the total amount of other receivables (%)	Nature	Aging	Bad debt allowance closing balance
Shanghai Mingyi Enterprise Development Co., Ltd. (上海名藝商業企業發展有限公司)	163,000,000.50	12.89	Loan and advances	Over 5 years	8,150,000.03
Baoxiang Red Star Macalline (Xiamen) Global Home Plaza Co., Ltd. (寶象紅星美凱龍(廈門)全球家居廣場有限公司)	46,449,866.41	3.67	Loan and advances	Within 1 year and 2 to 3 years	25,370,394.94
Liu Peng (劉鵬)	41,000,000.00	3.24	Loan and advances	Over 5 years	41,000,000.00
Jiangsu Provincial Construction Engineering Group Second Engineering Co., Ltd. (江蘇省建築工程集團第二工程有限公司)	40,000,000.00	3.16	Deposits	Within 1 year	40,000.00
Beijing Yuanhong Enterprise Management Consultancy Co., Ltd. (北京遠紅企業管理諮詢有限公司)	39,125,455.19	3.09	Loan and advances	Within 1 year	3,190,585.07
	329,575,322.10	26.05			77,750,980.04

Notes to the Financial Statements

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V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

7. Other Receivables (continued)

Other receivables (continued)

As at 31 December 2020, the top five entities with the largest amounts of other receivables are as follows:

	Closing balance	Proportion to the total amount of other receivables (%)	Nature	Aging	Bad debt allowance closing balance
Liuzhou Red Star Macalline Home Furnishing Company Limited (柳州紅星美凱龍家居有限公司)	349,165,000.00	20.10	Loan and advances	Within 1 year	–
Shanghai Mingyi Enterprise Development Co., Ltd. (上海名藝商業企業發展有限公司)	149,960,000.50	8.63	Loan and advances	Over 5 years	7,498,000.03
Baoxiang Red Star Macalline (Xiamen) Global Home Plaza Co., Ltd. (寶象紅星美凱龍(廈門) 全球家居廣場有限公司)	42,827,237.50	2.46	Loan and advances	1 to 2 years	10,511,344.89
Liu Peng (劉鵬)	41,000,000.00	2.36	Loan and advances	Over 5 years	41,000,000.00
Shanghai Nikai Property Development Co., Ltd. (上海尼凱置業發展有限公司)	40,000,000.00	2.30	Loan and advances	Within 1 year	40,000.00
	622,952,238.00	35.85			59,049,344.92

V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

8. Inventories

	2021			2020		
	Book balance	Impairment allowance	Book value	Book balance	Impairment allowance	Book value
Commodities in inventory	290,921,505.43	-	290,921,505.43	273,469,402.96	-	273,469,402.96
Low-value consumables	38,166,005.90	-	38,166,005.90	54,826,265.06	-	54,826,265.06
	329,087,511.33	-	329,087,511.33	328,295,668.02	-	328,295,668.02

As at the current year and the previous year, the Group has made no provision for inventory impairment.

9. Contract Assets

	2021			2020		
	Book balance	Impairment allowance	Book value	Book balance	Impairment allowance	Book value
Construction and design services	1,192,252,138.30	(7,084,511.01)	1,185,167,627.29	953,234,676.14	(5,431,765.55)	947,802,910.59
The brand consulting and management service for the early stage of the project	841,352,487.07	(321,044,935.66)	520,307,551.41	699,327,038.00	(271,765,847.11)	427,561,190.89
	2,033,604,625.37	(328,129,446.67)	1,705,475,178.70	1,652,561,714.14	(277,197,612.66)	1,375,364,101.48

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V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

9. Contract Assets (continued)

The amount and reason for the significant change in the book value of contract assets in 2021:

	Change amount	Change reason
Construction and design services	237,364,716.70	New projects and the further progress of original projects
The brand consulting and management service for the early stage of the project	92,746,360.52	New projects and the further progress of original projects
	330,111,077.22	

The Group provides construction and design services/the brand consulting and management service for the early stage of the project to customers, and recognizes 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.

Change in impairment allowance of contract asset is as follows:

	Opening balance	Provision for the current year	Reversal for the current year	Written-off for the current year	Closing balance
2021	277,197,612.66	50,931,834.01	-	-	328,129,446.67
2020	72,893,135.02	224,769,471.13	-	(20,464,993.49)	277,197,612.66

Significant changes in the book balance of contract asset that affected changes in impairment allowance during the year include: (1) New projects led to increase in book balance and correspondingly led to increase in expected credit losses throughout the duration; (2) Longer aging of contract asset causes expected credit losses increase.

V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

9. Contract Assets (continued)

Contract asset for which impairment allowance is made are as follows:

	2021			2020		
	Book balance expected to incur credit loss	Expected credit loss rates (%)	Lifetime expected credit loss	Book balance expected to incur credit loss	Expected credit loss rates (%)	Lifetime expected credit loss
Construction and design	1,192,252,138.30	0.59	7,084,511.01	953,234,676.14	0.57	5,431,765.55
The brand consulting and management service for the early stage of the project	841,352,487.07	38.16	321,044,935.66	699,327,038.00	38.86	271,765,847.11
	2,033,604,625.37	16.14	328,129,446.67	1,652,561,714.14	16.77	277,197,612.66

10. Non-current Assets Due within One Year

	2021	2020
Entrusted loans and lending	147,560,000.00	235,375,000.00
Financial lease receivables	–	15,841,543.42
Less: bad debt allowance for non-current assets due within one year	7,415,600.00	2,512,165.43
	140,144,400.00	248,704,377.99

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V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

10. Non-current Assets Due within One Year (continued)

As at 31 December 2021, the top three amounts of other non-current assets due within one year are as follows:

	Closing balance	Proportion of non-current assets due within one year (%)	Expiry date
Hancheng Xinding Real Estate Development Co., Ltd. (韓城市鑫鼎房地產開發有限責任公司)	79,437,600.00	56.68	March 2022
Henan Zhongheng Construction Development Co., Ltd. (河南中亨建設開發有限公司) (Note 1)	47,074,500.00	33.59	Overdue
Zhejiang Mingdu Investment Company Limited (浙江名都投資有限公司)	13,632,300.00	9.73	July 2022
	140,144,400.00	100.00	

V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

10. Non-current Assets Due within One Year (continued)

As at 31 December 2020, the top five amounts of other non-current assets due within one year are as follows:

	Closing balance	Proportion of non-current assets due within one year (%)	Expiry date
Hancheng Xinding Real Estate Development Co., Ltd. (韓城市鑫鼎房地產開發有限責任公司)	89,367,300.00	35.93	May 2021
Anhui Tenghui Investment Group Co., Ltd. (安徽騰輝投資集團有限公司)	64,350,000.00	25.87	Overdue
Henan Zhongheng Construction Development Co., Ltd. (河南中亨建設開發有限公司)	47,074,500.00	18.93	Overdue
Zhejiang Mingdu Investment Company Limited (浙江名都投資有限公司)	20,448,450.00	8.22	January 2021
Yibin Huahope Real Estate Co., Ltd. (宜賓華泓置業有限公司)	8,140,797.07	3.27	September 2021
	229,381,047.07	92.22	

Note 1: As of 31 December 2021, the Group's entrusted loan of RMB47,550,000.00 to Henan Zhongheng Construction Development Co., Ltd. (河南中亨建設開發有限公司) (hereinafter referred to as "Henan Zhongheng") was expired. The entrusted loan was a result of the entrusted loan contract signed between the Group and Henan Zhongheng in November 2018. The loan maturity date is 24 August 2020, and the land of Henan Derun Real Estate Company Limited (河南德潤置業有限公司) is used as collateral. The management believes that there is no special impairment risk for this loan.

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V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

10. Non-current Assets Due within One Year (continued)

The movement of impairment allowance for non-current assets due within one year is as follows:

	Opening balance	Provision for the current year	Reversal for the current year	Other changes (Note)	Write-off for the current year	Closing balance
2021	2,512,165.43	5,940,000.00	(878,150.00)	(158,415.43)	-	7,415,600.00
2020	5,606,729.75	1,282,765.43	(4,377,329.75)	-	-	2,512,165.43

Note: Other changes are the movement of impairment allowance non-current asset due within one year due to disposal of subsidiaries.

The movement of bad debt provision for non-current assets due within one year based on 12-month expected credit losses and the lifetime expected credit losses is as follows:

2021

	Stage 1 Expected credit losses in the next 12 months	Stage 2 Lifetime expected credit losses	Stage 3 Credit-impaired financial assets (Lifetime expected credit losses)	Total
Opening balance	1,386,665.43	1,125,500.00	-	2,512,165.43
- Transfer to stage 2	-	-	-	-
Provision for the current year	5,940,000.00	-	-	5,940,000.00
Reversal for the current year	(878,150.00)	-	-	(878,150.00)
Other changes	(158,415.43)	-	-	(158,415.43)
Closing balance	6,290,100.00	1,125,500.00	-	7,415,600.00

V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

10. Non-current Assets Due within One Year (continued)

The movement of impairment allowance for non-current assets due within one year is as follows: (continued)

2020

	Stage 1 Expected credit losses in the next 12 months	Stage 2 Lifetime expected credit losses	Stage 3 Credit-impaired financial assets (Lifetime expected credit losses)	Total
Opening balance	4,956,729.75	650,000.00	-	5,606,729.75
- Transfer to stage 2	(475,500.00)	475,500.00	-	-
Provision for the current year	1,282,765.43	-	-	1,282,765.43
Reversal for the current year	(4,377,329.75)	-	-	(4,377,329.75)
Closing balance	1,386,665.43	1,125,500.00	-	2,512,165.43

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V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

11. Other Current Assets

	2021	2020
Tax prepaid (Note 1)	1,029,620,294.04	967,502,970.87
Factoring receivables	–	181,117,083.33
Financial lease receivables	–	1,028,387.00
Entrusted loans and lending	1,387,185,617.94	1,589,735,767.27
	2,416,805,911.98	2,739,384,208.47
Less: impairment allowance of other current assets	145,945,579.69	104,808,937.10
	2,270,860,332.29	2,634,575,271.37

Note 1: The Group's tax prepaid is mainly VAT to be deducted, which is expected to be deductible within the next year.

V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

11. Other Current Assets (continued)

The movement of impairment allowance for other current assets is as follows:

	Opening balance	Provision for the current year	Reversal for the current year	Other changes (Note)	Closing balance
2021	104,808,937.10	62,572,468.64	(21,107,602.35)	(328,223.70)	145,945,579.69
2020	91,969,292.84	55,978,432.20	(43,138,787.94)	–	104,808,937.10

Note: Other changes are the movement of impairment allowance of other current asset due to disposal of subsidiaries.

The movement of bad debt provision for other current assets based on 12-month expected credit losses and the lifetime expected credit losses is as follows:

2021

	Stage 1 Expected credit losses in the next 12 months	Stage 2 Lifetime expected credit losses	Stage 3 Credit-impaired financial assets (Lifetime expected credit losses)	Total
Opening balance	64,107,661.55	–	40,701,275.55	104,808,937.10
– Transfer to stage 3	(12,821,286.41)	–	12,821,286.41	–
Provision for the current year	30,132,656.30	–	32,439,812.34	62,572,468.64
Reversal for the current year	(21,107,602.35)	–	–	(21,107,602.35)
Other changes	(328,223.70)	–	–	(328,223.70)
Closing balance	59,983,205.39	–	85,962,374.30	145,945,579.69

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V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

11. Other Current Assets (continued)

The movement of bad debt provision for other current assets based on 12-month expected credit losses and the lifetime expected credit losses is as follows: (continued)

2020

	Stage 1 Expected credit losses in the next 12 months	Stage 2 Lifetime expected credit losses	Stage 3 Credit-impaired financial assets (Lifetime expected credit losses)	Total
Opening balance	82,275,767.44	9,693,525.40	–	91,969,292.84
– Transfer to stage 3	(25,140,645.13)	–	25,140,645.13	–
Provision for the current year	40,417,801.78	–	15,560,630.42	55,978,432.20
Reversal for the current year	(33,445,262.54)	(9,693,525.40)	–	(43,138,787.94)
Closing balance	64,107,661.55	–	40,701,275.55	104,808,937.10

V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

11. Other Current Assets (continued)

As at 31 December 2021, the top five amounts of other current assets are as follows:

	Closing balance	Percentage of other current assets (%)	Nature	Closing balance of bad debt	Expiry date
Shanxi Chongkang Real Estate Development Co., Ltd. (山西崇康房地產開發有限公司)	444,307,310.19	18.38	Lending	4,443,073.10	March 2022
Dezhou Dexin Tangong Real Estate Co., Ltd. (德州德鑫檀宮置業有限公司)	405,260,273.97	16.77	Lending	4,052,602.74	December 2022
Handan Xingtanhui Real Estate Development Co., Ltd. (邯鄲市星檀惠房地產開發有限公司)	125,965,446.92	5.21	Lending	1,259,654.47	March 2022
Tangshan Feikai Real Estate Development Co., Ltd. (唐山斐凱房地產開發有限公司) (Note 1)	60,000,000.00	2.48	Lending	600,000.00	December 2021
Suzhou Kinetic Home Furnishing Co., Ltd. (蘇州康耐登家居有限公司)	58,000,000.00	2.40	Lending	580,000.00	May 2022
	1,093,533,031.08	45.24		10,935,330.31	

Note 1: As of 31 December 2021, the Group's loan of RMB60,000,000.00 to Tangshan Feikai Real Estate Development Co., Ltd. (唐山斐凱房地產開發有限公司, hereinafter referred to as "Tangshan Feikai") was overdue. The capital lending was generated by the capital lending contract signed between the Group and Tangshan Feikai in June 2021, and the loan maturity date was 25 December 2021. According to the assessment of the Company's management, there was no impairment.

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V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

11. Other Current Assets (continued)

As at 31 December 2020, the top five amounts of other current assets are as follows:

	Closing balance	Percentage of other current assets (%)	Nature	Closing balance of bad debt	Expiry date
Dezhou Dexin Tangong Real Estate Co., Ltd. (德州德鑫檀宮置業有限公司)	284,047,945.21	10.37	Lending	4,025,479.45	December 2021
Dezhou Wanxing Real Estate Development Co., Ltd. (德州萬星房地產開發有限公司)	215,907,123.30	7.88	Lending	2,159,071.23	May 2021
Jinan Dexin Tangong Real Estate Co., Ltd. (濟南德鑫檀宮置業有限公司)	202,909,589.04	7.41	Lending	2,029,095.89	November 2021
Handan Xingtanhui Real Estate Development Co., Ltd. (邯鄲市星檀惠房地產開發有限公 司)	202,547,945.21	7.39	Lending	2,025,479.45	May 2021
Jiangsu Chengdong Construction Engineering Co., Ltd. (江蘇城東建設工程有限公司)	145,389,083.33	5.31	Factoring	1,453,890.83	June 2021
	1,050,801,686.09	38.36		11,693,016.85	

V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

12. Long-term Receivables

	31 December 2021		
	Book balance	Bad debt allowance	Book value
Deposits	236,632,000.00	(36,200,632.00)	200,431,368.00
Project loan	180,230,201.39	(9,722,302.02)	170,507,899.37
Lease deposit	62,448,410.26	(62,448.42)	62,385,961.84
	479,310,611.65	(45,985,382.44)	433,325,229.21

	31 December 2020		
	Book balance	Bad debt allowance	Book value
Deposits	215,110,000.00	(215,110.00)	214,894,890.00
Project loan	229,949,719.40	(10,219,497.19)	219,730,222.21
Lease deposit	85,787,990.26	(85,788.00)	85,702,202.26
Finance lease payment	12,294,527.69	(122,945.27)	12,171,582.42
	543,142,237.35	(10,643,340.46)	532,498,896.89

Notes to the Financial Statements

For the year 2021

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V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

12. Long-term Receivables (continued)

As at 31 December 2021, the top five amounts of long-term receivables are as follows:

	Closing balance	Percentage of long-term receivables (%)	Nature	Aging	Closing balance of bad debt
Huaihua Xingqi Real Estate Development Construction Co., Ltd. (懷化星旗房地產開發建設有限公司)	55,312,899.96	11.54	Project loan	Over 3 years	553,129.00
Nanjing City Public Resource Trading Centre (南京市公共資源交易中心)	53,352,000.00	11.13	Deposits	Within 1 year	53,352.00
Chongqing Gezhouba Rongchuang Shenda Real Estate Co., Ltd. (重慶葛洲壩融創深達置業有限公司)	50,000,000.00	10.43	Deposits	2 to 3 years	50,000.00
Ningbo Kaichuang Real Estate Co., Ltd. (寧波凱創置業有限公司)	39,557,675.00	8.25	Project loan	Within 1 year, 1 to 2 years	395,576.75
Shenzhen Renheng Star City Investment Management Co., Ltd. (深圳仁恒星城投資管理有限公司)	36,000,000.00	7.51	Deposits	Over 3 years	36,000,000.00
	234,222,574.96	48.86			37,052,057.75

V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

12. Long-term Receivables (continued)

As at 31 December 2020, the top five amounts of long-term receivables are as follows:

	Closing balance	Percentage of long-term receivables (%)	Nature	Aging	Closing balance of bad debt
Huaihua Xingqi Real Estate Development Construction Co., Ltd. (懷化星旗房地 產開發建設有限公司)	110,200,500.00	20.29	Project loan	Over 3 years	1,102,005.00
Chongqing Gezhouba Rongchuang Shenda Real Estate Co., Ltd. (重慶葛 洲壩融創深達置業有限公司)	50,000,000.00	9.21	Deposits	1 to 2 years	50,000.00
Beijing Urban Construction Chengdu Properties Co., Ltd. (北京城建成都置業 有限公司)	40,000,000.00	7.36	Deposits	1 to 2 years	40,000.00
Shenzhen Renheng Star City Investment Management Co., Ltd. (深圳仁恒星城 投資管理有限公司)	36,000,000.00	6.63	Deposits	Over 3 years	36,000.00
Fujian Shengshi Federal Property Development Co., Ltd. (福建盛世聯邦 置業發展有限公司)	32,760,000.00	6.03	Deposits	1 to 2 years	32,760.00
	268,960,500.00	49.52			1,260,765.00

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V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

12. Long-term Receivables (continued)

The movement of bad debt provision for long-term receivables based on 12-month expected credit losses and the lifetime expected credit losses is as follows:

2021

	Stage 1 Expected credit losses in the next 12 months	Stage 2 Lifetime expected credit losses	Stage 3 Credit-impaired financial assets (Lifetime expected credit losses)	Total
Opening balance	1,541,335.46	1,102,005.00	8,000,000.00	10,643,340.46
Opening balance in current year – Transfer to stage 3	(36,000.00)	–	36,000.00	–
Provision for the current year	984,363.35	–	35,964,000.00	36,948,363.35
Reversal for the current year	(934,500.10)	(548,876.00)	–	(1,483,376.10)
Movement for the current year	(122,945.27)	–	–	(122,945.27)
Closing balance	1,432,253.44	553,129.00	44,000,000.00	45,985,382.44

V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

12. Long-term Receivables (continued)

2020

	Stage 1 Expected credit losses in the next 12 months	Stage 2 Lifetime expected credit losses	Stage 3 Credit-impaired financial assets (Lifetime expected credit losses)	Total
Opening balance	4,899,737.50	–	–	4,899,737.50
Opening balance in current year				
– Transfer to stage 3	(80,000.00)	–	80,000.00	–
Provision for the current year	482,716.28	1,102,005.00	7,920,000.00	9,504,721.28
Reversal for the current year	(3,761,118.32)	–	–	(3,761,118.32)
Closing balance	1,541,335.46	1,102,005.00	8,000,000.00	10,643,340.46

Notes to the Financial Statements

For the year 2021

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V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

13. Long-term Equity Investments

2021

	Movement during the year								Closing balance of impairment allowance
	Opening balance	Increase in investment	Decrease in investment	Investment gain/loss under equity method	Other comprehensive income	Other changes	Cash dividend declared	Closing balance	
Joint ventures									
Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司)	808,261,211.75	-	-	24,841,179.83	-	-	-	833,102,391.58	-
Shanghai CTME Economy & Trade Development Co., Ltd. (上海中實美凱龍經貿發展有限公司)	98,368,060.93	-	-	(154,265.23)	-	-	(2,000,000.00)	96,213,795.70	-
Shanghai Mingyi Enterprise Development Co., Ltd. (上海名藝商業企業發展有限公司)	64,873,166.27	-	-	26,785,607.25	-	-	-	91,658,773.52	-
Wuhu Red Star Macalline Equity Investment Fund Management Company Limited (蕪湖紅星美凱龍放債投資基金管理有限公司)	11,013,309.88	-	-	-	-	-	-	11,013,309.88	-
Baoxiang Red Star Macalline (Xiamen) Global Home Furnishing Plaza Company Limited (寶象紅星美凱龍(廈門)全球家居廣場有限公司)	9,399,204.16	-	-	(9,399,204.16)	-	-	-	-	-
SLEEP MAKER (HONG KONG) COMPANY LIMITED	5,129,850.55	-	(5,129,850.55)	-	-	-	-	-	-
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)	546,496.83	-	-	274,052.27	-	-	-	820,549.10	-
Shenzhen Red Star Macalline Business Management Company Limited (深圳紅星美凱龍商業管理有限公司)	3,111,638.02	-	-	(3,111,638.02)	-	-	-	-	-
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)	8,087,286.69	3,000,000.00	-	(2,258,529.79)	-	-	-	8,828,756.90	-
Wuhu Minghui Business Management Co., Ltd. (蕪湖明輝商業管理有限公司)	-	37,920,000.00	-	4,931,535.77	-	-	-	42,851,535.77	-
Xiamen Baoxiang Red Star Macalline Home Furnishing Plaza Company Limited (廈門寶象紅星美凱龍家居生活廣場有限公司)	-	-	-	-	-	-	-	-	-
Xiamen Xiazhe Investment Partnership (Limited Partnership) (廈門廈拓投資合夥企業(有限合夥))	-	75,000,000.00	-	2,139,092.40	-	-	-	77,139,092.40	-

V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

13. Long-term Equity Investments (continued)

2021 (continued)

	Movement during the year							Closing balance of impairment allowance	
	Opening balance	Increase in investment	Decrease in investment	Investment gain/loss under equity method	Other comprehensive income	Other changes	Cash dividend declared		
Associates									
Haier Consume Financing Company Limited (海爾消費金融有限公司)	389,616,197.62	-	-	44,719,839.84	-	-	-	434,336,037.46	-
Shandong Inzone Green Home Co., Ltd. (山東綠座家居有限公司)	379,110,565.50	-	-	47,516,427.66	-	-	-	426,626,993.16	-
Shenyudao Cultural Tourism Holding Co., Ltd. (神玉島文化旅遊控股股份有限公司)	180,995,432.77	-	-	(6,574,089.56)	-	-	-	174,421,343.21	-
Yaxiya New Materials Technology Co., Ltd. (亞細亞新材料科技股份有限公司)*	324,674,334.64	-	-	(107,119.89)	-	-	-	324,567,214.75	-
Guangdong Sanweijia Information Technology Co., Ltd. (廣東三維家信息科技有限公司)	118,686,872.62	-	-	(33,645,843.02)	-	-	-	85,041,029.60	-
SUNSEAPARKING INC	138,035,841.47	-	(41,890,589.34)	(1,171,111.93)	-	-	-	94,974,140.20	-
Wuhan Zhengkai Logistics Co., Ltd. (武漢市正凱物流有限公司)	127,075,701.74	-	-	(44,009,792.48)	-	-	-	83,065,909.26	-
Guangdong VIFA Customized Home Furnishings Co., Ltd. (廣東威法定制家居股份有限公司)	54,359,002.04	-	-	6,721,597.25	-	-	(3,656,251.25)	57,424,348.04	-
Weifang Binxing Properties Co., Ltd. (濰坊濱星置業有限公司)	89,521,772.09	-	-	(112,994.33)	-	-	-	89,408,777.76	-
Zhejiang Zhongguang Electric Appliances Group Co., Ltd. (浙江中廣電器集團股份有限公司)*	92,010,059.10	-	-	3,871,201.75	-	-	-	95,881,260.85	-
Shanghai Xincheng'an Construction Co., Ltd. (上海鑫誠安建設有限公司)	76,606,908.60	-	-	(3,662,759.83)	-	-	(56,801.76)	72,887,347.01	-
Shanghai Tianhe Smart Home Technology Company Ltd. (上海天合智能科技股份有限公司)	67,444,407.66	-	-	2,160,787.15	-	-	-	69,605,194.81	-
LEAWOD Door and Window Group Co., Ltd. (良木道門窗集團有限公司)*	64,874,425.92	-	-	6,836,195.03	-	-	-	71,710,620.95	-
Suzhou Supin Home Culture Co., Ltd. (蘇州市蘇品宅配文化有限公司)	59,878,038.22	-	-	(671,691.05)	-	-	-	59,206,347.17	-
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)	45,323,673.02	-	-	(264,329.29)	-	-	-	45,059,343.73	-
Ant live (Tianjin) Network Technology Co., Ltd. (蠟安居(天津)網絡技術有限公司)	41,930,233.66	-	-	(3,206,229.18)	-	-	-	38,724,004.48	-
Beijing Bilin Hongke Technology Co., Ltd. (北京比鄰弘科科技有限公司)	40,111,533.04	-	-	(745,764.66)	-	-	-	39,365,768.38	-

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V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

13. Long-term Equity Investments (continued)

2021 (continued)

	Movement during the year							Closing balance	Closing balance of impairment allowance
	Opening balance	Increase in investment	Decrease in investment	Investment gain/loss under equity method	Other comprehensive income	Other changes	Cash dividend declared		
Associates (continued)									
Shanghai Qiangshang Environmental Technology Company Limited (上海强尚环保科技有限公司)	38,283,147.95	-	-	(8,760,329.46)	-	-	-	29,522,818.49	-
Shanghai CONJOINT Construction Technology Co., Ltd. (上海开装连策科技有限公司)	35,203,824.18	-	-	(149,497.59)	-	-	-	35,054,326.59	-
ICOLOR PRIVATE LIMITED Super Smart Home (Shanghai) Internet of Things Technology Co., Ltd. (超极智能家居(上海)物联网科技有限公司)	39,357,920.70	-	-	(3,899,715.08)	-	-	-	35,458,205.62	-
Chengdu Rhine Etam Furniture Co., Ltd. (成都艾格傢俱有限公司)	36,469,581.42	-	-	(2,926,947.01)	-	-	-	33,542,634.41	-
Jiangsu Baili Aijia Home Technology Co., Ltd. (江苏佰丽爱家居科技有限公司)	30,414,242.05	-	-	109,323.58	-	-	-	30,523,565.63	-
Shanghai Jinjiang United Purchasing Supply Chain Co., Ltd. (上海锦江联探供应链有限公司)	29,044,887.13	-	-	(4,783,274.72)	-	-	-	24,261,612.41	-
BigZone Information Technology (Shanghai) Company Limited (大域信息科技(上海)有限公司)	30,138,903.75	-	-	(1,027,600.07)	-	-	-	29,111,303.68	-
ArtPollo Network Technology (Beijing) Company Limited (爱菠网络科技(北京)有限公司)	19,124,882.43	-	-	(162,750.04)	-	-	-	18,962,132.39	-
Shengbao (Shanghai) Intelligent Technology Co., Ltd. (晟葆(上海)智能科技有限公司)*	-	-	-	-	-	-	-	-	(13,396,307.27)
Beijing Canny-Robot Technology Co., Ltd. (北京康力康机器人科技有限公司)	13,146,921.56	-	-	31,656.59	-	-	-	13,178,578.15	-
Shenzhen Yatai Macalline Life Space Technology Co., Ltd. (深圳市亚泰美凯龙空间科技有限公司)	13,147,574.49	-	-	(1,286,162.16)	-	-	-	11,861,412.33	-
Shanghai Jiazhan Construction Engineering Company Limited (上海嘉展建筑装饰工程有限公司)	9,341,711.18	-	(9,055,734.19)	(285,976.99)	-	-	-	-	-
Guangzhou Huoshu Yinhua Information Technology Co., Ltd. (广州火数银花信息科技有限公司)	5,352,588.39	-	-	(145,691.30)	-	-	-	5,206,897.09	-
Shenzhen Huasheng Home Furnishing Group Co., Ltd. (深圳华生大家居集团有限公司)	4,402,827.21	-	-	256,465.14	-	-	-	4,659,292.35	-
Yrmeijisi Optoelectronics Technology (Fujian) Co., Ltd. (迪美吉斯光电科技(福建)有限公司)	3,685,076.97	-	-	774,023.62	-	-	-	4,459,100.59	-
	2,562,615.88	-	-	825,808.82	-	-	-	3,388,424.70	-

V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

13. Long-term Equity Investments (continued)

2021 (continued)

	Movement during the year							Closing balance of impairment allowance	
	Opening balance	Increase in investment	Decrease in investment	Investment gain/loss under equity method	Other comprehensive income	Other changes	Cash dividend declared		
Associates (continued)									
Anka Household Products (Shanghai) Co., Ltd. (安咖家居用品(上海)有限公司)	2,923,986.19	-	-	(630,212.00)	-	-	-	2,293,774.19	-
Shenzhen Long Life Basics Sleep Science and Technology Co., Ltd. (深圳市朗樂福睡眠科技有限公司)	1,385,550.36	-	-	1,449,835.15	-	-	(1,730,000.00)	1,105,385.51	-
Wuhu Meihe Asset Management Company Limited (蕪湖美和資產管理有限公司)	606,800.33	-	-	(222,713.10)	-	-	-	384,087.23	-
Shanghai ALPure Intelligent Technology Co., Ltd. (上海智誇智能科技有限公司)	-	-	-	-	-	-	-	-	-
Shanghai Zhenyang Decoration Co., Ltd. (上海振洋建築裝潢工程有限公司)	21,285,513.78	-	-	5,051,501.20	-	-	-	26,337,014.98	-
Meishang (Guangzhou) Cosmetics Co., Ltd. (美尚(廣州)化妝品股份有限公司)	54,479,022.94	-	-	(1,402,434.01)	-	-	-	53,076,588.93	-
Shanghai Wellaishi Decoration Technology Co., Ltd. (上海威來適裝飾科技有限公司)	3,785,987.08	-	-	(994,336.45)	-	-	-	2,791,650.63	-
Shanghai Shimao Macalline Home Technology Co., Ltd. (上海世茂美凱龍家居科技有限公司)	-	-	-	-	-	-	-	-	-
Zhongzhuang Central Purchasing (Beijing) Information Technology Co., Ltd. (中裝集採(北京)信息技術有限公司)	706,701.73	-	-	(130,097.99)	-	-	-	576,603.74	-
Aibbe Inc.	10,000,000.00	99,756,693.12	(109,756,693.12)	-	-	-	-	-	-
Xingpai Commercial Property Management (Guangzhou) Co., Ltd. (星派商業物業經營(廣州)有限公司)	-	1,600,000.00	-	(1,028,786.12)	-	-	-	571,213.88	-
CSSC Cruise Industry Development (Shanghai) Co., Ltd. (中船郵輪產業發展(上海)有限公司)	-	60,000,000.00	-	(2,238,177.91)	-	-	-	57,761,822.09	-
Shanghai Macalline Property Management Service Co., Ltd. (上海美凱龍物業管理服務有限公司)	-	76,000,000.00	-	5,067,848.49	-	-	-	81,067,848.49	-
	3,703,895,492.49	353,276,693.12	(165,832,867.20)	45,193,914.37	-	-	(7,443,053.01)	3,929,090,179.77	(13,396,307.27)

* The associates renamed in 2021 is as follows: Yaxiya Building Materials Co., Ltd. was renamed Yaxiya New Materials Technology Co., Ltd.

The associates renamed in 2021 is as follows: Zhejiang Zhongguang Electric Appliances Co., Ltd. was renamed Zhejiang Zhongguang Electric Appliances Group Co., Ltd.

The associates renamed in 2021 is as follows: LEAWOD Door and Window Profiles Company was renamed LEAWOD Door and Window Group Co., Ltd.

The associates renamed in 2021 is as follows: Shengbao (Shanghai) Furniture Co., Ltd. was renamed Shengbao (Shanghai) Intelligent Technology Co., Ltd.

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V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

13. Long-term Equity Investments (continued)

2020

	Movement during the year									
	Opening balance	Increase in investment	Decrease in investment	Investment gain/loss under equity method	Other comprehensive income	Other changes	Cash dividend declared	Provision made for impairment allowance	Closing balance	Closing balance of impairment allowance
Joint ventures										
Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司)	792,828,772.46	-	-	15,432,439.29	-	-	-	-	808,261,211.75	-
Shanghai CTME Economy & Trade Development Co., Ltd. (上海中貿美凱龍經濟發展有限公司)	100,762,144.50	-	-	205,916.43	-	-	(2,600,000.00)	-	98,368,060.93	-
Shanghai Mingyi Enterprise Development Co., Ltd. (上海名藝商業企業發展有限公司)	59,792,554.09	-	-	5,080,612.18	-	-	-	-	64,873,166.27	-
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)	9,742,396.17	-	-	1,270,913.71	-	-	-	-	11,013,309.88	-
Baoxiang Red Star Macalline (Xiamen) Global Home Furnishing Plaza Company Limited (寶象紅星美凱龍(廈門)全球家居廣場有限公司)	9,632,034.92	-	-	(232,830.76)	-	-	-	-	9,399,204.16	-
SLEEP MAKER (HONG KONG) COMPANY LIMITED	5,178,705.00	-	-	(48,854.45)	-	-	-	-	5,129,850.55	-
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)	1,528,388.04	-	-	(981,891.21)	-	-	-	-	546,496.83	-
Shenzhen Red Star Macalline Business Management Company Limited (深圳紅星美凱龍商業管理有限公司)	1,224,716.68	4,620,000.00	-	(2,733,078.66)	-	-	-	-	3,111,638.02	-
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)	214,147.64	11,000,000.00	-	(3,126,860.95)	-	-	-	-	8,087,286.69	-
Xiamen Baoxiang Red Star Macalline Home Furnishing Plaza Company Limited (廈門寶象紅星美凱龍家居生活廣場有限公司)	-	-	-	-	-	-	-	-	-	-

V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

13. Long-term Equity Investments (continued)

2020 (continued)

	Movement during the year									
	Opening balance	Increase in investment	Decrease in investment	Investment gain/loss under equity method	Other comprehensive income	Other changes	Cash dividend declared	Provision made for impairment allowance	Closing balance	Closing balance of impairment allowance
Associates										
Haier Consume Financing Company Limited (海爾消費金融有限公司)	358,898,925.67	-	-	30,717,271.95	-	-	-	-	389,616,197.62	-
Shandong Inzone Green Home Co., Ltd. (山東綠家家居有限公司)	348,464,343.58	-	-	38,166,772.51	-	-	(7,520,550.59)	-	379,110,565.50	-
Shenyudao Cultural Tourism Holding Co., Ltd. (神玉島文化旅遊控股股份有限公司)	185,636,621.29	-	-	(4,641,188.52)	-	-	-	-	180,995,432.77	-
Yaxiya Building Materials Co., Ltd. (亞細亞建築材料股份有限公司)	168,845,194.79	150,000,000.00	-	5,829,139.85	-	-	-	-	324,674,334.64	-
Guangdong Sanweijia Information Technology Co., Ltd. (廣東三維家信息科技有限公司)	144,801,482.91	-	-	(26,114,610.29)	-	-	-	-	118,686,872.62	-
SUNSEAPARKING INC	144,031,972.83	-	-	(5,996,131.36)	-	-	-	-	138,035,841.47	-
Wuhan Zhengkai Logistics Co., Ltd. (武漢市正凱物流有限公司)	129,892,159.18	-	-	783,542.56	-	-	(3,600,000.00)	-	127,075,701.74	-
Hangzhou Red Star Macalline Global Home Living Company Limited (杭州紅星美凱環球家居有限公司)	94,378,784.70	-	(91,723,981.35)	(2,654,803.35)	-	-	-	-	-	-
Guangdong VIFA Customized Home Furnishings Co., Ltd. (廣東威法定制家居股份有限公司)	90,576,230.40	-	(40,000,000.00)	6,707,772.14	-	-	(2,925,000.50)	-	54,359,002.04	-
Weifang Binxing Properties Co., Ltd. (濰坊濱星置業有限公司)	89,847,896.52	-	-	(326,124.43)	-	-	-	-	89,521,772.09	-
Zhejiang Zhongguang Electric Appliances Co., Ltd. (浙江中廣電器股份有限公司)	87,523,050.01	-	-	4,487,009.09	-	-	-	-	92,010,059.10	-
Klas International Home Living Company Limited (克拉斯國際家居有限公司)	79,249,208.32	-	(65,271,386.22)	(13,977,822.10)	-	-	-	-	-	-
Shanghai Xincheng'an Construction Co., Ltd. (上海鑫誠安建設有限公司)*	69,121,511.58	-	-	7,485,397.02	-	-	-	-	76,606,908.60	-
Shanghai Tianhe Smart Home Technology Company Ltd. (上海天合智能科技股份有限公司)	65,588,151.69	-	-	1,856,255.97	-	-	-	-	67,444,407.66	-
LEAWOD Door and Window Profiles Company (四川良木進門窗型材有限公司)	63,960,679.60	-	-	913,746.32	-	-	-	-	64,874,425.92	-
Suzhou Supin Home Culture Co., Ltd. (蘇州市蘇品宅配文化有限公司)	61,811,051.20	-	-	(1,933,012.98)	-	-	-	-	59,878,038.22	-

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V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

13. Long-term Equity Investments (continued)

2020 (continued)

	Movement during the year									
	Opening balance	Increase in investment	Decrease in investment	Investment gain/loss under equity method	Other comprehensive income	Other changes	Cash dividend declared	Provision made for impairment allowance	Closing balance	Closing balance of impairment allowance
Associates (continued)										
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)	46,645,850.91	-	-	(1,322,177.89)	-	-	-	-	45,323,673.02	-
Ant live (Tianjin) Network Technology Co., Ltd. (橫安居(天津)網絡技術有限公司)	43,446,999.80	-	-	(1,516,766.14)	-	-	-	-	41,930,233.66	-
Beijing Bilin Hongke Technology Co., Ltd. (北京比鄰弘科科技有限公司)	40,720,002.31	-	-	(608,469.27)	-	-	-	-	40,111,533.04	-
Shanghai Qiangshang Environmental Technology Company Limited (上海強尚環保科技有限公司)	36,130,798.25	-	-	2,152,349.70	-	-	-	-	38,283,147.95	-
Shanghai CONJOINT Construction Technology Co., Ltd. (上海開裝建築科技有限公司)	34,341,952.62	1,292,130.07	-	(430,258.51)	-	-	-	-	35,203,824.18	-
ICOLOR PRIVATE LIMITED	34,236,320.87	7,904,899.13	-	(2,783,299.30)	-	-	-	-	39,357,920.70	-
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)	33,807,572.48	-	-	2,662,008.94	-	-	-	-	36,469,581.42	-
Chengdu Rhine Etam Furniture Co., Ltd. (成都艾格傢俱有限公司)	31,918,184.28	-	-	(1,503,942.23)	-	-	-	-	30,414,242.05	-
Jiangsu Baili Aijia Home Technology Co., Ltd. (江蘇佰麗愛家居科技有限公司)	31,290,567.38	-	-	(2,245,680.25)	-	-	-	-	29,044,887.13	-
Shanghai Jinjiang United Purchasing Supply Chain Co., Ltd. (上海錦江聯採供應鏈有限公司)	29,999,889.03	-	-	139,014.72	-	-	-	-	30,138,903.75	-
BigZone Information Technology (Shanghai) Company Limited (大域信息科技(上海)有限公司)	19,125,711.28	-	-	(828.85)	-	-	-	-	19,124,882.43	-
Shanghai Harbour Home Investment Management Co., Ltd. (上海灣灣投資管理有限公司)	17,518,018.12	-	(17,518,018.12)	-	-	-	-	-	-	-
Meiwu 365 (Tianjin) Technology Company Limited (美屋三五(天津)科技有限公司)	15,268,421.15	-	(14,844,225.94)	(424,195.21)	-	-	-	-	-	-
ArtPollo Network Technology (Beijing) Company Limited (愛波羅網絡科技(北京)有限公司)	13,480,433.70	-	-	(84,126.43)	-	-	-	(13,396,307.27)	-	(13,396,307.27)

V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

13. Long-term Equity Investments (continued)

2020 (continued)

	Opening balance	Increase in investment	Decrease in investment	Movement during the year				Cash dividend declared	Provision made for impairment allowance	Closing balance	Closing balance of impairment allowance
				Investment gain/loss under equity method	Other comprehensive income	Other changes					
Associates (continued)											
Shengbao (Shanghai) Furniture Co., Ltd. (晨森(上海)傢俱有限公司)	13,141,921.57	-	-	4,999.99	-	-	-	-	13,146,921.56	-	
Beijing Canny-Robot Technology Co., Ltd. (北京康力優藍機器人科技有限公司)	12,454,221.36	-	-	693,353.13	-	-	-	-	13,147,574.49	-	
Shenzhen Yatai Macalline Life Space Technology Co., Ltd. (深圳市亞泰美凱龍空間科技有限公司)	10,353,869.40	-	-	(1,012,158.22)	-	-	-	-	9,341,711.18	-	
Shanghai Jiazhan Construction Engineering Company Limited (上海嘉展建築裝潢工程有限公司)	7,824,586.00	-	-	79,241.39	-	-	(2,551,239.00)	-	5,352,588.39	-	
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)	5,207,920.29	-	(3,795,016.62)	(1,412,903.67)	-	-	-	-	-	-	
Guangzhou Huoshu Yinhua Information Technology Co., Ltd. (廣州火數銀花信息科技有限公司)	4,746,336.80	-	-	(343,509.59)	-	-	-	-	4,402,827.21	-	
Shenzhen Huasheng Home Furnishing Group Co., Ltd. (深圳華生大家居集團有限公司)	3,617,858.52	-	-	67,218.45	-	-	-	-	3,685,076.97	-	
Yimeijsi Optoelectronics Technology (Fujian) Co., Ltd. (詔美吉斯光電科技(福建)有限公司)	2,475,000.00	-	-	87,615.88	-	-	-	-	2,562,615.88	-	
Anka Household Products (Shanghai) Co., Ltd. (安咖家居用品(上海)有限公司)	1,922,408.97	-	-	1,001,577.22	-	-	-	-	2,923,986.19	-	
Shenzhen Long Life Basics Sleep Science and Technology Co., Ltd. (深圳市朗樂福睡眠科技有限公司)	1,073,066.34	-	-	679,484.02	-	-	(367,000.00)	-	1,385,550.36	-	
Handan Fengtengkuang District Royal Property Development Company Limited (邯鄲市峰峰礦區皇室房地產開發有限公司)	-	-	-	-	-	-	-	-	-	-	
Handan Red Star Royal Properties Co., Ltd. (邯鄲市紅星皇室置業有限公司)	-	-	-	-	-	-	-	-	-	-	
Wuhu Meihe Asset Management Company Limited (蕪湖美和資產管理有限公司)	-	-	-	606,800.33	-	-	-	-	606,800.33	-	

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V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

13. Long-term Equity Investments (continued)

2020 (continued)

	Movement during the year									
	Opening balance	Increase in investment	Decrease in investment	Investment gain/loss under equity method	Other comprehensive income	Other changes	Cash dividend declared	Provision made for impairment allowance	Closing balance	Closing balance of impairment allowance
Associates (continued)										
Shanghai AI Pure Intelligent Technology Co., Ltd. (上海智諳智能科技有限公司)	-	-	-	-	-	-	-	-	-	-
Shanghai Zhenyang Decoration Co., Ltd. (上海振洋建築裝潢工程有限公司)	-	20,003,073.63	-	1,282,440.15	-	-	-	-	21,285,513.78	-
Meishang (Guangzhou) Cosmetics Co., Ltd. (美尚(廣州)化妝品股份有限公司)	-	58,500,000.00	-	(4,020,977.06)	-	-	-	-	54,479,022.94	-
Shanghai Weilaishi Decoration Technology Company Limited (上海威來適裝飾科技有限公司)	-	4,000,000.00	-	(214,012.92)	-	-	-	-	3,785,987.08	-
Shanghai Shimao Macalline Home Technology Co., Ltd. (上海世茂美凱龍家居科技有限公司)	-	2,450,000.00	-	(2,450,000.00)	-	-	-	-	-	-
Zhongzhuang Central Purchasing (Beijing) Information Technology Co., Ltd. (中裝集採(北京)信息技術有限公司)	-	1,000,000.00	-	(293,298.27)	-	-	-	-	706,701.73	-
Aibbe Inc.	-	10,000,000.00	-	-	-	-	-	-	10,000,000.00	-
	3,654,279,035.20	270,770,102.83	(233,152,628.25)	44,959,080.07	-	-	(19,563,790.09)	(13,396,307.27)	3,703,895,492.49	(13,396,307.27)

* The associates renamed in 2020 is as follows: Liaoning Cheng'an Construction Co., Ltd. was renamed Shanghai Xincheng'an Construction Co., Ltd.

V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

13. Long-term Equity Investments (continued)

Provision for impairment of the long-term equity investments:

2021

	Opening balance	Addition in the current year	Decrease in the current year	Closing balance
Artpollo Network Technology (Beijing) Co., Ltd. (愛波蘿網絡科技(北京)有限公司)	(13,396,307.27)	-	-	(13,396,307.27)

2020

	Opening balance	Addition in the current year	Decrease in the current year	Closing balance
Artpollo Network Technology (Beijing) Co., Ltd. (愛波蘿網絡科技(北京)有限公司)	-	(13,396,307.27)	-	(13,396,307.27)

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V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

14. Other Equity Instrument Investments

2021

	Changes in fair value accumulated in other comprehensive income	Fair value	Dividend income in the year	
			Equity instruments derecognized during the year	Equity instruments held
Ningbo Meishan Bonded Port Area Qijun Equity Investment Partnership (LIMITED PARTNERSHIP) (寧波梅山保稅港區奇君股權投資合夥企業(有限合夥))	1,047,030,381.15	1,189,829,987.13	-	5,664,214.07
Dingdong (Cayman) Limited	346,767,158.80	608,662,977.87	-	-
Jinan Caijin Fosun Weishi Equity Investment Fund Joint Venture (LIMITED PARTNERSHIP) (濟南財金復星惟實股權投資基金合夥企業(有限合夥))	100,408,026.73	250,408,026.73	-	8,685,651.13
Chengdu Xinchao Media Group Co., Ltd. (成都新潮傳媒集團有限公司)	24,112,116.17	224,112,116.17	-	-
Oriental Standard Human Resources Holdings Limited	122,605,939.34	178,109,600.00	-	-
De Rucci Bedding Co., Ltd. (慕思健康睡眠股份有限公司)	34,993,421.56	165,493,421.56	-	-
Aibbe Inc.	53,999,065.82	130,930,205.43	-	-
Black Sesame International Holding Limited	118,183,929.09	130,677,673.17	-	-
Keeson Technology Corporation Limited (麒盛科技股份有限公司)	82,403,404.09	119,659,469.58	-	3,469,820.00
AUPU Home Co., Ltd. (奧普家居股份有限公司)	(64,493,661.49)	118,441,758.44	-	6,102,135.60
Shenzhen Yuanchao Smart Life Co., Ltd. (深圳遠超智慧生活股份有限公司)	13,557,128.89	114,776,128.89	-	-
Sinostone (Guangdong) Co. Ltd. (廣東中旗新材料股份有限公司)	73,578,380.00	106,558,380.00	-	989,400.00
Shanghai Scholar Home Enterprise Management Consulting Centre (LIMITED PARTNERSHIP) (上海檀敘企業管理諮詢中心(有限合夥))	64,526,649.21	84,486,649.21	-	-
Qingdao Yeelight Smart Technology Co., Ltd. (青島易來智能科技股份有限公司)	66,396,519.19	81,096,519.19	-	540,000.00
Guangzhou Snimay Home Furnishing Co., Ltd. (廣州市詩尼曼家居股份有限公司)	46,127,026.86	79,737,026.86	-	1,063,545.90
Weride Inc	48,782,995.02	68,983,466.67	-	-
ARROW Home Group Co., Ltd. (箭牌家居集團股份有限公司)	567,306.00	54,673,906.00	-	-

V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

14. Other Equity Instrument Investments (continued)

2021 (continued)

	Changes in fair value accumulated in other comprehensive income	Fair value	Dividend income in the year	
			Equity instruments derecognized during the year	Equity instruments held
Zhejiang Hilk Smart Home Co., Ltd. (浙江喜爾康智能家居股份有限公司)	8,535,186.70	49,835,186.70	-	-
Belan Information Technology (Shanghai) Co., Ltd. (斑瀾信息科技(上海)有限公司)	6,447,068.73	46,447,068.73	-	-
Harbin Sayyas Windows Stock Co., Ltd. (哈爾濱森鷹窗業股份有限公司)	22,689,213.96	45,061,563.96	-	-
YunDing Network Technology (Beijing) Co., Ltd. (雲丁網絡技術(北京)有限公司)	30,991,222.86	42,839,143.22	-	-
Meicai (Wuhan) Technology Co., Ltd. (美材(武漢)科技有限公司)	14,188,048.72	36,188,048.72	-	-
Zhejiang Entive Intellectual Kitchen Electricity Co., Ltd. (浙江億田智能廚電股份有限公司)	27,880,976.00	35,454,976.00	-	1,800,000.00
Guangdong Huangpai Custom Home Furnishing Group Co., Ltd. (廣東皇派定制家居集團股份有限公司)	5,707,348.14	29,913,044.14	-	1,439,744.00
Shenzhen Angstrong Technology Co., Ltd. (深圳市安思疆科技有限公司)	8,660,192.59	28,660,192.59	-	-
Shenzhen ORVIBO Technology Co., Ltd. (深圳市歐瑞博科技股份有限公司)	14,300,000.00	24,300,000.00	-	-
Hangzhou Water Show Culture GROUP Co., Ltd. (杭州水秀文化集團有限公司)	4,769,733.12	18,242,733.12	-	748,500.00
Gold Medal Kitchen Cabinet Home Technology Co., Ltd. (金牌廚櫃家居科技股份有限公司)	2,748,406.42	17,095,578.50	-	285,454.48
Beijing Parking Easy Information Technology Co. Ltd. (北京停車單信息技術有限公司)	(27,353,360.77)	15,146,639.23	-	-
Sleep Maker (Hong Kong) Company Limited	6,566,000.00	9,997,200.00	-	-
Shenzhen Shushijia Environment Technology Co., Ltd. (深圳舒適家環境科技有限公司)	-	5,000,000.00	-	-
Beijing Bayi Space LCD Technology Co., Ltd. (北京八億時空液晶科技股份有限公司)	-	-	224,007.06	-
Others	(111,794,412.05)	59,152,256.36	-	-
	2,193,881,410.85	4,169,970,944.17	224,007.06	30,788,465.18

* Other equity instrument investment company renamed in 2021 is as follows: Zhejiang Hilk Smart Home Co., Ltd. (浙江喜爾康智能家居股份有限公司) was renamed Zhejiang Hilk Smart Home Co., Ltd. (浙江喜爾康智能家居股份有限公司).

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V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

14. Other Equity Instrument Investments (continued)

2020

	Changes in fair value accumulated in other comprehensive income	Fair value	Dividend income in the year Equity instruments derecognized during the year	Equity instruments held
Ningbo Meishan Bonded Port Area Qijun Equity Investment Partnership (LIMITED PARTNERSHIP) (寧波梅山保稅港區奇君股權 投資合夥企業(有限合夥))	974,454,153.25	1,174,454,153.25	–	1,132,150.24
Dingdong (Cayman) Limited	358,087,953.93	619,983,773.00	–	–
Chengdu Xinchao Media Group Co., Ltd. (成都 新潮傳媒集團有限公司)	48,200,000.00	248,200,000.00	–	–
AUPU Home Co., Ltd. (奧普家居股份有限公司)	(13,110,627.01)	227,416,847.59	–	5,034,251.70
Oriental Standard Human Resources Holdings Limited	129,669,970.30	185,173,630.96	–	–
Beijing Bayi Space LCD Technology Co., Ltd. (北京八億時空液晶科技股份有限公司)	87,380,048.00	172,817,400.00	–	1,159,200.00
Jinan Caijin Fosun Weishi Equity Investment Fund Joint Venture (LIMITED PARTNERSHIP) (濟南財金復星惟實股權投資基金合夥企業 (有限合夥))	36,188,383.78	171,188,383.78	–	15,146,189.37
Keeson Technology Corporation Limited (麟盛科技股份有限公司)	92,300,223.81	167,731,098.81	–	5,028,725.00
Zhejiang Entive Intellectual Kitchen Electricity Co., Ltd. (浙江億田智能廚電股份有限公司)	87,300,000.00	150,300,000.00	–	–
De Rucci Bedding Co., Ltd. (慕思健康睡眠股份 有限公司)	–	130,500,000.00	–	–
Sinostone (Guangdong) Co. Ltd. (廣東中旗新材 料股份有限公司)	89,052,981.86	122,032,981.86	–	2,473,500.00
Shenzhen Yuanchao Smart Life Co., Ltd. (深圳遠超智慧生活股份有限公司)	–	101,219,000.00	–	–
Guangzhou Snimay Home Furnishing Co., Ltd. (廣州市詩尼曼家居股份有限公司)	45,482,562.97	79,092,562.97	–	709,030.60
Shanghai Scholar Home Enterprise Management Consulting Centre (LIMITED PARTNERSHIP) (上海禮敘企業管理諮詢中心 (有限合夥))	56,009,915.56	75,969,915.56	–	713,968.26
ARROW Home Group Co., Ltd. (箭牌家居集團 股份有限公司)	–	54,106,600.00	–	–
YunDing Network Technology (Beijing) Co., Ltd. (雲丁網絡技術(北京)有限公司)	40,509,535.43	52,357,455.79	–	–

V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

14. Other Equity Instrument Investments (continued)

2020 (continued)

	Changes in fair value accumulated in other comprehensive income	Fair value	Dividend income in the year Equity instruments derecognized during the year	Equity instruments held
DESSMANN (China) Machinery & Electronic Co., Ltd. (德施曼機電(中國)有限公司)	28,406,947.38	50,106,947.38	-	-
Zhejiang Xingyue Electric Equipment Co., Ltd. (浙江星月電器有限公司)	20,037,433.07	48,979,433.07	-	-
Harbin Sayyas Windows Stock Co., Ltd. (哈爾濱森鷹窗業股份有限公司)	26,416,022.39	48,788,372.39	-	-
Zhejiang Hilk Smart Home Co., Ltd. (浙江喜爾康智能家居有限公司)	5,750,800.00	47,050,800.00	-	-
Qingdao Yeelight Smart Technology Co., Ltd. (青島易來智能科技股份有限公司)*	25,361,909.25	40,061,909.25	-	-
Shenzhen Angstrong Technology Co., Ltd. (深圳市安思疆科技有限公司)	4,898,128.73	24,898,128.73	-	-
Guangdong Huangpai Custom Home Furnishing Group Co., Ltd. (廣東皇派定制家居集團股份有限公司)	-	24,205,696.00	-	-
Beijing Parking Easy Information Technology Co. Ltd. (北京停簡單信息技術有限公司)	(20,449,876.50)	22,050,123.50	-	-
Hangzhou Water Show Culture GROUP Co., Ltd. (杭州水秀文化集團有限公司)	6,497,498.39	19,970,498.39	-	-
Zhejiang Mingdu Intelligent Control Technology Co., Ltd. (浙江明度智控科技有限公司)	4,000,237.00	19,000,237.00	-	-
Meicai (Wuhan) Technology Co., Ltd. (美材(武漢)科技有限公司)	(6,088,178.11)	15,911,821.89	-	-
Gold Medal Kitchen Cabinet Home Technology Co., Ltd. (金牌廚櫃家居科技股份有限公司)	1,495,569.32	15,842,741.40	-	-
Soford (Shanghai) Sports Development Co., Ltd. (索福德(上海)體育發展有限公司)	(18,732,207.52)	8,267,792.48	-	-
Beijing Bluepower Technology Co., Ltd. (北京藍海華業科技股份有限公司)	(40,919,658.89)	3,231,562.40	-	-
Others	(56,721,483.76)	85,768,179.09	5,465,790.83	1,390,724.13
	2,011,478,242.63	4,206,678,046.54	5,465,790.83	32,787,739.30

* Other equity instrument investment company renamed in 2020 is as follows: Qingdao Yeelink Information Technology Co., Ltd. was renamed Qingdao Yeelink Smart Technology Co., Ltd.

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V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

14. Other Equity Instrument Investments (continued)

As the Group held the above investments not for the purpose of trading, thus the Group will appoint them as investments at FVTOCI.

The Group disposed other equity instrument investments of RMB671,878,638.66 (2020: RMB1,463,597,379.68), and accumulated profit and loss totaling RMB531,924,137.17 were carried forward from other comprehensive income to retained earning (2020: RMB1,015,546,734.95).

As at 31 December 2021, the Group's other equity instrument investments with value of RMB136,755,048.08 were used as pledge guarantees to obtain loans of RMB44,703,167.26. See Note V.67. Assets with restricted ownership or use rights.

15. Other Non-current Financial Assets

	2021	2020
Financial assets at FVTPL	370,774,540.60	396,924,540.60

16. Investment Property

Subsequent measurement by adopting the fair value model:

2021

	Houses and buildings	Properties under construction	Total
Opening balance	81,482,000,000.00	11,668,000,000.00	93,150,000,000.00
Purchase	2,297,051,276.85	1,016,632,177.65	3,313,683,454.50
Transfer from projects under construction/ fixed assets	92,434,440.72	-	92,434,440.72
Completion of properties under construction	4,745,000,000.00	(4,745,000,000.00)	-
Assets acquisition	584,491,857.29	-	584,491,857.29
Assets disposal	(1,479,000,000.00)	(461,000,000.00)	(1,940,000,000.00)
Changes in fair value	615,022,425.14	(240,632,177.65)	374,390,247.49
Closing balance	88,337,000,000.00	7,238,000,000.00	95,575,000,000.00

V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

16. Investment Property (continued)

Subsequent measurement by adopting the fair value model: (continued)

2020

	Houses and buildings	Properties under construction	Total
Opening balance	75,574,000,000.00	9,533,000,000.00	85,107,000,000.00
Purchase	2,057,201,474.02	1,548,763,987.95	3,605,965,461.97
Transfer from projects under construction	821,000,000.00	–	821,000,000.00
Completion of properties under construction	2,782,000,000.00	(2,782,000,000.00)	–
Assets acquisition	206,227,107.71	3,020,104,494.63	3,226,331,602.34
Assets disposal	(107,000,000.00)	–	(107,000,000.00)
Changes in fair value	148,571,418.27	348,131,517.42	496,702,935.69
Closing balance	81,482,000,000.00	11,668,000,000.00	93,150,000,000.00

Such investment properties are rented to the third party under operating lease.

The amount of interest capitalization included in investment properties this year was RMB382,293,105.52.

As at 31 December 2021, the investment properties valued RMB85,316,000,000.00 was held by the Group as security to acquire borrowings and commercial mortgage-backed securities of RMB32,818,712,746.25. Please refer to Note V. 67. Assets with Restricted Ownership or Use Right.

As at 31 December 2021, the investment properties at fair value of RMB1,975,000,000.00 held by the Group was located in the land with the use rights owned by project partners, which was used for scientific research and designs and whose type of use rights was for allocation use. Pursuant to relevant agreement entered into with project partners, the Group recognized the investment properties as investment properties leased by financial lease. The Group held no ownership certificate for such investment properties.

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V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

16. Investment Property (continued)

In this year, the Group leased out part of the Hongqiao office building, which was converted from fixed assets to investment real estate measured by fair value. The difference between the fair value and book value of the leased portion on the conversion date is RMB4,979,767.08 (after-tax amount of RMB3,734,825.31), which is included in other comprehensive income;

The Group disposed of logistics-related companies this year, resulting in investment income of RMB448,401,718.41.

As at 31 December 2021, the investment properties with ownership certificate not settled are as follows:

	Book value	Reason for not yet settling
Lanzhou Shibo Home Furnishing Plaza (蘭州世博家居商場)	484,000,000.00	Application for ownership certificate is in progress
Hangzhou Shibo Furniture Plaza (杭州世博家居商場)	275,000,000.00	Application for ownership certificate is in progress
Taiyuan International Home Furnishing Plaza (太原全球家居廣場)	543,000,000.00	Application for ownership certificate is in progress
Chongqing Ogloria Home Furnishing Mall (重慶歐麗洛雅家居商場)	1,033,000,000.00	Application for ownership certificate is in progress
Guangzhou Market Operation Management (廣州市場經營管理)	613,000,000.00	Application for ownership certificate is in progress
	2,948,000,000.00	

V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

17. Fixed Assets

2021

	Houses and buildings	Special equipment	Transportation equipment	Electronic equipment, appliances and fixtures	Total
Original value					
Opening balance	2,407,458,875.45	175,864,856.08	136,922,185.22	439,949,258.35	3,160,195,175.10
Purchase	5,871,323.93	9,834,151.99	25,089,685.61	35,507,323.68	76,302,485.21
Transfer from construction in progress	94,921,358.82	-	-	-	94,921,358.82
Transferred to investment properties	89,415,382.38	-	-	-	89,415,382.38
Disposal or retirement	-	1,897,932.85	23,908,530.03	17,000,930.64	42,807,393.52
Closing balance	2,418,836,175.82	183,801,075.22	138,103,340.80	458,455,651.39	3,199,196,243.23
Accumulated depreciation					
Opening balance	53,472,298.75	29,063,364.18	95,119,559.46	244,574,755.77	422,229,978.16
Provision	57,306,919.75	14,470,235.77	13,955,145.96	72,229,392.53	157,961,694.01
Transferred to investment properties	1,960,708.74	-	-	-	1,960,708.74
Disposal or retirement	-	251,180.49	20,340,932.62	13,444,562.13	34,036,675.24
Closing balance	108,818,509.76	43,282,419.46	88,733,772.80	303,359,586.17	544,194,288.19
Book value					
Closing	2,310,017,666.06	140,518,655.76	49,369,568.00	155,096,065.22	2,655,001,955.04
Opening	2,353,986,576.70	146,801,491.90	41,802,625.76	195,374,502.58	2,737,965,196.94

Notes to the Financial Statements

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V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

17. Fixed Assets (continued)

2020

	Houses and buildings	Special equipment	Transportation equipment	Electronic equipment, appliances and fixtures	Total
Original value					
Opening balance	549,918,707.57	138,090,150.38	161,881,716.10	369,989,814.27	1,219,880,388.32
Purchase	278,530,328.25	40,081,592.22	12,465,103.61	95,159,531.79	426,236,555.87
Transfer from construction in progress	1,579,009,839.63	–	–	–	1,579,009,839.63
Disposal or retirement	–	2,306,886.52	37,424,634.49	25,200,087.71	64,931,608.72
Closing balance	2,407,458,875.45	175,864,856.08	136,922,185.22	439,949,258.35	3,160,195,175.10
Accumulated depreciation					
Opening balance	–	16,223,754.35	109,665,816.46	196,494,662.90	322,384,233.71
Provision	53,472,298.75	12,844,115.16	15,900,392.94	65,141,244.30	147,358,051.15
Disposal or retirement	–	4,505.33	30,446,649.94	17,061,151.43	47,512,306.70
Closing balance	53,472,298.75	29,063,364.18	95,119,559.46	244,574,755.77	422,229,978.16
Book value					
Closing	2,353,986,576.70	146,801,491.90	41,802,625.76	195,374,502.58	2,737,965,196.94
Opening	549,918,707.57	121,866,396.03	52,215,899.64	173,495,151.37	897,496,154.61

V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

17. Fixed Assets (continued)

As of 31 December 2021, the Group's fixed assets with value of RMB2,310,017,666.06 were used as mortgaged collateral to obtain loans of RMB835,029,032.29. Please refer to Note V. 67. Assets with restricted ownership or use rights.

As at the end of this year, the Group held no temporarily vacant fixed assets or fixed assets rented in under finance lease.

As at the end of this year, the management of the Group assessed fixed assets and considered no provision for impairment is necessary.

Fixed assets rented out under operating lease are as follows:

	Special equipment 2021	Special equipment 2020
Original value		
Opening balance	146,912,020.33	107,017,606.42
Purchase	9,599,019.25	40,014,778.91
Disposal or retirement	–	120,365.00
Closing balance	156,511,039.58	146,912,020.33
Accumulated depreciation		
Opening balance	13,605,256.30	1,135,304.25
Provision	14,234,003.47	12,471,702.38
Disposal or retirement	–	1,750.33
Closing balance	27,839,259.77	13,605,256.30
Closing	128,671,779.81	133,306,764.03
Opening	133,306,764.03	105,882,302.17

Notes to the Financial Statements

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V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

18. Construction in Progress

	Book balance	2021 Impairment allowance	Book value	Book balance	2020 Impairment allowance	Book value
Construction in Progress	88,911,088.97	-	88,911,088.97	80,629,155.83	-	80,629,155.83

There was no significant changes in construction in progress in 2021.

Significant changes of construction in progress in 2020 are as follows:

	Budget	Opening balance	Addition in the current year	Transfer to fixed assets in the current year	Transfer to investment properties in the current year	Other decreases	Closing balance	Fund sources	construction investment of budget (%)
Office building	2,923,029,780.84	2,310,501,272.84	12,948,837.69	1,579,009,839.63	744,440,270.90	-	-	Own funds and loans	98%

As at the end of the year, the management of the Group assessed construction in progress and considered no provision for impairment was necessary.

V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

19. Right-of-Use Assets

2021

	Houses and buildings	Other equipments	Total
Cost			
Opening balance	6,607,958,564.63	24,321,055.16	6,632,279,619.79
Addition	614,125,690.57	–	614,125,690.57
Business combinations involving enterprises not under common control	165,913,818.46	–	165,913,818.46
Decrease	1,138,289,503.29	–	1,138,289,503.29
Closing balance	6,249,708,570.37	24,321,055.16	6,274,029,625.53
Accumulated depreciation			
Opening balance	2,766,102,945.14	13,579,255.80	2,779,682,200.94
Provision	573,739,981.87	1,216,052.76	574,956,034.63
Decrease	980,470,583.88	–	980,470,583.88
Closing balance	2,359,372,343.13	14,795,308.56	2,374,167,651.69
Book value			
Closing	3,890,336,227.24	9,525,746.60	3,899,861,973.84
Opening	3,841,855,619.49	10,741,799.36	3,852,597,418.85

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V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

19. Right-of-Use Assets (continued)

2020

	Houses and buildings	Other equipments	Total
Cost			
Opening balance	5,353,184,766.99	24,321,055.16	5,377,505,822.15
Addition	1,382,309,339.29	–	1,382,309,339.29
Decrease	127,535,541.65	–	127,535,541.65
Closing balance	6,607,958,564.63	24,321,055.16	6,632,279,619.79
Accumulated depreciation			
Opening balance	2,277,958,402.29	12,363,203.04	2,290,321,605.33
Provision	564,665,867.84	1,216,052.76	565,881,920.60
Decrease	76,521,324.99	–	76,521,324.99
Closing balance	2,766,102,945.14	13,579,255.80	2,779,682,200.94
Book value			
Closing	3,841,855,619.49	10,741,799.36	3,852,597,418.85
Opening	3,075,226,364.70	11,957,852.12	3,087,184,216.82

V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

20. Intangible Assets

2021

	Software	Trademark use right (Note)	Others	Total
Original value				
Opening balance	216,352,285.11	525,000,000.00	12,871,693.92	754,223,979.03
Purchase	6,709,175.17	-	1,081,351.91	7,790,527.08
Internal research and development	18,720,046.85	-	-	18,720,046.85
Transfer from construction in progress	9,235,489.99	-	13,915,746.16	23,151,236.15
Disposal	382,221.46	-	318,104.60	700,326.06
Closing balance	250,634,775.66	525,000,000.00	27,550,687.39	803,185,463.05
Accumulated amortization				
Opening balance	103,962,970.47	100,647,266.55	10,845,159.29	215,455,396.31
Provision	36,490,777.92	9,767,045.26	2,181,029.30	48,438,852.48
Disposal	155,055.64	-	331,369.32	486,424.96
Closing balance	140,298,692.75	110,414,311.81	12,694,819.27	263,407,823.83
Impairment allowance				
Opening balance	-	195,000,000.00	-	195,000,000.00
Provision	-	219,585,688.19	-	219,585,688.19
Closing balance	-	414,585,688.19	-	414,585,688.19
Book value				
Closing	110,336,082.91	-	14,855,868.12	125,191,951.03
Opening	112,389,314.64	229,352,733.45	2,026,534.63	343,768,582.72

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V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

20. Intangible Assets (continued)

2020

	Software	Trademark use right (Note)	Others	Total
Original value				
Opening balance	185,991,243.68	525,000,000.00	12,725,691.68	723,716,935.36
Purchase	5,568,361.08	-	27,722.77	5,596,083.85
Internal research and development	14,209,302.25	-	-	14,209,302.25
Transfer from construction in progress	11,170,510.01	-	118,279.47	11,288,789.48
Disposal	587,131.91	-	-	587,131.91
Closing balance	216,352,285.11	525,000,000.00	12,871,693.92	754,223,979.03
Accumulated amortization				
Opening balance	77,711,231.31	86,794,682.97	9,948,688.19	174,454,602.47
Provision	26,349,852.06	13,852,583.58	896,471.10	41,098,906.74
Disposal	98,112.90	-	-	98,112.90
Closing balance	103,962,970.47	100,647,266.55	10,845,159.29	215,455,396.31
Impairment allowance				
Opening balance	-	100,000,000.00	-	100,000,000.00
Provision	-	95,000,000.00	-	95,000,000.00
Closing balance	-	195,000,000.00	-	195,000,000.00
Book value				
Closing	112,389,314.64	229,352,733.45	2,026,534.63	343,768,582.72
Opening	108,280,012.37	338,205,317.03	2,777,003.49	449,262,332.89

As at 31 December 2021, intangible assets formed through internal research and development accounted for 14.95% of the book value of intangible assets as at the end of the year (31 December 2020: 4.13%).

V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

20. Intangible Assets (continued)

Note: RMB525,000,000.00 in the initial carrying amount of the right to use the trademarks is 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 authorizes the Company to use eight of its registered trademarks (the "licensed trademarks") on an exclusive basis, and the Company 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 Company has the right to authorize 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 amortized on a straight-line basis within 30 years of the licensed period contracted by the Group since June 2014. As of December 31, 2021, the Group recognized a provision for impairment of RMB414,585,688.19 for intangible assets this year.

21. Development Expenditure

2021

	Opening balance	Increase in the current year Internal research and development	Decrease in the current year		Closing balance
			Capitalized as intangible assets	Recognized in profit or loss	
Home improvement and data platform	30,837,675.61	120,517.25	18,720,046.85	-	12,238,146.01

2020

	Opening balance	Increase in the current year Internal research and development	Decrease in the current year		Closing balance
			Capitalized as intangible assets	Recognized in profit or loss	
Home improvement and data platform	34,245,602.45	10,801,375.41	14,209,302.25	-	30,837,675.61

The Group started to develop an application platform for online sale in 2016 to capitalize the expenses qualified to be capitalized in the development stage.

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V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

22. Goodwill

2021

	Opening balance	Increase in the current year Business combinations not involving enterprises under common control	Decrease in the current year Disposal group/ disposal allocated to held for sale	Closing balance
Suzhou Industry Park Zhongxiang Meitong Storage Company Limited (蘇州工業園區中翔美通倉儲銷售有限公司)	16,592,357.41	-	-	16,592,357.41
Xinsheng Property Management (Shanghai) Co., Ltd. (鑫笙物業管理(上海)有限公司)	81,004,690.44	-	-	81,004,690.44
	97,597,047.85	-	-	97,597,047.85

2020

	Opening balance	Increase in the current year Business combinations not involving enterprises under common control	Decrease in the current year Disposal group/ disposal allocated to held for sale	Closing balance
Suzhou Industry Park Zhongxiang Meitong Storage Company Limited (蘇州工業園區中翔美通倉儲銷售有限公司)	16,592,357.41	-	-	16,592,357.41
Xinsheng Property Management (Shanghai) Co., Ltd. (鑫笙物業管理(上海)有限公司)	81,004,690.44	-	-	81,004,690.44
	97,597,047.85	-	-	97,597,047.85

V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

22. Goodwill (continued)

The main cash flows generated from the aforementioned subsidiaries acquired are independent from those of the other subsidiaries of the Group and the Group managed the producing activity of the aforementioned subsidiaries independently, therefore, each of these acquired subsidiaries is an asset portfolio. and in performing the impairment test, the goodwill generated from each acquisition is allocated to the corresponding subsidiary acquired. The asset portfolios are consistent with the prior years' and those as acquired.

Assumptions were used in the value-in-use calculation of all the cash-generating units for 31 December 2021 and 31 December 2020. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

- 1) The Company under evaluation continues to operate and there are no major changes affecting the key aspects of production and operations and the current situation in terms of business scope, sales model, channels and management;
- 2) The socio-economic environment in which the company under evaluation is located does not cause major changes and there are no major changes in relevant laws, regulations, policies and regulations;
- 3) The business scope, operating mode, and management mode of the company under evaluation are consistent and continuously improve with the development of the economy;
- 4) The interest rate, exchange rate, tax base and tax rate fell within the normal range prescribed by the state and had not changed significantly, etc..

Estimated gross profit margin	determined by increasing the average gross profit margin achieved in the previous year to an extent that duly reflects the estimated efficiency improvement and estimated market conditions.
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Discount rate	a pre-tax discount rate that reflects the specific risks of the relevant asset groups or portfolios of asset groups.
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The amount assigned to key assumptions on each asset group was consistent with the Group's historical experience and external information sources.

V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

22. Goodwill (continued)

Suzhou Industry Park Zhongxiang Meitong Storage Company Limited (“Suzhou Zhongxiang”)

The subsidiary to which goodwill belongs is deemed as an asset group when being tested for goodwill impairments. The recoverable amount of an asset group to which goodwill belongs is determined based on the present value of the estimated future cash flows of the asset group which are determined based on the financial budget for the forecast period (2022-2025) approved by the management. The pre-tax discount rate used to forecast the cash flows of the asset group during the forecast period was 6.5%, and the growth rate used to extrapolate the cash flows beyond the forecast period is 0%. Since, after calculation, the present value of the estimated future cash flows of Suzhou Zhongxiang was higher than the carrying amount of the portfolios of asset groups, the Group believed that there were no impairments of goodwill arising from the acquisition of Suzhou Zhongxiang.

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 an asset group when being tested for goodwill impairments. The recoverable amount of an asset group to which goodwill belongs is determined based on the net amount of fair value of an asset group after deducting costs of disposal, and the carrying amount of Shanghai Xinsheng’s assets group 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 equal to 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.

V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

23. Long-term Prepaid Expenses

2021

	Opening balance	Increase in the current year	Amortized in the current year	Closing balance
Improvement expenditures for fixed assets rented (Note)	226,650,142.39	141,245,542.13	80,464,767.00	287,430,917.52
Others	227,404,660.83	88,665,888.52	98,600,858.91	217,469,690.44
	454,054,803.22	229,911,430.65	179,065,625.91	504,900,607.96

2020

	Opening balance	Increase in the current year	Amortized in the current year	Closing balance
Improvement expenditures for fixed assets rented (Note)	328,902,726.05	19,565,921.33	121,818,504.99	226,650,142.39
Others	160,895,187.35	129,210,556.22	62,701,082.74	227,404,660.83
	489,797,913.40	148,776,477.55	184,519,587.73	454,054,803.22

Note: Improvement expenditures for fixed assets rented represents improvement expenditures for Leased Portfolio Shopping Malls, which may be evenly amortized by the Group in stages during the shorter of an estimated beneficial period of 10 years and the lease term of Leased Portfolio Shopping Malls.

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V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

24. Deferred Tax Assets/Liabilities

Deferred tax assets and deferred tax liabilities that are not offset:

	2021		2020	
	Deductible temporary difference	Deferred tax assets	Deductible temporary difference	Deferred tax assets
Deferred tax assets				
Provision for impairment of assets	2,876,669,577.56	656,600,657.56	2,227,639,729.59	512,485,268.83
Deductible loss	4,555,486,485.31	1,135,652,411.25	3,170,200,028.44	789,008,202.63
Provision for unpaid expenses	1,471,329,565.86	361,699,613.64	1,404,482,483.51	348,840,824.81
Asset-related deferred income	177,821,773.65	44,455,052.50	200,067,948.24	50,016,987.06
One-off discount account charged for early purchase of 20-year property services	999,546,928.11	249,886,732.03	–	–
Cost overruns for advertising expenses	578,353,597.68	140,645,254.54	474,494,060.39	115,473,746.04
Long-term assets capitalized in Group's internal transaction	330,247,543.68	82,561,885.92	301,282,830.56	75,320,707.64
	10,989,455,471.85	2,671,501,607.44	7,778,167,080.73	1,891,145,737.01

	2021		2020	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Deferred tax liabilities				
Change in fair value of other equity instrument investments	2,427,264,237.43	479,051,092.59	2,161,396,379.42	448,527,870.87
Changes in fair value of investment properties	49,793,478,542.24	12,449,614,576.52	47,468,635,085.08	11,867,158,771.27
Adjustment to the fair value arising from business combination	1,895,677,828.92	473,919,457.26	2,207,854,229.64	551,963,557.41
	54,116,420,608.59	13,402,585,126.37	51,837,885,694.14	12,867,650,199.55

V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

24. Deferred Tax Assets/Liabilities (continued)

Offsetting of balances of Deferred tax assets and Deferred tax liabilities:

	2021		2020	
	Offset amount	Balance after offset	Offset amount	Balance after offset
Deferred tax assets	1,268,852.74	2,670,232,754.70	350,078,580.62	1,541,067,156.39
Deferred tax liabilities	1,268,852.74	13,401,316,273.63	350,078,580.62	12,517,571,618.93

Deductible temporary difference and deductible loss, for which Deferred tax assets are not recognized, are as follows:

	2021	2020
Deductible temporary difference	113,679,940.22	130,912,171.79
Deductible loss	5,370,927,853.50	5,195,494,528.08
	5,484,607,793.72	5,326,406,699.87

Deductible loss, for which Deferred tax assets are not recognized, will expire in the following years:

	2021	2020
2021	–	313,262,425.16
2022	347,715,961.00	697,344,643.06
2023	530,377,164.93	987,331,882.97
2024	1,265,812,402.43	1,420,405,450.42
2025	1,713,906,683.42	1,777,150,126.47
2026	1,513,115,641.72	–
	5,370,927,853.50	5,195,494,528.08

Notes to the Financial Statements

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V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

25. Other Non-Current Assets

	2021	2020
Prepayments for construction and advance payment for land compensation	1,352,194,924.60	1,388,067,804.18
Earning right related to land consolidation (Note 1)	1,835,867,940.18	1,835,867,940.18
Prepayments for purchasing properties (Note 2)	372,705,127.77	401,627,213.28
Entrusted loans and lending (Note 3)	1,050,645,863.72	1,012,483,677.15
Prepayments for equity transfer	191,400,000.00	318,600,000.00
Prepayments for repurchase	247,705,000.00	247,705,000.00
Prepayments for land	–	132,664,000.00
Deposits	26,302,506.78	17,221,481.37
	5,076,821,363.05	5,354,237,116.16
Less: bad debt allowance of other non-current assets	74,265,907.54	71,615,913.72
	5,002,555,455.51	5,282,621,202.44

Note 1: 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;

Note 2: As of December 31, 2021, prepayments for purchasing properties were mainly prepayments paid by the Group for the purchase of several commercial properties and office buildings this year;

Note 3: As of 31 December 2021, the entrusted loans and lending mainly include the following:

The Group provided funds to Xi'an Jiahexing Home Furnishing Co., Ltd. (西安佳和興家居有限責任公司) with an interest rate of 11%, which was used for land construction supporting costs and costs at the early stage. The balance of principal and interest at the end of the year was RMB536,597,970.57, which was all listed as other non-current assets at the end of the year;

The borrowing granted by the Group to Zhejiang Mingdu Investment Company Limited (浙江名都投資有限公司) had an interest rate of 5.78% and a balance amounting to RMB117,045,000.00 as at the end of the year, with a term from September 2020 to January 2030. According to the repayment plan stipulated in the contract, RMB103,275,000.00 was accounted as other non-current assets as at the end of the year;

The borrowing granted by the Group to Anhui Longtan Real Estate Co., Ltd. (安徽龍檀置業有限公司) had an interest rate of 12% and a balance amounting to RMB110,108,493.15 as at the end of the year, with a term from December 2021 to December 2023, all of which was accounted as other non-current assets as at the end of the year;

V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

25. Other Non-Current Assets (continued)

The movement of impairment allowance of other non-current assets is as follows:

	Opening balance	Provision for the current year	Reversal for the current year	Reclassify for the current year	Closing balance
2021	71,615,913.72	6,615,387.33	(3,965,393.51)	–	74,265,907.54
2020	72,001,630.81	7,327,646.43	(7,713,363.52)	–	71,615,913.72

The movements of bad debt allowance for advance payment for land compensation and entrusted loans and lending included in non-current assets based on 12-month expected credit loss and the lifetime expected credit loss, respectively, are as follows:

2021

	Stage 1 Expected credit losses in the next 12 months	Stage 2 Lifetime expected credit losses	Stage 3 Credit-impaired financial assets (Lifetime expected credit losses)	Total
Opening balance	71,065,913.72	550,000.00	–	71,615,913.72
Opening balance in current year – Transfer to stage 2				
Provision during this year	6,615,387.33	–	–	6,615,387.33
Reversal during this year	(3,962,393.51)	(3,000.00)	–	(3,965,393.51)
Closing balance	73,718,907.54	547,000.00	–	74,265,907.54

Notes to the Financial Statements

For the year 2021

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V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

25. Other Non-Current Assets (continued)

2020

	Stage 1 Expected credit losses in the next 12 months	Stage 2 Lifetime expected credit losses	Stage 3 Credit-impaired financial assets (Lifetime expected credit losses)	Total
Opening balance	71,251,630.81	750,000.00	–	72,001,630.81
Opening balance in current year				
– Transfer to stage 2	–	–	–	–
Provision during this year	7,327,646.43	–	–	7,327,646.43
Reversal during this year	(7,513,363.52)	(200,000.00)	–	(7,713,363.52)
Closing balance	71,065,913.72	550,000.00	–	71,615,913.72

V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

26. Short-term Loans

	2021	2020
Mortgage loans	2,037,694,511.95	2,948,438,306.13
Credit loans	568,969,591.62	250,563,239.75
Pledge loans	213,041,171.15	153,978,641.66
Guaranteed loans	80,061,000.00	30,000,000.00
Mortgage and pledge loans	57,322,140.30	–
Pledge and guaranteed loans	–	65,391,721.91
	2,957,088,415.02	3,448,371,909.45

As at 31 December 2021, the aforesaid borrowings carried interest at 3.40% to 15.40% (31 December 2020: 3.00% to 6.50%).

As at 31 December 2021, there were no overdue (31 December 2020: nil).

27. Notes Payable

	2021	2020
Bank acceptance bill	9,000,000.00	–

As at 31 December 2021, there were no outstanding notes payable (31 December 2020: Nil).

28. Accounts Payable

Accounts payable bear no interests, and generally be liquidated within one year.

	2021	2020
Amounts payable for construction	1,830,593,397.18	1,565,661,468.95
Amounts payable for goods for construction or advertisements	570,287,013.60	519,667,754.29
	2,400,880,410.78	2,085,329,223.24

As at 31 December 2021, the Group had no significant accounts payable aged over one year.

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V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

29. Advance from Customers

	2021	2020
Rental and relevant payments	1,692,678,416.28	960,787,153.16

As at 31 December 2021, the Group had no significant advance from customers aged more than 1 year (31 December 2020: nil).

30. Contract Liabilities

	2021	2020
Charges for the brand consulting and management service for the early stage of the project	393,097,176.79	755,247,615.66
Charges for annual brand consulting and management service for the project	182,863,758.12	193,732,370.47
Commercial consultation fees and tenant sourcing commissions	221,008,432.16	282,693,224.81
Construction and design service	117,780,996.88	149,778,072.89
Marketing service and others	1,010,326,223.11	906,097,591.06
	1,925,076,587.06	2,287,548,874.89

The amount and reasons for the significant change in the book value of contract liabilities in 2021:

	Movement	Main reason for movement
The brand consulting and management service for the early stage of the project	(362,150,438.87)	Due to the further progress of the project
Commercial consultation fees and tenant sourcing commissions	(61,684,792.65)	Due to the further progress of the project
Marketing service and others	104,228,632.05	Due to the increase of new projects of strategic consultation and joint marketing for the current year

The amount received or receivable by the Group before providing services forms contract liabilities, which is transferred to revenue when having performed performance obligations.

V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

31. Payroll Payable

2021

	Opening balance	Increase in the current year	Decrease in the current year	Closing balance
Short-term compensation	553,014,863.25	3,466,782,037.32	3,426,704,209.11	593,092,691.46
Retirement benefits (defined contribution plans)	7,518,313.75	294,460,047.47	288,965,008.75	13,013,352.47
Termination benefits	3,255,447.24	31,711,194.63	31,886,474.69	3,080,167.18
	563,788,624.24	3,792,953,279.42	3,747,555,692.55	609,186,211.11

2020

	Opening balance	Increase in the current year	Decrease in the current year	Closing balance
Short-term compensation	814,175,023.67	3,134,330,529.43	3,395,490,689.85	553,014,863.25
Retirement benefits (defined contribution plans)	14,209,355.88	76,606,517.87	83,297,560.00	7,518,313.75
Termination benefits	1,978,532.00	34,578,779.90	33,301,864.66	3,255,447.24
	830,362,911.55	3,245,515,827.20	3,512,090,114.51	563,788,624.24

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V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

31. Payroll Payable (continued)

Details of short-term compensation are as follows:

2021

	Opening balance	Increase in the current year	Decrease in the current year	Closing balance
Wages or salaries, bonuses, allowances and subsidies	528,860,431.06	2,947,882,537.64	2,904,840,343.56	571,902,625.14
Staff welfare	312,788.52	153,501,041.39	153,390,865.78	422,964.13
Social insurance	10,852,397.27	173,540,522.02	176,126,999.79	8,265,919.50
Including: Medical insurance	10,288,906.45	162,127,450.31	164,588,450.42	7,827,906.34
Work injury insurance	116,876.07	7,081,577.66	6,920,492.66	277,961.07
Maternity insurance	446,614.75	4,331,494.05	4,618,056.71	160,052.09
Housing fund	9,953,889.09	152,922,962.01	153,149,252.50	9,727,598.60
Labour union and staff education fund	3,035,357.31	38,934,974.26	39,196,747.48	2,773,584.09
	553,014,863.25	3,466,782,037.32	3,426,704,209.11	593,092,691.46

2020

	Opening balance	Increase in the current year	Decrease in the current year	Closing balance
Wages or salaries, bonuses, allowances and subsidies	793,311,238.44	2,640,018,126.59	2,904,468,933.97	528,860,431.06
Staff welfare	7,349.00	165,914,776.59	165,609,337.07	312,788.52
Social insurance	8,151,228.10	130,096,939.64	127,395,770.47	10,852,397.27
Including: Medical insurance	7,158,573.55	121,599,839.91	118,469,507.01	10,288,906.45
Work injury insurance	438,815.80	2,810,133.25	3,132,072.98	116,876.07
Maternity insurance	553,838.75	5,686,966.48	5,794,190.48	446,614.75
Housing fund	9,726,323.00	151,924,858.38	151,697,292.29	9,953,889.09
Labour union and staff education fund	2,978,885.13	46,375,828.23	46,319,356.05	3,035,357.31
	814,175,023.67	3,134,330,529.43	3,395,490,689.85	553,014,863.25

V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

31. Payroll Payable (continued)

Details of defined contribution plans are as follows:

2021

	Opening balance	Increase in the current year	Decrease in the current year	Closing balance
Basic pension insurance premium	7,179,142.76	284,587,370.65	278,883,011.06	12,883,502.35
Unemployment insurance premium	339,170.99	9,872,676.82	10,081,997.69	129,850.12
	7,518,313.75	294,460,047.47	288,965,008.75	13,013,352.47

2020

	Opening balance	Increase in the current year	Decrease in the current year	Closing balance
Basic pension insurance premium	13,669,951.43	73,986,625.76	80,477,434.43	7,179,142.76
Unemployment insurance premium	539,404.45	2,619,892.11	2,820,125.57	339,170.99
	14,209,355.88	76,606,517.87	83,297,560.00	7,518,313.75

The Group participates in pension insurance and unemployment insurance plans established by government institutions as required. According to such plans, the Group makes contribution to such plans based on the staff's basic wage and the percentage specified by local governments, respectively. Besides above monthly contributions, the Group will not undertake further payment obligation. The corresponding cost charges to the profit or loss for the current period or the cost of a relevant asset when occurs.

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V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

32. Taxes Payable

	2021	2020
Enterprise income tax	609,815,253.10	472,026,330.75
VAT	117,825,553.02	113,288,129.30
Property tax	60,519,143.08	54,133,784.23
Others	40,693,595.85	31,890,672.91
	828,853,545.05	671,338,917.19

33. Other Payables

	2021	2020
Dividends payable	–	11,079,608.27
Other payables	9,770,693,294.55	8,976,309,037.22
	9,770,693,294.55	8,987,388,645.49

Dividends payable

	2021	2020
Shanghai Liaoman Enterprise Management Consulting Service Center (LIMITED PARTNERSHIP) (上海燎曼企業管理諮詢服務中心(有限合夥))	–	156,566.15
Shanghai Liaokai Enterprise Management Consulting Service Center (LIMITED PARTNERSHIP) (上海燎凱企業管理諮詢服務中心(有限合夥))	–	234,849.22
Shanghai Chusen Business Consulting Center (LIMITED PARTNERSHIP) (上海楚森商務諮詢中心(有限合夥))	–	10,688,192.90
	–	11,079,608.27

V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

33. Other Payables (continued)

Other payables

	2021	2020
Amounts due to partners	3,041,579,942.58	2,633,408,701.43
Deposits from tenants	2,579,297,828.41	2,394,737,162.29
Proceeds collected on behalf of the tenants	1,418,021,404.41	1,176,979,759.01
Amounts payable for property purchase	1,056,332,095.49	371,429,592.85
Amounts payable to construction contractors	562,641,968.36	839,211,748.32
Rental deposits from tenants	500,514,879.68	580,980,073.12
Accrued expenses	241,680,959.90	346,424,787.39
Amounts payable to equity transfer	40,067,427.31	142,937,133.94
Amounts payable to prepaid cards	35,395,541.57	14,705,587.76
Others	295,161,246.84	475,494,491.11
	9,770,693,294.55	8,976,309,037.22

As at December 31, 2021, significant other payables aged over 1 year are as follows:

	Amount of payables	Reasons for non-payment
Shanxi Yunjinsheng Technology Co., Ltd. (山西雲錦盛科技有限公司)	173,221,635.38	Not yet paid
Shanxi Zhongdaxuan Enterprise Management Consulting Co., Ltd. (山西眾答暄企業管理諮詢有限公司)	110,668,826.14	Not yet paid
Zhengzhou Huashanghui Holding Co., Ltd. (鄭州華商匯控股有限公司)	105,717,326.87	Not yet paid
Jiangsu Provincial Construction Group Co., Ltd. (江蘇省建築工程集團有限公司)	87,760,305.80	Not yet paid
Daqing Xusheng Real Estate Development Co., Ltd. (大慶旭生房地產開發有限公司)	84,645,637.43	Not yet paid
	562,013,731.62	

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V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

34. Non-current Liabilities Due Within One Year

	2021	2020
Long-term loans due within one year – principal	4,174,414,497.59	4,258,554,857.19
Long-term loans due within one year – interest	73,399,378.88	51,864,659.11
Bonds payable due within one year – principal	3,903,697,116.05	4,033,264,470.43
Bonds payable due within one year – interest	110,002,413.84	213,894,153.03
Commercial mortgage backed securities due within one year – principal	2,151,307,811.16	2,451,753,879.27
Commercial mortgage backed securities due within one year – interest	19,944,444.45	–
Financial lease payables due within one year	337,732,502.20	192,084,555.22
One-off discount account charged for early purchase of 20-year property services due within one year (Note)	74,021,164.22	–
Lease liabilities due within one year	854,769,905.59	696,027,069.47
	11,699,289,233.98	11,897,443,643.72

Note: 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. For details, please refer to note V. 41.

35. Other Current Liabilities

	2021	2020
Output VAT to be transferred	220,624,831.48	297,567,165.99
Asset-backed securities	–	439,283,229.30
	220,624,831.48	736,850,395.29

V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

36. Long-term Loans

	2021	2020
Mortgage loans	7,647,993,688.73	8,654,687,256.72
Mortgage and guaranteed loans	6,267,604,471.30	5,592,041,776.44
Mortgage and pledge loans	5,236,837,451.15	5,757,725,594.28
Mortgage, pledge and guaranteed loans	2,453,881,296.83	2,110,975,000.00
Credit loans	–	97,000,000.00
	21,606,316,908.01	22,212,429,627.44

As at 31 December 2021, the aforesaid borrowings carried interest rates at 4.25% to 10.00% per annum (31 December 2020: 4.28% to 7.36%).

As at the end of this year, there were no long-term loans that were overdue.

* The analysis of the maturity date of long-term loans is as follows:

	2021	2020
Expires within 2 years	3,577,115,018.79	3,143,196,262.54
Expires within 3 to 5 years (including 3 and 5 years)	8,987,156,062.75	8,377,401,265.12
Over 5 years	9,042,045,826.47	10,691,832,099.78
	21,606,316,908.01	22,212,429,627.44

Description of the classification of long-term loans:

Pledge loans:	Represent the loans obtained by pledging all of the operating revenue of the shopping malls and the equity of our Group during the loan period.
Mortgage loans:	Represent the loans obtained by securing with the investment properties.
Credit loans:	Represent the loans obtained by providing guarantees by the companies within the Group or loans obtained by the Group from banks with its own reputation.
Mortgage and pledge loans:	Represent the loans obtained by securing with the investment properties and pledging with all of the operating revenue of the shopping malls during the loan period.
Mortgage and guaranteed loans:	Represent the loans obtained by securing with the investment properties and provided guarantee by the related parties.
Mortgage, pledge and guaranteed loans:	Represent the loans obtained by securing with the investment properties, pledging with cash and bank balances and all of the operating revenue of the shopping malls during the loan period.

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V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

37. Bonds Payable

	2021	2020
USD Bonds of 2017 of Hong Kong Red Star Macalline (5-year)	–	1,943,219,775.16
Medium-term notes of 2019 of Red Star Macalline Group Corporation Ltd. (First tranche)	–	499,052,038.99
Public offering of Corporate Bonds of 2020 of Red Star Macalline Group Corporation Ltd. (First tranche)	–	498,108,717.15
Medium-term notes of 2020 of Red Star Macalline Group Corporation Ltd. (First tranche)	499,257,987.37	498,227,243.10
Public offering of Corporate Bonds of 2020 of Red Star Macalline Group Corporation Ltd. (Second tranche)	–	497,655,522.60
Public offering to professional investors of Corporate Bonds of 2020 of Red Star Macalline Group Corporation Ltd. (First tranche)	–	496,371,414.35
Corporate Bonds of 2019 of Red Star Macalline Group Corporation Ltd. (First tranche)	829,000.00	–
Corporate Bonds of 2016 of Red Star Macalline Group Corporation Ltd. (First tranche) (5-year)	32,533,000.00	–
	532,619,987.37	4,432,634,711.35

V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

37. Bonds Payable (continued)

As at 31 December 2021, balances of bonds payable present as follows:

	Par value	Issue date	Maturity	Issue amount	Opening balance	Issued in the year	Accrued interest in the year	Amortization of premium and for discount	Repayments of principal in the year	Repayments of interests in the year	Exchange gains and losses	Closing balance
Public offering of Corporate Bonds of 2016 of Red Star Macalline Group Corporation Ltd. (First tranche) (7-year) (Note: 2)	1,500,000,000.00	13 July 2016	7 years	1,476,127,358.48	1,495,683,124.04	-	39,675,000.00	4,316,875.96	(1,467,467,000.00)	(99,675,000.00)	-	32,553,000.00
Medium-term notes of 2016 of Red Star Macalline Group Corporation Ltd. (First tranche) (Note: 5)	500,000,000.00	24 October 2018	3 years	494,828,301.89	498,471,083.58	-	28,325,000.00	1,528,916.42	(500,000,000.00)	(28,325,000.00)	-	-
Medium-term notes of 2019 of Red Star Macalline Group Corporation Ltd. (First tranche) (Note: 5)	500,000,000.00	25 January 2019	3 years	497,508,490.57	499,052,038.99	-	28,750,000.00	874,725.19	-	(28,750,000.00)	-	499,926,764.18
Public offering of Corporate Bonds of 2019 of Red Star Macalline Group Corporation Ltd. (First tranche) (Type 2) (Note: 6)	2,000,000,000.00	10 June 2019	4 years	1,987,756,792.45	1,992,310,262.81	-	53,500,000.00	7,689,737.19	(1,999,171,000.00)	(53,500,000.00)	-	829,000.00
Public offering of Corporate Bonds of 2016 of Red Star Macalline Group Corporation Ltd. (First tranche) (5-year) (Note: 2)	1,500,000,000.00	13 July 2016	5 years	1,485,202,830.19	46,800,000.00	-	-	-	(46,800,000.00)	-	-	-
Medium-term notes of 2020 of Red Star Macalline Group Corporation Ltd. (First tranche) (Note: 7)	500,000,000.00	20 January 2020	3 years	497,414,150.94	498,227,243.10	-	28,500,000.00	1,030,744.27	-	(28,500,000.00)	-	499,257,987.37
Public offering of Corporate Bonds of 2020 of Red Star Macalline Group Corporation Ltd. (First tranche) (Note: 8)	500,000,000.00	10 March 2020	3 years	496,793,301.89	498,108,717.15	-	28,500,000.00	1,630,925.20	-	(28,500,000.00)	-	499,738,642.35
Public offering of Corporate Bonds of 2020 of Red Star Macalline Group Corporation Ltd. (Second tranche) (Note: 9)	500,000,000.00	3 June 2020	3 years	496,726,320.75	497,655,522.60	-	24,750,000.00	1,644,160.03	-	(24,750,000.00)	-	499,299,682.63
Public offering of Corporate Bonds of 2020 of Red Star Macalline Group Corporation Ltd. (First tranche) (Type 1) to professional investors (Note: 10)	500,000,000.00	30 October 2020	3 years	496,053,063.27	496,371,414.35	-	31,000,000.00	1,750,930.94	-	(31,000,000.00)	-	498,122,345.29
USD Bonds of 2017 of Hong Kong Red Star Macalline (5-year) (Note: 3)	USD300,000,000	21 September 2017	5 years	1,937,306,695.63	1,943,219,775.16	-	64,553,962.50	7,910,438.83	-	(64,553,962.50)	(44,521,532.39)	1,906,608,681.60
Total				9,863,717,506.06	8,465,899,181.78		327,553,962.50	28,377,454.03	(4,013,438,000.00)	(927,553,962.50)	(44,521,532.39)	4,436,317,103.42
Less: Bonds payable due within one year					4,033,264,470.43							3,903,697,116.05
Bonds payable due after one year					4,432,634,711.35							532,619,987.37

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V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

37. Bonds Payable (continued)

As at 31 December 2020, balances of bonds payable present as follows:

	Par value	Issue date	Maturity	Issue amount	Opening balance	Issued in the year	Accrued interest in the year	Amortization of premium and for discount	Repayments of principal in the year	Repayments of interests in the year	Exchange gains and losses	Closing balance
Corporate Bonds of 2015 of Red Star Macaline Group Corporation Ltd. (First tranche) (Note: 1)	5,000,000,000.00	10 November 2015	5 years	4,958,670,000.00	168,002,000.00	-	9,912,118.00	-	(188,002,000.00)	(9,912,118.00)	-	-
Public offering of Corporate Bonds of 2016 of Red Star Macaline Group Corporation Ltd. (First tranche) (7-year) (Note: 2)	1,500,000,000.00	13 July 2016	7 years	1,476,127,358.48	1,491,578,398.86	-	79,350,000.00	4,104,725.18	-	(79,350,000.00)	-	1,485,683,124.04
Medium-term notes of 2018 of Red Star Macaline Group Corporation Ltd. (First tranche) (Note: 5)	500,000,000.00	24 October 2018	3 years	494,828,301.89	498,730,654.98	-	30,900,000.00	1,740,428.60	-	(30,900,000.00)	-	498,471,083.58
Public offering of Corporate Bonds of 2018 of Red Star Macaline Group Corporation Ltd. (First tranche) (Type 1) (Note: 4)	3,000,000,000.00	6 November 2018	3 years	2,976,304,150.94	2,989,770,715.57	-	189,000,000.00	10,228,284.43	(3,000,000,000.00)	(189,000,000.00)	-	-
Medium-term notes of 2019 of Red Star Macaline Group Corporation Ltd. (First tranche) (Note: 5)	500,000,000.00	25 January 2019	3 years	497,508,490.57	498,226,329.56	-	28,750,000.00	825,709.43	-	(28,750,000.00)	-	499,052,038.99
Public offering of Corporate Bonds of 2019 of Red Star Macaline Group Corporation Ltd. (First tranche) (Type 2) (Note: 6)	2,000,000,000.00	10 June 2019	4 years	1,987,736,792.45	1,989,378,250.09	-	107,000,000.00	2,931,982.72	-	(107,000,000.00)	-	1,992,310,282.81
Public offering of Corporate Bonds of 2016 of Red Star Macaline Group Corporation Ltd. (First tranche) (5-year) (Note: 2)	1,500,000,000.00	13 July 2016	5 years	1,483,202,530.19	46,800,000.00	-	2,527,200.00	-	-	(2,527,200.00)	-	46,800,000.00
Medium-term notes of 2020 of Red Star Macaline Group Corporation Ltd. (First tranche) (Note: 7)	500,000,000.00	20 January 2020	3 years	497,414,150.94	-	497,414,150.94	26,125,000.00	813,092.16	-	(26,125,000.00)	-	498,227,243.10
Public offering of Corporate Bonds of 2020 of Red Star Macaline Group Corporation Ltd. (First tranche) (Note: 8)	500,000,000.00	10 March 2020	3 years	496,793,301.89	-	496,793,301.89	20,625,000.00	1,315,415.26	-	(20,625,000.00)	-	498,108,717.15
Public offering of Corporate Bonds of 2020 of Red Star Macaline Group Corporation Ltd. (Second tranche) (Note: 9)	500,000,000.00	3 June 2020	3 years	496,726,320.75	-	496,726,320.75	15,050,000.00	929,201.85	-	(15,050,000.00)	-	497,655,522.60
Public offering of Corporate Bonds of 2020 of Red Star Macaline Group Corporation Ltd. (First tranche) (Type 1) to professional investors (Note: 10)	500,000,000.00	30 October 2020	3 years	496,033,063.27	-	496,033,063.27	5,166,666.67	318,351.08	-	(5,166,666.67)	-	496,371,414.35
USD Bonds of 2017 of Hong Kong Red Star Macaline (5-year) (Note: 3)	USD300,000,000.00	21 September 2017	5 years	1,837,306,895.63	2,069,727,307.24	-	66,084,612.50	8,882,467.92	-	(66,084,612.50)	(135,390,000.00)	1,943,219,775.16
Total				17,798,691,657.00	9,750,213,696.30	1,986,986,836.85	580,470,597.17	32,030,636.63	(3,188,002,000.00)	(580,470,597.17)	(135,390,000.00)	8,465,969,181.78
Less: Bonds payable due within one year					3,157,772,715.57							4,033,264,470.43
Bonds payable due after one year					6,592,440,970.73							4,432,634,711.35

V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

37. Bonds Payable (continued)

Others:

Note 1: The Group issued Corporate Bonds of 2015 of Red Star Macalline Group Corporation Ltd. (First tranche) totally RMB5 billion in November 2015, which referred as “15 Hongmei 01” (the bond code: 136032), with the issuance price of RMB100/100 par value with a fixed rate of interest, at a coupon rate of 4.5%. The maturity of the bond is five years, and shall be paid annually. And the bond is attached with the Company's option to adjust the coupon rate and the investors' option to sell back at the end of the third year. The valid number of declaring for selling back in the year 2018 for 15 Hongmei 01 was 48,319,980, the amount of selling back was RMB4,831,998,000.00 (excluding interest) and the remaining custodian number was 1,680,020, par value is RMB168,002,000.00. During the final two years of the maturity of the bond (from 10 November 2018 to 9 November 2020), the coupon rates of the bonds is adjusted to 5.90%. The remaining bonds mentioned above will expire and repay in 2020.

Note 2: The Company issued Corporate Bonds of 2016 of Red Star Macalline Group Corporation Ltd. (First tranche) in July 2016. The above – mentioned bonds are composed of two types. Among them, the first type of bonds is abbreviated as “16 Hongmei 01”. The issue price is RMB100/100 face value. The interest rate is fixed interest rate, the coupon rate is 3.5%, and the bond duration is 5 years, interest is paid annually, with the option to adjust the coupon rate and investors' resale option at the end of the third year. The effective number of resale declarations of 16 Hongmei 01 for the year is 14,532,000, the resale amount is RMB1,453,200,000 (excluding interest), the remaining custodial amount is 468,000, and the face value is RMB46,800,000.00. During the final two years of the maturity of the bond (from 13 July 2019 to 12 July 2021), the coupon rates of the bonds is adjusted to 5.40%. The borrowings mentioned above has expired and repaid in July 2021.

The second type of bond is abbreviated as “16 Hongmei 02”, the issue price is RMB100/100 face value, interest is calculated by interest – bearing fixed interest rate, the coupon rate is 4.29%, the bond duration is 7 years, and the interest is paid annually, from 13 July 2018, the coupon rate was adjusted to 5.29% from 4.29%, with the option to adjust the coupon rate and investors' resale option at the end of the fifth year, which was sold back in 2021, and the remaining unsold amount RMB32,533,000.00 was included in the escrow plan and will mature in 2023.

Note 3: Hong Kong Red Star Macalline Global Home Furnishing Company Limited, a subsidiary of the Group, issued the US\$-denominated bonds totally US\$300 million in 2017, the bond code: B2022(5278), with a fixed rate of interest, at a coupon rate of 3.375%. The maturity of the bond is five years, and shall be paid semi-annually. The loan will be due in September 2022 and RMB1,906,608,681.60 will be reclassified to due within one year.

Note 4: The Group publicly issued Corporate Bonds of 2018 of Red Star Macalline Group Corporation Ltd. (First tranche), which classified into two types. The total issuance scale was RMB1 billion and established the over-allotment option, of which the quota of over-allotment was no more than RMB2 billion (including RMB2 billion). The issuance was made by adopting a form of book-building for qualified investors through offline, with an issuance price of RMB100 per piece. The maturity of the type 1 of the Bonds is three years and was attached with the issuers' option to adjust the coupon rate and the bondholders' option to sell back at the end of the second year; the maturity of the type 2 is five years and was attached with the issuers' option to adjust the coupon rate and the bondholders' option to sell back at the end of the third year. The actual issuance scale of Corporate Bonds of 2018 type 1 was RMB3 billion, with a coupon rate of 6.30%; the type 2 was not issued. The remaining bonds mentioned above will expire and repay in 2020.

Note 5: On 12 September 2018, the Company received the Notice for Acceptance of Registration (Zhong Shi Xie Zhu [2018] No. MTN506) issued by National Association of Financial Market Institutional Investors (hereafter “NAFMII”), which indicating its consent for acceptance of the registration for the issuance of the medium-term notes by the Company, with the registered amount of RMB5 billion, and the registered quota would be effective within the two years since the date of the issuance of the Notice for Acceptance of Registration by “NAFMII”. On May 22, 2019, in order to better play the role of non-financial enterprise debt financing instruments in the company's overall fund utilization, after the company reassessed its debt financing instrument structure, the Company applied to the NAFMII to reduce the amount of registration of medium-term notes under the aforementioned “Notice for Acceptance of Registration” (Zhong Shi Xie Zhu [2018] MTN506). On June 6, 2019, the Group received “Zhongshi Xiezhuzhu (2019) No. 567-Letter on Reducing the Registration Amount of Medium-Term Notes of Red Star Macalline Group Co., Ltd.”, which reduced the amount of registration of medium-term notes of the Group is RMB3 billion, and the remaining effective registration amount is RMB2 billion. In 2018, the Company had successfully issued the first tranche of the medium-term notes of 2018, which referred as “18 Red Star Home Furnishing MTN001” (bond code:101801197), with the issuance price of RMB100 par value, at an issuance rate of 6.18%. The bonds shall be payable annually in three years. The above borrowings were due and repaid in 2021.

In 2019, the Group issued the “2019 First Tranche Medium-Term Notes”, the bond abbreviation “19 Macalline MTN001”, bond code 101900126, the issue price is RMB100/100 face value, with face value RMB500 million, the issue rate is 5.75%, and the bond duration is 3 year.

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V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

37. Bonds Payable (continued)

Others: (continued)

Note 6: 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 100 yuan/sheet, 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 RMB2.00 billion, and the coupon rate was 5.35%; the 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 will mature in 2023.

Note 7: 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 NAFMI, 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 is 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)”, referred to as “20 Macalline MN001”, which has a duration of 3 years, and the value date is 20 January 2020, and the redemption date is 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.

Note 8: The Group issued the “Public offering of Corporate Bonds of 2020 of Red Star Macalline Group Corporation Ltd. (First tranche)” in March 2020. The Bond was abbreviated as “20 Hongmei 01” with the issue price of RMB100 par value. The Bond has 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 4.95%.

Note 9: The Group issued the “Public offering of Corporate Bonds of 2020 of Red Star Macalline Group Corporation Ltd. (Second tranche)” in June 2020. The Bond was abbreviated as “20 Hongmei 02” with the issue price of RMB100 par value. The Bond has 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 5.16%.

Note 10: 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%.

V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

38. Lease Liabilities

	2021	2020
Lease Liabilities	4,812,556,561.08	4,778,960,345.68
Less: lease Liabilities due within one year	854,769,905.59	696,027,069.47
	3,957,786,655.49	4,082,933,276.21

39. Long-term Payables

Long-term Payables

	2021	2020
Amounts due to partners (Note 1)	537,181,239.17	567,776,765.08
Long-term rental	–	128,902.86
Default compensation account	–	1,940,585.02
Financial lease payables	193,367,582.65	143,010,065.65
	730,548,821.82	712,856,318.61

Note 1: Amounts due to partners are 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 shall be recorded as long-term payables.

* The analysis of the maturity date of long-term payables is as follows:

	2021	2020
Expires within 2 years	161,052,758.73	187,427,970.14
Expires within 3 to 5 years (including 3 and 5 years)	127,752,629.29	71,075,939.63
Over 5 years	441,743,433.80	454,352,408.84
	730,548,821.82	712,856,318.61

Notes to the Financial Statements

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V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

40. Deferred Income

2021

	Opening balance	Increase in the current year	Decrease in the current year	Closing balance
Government grant	200,069,511.89	–	22,247,738.24	177,821,773.65
VAT additional deduction (Note 1)	24,873,718.01	15,335,000.88	4,173,191.67	36,035,527.22
	224,943,229.90	15,335,000.88	26,420,929.91	213,857,300.87

2020

	Opening balance	Increase in the current year	Decrease in the current year	Closing balance
Government grant	206,268,250.13	–	6,198,738.24	200,069,511.89
VAT additional deduction (Note 1)	19,634,310.34	26,876,182.49	21,636,774.82	24,873,718.01
	225,902,560.47	26,876,182.49	27,835,513.06	224,943,229.90

Note 1: 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 recognized as deferred income. The deferred income can be used from 1 April 2019 to 31 December 2022.

V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

40. Deferred Income (continued)

As at December 31, 2021, the liabilities related to government grants are as follows:

	Opening balance	Increase in the current year	Recognized in other income in the current year	Other changes	Closing balance	Related to assets/profit
Subsidy for land supporting expenses	200,069,511.89	-	5,569,876.68	16,677,861.56*	177,821,773.65	Related to assets

* Other changes are related to the disposal of Chongqing Macalline Logistics

As at December 31, 2020, the liabilities related to government grants are as follows:

	Opening balance	Increase in the current year	Recognized in other income in the current year	Closing balance	Related to assets/profit
Subsidy for land supporting expenses	206,268,250.13	-	6,198,738.24	200,069,511.89	Related to assets

41. Other Non-current Liabilities

	2021	2020
The brand consulting and management service for the early stage of the project (Note 1)	865,805,478.62	794,760,971.72
Commercial mortgage-backed securities (Note 2)	3,291,008,049.84	3,833,098,699.03
One-off discount received on pre-purchase of property service for 20 years (Note 3)	925,525,763.89	-
	5,082,339,292.35	4,627,859,670.75

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V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

41. Other Non-current Liabilities (continued)

Note 1: Representing the contract liabilities of the Company recognized based on management service contract, as the management expected that it would be more than 1 year to recognize the corresponding revenue, these amounts were included in other noncurrent liabilities.

Note 2: 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 Ci", securities code: 156488). 18 Hongmei A1 had an issuance size of RMB2,289 million, with an annualized 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 annualized 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 Ci, subscribed RMB100 million with no annualized return and a maturity of 18 years. The securities ended its first 3-year sell-back period in December 2021 and was reaccounted as other non-current liabilities, among which, the principal repayment plan within one year of RMB61,000,000.00 was carried forward to the non-current liabilities due within one year.

The Company issued the first tranche of asset-backed notes of 2019 of Red Star Macalline Group Corporation Ltd. on 7 May 2019. The asset-backed notes were pledged with the assets of two shopping malls of the Group in Changzhou and their rental income rights, which included priority notes (securities abbreviation: "19 Macalline ABN001 Youxian", securities code: 081900208) and subordinated notes (securities abbreviation: "19 Macalline ABN001 Ci", securities code: 081900209). 19 Macalline ABN001 Youxian had an issuance size of RMB1,290 million, with an annualized return of 6.30% and a maturity of 18 years, the principal and interest of which shall be repaid annually. The Group, as a posterior investor of 19 Macalline ABN001 Ci, subscribed RMB10 million with no annualized return and a maturity of 18 years. The aforementioned asset-backed notes were repaid in 2021.

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 Ci", securities code: 159559). 19 Hongmei A had an issuance size of RMB1.7 billion, with an annualized 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 annualized 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 Ci, subscribed RMB150 million with no annualized return and a maturity of 21 years. RMB2,081,235,811.16 of 19 Hongmei A and 19 Hongmei B due within one year have been included in the non-current liabilities due within one year. 19 Hongmei A and 19 Hongmei B will enter the first 3-year redemption period in 2022, and therefore the securities balance of RMB2,081,235,811.16 will be carried forward to non-current liabilities due within one year.

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 annualized 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 annualized return of 6% and a maturity of 18 years, the principal of which shall be repaid in a one-off manner upon maturity. Among them, the principal repayment plan within one year of RMB9,072,000.00 was carried forward to the non-current liabilities due within one year.

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. The financing is planned to be used as the land and real estate mortgage and the equity pledge of the project company.

Note 3: 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 2021, the unamortized balance totalled RMB999,546,928.11, of which RMB74,021,164.22 will be amortized in 2022 and included in other non-current liabilities due within one year. The amortized amount of RMB925,525,763.89 that will be amortized in 2023 and subsequent years was included in other non-current liabilities.

V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

42. Share Capital

2021

	Opening amount	Issue of new shares	Changes during the year			Sub-total	Closing amount
			Bonus issue	Capital reserve transferred	Others		
I. Restricted shares							
1.State ownership	-	-	-	-	-	-	-
2.State-owned corporate shares	-	38,882,138.00	-	-	-	38,882,138.00	38,882,138.00
3.Other domestic shares	2,728,347,349.00	396,269,734.00	-	-	(2,728,347,349.00)	(2,332,077,615.00)	396,269,734.00
Include: Domestic non-stated-owned corporate shares	2,728,347,349.00	384,119,066.00	-	-	(2,728,347,349.00)	(2,344,228,283.00)	384,119,066.00
Domestic natural person shares	-	12,150,668.00	-	-	-	12,150,668.00	12,150,668.00
4.Foreign shares	-	14,580,801.00	-	-	-	14,580,801.00	14,580,801.00
Total restricted shares	2,728,347,349.00	449,732,673.00	-	-	(2,728,347,349.00)	(2,278,614,676.00)	449,732,673.00
II. Unrestricted shares							
1.RMB-denominated ordinary shares	435,367,017.00	-	-	-	2,728,347,349.00	2,728,347,349.00	3,163,714,366.00
2.Overseas listed foreign shares	741,285,634.00	-	-	-	-	-	741,285,634.00
Total unrestricted shares	1,176,652,651.00	-	-	-	2,728,347,349.00	2,728,347,349.00	3,905,000,000.00
Total	3,905,000,000.00	449,732,673.00	-	-	-	449,732,673.00	4,354,732,673.00

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V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

42. Share Capital (continued)

2020

	Opening amount	Issue of new shares	Changes during the year			Sub-total	Closing amount
			Bonus issue	Capital reserve transferred	Others		
I. Restricted shares							
1. State ownership	-	-	-	-	-	-	-
2. State-owned corporate shares	-	-	-	-	-	-	-
3. Other domestic shares	2,480,315,772.00	-	-	248,031,577.00	-	248,031,577.00	2,728,347,349.00
Include: Domestic non-stated-owned corporate shares	2,480,315,772.00	-	-	248,031,577.00	-	248,031,577.00	2,728,347,349.00
Domestic natural person shares	-	-	-	-	-	-	-
Total restricted shares	2,480,315,772.00	-	-	248,031,577.00	-	248,031,577.00	2,728,347,349.00
II. Unrestricted shares							
1. RMB-denominated ordinary shares	395,788,197.00	-	-	39,578,820.00	-	39,578,820.00	435,367,017.00
2. Overseas listed foreign shares	673,896,031.00	-	-	67,389,603.00	-	67,389,603.00	741,285,634.00
Total unrestricted shares	1,069,684,228.00	-	-	106,968,423.00	-	106,968,423.00	1,176,652,651.00
Total	3,550,000,000.00	-	-	355,000,000.00	-	355,000,000.00	3,905,000,000.00

Note: The Company issued 0.1 bonus share per 1 share by way of conversion of capital reserve to all of its shareholders, based on the total share capital of 3,550,000,000 shares prior to the implementation of the profit distribution plan for 2019, which resulted in an increase of 355,000,000 shares in total.

V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

43. Capital Reserve

2021

	Opening balance	Increase in the current year	Decrease in the current year	Closing balance
Share premium	3,684,105,172.99	3,228,631,126.29	4,311,113.53	6,908,425,185.75
Including:				
Capital invested by investors	5,786,331,727.05	-	-	5,786,331,727.05
A Shares offering	2,735,007,849.63	3,228,631,126.29	-	5,963,638,975.92
H Shares repurchase	(3,523,954,372.77)	-	-	(3,523,954,372.77)
Acquisition of non-controlling interests	(777,701,957.76)	-	4,311,113.53	(782,013,071.29)
The difference arising from business combination under common control	(180,578,073.16)	-	-	(180,578,073.16)
Capitalization of capital reserve	(355,000,000.00)	-	-	(355,000,000.00)
Others	(35,985,047.17)	8,054,949.44	-	(27,930,097.73)
	3,648,120,125.82	3,236,686,075.73	4,311,113.53	6,880,495,088.02

2020

	Opening balance	Increase in the current year	Decrease in the current year	Closing balance
Share premium	4,293,381,742.02	-	609,276,569.03	3,684,105,172.99
Including:				
Capital invested by investors	5,786,331,727.05	-	-	5,786,331,727.05
A Shares offering	2,735,007,849.63	-	-	2,735,007,849.63
H Shares repurchase	(3,523,954,372.77)	-	-	(3,523,954,372.77)
Acquisition of non-controlling interests	(523,425,388.73)	-	254,276,569.03	(777,701,957.76)
The difference arising from business combination under common control	(180,578,073.16)	-	-	(180,578,073.16)
Capitalization of capital reserve	-	-	355,000,000.00	(355,000,000.00)
Others	(53,405,170.98)	17,420,123.81	-	(35,985,047.17)
	4,239,976,571.04	17,420,123.81	609,276,569.03	3,648,120,125.82

Notes to the Financial Statements

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V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

44. Other Comprehensive Income

The accumulated balance of other comprehensive income in the consolidated balance sheet attributable to the Company's shareholders :

2021

	1 January 2021	Changes in the current period	31 December 2021
Changes in fair value of other equity instrument investments	1,573,695,780.79	139,470,150.92	1,713,165,931.71
Time value of the options, forward elements of forward contracts or amortization of foreign exchange basis of financial instruments of hedged items related to the period of time	67,954,058.62	18,917,420.31	86,871,478.93
Transfer from owner-occupied properties to investment properties measured at fair value	77,663,553.12	3,734,825.31	81,398,378.43
Exchange differences from translation of financial statements	1,272,569.21	(4,975,602.34)	(3,703,033.13)
	1,720,585,961.74	157,146,794.20	1,877,732,755.94

V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

44. Other Comprehensive Income (continued)

2020

	1 January 2020	Changes in the current period	31 December 2020
Changes in fair value of other equity instrument investments	1,507,253,032.92	66,442,747.87	1,573,695,780.79
Time value of the options, forward elements of forward contracts or amortization of foreign exchange basis of financial instruments of hedged items related to the period of time	(24,125,991.75)	92,080,050.37	67,954,058.62
Transfer from owner-occupied properties to investment properties measured at fair value	–	77,663,553.12	77,663,553.12
Exchange differences from translation of financial statements	–	1,272,569.21	1,272,569.21
	1,483,127,041.17	237,458,920.57	1,720,585,961.74

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V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

44. Other Comprehensive Income (continued)

Other Comprehensive Income Amount:

2021

	The amount before tax	Less: previously included in other comprehensive income converted to current retained earnings	Less: income tax	Attributable to the Company	Attributable to non-controlling interests
Other comprehensive income that will not be reclassified to profit or loss changes in fair value of other equity instrument investments	863,675,454.24	(531,924,137.17)	(193,301,556.02)	139,470,150.92	(1,020,389.87)
Other comprehensive income that will be reclassified to profit or loss changes in fair value of hedging	22,792,072.66	-	(3,874,652.35)	18,917,420.31	-
Transfer from owner-occupied properties to investment properties measured at fair value	4,979,767.08	-	(1,244,941.77)	3,734,825.31	-
Exchange differences from translation of financial statements	(4,975,602.34)	-	-	(4,975,602.34)	-
	886,471,691.64	(531,924,137.17)	(198,421,150.14)	157,146,794.20	(1,020,389.87)

V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

44. Other Comprehensive Income (continued)

Other Comprehensive Income Amount: (continued)

2020

	The amount before tax	Less: previously included in other comprehensive income converted to current retained earnings	Less: income tax	Attributable to the Company	Attributable to non-controlling interests
Other comprehensive income that will not be reclassified to profit or loss changes in fair value of other equity instrument investments	1,273,988,736.39	1,015,546,734.95	183,133,422.98	66,442,747.87	8,865,830.59
Other comprehensive income that will be reclassified to profit or loss changes in fair value of hedging	92,080,050.37	-	-	92,080,050.37	-
Transfer from owner-occupied properties to investment properties measured at fair value	103,551,404.16	-	25,887,851.04	77,663,553.12	-
Exchange differences from translation of financial statements	1,272,569.21	-	-	1,272,569.21	-
	1,470,892,760.13	1,015,546,734.95	209,021,274.02	237,458,920.57	8,865,830.59

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V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

45. Surplus Reserve

2021

	Opening balance	Increase in the current year	Decrease in the current year	Closing balance
Statutory surplus reserve	2,076,486,432.95	129,942,875.81	-	2,206,429,308.76

2020

	Opening balance	Increase in the current year	Decrease in the current year	Closing balance
Statutory surplus reserve	1,954,818,567.23	121,667,865.72	-	2,076,486,432.95

The Company is required to appropriate 10% of its profit pursuant to the Company Law and the Articles of Association of the Company to the statutory surplus reserve until the reserve balance reaches 50% of its registered capital.

After appropriating the statutory surplus reserve, the Company could appropriate any surplus reserve. After approved, any surplus reserve could be used to cover the loss of the Company for previous years or increase the share capital.

V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

46. Retained Earnings

	2021	2020
Closing balance of retained earnings for last year	36,213,026,423.36	34,486,715,762.57
Other comprehensive income converted to retained earnings	531,924,137.16	1,015,546,734.95
Net profits attributable to shareholders of the Company	2,047,401,906.98	1,730,581,791.56
Less: Appropriation to statutory surplus reserve	129,942,875.81	121,667,865.72
Cash dividend payable for ordinary shares	–	898,150,000.00
Closing balance of retained earnings	38,662,409,591.69	36,213,026,423.36

47. Revenue and Costs of Sales

	2021		2020	
	Revenue	Cost	Revenue	Cost
Principal business	15,175,370,873.24	5,844,131,891.11	13,786,398,901.41	5,344,684,426.43
Other business	337,421,342.60	102,344,483.18	450,061,197.57	135,485,598.43
	15,512,792,215.84	5,946,476,374.29	14,236,460,098.98	5,480,170,024.86

The revenue of sales set out as follows:

	2021	2020
Revenue from contracts with customers	7,280,385,176.87	7,554,046,650.21
Rental and related revenue	8,232,407,038.97	6,682,413,448.77
	15,512,792,215.84	14,236,460,098.98

Notes to the Financial Statements

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V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

47. Revenue and Costs of Sales (continued)

The breakdown of operating income from contracts with customers is as follows:

2021

Reporting segments	Entrusted management related	Construction and design	Home decoration related and sales of good	Others	Total
Principal operating region					
Mainland China	3,256,244,786.68	1,498,607,716.09	1,395,546,601.53	1,129,986,072.57	7,280,385,176.87
Time of recognizing revenue					
Recognizing revenue at certain point					
Revenue from commercial management and consultation service for construction project	26,415,094.34	-	-	-	26,415,094.34
Revenue from sales of goods	-	-	298,871,035.72	-	298,871,035.72
Other revenues	-	-	-	267,079,825.98	267,079,825.98
Recognize revenue within a period of time					
Revenue from the brand consulting and management service for the early stage of the project	667,209,408.70	-	-	-	667,209,408.70
Revenue from annual brand consulting and management service for the project	2,230,812,311.26	-	-	-	2,230,812,311.26
Revenue from commercial consultation fees and tenant sourcing commissions	331,807,972.38	-	-	-	331,807,972.38
Revenue from construction and design service	-	1,498,607,716.09	-	-	1,498,607,716.09
Revenue from decoration	-	-	1,096,675,565.81	-	1,096,675,565.81
Other revenues	-	-	-	862,906,246.59	862,906,246.59
	3,256,244,786.68	1,498,607,716.09	1,395,546,601.53	1,129,986,072.57	7,280,385,176.87

V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

47. Revenue and Costs of Sales (continued)

The breakdown of operating income from contracts with customers is as follows: (continued)

2020

Reporting segments	Entrusted Management related	Construction and design	home decoration related and Sales of good	Others	Total
Principal operating region					
Mainland China	3,580,465,132.95	1,668,238,075.14	1,224,005,416.99	1,081,338,025.13	7,554,046,650.21
Time of recognizing revenue					
Recognizing revenue at certain point					
Revenue from commercial management and consultation service for construction project	126,415,095.61	-	-	-	126,415,095.61
Revenue from sales of goods	-	-	378,414,325.79	-	378,414,325.79
Other revenues	-	-	-	334,196,101.33	334,196,101.33
Recognize revenue within a period of time					
Revenue from the brand consulting and management service for the early stage of the project	788,446,410.37	-	-	-	788,446,410.37
Revenue from annual brand consulting and management service for the project	2,061,485,740.21	-	-	-	2,061,485,740.21
Revenue from commercial consultation fees and tenant sourcing commissions	604,117,886.76	-	-	-	604,117,886.76
Revenue from construction and design service	-	1,668,238,075.14	-	-	1,668,238,075.14
Revenue from decoration	-	-	845,591,091.20	-	845,591,091.20
Other revenues	-	-	-	747,141,923.80	747,141,923.80
	3,580,465,132.95	1,668,238,075.14	1,224,005,416.99	1,081,338,025.13	7,554,046,650.21

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V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

47. Revenue and Costs of Sales (continued)

The revenue recognized in the current year included in the book value of contract liabilities at the beginning of this year is as follows:

	2021	2020
Revenue from the brand consulting and management service for the early stage of the project	224,727,846.57	385,515,939.78
Revenue from annual brand consulting and management service for the project	129,600,725.98	144,365,644.58
Revenue from commercial management and consultation service for construction project	–	95,283,018.87
Revenue from commercial consultation fees and tenant sourcing commissions	38,316,037.74	33,186,822.61
Revenue from construction and design service	149,778,072.89	162,578,534.73
Other	581,761,239.75	399,462,609.25
	1,124,183,922.93	1,220,392,569.82

Information in relation to the Group's performance obligations is as follows:

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

The Group performs the performance obligations when providing relevant service. The contract consideration is generally paid in a way as agreed in the contract and part of it generally needs to be paid before the performance obligations of the contract take place.

Revenue from annual brand consulting and management service for the project

The Group performs the performance obligations when providing relevant service. The contract consideration is generally paid in a way as agreed in the contract and part of it generally needs to be paid before the performance obligations of the contract take place.

V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

47. Revenue and Costs of Sales (continued)

Information in relation to the Group's performance obligations is as follows: (continued)

Revenue from commercial management and consultation service for construction project

The Group fulfills the performance obligations when providing relevant service and obtaining the confirmation letter for relevant services issued by customers. The contract consideration is generally paid in a way as agreed in the contract and part of it generally needs to be paid before the performance obligations of the contract take place.

Revenue from commercial consultation fees

The Group performs the performance obligations when providing relevant service. The contract consideration is generally paid in a way as agreed in the contract and part of it generally needs to be paid before the performance obligations of the contract take place.

Revenue from tenant sourcing commissions

The Group performs the performance obligations when providing relevant service. The contract consideration is generally paid in a way as agreed in the contract and part of it generally needs to be paid before the performance obligations of the contract take place.

Revenue from construction and design service

The Group performs the performance obligations when providing relevant service. Part of the contract consideration generally needs to be paid before the performance obligations of the contract take place and the remaining is paid in accordance with the contract terms after the project is settled. Customer generally withholds a certain percentage of retention money which is generally paid upon the expiration of retention period.



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V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

47. Revenue and Costs of Sales (continued)

Information in relation to the Group's performance obligations is as follows: (continued)

Revenue from sales of goods

The Group performs performance obligations when delivering goods to customers. The contract consideration generally needs to be pre-paid.

Revenue from decoration

The Group performs the performance obligations when providing relevant service. Part of the contract consideration generally needs to be paid before the performance obligations of the contract take place and the remaining is paid in accordance with the contract terms after the project is settled.

Revenue from strategic consultation fees

The Group performs the performance obligations when providing relevant service. The contract consideration is generally paid in a way as agreed in the contract and part of it generally needs to be paid before the performance obligations of the contract take place.

Joint marketing income

The Group performs the performance obligations when providing relevant service. The contract consideration is generally paid in a way as agreed in the contract and part of it generally needs to be paid before the performance obligations of the contract take place.

The total transaction price of the performance obligations amortised to the end of the year which remained outstanding or partly outstanding was RMB17,201,476,715.16, of which RMB3,495,859,885.44 was estimated to be recognised as revenue in 2022.

V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

48. Taxes and Surcharges

	2021	2020
Property tax	303,508,844.10	246,382,435.21
Urban maintenance and construction tax	42,525,497.71	41,448,545.51
Education surcharge	23,667,256.19	22,762,175.30
Land use tax	28,042,074.19	22,835,651.40
Stamp duty	14,545,655.39	12,370,905.34
Others	31,924,121.82	31,615,069.51
	444,213,449.40	377,414,782.27

49. Sale Expenses

	2021	2020
Advertising and promotional expenses	1,204,955,693.93	953,948,821.11
Energy and maintenance expenses	544,679,944.15	478,987,583.59
Salary, bonus and benefits	166,659,698.54	126,610,432.31
After-sales service expenses	43,758,593.82	43,557,632.21
Depreciation and amortization	30,307,714.65	17,822,601.66
Office and administrative expenses	30,228,101.90	38,205,086.49
Others	42,918,782.46	34,640,602.27
	2,063,508,529.45	1,693,772,759.64

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V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

50. Management Expenses

	2021	2020
Salary, bonus and benefits	1,056,932,015.49	854,698,037.03
Office and administrative expenses	499,465,886.28	394,343,198.11
Other professional services expenses	167,772,990.25	143,584,512.71
Depreciation and amortization	160,486,879.04	148,167,974.44
Auditing expenses	17,661,367.55	18,348,251.47
Network communications fees	68,174,343.66	95,275,353.19
Others	33,574,821.23	26,439,241.10
	2,004,068,303.50	1,680,856,568.05

* In 2021, the remuneration for the auditor of the Group was RMB7,800,000.00 (2020: RMB7,500,000.00).

51. Research and Development Costs

	2021	2020
Salary, bonus and benefits	55,356,270.92	32,847,160.63
Depreciation and amortization	2,292,607.71	991,214.27
Others	3,013,525.38	2,197,268.76
	60,662,404.01	36,035,643.66

V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

52. Financial Expenses

	2021	2020
Interest expenses	3,076,834,271.11	2,914,464,907.10
Less: Interest income	227,196,077.05	194,886,018.04
Less: Amounts to interest capitalization	382,293,105.52	365,745,604.27
Exchange gains and losses	(47,305,649.44)	66,960,466.83
Others	40,990,973.99	43,624,916.06
	2,461,030,413.09	2,464,418,667.68

The amounts to interest expenses capitalization have been included in investment properties.

53. Other Income

	2021	2020
Subsidy for land supporting expenses and subsidy for gas-fired air conditioning equipment	5,569,876.68	6,198,738.24
Government grants relating to daily operational activities	152,416,168.74	178,051,161.95
	157,986,045.42	184,249,900.19

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V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

53. Other Income (continued)

Government grants relating to daily activities are as follows:

	2021	2020	Related to assets/profit
Subsidies (Note 1)	86,361,953.42	92,028,673.09	Related to profit
Special government grants (Note 2)	62,921,162.84	82,603,176.84	Related to profit
Reward support (Note 3)	3,133,052.48	3,419,312.02	Related to profit
	152,416,168.74	178,051,161.95	

Note 1: Subsidy mainly refers to the tax refund and subsidies received from the government.

Note 2: Special government grants mainly refer to the special industry-supporting fund received from the government.

Note 3: Reward support mainly refer to other policy reward support funds received from the government.

54. Investment Income

	2021	2020
Long-term equity interest investment income calculated by equity method	45,193,914.37	44,959,080.07
Income from acquisition of joint venture and associates to become subsidiaries	–	126,196,808.81
Investment gain/(loss) on disposal of subsidiaries	448,896,520.84	(529,358.18)
Investment gain from disposal of associates	38,978,606.68	24,917,078.30
(Loss) from disposal of financial assets held for trading	(28,325,400.21)	(12,221,307.95)
Bonuses received from other equity instruments	31,012,472.24	38,253,530.13
Bonuses received from other non-current financial assets	3,300,000.00	440,036.71
	539,056,113.92	222,015,867.89

V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

55. Gains on Fair Value Changes

	2021	2020
Financial assets held for trading	6,081,313.45	(7,207,210.00)
Include: equity instrument investment held for trading	6,081,313.45	(7,207,210.00)
Investment properties at FVTPL	374,390,247.49	496,702,935.69
Other non-current financial assets	(8,750,000.00)	4,636,800.00
	371,721,560.94	494,132,525.69

56. Impairment Losses of Credit

	2021	2020
Bad debt losses of accounts receivable	311,158,481.25	67,861,349.68
Bad debt losses of other receivables	86,524,233.71	43,370,888.51
Impairment losses of other current assets	41,464,866.29	12,839,644.26
Impairment losses/(reversal)of non-current assets due within one year	5,061,850.00	(3,094,564.32)
Bad debt losses of long-term receivables	35,464,987.25	5,743,602.96
Impairment losses/(reversal)of other non-current assets	2,649,993.82	(385,717.09)
	482,324,412.32	126,335,204.00

57. Impairment Losses of assets

	2021	2020
Impairment losses of contract assets	50,931,834.01	224,769,471.13
Impairment losses of long-term equity interest investments	–	13,396,307.27
Impairment losses of intangible assets (Note)	219,585,688.19	95,000,000.00
	270,517,522.20	333,165,778.40

Note: Refer to Notes V.20 Intangible Assets for details.

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V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

58. Gains from Disposal of Assets

	2021	2020
Gains (losses) from disposal of fixed assets	13,583,009.15	1,368,758.55

59. Non-operating Income

	2021	2020	Amount included in nonrecurring profit or loss for 2021
Income from default compensation	2,716,353.07	10,877,503.91	2,716,353.07
Income from project termination	5,896,226.43	3,018,867.96	5,896,226.43
Others (Note)	34,848,518.83	44,041,925.09	34,848,518.83
	43,461,098.33	57,938,296.96	43,461,098.33

Note: Others mainly refer to other income not relating to ordinary operation such as accounts without payment.

V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

60. Non-Operating Expenses

	2021	2020	Amount included in non-recurring profit or loss for 2021
Charitable donations (Note 1)	31,042,689.38	32,147,040.00	31,042,689.38
Compensation expenses	11,372,205.84	123,687,842.36	11,372,205.84
Others	61,408,159.22	34,012,685.76	61,408,159.22
	103,823,054.44	189,847,568.12	103,823,054.44

Note 1: Charitable donations were mainly due to total donation of RMB30,150,000.00 by the parent company Red Star Macalline Group (紅星家居集團) to the People's Government of Beicai Town, Pudong New Area, Shanghai Municipality, Guangzhou Oppein Public Welfare Foundation, Tsinghua University Education Foundation, China Youth Entrepreneurship and Employment Foundation and Suqian Finance Bureau.

61. Government Grants

The Group does not have government grants calculated on a net basis.

For the rest of government grants, please see Note V. 53.

Category	Amount	Presented item	Amount included in profit and loss
Related to profit	3,133,052.48	Reward support fund	3,133,052.48
Related to profit	62,921,162.84	Special government grants	62,921,162.84
Related to profit	86,361,953.42	Subsidies	86,361,953.42
Related to assets	177,821,773.65	Land matching subsidies	5,569,876.68

Notes to the Financial Statements

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V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

62. Expenses by Nature

The supplementary information on the Group's operating costs, sale expenses, management expenses and research and development costs classified by nature is as follows:

	2021	2020
Salary	3,785,630,182.82	3,256,192,734.36
Construction contracts	2,298,831,319.27	2,073,253,455.09
Advertising and promotional expenses	1,333,666,185.85	1,142,067,814.10
Rent not included in the measurement of lease liabilities	18,637,831.24	35,109,865.55
Energy and maintenance expenses	578,582,455.19	503,126,338.39
Office and administrative expenses	613,852,594.08	499,100,540.06
Other professional services expenses	269,420,584.20	196,003,871.48
Depreciation and amortization	960,422,207.03	884,307,051.87
Disposal of investment properties	–	107,000,000.00
After-sales service expenses	44,027,978.71	45,289,055.86
Others	171,644,272.86	149,384,269.45
	10,074,715,611.25	8,890,834,996.21

V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

63. Income Tax Expenses

	2021	2020
Current income tax expenses	749,038,535.89	678,648,161.51
Deferred income tax expenses	(136,062,928.16)	71,422,887.10
	612,975,607.73	750,071,048.61

The relationship between income tax expenses and total profit is as follows:

	2021	2020
Total profit	2,801,975,580.90	2,814,148,451.58
Income tax expenses calculated based on statutory tax rate	700,493,895.23	703,537,112.90
Impact of different tax rates applicable to subsidiaries	(103,694,904.71)	(204,066,655.47)
Adjustments on the income tax of previous periods	24,155,029.43	(12,153,978.01)
Profits and losses attributable to joint ventures and associates	(11,298,478.58)	(11,239,770.13)
Non-taxable income	(34,021,680.21)	(41,222,593.93)
Non-deductible expenses	12,518,779.17	23,244,967.48
Use and recognize deductible losses of deferred income tax previously unrecognized	(350,650,069.23)	(163,951,226.65)
Effects of unrecognized deductible temporary differences and deductible losses	375,473,036.63	455,923,192.42
Income tax expense calculated based on the effective tax rate of the Group	612,975,607.73	750,071,048.61

Notes to the Financial Statements

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V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

64. Earnings per Share

	2021 RMB/Share	2020 RMB/Share
Basic earnings per share		
Continuing operations	0.51	0.44
Diluted earnings per share		
Continuing operations	N/A	N/A

The basic earnings per share is calculated by dividing the net profit of the current period attributable to the ordinary shareholders of the Company by the weighted average number of outstanding ordinary shares.

During the period from the balance sheet date to the date on which the financial statements are approved for publication, there is no event that may result in changes in the number of ordinary shares or potential ordinary shares outstanding.

The calculation of basic earnings per share is detailed as follows:

	2021	2020
Earnings		
Net profit of the current period attributable to ordinary shareholders of the Company	2,047,401,906.98	1,730,581,791.56

	2021	2020
Shares		
Weighted average number of the ordinary shares outstanding of the Company	4,004,940,594.00	3,905,000,000.00

V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

65. Notes to the Cash Flow Statements

	2021	2020
Other cash received in connection with operating activities		
Deposits received	137,406,830.57	231,112,087.58
Net proceeds collected and paid on behalf of others	333,754,458.48	554,160,045.64
Non-operating income and government grants	208,884,787.41	183,290,569.62
Interest income	37,672,376.09	89,398,448.54
Reserves with central bank	27,362,383.93	45,089,408.18
	745,080,836.48	1,103,050,559.56
Other cash paid in connection with operating activities		
Payment of expenses and other proceeds	2,849,426,968.35	2,367,813,099.41
Bank charges and other expenses	40,990,973.99	26,945,343.27
Non-operating expenses	66,749,721.33	142,677,568.12
	2,957,167,663.67	2,537,436,010.80
Other cash received in connection with investing activities		
Current account in connection with projects	3,157,466,181.34	1,164,574,805.97
Recovery of the entrusted loan in connection with projects	157,200,000.00	1,232,720,872.63
Interest income from loans and borrowings	131,044,909.82	185,557,027.72
Redemption of the wealth management products	71,305,774.55	164,739,626.85
Recovery of restricted funds	1,662,345,513.24	29,314,390.19
Redemption of fixed bank deposits due after over 3 months	25,973,243.42	181,762,704.83
	5,205,335,622.37	2,958,669,428.19

Notes to the Financial Statements

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V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

65. Notes to the Cash Flow Statements (continued)

	2021	2020
Other cash paid in connection with investing activities		
Project-related current account	2,112,879,352.96	3,160,416,360.28
Granting the project-related entrusted loan	123,279,604.95	705,442,536.62
Purchase of wealth management products	1,009,587,720.46	71,305,774.55
Restricted funds payment	1,889,453,525.63	267,077,539.19
Fixed bank deposits with maturity of over 3 months	21,925,853.01	20,973,243.42
	5,157,126,057.01	4,225,215,454.06
Other cash received in connection with financing activities		
Project-related current account	1,758,325,517.82	1,027,475,244.93
One-off discount received on pre-purchase of property service for 20 years	1,012,813,541.67	–
	2,771,139,059.49	1,027,475,244.93
Other cash paid in connection with financing activities		
Project-related current account	1,763,827,484.13	707,899,793.24
Acquisition of non-controlling interests	39,311,113.53	189,380,872.36
Rental paid for leased Portfolio Shopping Malls	824,298,163.45	543,648,381.72
	2,627,436,761.11	1,440,929,047.32

V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

66. Supplementary Information of Cash Flow Statements

(1) Supplementary information of cash flow statements

Reconciliation of net profits to cash flow from operating activities:

	2021	2020
Net profits	2,188,999,973.17	2,064,077,402.97
Add: Impairment allowance of assets	752,841,934.52	459,500,982.40
Depreciation of right-of-use assets	574,956,034.63	565,881,920.60
Depreciation of fixed assets	157,961,694.01	147,358,051.15
Amortization of intangible assets	48,438,852.48	41,098,906.74
Amortization of long-term prepaid expenses	179,065,625.91	184,519,587.73
(Gains) on disposal of fixed assets, intangible assets and other long-term assets	(13,583,009.15)	(1,368,758.55)
Gains from changes in fair value	(371,721,560.94)	(494,132,525.69)
Financial expense	2,334,345,325.48	2,365,683,494.16
Investment income	(539,056,113.92)	(222,015,867.89)
Increase in deferred tax assets	(1,020,783,668.26)	(366,488,995.50)
Increase in deferred tax liabilities	684,792,906.62	319,299,415.03
Decrease/(Increase) in inventories	(735,891.90)	2,682,860.97
Decrease/(Increase) in operating receivables	300,645,914.20	(732,089,027.53)
Increase/(Decrease) in operating payables	104,501,265.23	(174,275,005.00)
Net cash flows from operating activities	5,380,669,282.08	4,159,732,441.59

Significant investments and financing activities that do not involve cash:

	2021	2020
Disposal of Shanghai Red Star Financial Leasing and Red Star Factoring Company (Note 1)	1,102,487,710.14	–

Note 1: In May 2021, Red Star Macalline Group Corporation Ltd. transferred 100% equity of Shanghai Red Star Macalline Financial Leasing Company Limited (上海紅星美凱龍融資租賃有限公司) and 100% equity of Shanghai Red Star Macalline Commercial Factoring Company Limited (上海紅星美凱龍商業保理有限公司) to Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) at a transfer price of RMB1,209,108,900.00, of which RMB1,102,487,710.14 was paid by means of credit relief from Red Star Financial Leasing and Red Star Factoring Company to Red Star Macalline Group Corporation Ltd. and its subsidiaries.

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V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

66. Supplementary Information of Cash Flow Statements

(1) Supplementary information of cash flow statements (continued)

Net change in cash and cash equivalents:

	2021	2020
Closing balance of cash	6,097,986,723.20	5,901,061,909.81
Less: Opening balance of cash	5,901,061,909.81	6,776,093,360.48
Net increase/(Decrease) in cash and cash equivalents	196,924,813.39	(875,031,450.67)

(2) Information for acquisition or disposal of subsidiaries and other business units

Information for acquisition of subsidiaries and other business units

	2021	2020
Price of acquisition of subsidiaries and other business units	1.00	908,906,850.12
Cash and cash equivalents paid for acquisition of subsidiaries and other business units	–	908,906,850.12
Less: Cash and cash equivalents held for acquisition of subsidiaries and other business units	28,879,697.37	27,651,448.30
Add: Cash or cash equivalents paid in the current period for business combinations occurred in the previous periods	39,281,287.53	719,899,618.95
Net cash paid for acquisition of subsidiaries and other business units	10,401,590.16	1,601,155,020.77

Information of disposal of subsidiaries and other business units

	2021	2020
Price of disposal of subsidiaries and other business units	2,455,552,867.71	1.00
Cash and cash equivalents received from disposal of subsidiaries and other business units	1,305,780,053.81	1.00
Less: Cash and cash equivalents held for disposal of subsidiaries and other business units	77,027,110.52	–
Net cash received from disposal of subsidiaries and other business units	1,228,752,943.29	1.00

V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

66. Supplementary Information of Cash Flow Statements

(3) Cash and cash equivalents

	2021	2020
Cash	6,097,986,723.20	5,901,061,909.81
Including: Cash on hand	7,523,570.17	8,615,723.97
Bank deposits readily to be withdrawn on demand	6,072,718,289.40	5,892,446,185.84
Other cash and bank balances readily to be withdrawn on demand	17,744,863.63	
Cash and cash equivalents balance at the end of the year	6,097,986,723.20	5,901,061,909.81

67. Assets with Restricted Ownership or use Right

	2021	2020	Reasons for limitation
Cash and bank balances	266,797,879.55	320,515,556.83	Long-term Loan pledge
Cash and bank balances	5,671,764.83	3,430,500.00	Engineering deposit
Cash and bank balances	33,184,807.81	30,343,913.91	Court freezing
Cash and bank balances	5,950,178.56	20,273,548.18	Deposited investment fund
Cash and bank balances	91,794,170.10	119,156,554.03	Reserves deposited in the People's Bank of China
Cash and bank balances	52,400,000.00	52,400,000.00	Hedging deposit
Cash and bank balances	2,918,250.41	13,063,674.47	Guarantee deposit
Cash and bank balances	25,085,622.06	24,873,297.44	Migrant worker deposit
Cash and bank balances	300,000,000.00	-	Note deposit
Other equity instrument investments	136,755,048.08	183,573,840.21	Loan pledge mortgage
Investment properties	85,316,000,000.00	79,865,000,000.00	Loans, CMBS, Trust pledge/mortgage
Fixed assets	2,310,017,666.06	2,353,986,576.70	Loan mortgage/mortgage
	88,546,575,387.46	82,986,617,461.77	

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V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

67. Assets with Restricted Ownership or use Right (continued)

Others:

The revenue of operations from Shanghai Zhenbei Shopping Mall, Shanghai Wuzhonglu Shopping Mall, Jinan Red Star Shopping Mall, Ozing Digital Technology, Shanghai Jinqiao Shopping Mall, Nanjing Pukou Shopping Mall, Nanjing Mingdu Shopping Mall, Harbin West Railway Station Shopping Mall, Hefei Silihe Shopping Mall, Jinshan Hangzhou Bay Shopping Mall, Tianjin Binhai, Zhongshan Shibo, Shanghai Jinshan, Zhengzhou Red Star, Shanghai Jinqiao, Xi'an Chanba, Tianjin Hedong, Shanghai Pujiang, and Hefei Logistics during relevant loan periods was used for loan pledge. The revenue of property operation from Beijing East Four Ring, Yantai Red Star, Wuhan Etouwan, Beijing West Four Ring, Wuxi Red Star and Wuhan Hanyang during relevant periods was used for CMBS pledge.

68. Monetary Items Denominated in Foreign Currency

	2021			2020		
	Original currencies	Exchange rate	RMB equivalent	Original currencies	Exchange rate	RMB equivalent
Cash and bank balances						
USD	5,535,783.30	6.3757	35,294,493.59	5,174,366.50	6.5249	33,762,223.98
HKD	589,638.48	0.8176	482,088.42	766,624.47	0.8416	645,191.15
EUR	6,228,830.18	7.2197	44,970,285.25	20,799.05	8.0250	166,912.38
Bonds payable						
USD	299,077,744.03	6.3757	1,906,829,972.61	297,816,024.02	6.5249	1,943,219,775.16
Short-term loan						
EUR	-	-	-	166,044,763.24	8.0250	1,332,509,225.00
USD	17,514,553.76	6.3757	111,667,540.40	-	-	-

V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

69. Hedging

Fair value hedging

Hong Kong Red Star Macalline Global Home Furnishing Company Limited (香港紅星美凱龍全球家居有限公司)(hereinafter referred to as "Hong Kong Red Star Macalline"), a subsidiary of the Group (whose functional currency is RMB), issued USD300,000,000.00 long-term bonds on 21 September 2017, which will mature on 21 September 2022 and has interest rate of 3.375% per annum payable semi-annually on March 21 and September 21 of each year commencing on 21 March 2018. In response to this part of long-term bonds facing the exchange rate risk exposure caused by changes in RMB against USD. On April 2, 2019, the Group purchased a structured currency swap (can cancel the range forward), against USD150,000,000 of the USD-dominated loan of Hong Kong Red Star. On May 9, 2019, the Group purchased an option portfolio product consisting of the signed options and the purchased options to hedge the USD100,000,000 of the USD-dominated loan of Hong Kong Red Star. Through qualitative analysis, the Group determined that the ratio of the number of hedging instruments to hedged items was 1: 1. The invalid part of the hedge mainly comes from the foreign exchange basis. The invalid part of the fair value hedging this year is not significant.

Book value and fair value movement of hedging instruments are as follows:

2021

	Nominal amount of hedging instruments	Book value of hedging instruments Assets/(Liabilities)	Items listed on the balance sheet with hedging instruments	Changes in the fair value of hedging instruments used as the basis for confirming the invalid part of the hedge in 2021
Structured currency swaps	USD150,000,000	(19,564,192.33)	Derivative financial instruments	1,260,000.00
Option portfolio	USD100,000,000	1,396,522.27	Derivative financial instruments	(50,000.00)
		(18,167,670.06)		1,210,000.00

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V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

69. Hedging (continued)

Fair value hedging (continued)

Book value and fair value movement of hedging instruments are as follows: (continued)

2020

	Nominal amount of hedging instruments	Book value of hedging instruments Assets/(Liabilities)	Items listed on the balance sheet with hedging instruments	Changes in the fair value of hedging instruments used as the basis for confirming the invalid part of the hedge in 2020
Structured currency swaps	USD150,000,000	(5,371,397.29)	Derivative financial instruments	4,620,000.00
Option portfolio	USD100,000,000	7,532,129.40	Derivative financial instruments	2,190,000.00
		2,160,732.11		6,810,000.00

V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

69. Hedging (continued)

Fair value hedging (continued)

Book value of the hedged items and the related adjustments are as follows:

2021

	Book value of hedged items Liabilities	Cumulative amount of fair value hedging adjustment of the hedged item (included in the book value of the hedged item) Liabilities	Listed items in the balance sheet including hedged items	Changes in the fair value of hedged items used as the basis for confirming the invalid part of the hedged items in 2021
USD-dominated bonds	1,744,050,000.00	210,190,000.00	Bonds payable	1,210,000.00

2020

	Book value of hedged items Liabilities	Cumulative amount of fair value hedging adjustment of the hedged item (included in the book value of the hedged item) Liabilities	Listed items in the balance sheet including hedged items	Changes in the fair value of hedged items used as the basis for confirming the invalid part of the hedged items in 2020
USD-dominated bonds	1,744,050,000.00	114,125,000.00	Bonds payable	6,810,000.00

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VI. CHANGES IN CONSOLIDATION SCOPE

1. Business Combinations Involving Enterprises Not under Common Control

During the year, the Company acquired 50% equity of 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) at RMB1. Since the combining enterprises are not ultimately controlled by the same party or parties before and after the combination, the combination is not involving enterprises under common control. The Group completed the business registration for such change on 17 November 2021 and obtained the control right over Xiamen Red Star Macalline Home Furnishing Plaza Company Limited. Therefore, the acquisition date was determined to be 17 November 2021.

The fair value and book value of identifiable assets and liabilities of Xiamen Red Star Macalline Home Furnishing Plaza Company Limited on acquisition date are as follows:

	Fair value on acquisition date	Book value on acquisition date
Cash and bank balances	1,291,521.77	1,291,521.77
Receivables	3,133,602.66	3,133,602.66
Prepayments	12,968,736.55	12,968,736.55
Other receivables	20,966,715.81	20,966,715.81
Other current assets	3,516,416.88	3,516,416.88
Inventories	55,951.41	55,951.41
Net fixed assets	120,369.87	120,369.87
Construction in progress	55,495.05	55,495.05
Right-of-use assets	165,913,818.46	165,913,818.46
Long-term prepaid expenses	100,224,057.60	100,224,057.60
Deferred income tax assets	30,406,651.09	30,406,651.09
Accounts payable	271,256.30	271,256.30
Advance from customers	579,566.87	579,566.87
Payroll payable	349,394.83	349,394.83
Taxes payable	70,194.68	70,194.68
Other payables	170,927,776.63	170,927,776.63
Non-current liabilities due within one year	20,189,088.74	20,189,088.74
Lease liabilities	145,724,729.72	145,724,729.72
Deferred income	541,328.38	541,328.38
Holdings' equity	1.00	1.00
Purchase consideration	1.00	
Goodwill on acquisition	–	

The operating results and cash flows of Xiamen Red Star Macalline Home Furnishing Plaza Company Limited from the acquisition date to the end of the year are presented as follows:

	Period from the acquisition date to 31 December
Operating revenue	1,695,904.77
Net losses	(1,676,861.25)
Net cash flow	2,425,848.02

VI. CHANGES IN CONSOLIDATION SCOPE (continued)

2. Disposal of subsidiaries

	Place of incorporation	Business nature	The Group's total shareholding percentage (%)	Proportion of voting rights enjoyed by the Group in total (%)	The reason for not being a subsidiary
Tibet Red Star Macalline Business Management Company Limited (西藏紅星美凱龍企業管理有限公司)	Lhasa	Commercial services	100	100	Note 1
Red Star Macalline (Shanghai) Business Management Company Limited (紅星美凱龍(上海)企業管理有限公司)	Shanghai	Commercial services	100	100	Note 1
Shanghai Beimao Logistics Company Limited (上海倍茂物流有限公司)	Shanghai	Loading and unloading and warehousing services	100	100	Note 1
Shanghai Beiyue Logistics Company Limited (上海倍躍物流有限公司)	Shanghai	Loading and unloading and warehousing services	100	100	Note 1
Shanghai Beibo Logistics Company Limited (上海倍博物流有限公司)	Shanghai	Loading and unloading and warehousing services	100	100	Note 1
Shanghai Beizheng Logistics Company Limited (上海倍正物流有限公司)	Shanghai	Loading and unloading and warehousing services	100	100	Note 1
Tianjin Red Star Macalline Logistics Company Limited (天津紅星美凱龍物流有限公司)	Tianjin	Loading and unloading and warehousing services	60	60	Note 1
Shanghai Xingyue Property Service Co., Ltd. (上海星悅物業服務有限公司)	Shanghai	Commercial services	100	100	Note 2
Shanghai Macalline Property Management Service Co., Ltd. (上海美凱龍物業管理服務有限公司)	Shanghai	Commercial services	100	100	Note 2
Shanghai Red Star Macalline Commercial Factoring Company Limited (上海紅星美凱龍商業保理有限公司)	Shanghai	Other finance	100	100	Note 3
Shanghai Red Star Macalline Financial Leasing Company Limited (上海紅星美凱龍融資租賃有限公司)	Shanghai	Leasing	100	100	Note 3
Shanghai Ersai Enterprise Management Company Limited (上海灑賽企業管理有限公司)	Shanghai	Commercial services	100	100	Note 4
Shanghai Meiyong Industrial Co., Ltd. (上海美穎實業有限公司)	Shanghai	Wholesale	100	100	Note 5

Note 1: Tibet Red Star Macalline Business Management Company Limited (西藏紅星美凱龍企業管理有限公司) holds 100% equity of Shanghai Beimao Logistics Company Limited (上海倍邁物流有限公司), Anhui Red Star Macalline Logistics Company Limited (安徽紅星美凱龍物流有限公司), Shanghai Beilang Logistics Company Limited (上海倍朗物流有限公司), Hebei Red Star Macalline Logistics Company Limited (河北紅星美凱龍物流有限公司), Shanghai Beihao Logistics Company Limited (上海倍皓物流有限公司), Tianjin Hongju Supply Chain Technology Co., Ltd. (天津紅居供應鏈科技有限公司), Shanghai Beixun Logistics Company Limited (上海倍訊物流有限公司) and Tianjin Hongmei Supply Chain Technology Co., Ltd. (天津紅美供應鏈科技有限公司);

Red Star Macalline (Shanghai) Business Management Company Limited (紅星美凱龍(上海)企業管理有限公司) holds 100% equity of Anhui Shengshi Dingtong Logistics Company Limited (安徽盛世鼎通物流有限公司) and Chongqing Red Star Macalline Logistics Company Limited (重慶紅星美凱龍物流有限公司);

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VI. CHANGES IN CONSOLIDATION SCOPE (continued)

2. Disposal of subsidiaries (continued)

Note 1: (continued)

Shanghai Beimao Logistics Company Limited (上海倍茂物流有限公司) holds 100% equity of Guizhou Red Star Macalline Logistics Company Limited (貴州紅星美凱龍物流有限公司);

Shanghai Beiyue Logistics Company Limited (上海倍躍物流有限公司) holds 100% equity of Shaanxi Red Star Macalline Logistics Company Limited (陝西紅星美凱龍物流有限公司);

Shanghai Beibo Logistics Company Limited (上海倍博物流有限公司) holds 100% equity of Wuhan Ruixinxin Technology Co., Ltd. (武漢瑞鑫欣科技有限責任公司);

Shanghai Beizheng Logistics Company Limited (上海倍正物流有限公司) holds 100% equity of Hefei Red Star Macalline Logistics Company Limited (合肥紅星美凱龍物流有限公司).

On 2 June 2021, Red Star Macalline Group Corporation Ltd., a subsidiary of the Group, and its subsidiary 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) signed an equity transfer agreement with Tianjin Yuanchuan Investment Co., Ltd. (天津遠川投資有限公司) to dispose of its 100% equity interests in a total of 7 companies, Tibet Red Star Macalline Business Management Company Limited (西藏紅星美凱龍企業管理有限公司), Red Star Macalline (Shanghai) Business Management Company Limited (紅星美凱龍(上海)企業管理有限公司), Shanghai Beimao Logistics Company Limited (上海倍茂物流有限公司), Shanghai Beiyue Logistics Company Limited (上海倍躍物流有限公司), Shanghai Beibo Logistics Company Limited (上海倍博物流有限公司), Shanghai Beizheng Logistics Company Limited (上海倍正物流有限公司), Tianjin Red Star Macalline Logistics Company Limited (天津紅星美凱龍物流有限公司) at RMB1,214,257,509.38 and the disposal date is 30 June 2021. Therefore, since 1 July 2021, the Group no longer includes the above 7 companies into the scope of consolidation. The relevant financial information of the above seven companies is set out below:

Consolidated financial information of logistics company	Book value on 30 June 2021	Book value on 31 December 2020
Current assets	1,277,528,260.98	149,898,374.80
Non-current assets	1,905,240,217.54	2,261,992,858.49
Current liabilities	2,395,779,436.81	1,063,435,081.61
Non-current liabilities	21,133,250.74	565,175,678.76
Net assets	765,855,790.97	783,280,472.92
Gains (losses) from disposal	448,401,718.41	
Disposal consideration	1,214,257,509.38	
		Period from 1 January 2021 to 30 June
Revenue		65,246,065.71
Cost of sales		34,590,989.96
Net profit		(17,424,681.95)

VI. CHANGES IN CONSOLIDATION SCOPE (continued)

2. Disposal of subsidiaries (continued)

Note 2: On 20 May 2021, the Group and its subsidiary 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) ("Tianjin Beichen") and CIFI Ever Sunshine (Hainan) Investment Company Limited (旭輝永升(海南)投資有限公司) ("CIFI Ever Sunshine") signed an equity transfer agreement to sell its 90.1% equity interests in Shanghai Xingyue Property Service Co., Ltd. (上海星悅物業服務有限公司) ("Xingyue Property") at RMB297.33 million.

On 15 October 2021, the Group and its subsidiaries signed an equity transfer agreement with CIFI Ever Sunshine to sell its 80% equity interests in Shanghai Macalline Property Management Services Co., Ltd. (上海美凱龍物業管理服務有限公司) ("Macalline Property") at RMB696 million.

In November 2021, Tianjin Beichen, a subsidiary of the Group, signed an equity transfer agreement with Shanghai Macalline Property Management Service Co., Ltd. ("Macalline Property") to sell its 9.9% equity interests in Shanghai Xingyue Property Service Co., Ltd. ("Xingyue Property") at RMB32.67 million.

Upon the completion of the above-mentioned equity transfer transactions, CIFI Ever Sunshine and Wuhan Red Star Macalline Global Home Furnishing Plaza Development Company Limited (武漢紅星美凱龍世貿家居廣場發展有限公司) ("Wuhan Red Star"), a subsidiary of the Group, respectively held 80% and 20% equity interests in Macalline Property, and Xingyue Property became a wholly-owned subsidiary of Macalline Property, in which the Group indirectly holds 20% equity interests. Among the relevant consideration for the equity transfer, the equity consideration was RMB13,186,458.33, and a one-off discount of RMB1,013,143,541.67 was received for property services in the next 20 years.

On 31 October 2021, the Group lost control over the above-mentioned property companies and completed the overall transfer of such property companies. Therefore, the management accounted for the above-mentioned transfer as a package transaction, and the disposal date was 31 October 2021. Therefore, since 1 November 2021, the Group no longer includes Macalline Property into the scope of consolidation, and the remaining 20% equity interests in Macalline Property will be re-measured according to its fair value on the date of loss of control. The fair value is determined based on the continuously calculated share of the net assets of Macalline Property on the date of loss of control.

The relevant financial information of Macalline Property and Xingyue Property is set out below:

Financial information of Macalline Property and Xingyue Property	Book value on 31 October 2021	Book value on 31 December 2020
Current assets	39,209,701.18	1,129,066.77
Non-current assets	396,465.91	-
Current liabilities	23,120,910.28	-
Non-current liabilities	2,183.90	-
Net assets	16,483,072.91	1,129,066.77
Fair value of the remaining equity	3,296,614.58	
Gains (losses) form disposal	-	
Disposal consideration	13,186,458.33	
		Period from 1 January 2021 to 31 October
Revenue		49,308,412.17
Cost of sales		30,766,007.47
Net profit		15,354,006.14

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VI. CHANGES IN CONSOLIDATION SCOPE (continued)

2. Disposal of subsidiaries (continued)

Note 3: Red Star Macalline Group Corporation Ltd., a subsidiary of the Group, and the controlling shareholder Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) signed an equity transfer agreement in May 2021 to transfer 100% equity of Shanghai Red Star Macalline Financial Leasing Company Limited (上海紅星美凱龍融資租賃有限公司) and 100% equity of Shanghai Red Star Macalline Commercial Factoring Company Limited (上海紅星美凱龍商業保理有限公司). The transfer price paid by the transferor for the transfer of equity to the transferee is RMB1,209,108,900, of which the equity transfer price of Shanghai Red Star Macalline Financial Leasing Company Limited is RMB1,005,574,100 and the equity transfer price of Shanghai Red Star Macalline Commercial Factoring Company Limited is RMB203,534,800, and the disposal date is 7 July 2021. Therefore, since 7 July 2021, the Group no longer includes Shanghai Red Star Macalline Financial Leasing Company Limited and Shanghai Red Star Macalline Commercial Factoring Company Limited into the scope of consolidation. The relevant financial information of the above two companies is set out below:

	Book value on 7 July 2021	Book value on 31 December 2020
Current assets	1,204,519,672.47	895,683,293.98
Non-current assets	9,169,841.25	418,697,176.66
Current liabilities	5,071,437.10	38,898,588.78
Non-current liabilities	–	–
Net assets	1,208,618,076.62	1,275,481,881.86
Gains (losses) from disposal	490,823.38	
Disposal consideration	1,209,108,900.00	

	Period from 1 January 2021 to 30 June
Revenue	24,153,937.37
Cost of sales	835,224.50
Net profit	11,136,194.76
Distribution of dividends	78,000,000.00

Note 4: On 2 November 2021, Shanghai Xingkai Chengpeng Business Management Company Limited (上海星凱程鵬企業管理有限公司), a subsidiary of the Group, and Shanghai Huiyang Business Management Company Limited (上海輝漾企業管理有限公司) signed an equity transfer agreement on Shanghai Ersai Enterprise Management Company Limited (上海邇賽企業管理有限公司) to transfer 100% equity of Shanghai Ersai Enterprise Management Company Limited at nil, and the disposal date is 17 November 2021. Therefore, since 17 November 2021, the Group no longer includes Shanghai Ersai Enterprise Management Company Limited into the scope of consolidation.

Note 5: On 10 September 2021, Shanghai Red Star Macalline Industrial Company Limited (上海紅星美凱龍實業有限公司), a subsidiary of the Group, and Kang Qi, a natural person, signed an equity transfer agreement on Shanghai Meiyong Industrial Co., Ltd. (上海美穎實業有限公司) to transfer 100% equity of Shanghai Meiyong Industrial Co., Ltd. at RMB19 million, and the disposal date is 22 November 2021. Therefore, since 22 November 2021, the Group no longer includes Shanghai Meiyong Industrial Co., Ltd. into the scope of consolidation.

VI. CHANGES IN CONSOLIDATION SCOPE (continued)

3. Changes in consolidation scope for other reasons

Assets acquisition

Asset acquisitions completed by the Group this year are as follows:

In November 2020, the Group entered into an equity transfer agreement with Shanghai Hongjun Investment Company Limited (上海弘郡投資有限公司) and Shanghai Hongjun Property Development Company Limited (上海弘郡置業發展有限公司), the original shareholder of Liuzhou Red Star Macalline Home Furnishing Company Limited (“Liuzhou Red Star”), and transferred 100% of the equity of the target company Liuzhou Red Star. As of March 2021, after the acquisition, the Group holds 100% shares of Liuzhou Red Star.

In August 2021, the Group, Anhui Tenghui Investment Group Co., Ltd. (安徽騰輝投資集團有限公司) and Suzhou Shengtong Real Estate Co., Ltd. (宿州市盛通置業有限公司), Suzhou Xingfeng Enterprise Management Consulting Co., Ltd. (宿州市星豐企業管理諮詢有限公司) (“Suzhou Xingfeng”), Suzhou Xingtong Enterprise Management Consultation Company Limited (宿州星通企業管理諮詢有限公司) entered into an agreement to transfer 100% equity of Suzhou Xingfeng Enterprise Management Consulting Co., Ltd. In September 2021, after the acquisition, the Group holds 100% shares of Suzhou Xingfeng.

The management of the Group believes that none of the above transactions constitute a business combination and considers these acquisitions as asset acquisitions.

Newly established

Company name	Main business site	Place of incorporation	Business nature	Shareholding ratio		Reason of changes
				Direct (%)	Indirect (%)	
Shanghai Macalline Zunke Design Engineering Company Limited (上海美凱龍尊科設計工程有限公司)	Shanghai	Shanghai	Home design	-	45.90	Newly established company
Hainan Red Star Macalline Enterprise Management Company Limited. (海南紅星美凱龍企業管理有限公司)	Hainan	Hainan	Enterprise management and consultancy	100.00	-	Newly established company
Macalline Digital Technology Company Limited. (美凱龍數字科技有限公司)	Hainan	Hainan	E-commerce	100.00	-	Newly established company
Shenzhen Meilong Wisdom Home Decoration Engineering Company Limited. (深圳市美隆智慧家裝飾工程有限公司)	Guangdong	Guangdong	Home design	-	34.61	Newly established company
Guizhou Meican Management Company Limited (貴州美燊管理有限公司)	Guizhou	Guizhou	Building design	-	100.00	Newly established company
Yangzhou Red Star Macalline Global Expo Home Furnishing Company Limited (揚州紅星美凱龍全球博覽家居有限公司)	Jiangsu	Jiangsu	Site leasing management	100.00	-	Newly established company
Zhejiang Red Star Macalline Commercial Management Company Limited (浙江紅星美凱龍商業經營管理有限公司)	Zhejiang	Zhejiang	Others	100.00	-	Newly established company
Hangzhou Macalline Intelligent Industry Development Company Limited (杭州美凱龍智慧產業發展有限公司)	Zhejiang	Zhejiang	self-operation and self-construction	51.00	49.00	Newly established company

Cancelled subsidiaries

The subsidiaries cancelled by the Group this year were Guangzhou Red Star Macalline Home Expo Center Company Limited (廣州紅星美凱龍家居博覽中心有限公司), Shanghai Youmei Home Furnishing Company Limited (上海悠美家居有限公司), Xi'an Comfort Meijia Housekeeping Service Co., Ltd. (西安舒適美佳家政服務有限責任公司), Shanghai Jiading Construction Home Decorating Design Company Limited (上海家鼎建築裝飾設計工程有限公司), Meishan Red Star Macalline Shibo Furniture Plaza Company Limited (眉山紅星美凱龍世博家居廣場有限公司), Tianjin Red Star Macalline Home Fashion Plaza Company Limited (天津紅星美凱龍時尚家居廣場有限公司), Changsha Red Star Macalline International Home Furnishing Art Expo Company Limited (長沙紅星美凱龍國際家居藝術博覽中心有限公司), Shanxi Xingyi Tonghui Network Technology Company Limited (山西星易通匯網絡科技有限公司) and Shanghai Ditu Home Furnishing Company Limited (上海締圖家居有限公司).

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VII. INTERESTS IN OTHER ENTITIES

1. Interests in Significant Subsidiaries

The company's subsidiaries are as follows:

Subsidiary name	Main business site	Place of incorporation	Business nature	Registered capital RMB'0000	Shareholding ratio		Note
					Direct (%)	Indirect (%)	
Subsidiaries acquired through establishment or investment							
Changsha Red Star Macalline Shibo Home Furnishing Plaza Company Limited	Hunan	Hunan	Site leasing management	500.00	100	-	
Shanghai Red Star Macalline Global Home Design Expo Company Limited	Shanghai	Shanghai	Site leasing management	5,000.00	-	97	
Hangzhou Red Star Macalline Shibo Furniture Plaza Company Limited	Zhejiang	Zhejiang	Site leasing management	23,000.00	100	-	
Shanghai Red Star Macalline Brand Management Company Limited	Shanghai	Shanghai	Brand management	500.00	100	-	
Chongqing Red Star Macalline Global Home Furnishing Plaza Company Limited	Chongqing	Chongqing	Site leasing management	1,000.00	100	-	
Wuhan Red Star Macalline Shibo Home Furnishing Plaza Development Company Limited	Hubei	Hubei	Site leasing management	55,287.87	100	-	
Beijing Xingkai Jingzhou Furniture Plaza Company Limited	Beijing	Beijing	Site leasing management	3,000.00	-	51	
Shanghai Red Star Macalline Home Furnishing Design Expo Company Limited	Shanghai	Shanghai	Site leasing management	44,500.00	100	-	
Shanghai Red Star Macalline Global Home Furnishing Market Management Company Limited	Shanghai	Shanghai	Market company	50.00	-	100	
Yantai Red Star Macalline Home Furnishing Company Limited	Shandong	Shandong	Site leasing management	17,500.00	100	-	
Shenyang Mingdu Home Furnishing Plaza Company Limited	Liaoning	Liaoning	Site leasing management	25,500.00	60	40	
Beijing Century Europe and America Business Investment Company Limited	Beijing	Beijing	Site leasing management	5,000.00	-	80	
Chongqing Red Star Macalline Expo Home Furnishing Plaza Company Limited	Chongqing	Chongqing	Site leasing management	28,000.00	100	-	
Changsha Yinhong Home Furnishing Company Limited	Hunan	Hunan	Site leasing management	25,000.00	100	-	
Shanghai Jingdu Investment Company Limited	Shanghai	Shanghai	Investment management	1,000.00	51	-	
Tianjin Red Star Macalline Home Living and Decorating Plaza Company Limited	Tianjin	Tianjin	Site leasing management	42,487.87	100	-	
Panjin Red Star Macalline Global Home Furnishings Plaza Co., Ltd.	Liaoning	Liaoning	Site leasing management	21,000.00	100	-	
Shanghai Red Star Macalline Business Consulting Company Limited	Shanghai	Shanghai	Investment management	100.00	65	-	
Shenyang Red Star Macalline Home Furnishing Company Limited	Liaoning	Liaoning	Site leasing management	3,000.00	100	-	
Shanghai Red Star Macalline Trading Company Limited	Shanghai	Shanghai	Investment management	5,000.00	100	-	

VII. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in Significant Subsidiaries (continued)

The company's subsidiaries are as follows: (continued)

Subsidiary name	Main business site	Place of incorporation	Business nature	Registered capital RMB'0000	Shareholding ratio		Note
					Direct (%)	Indirect (%)	
Subsidiaries acquired through establishment or investment (continued)							
Harbin Red Star Macalline Shibo Furniture Plaza Company Limited	Heilongjiang	Heilongjiang	Site leasing management	31,000.00	100	-	
Shanghai Xingjia Decoration and Building Materials Company Limited	Shanghai	Shanghai	Construction material markets	2,000.00	-	100	
Chongqing Red Star Macalline Zhongkun Home Living Plaza Company Limited	Chongqing	Chongqing	Site leasing management	10,000.00	55	-	
Zhongshan Red Star Macalline Shibo Furniture Plaza Company Limited	Guangdong	Guangdong	Site leasing management	14,993.93	100	-	
Shenyang Dadong Red Star Macalline Home Furnishing Company Limited	Liaoning	Liaoning	Site leasing management	300.00	100	-	
Xi'an Red Star Macalline Home Furnishing Plaza Company Limited	Shaanxi	Shaanxi	Site leasing management	20,000.00	75	-	
Daqing Red Star Macalline Shibo Furniture Plaza Company Limited	Heilongjiang	Heilongjiang	Site leasing management	10,000.00	70	-	
Beijing Red Star Macalline Furnishing Market Company Limited	Beijing	Beijing	Brand management	200.00	-	100	
Wuhan Red Star Macalline Global Home Furnishing Plaza Development Company Limited	Hubei	Hubei	Site leasing management	14,993.93	100	-	
Beijing Century Kailong Business Investment Company Limited	Beijing	Beijing	Site leasing management	1,000.00	100	-	
Shanghai Red Star Ogloria Home Living Market Management Company Limited	Shanghai	Shanghai	Market company	50.00	100	-	
Hefei Red Star Macalline Shibo Furniture Plaza Company Limited	Anhui	Anhui	Site leasing management	34,984.83	100	-	
Nanjing Red Star Macalline International Home Furnishing Company Limited	Jiangsu	Jiangsu	Site leasing management	76,401.70	100	-	
Shanghai Red Star Macalline Yijia Home Decorating Company Limited	Shanghai	Shanghai	Home design	2,000.00	-	100	
Shanghai Xingyi Tonghui Business Service Company Limited	Shanghai	Shanghai	Commercial service	15,000.00	100	-	
Shanghai Hongmei E-commerce Company Limited	Shanghai	Shanghai	E-commerce	1,840.00	-	100	
Tianjin Red Star Macalline International Home Furnishing Expo Company Limited	Tianjin	Tianjin	Site leasing management	31,428.57	65	-	
Tianjin Red Star Macalline World Trade Home Furnishing Company Limited	Tianjin	Tianjin	Site leasing management	20,000.00	100	-	
Shanghai Meihao Home Decorating Design Company Limited	Shanghai	Shanghai	Home design	250.00	-	100	
Harbin Red Star Macalline International Home Furnishing Company Limited	Harbin	Harbin	Site leasing management	34,981.80	100	-	

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VII. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in Significant Subsidiaries (continued)

The company's subsidiaries are as follows: (continued)

Subsidiary name	Main business site	Place of incorporation	Business nature	Registered capital RMB'0000	Shareholding ratio		Note
					Direct (%)	Indirect (%)	
Subsidiaries acquired through establishment or investment (continued)							
Changchun Red Star Macalline Shibo Home Living Plaza Company Limited	Jilin	Jilin	Site leasing management	6,800.00	100	-	
Red Star Xizhao Investment Company Limited	Tibet	Tibet	Investment management	10,000.00	90	-	
Red Star Macalline Home Furnishing Mall Management Company Limited	Tibet	Tibet	Investment management	5,000.00	100	-	
Yangzhou Red Star Macalline International Home Furnishing Plaza Company Limited	Jiangsu	Jiangsu	Brand management	300.00	100	-	
Shanghai Red Star Macalline Longmei Home Furnishing Market Management Company Limited	Shanghai	Shanghai	Market company	100.00	100	-	
Chongqing Jiaxin Home Decorating Design Company Limited	Chongqing	Chongqing	Home design	200.00	-	70	
Henan Xixiliya Property Management Company Limited	Henan	Henan	Property management	100.00	-	100	
Shenyang Red Star Macalline Shibo Home Furnishing Company Limited	Liaoning	Liaoning	Site leasing management	4,675.74	100	-	
Shanghai Red Star Macalline Bulk Purchasing of Construction and Furnishing Materials Trading Company Limited	Shanghai	Shanghai	Site leasing management	2,000.00	100	-	
Lanzhou Red Star Macalline Shibo Furniture Plaza Company Limited	Gansu	Gansu	Site leasing management	3,000.00	100	-	
Shanghai Jisheng Wellborn Global Home Furnishing Brand Management Company Limited	Shanghai	Shanghai	Management and consultancy	10,000.00	100	-	
Shanghai Red Star Macalline Home Decorating and Furnishing Market Management Company Limited	Shanghai	Shanghai	Brand management	50.00	-	100	
Shanghai Red Star Macalline Network Technology Company Limited	Shanghai	Shanghai	E-commerce	3,000.00	-	100	
Shanghai Red Star Macalline Decorating Public Network Technology Company Limited	Shanghai	Shanghai	E-commerce	3,000.00	-	100	
Yunnan Red Star Macalline Home Furnishing Plaza Company Limited	Yunnan	Yunnan	Site leasing management	8,000.00	87	-	
Urumchi Red Star Macalline Shibo Furniture Plaza Company Limited	Xinjiang	Xinjiang	Site leasing management	5,000.00	100	-	
Dongguan Red Star Macalline Shibo Furniture Plaza Company Limited	Guangdong	Guangdong	Site leasing management	10,000.00	70	-	
Shanghai Anjia Network Technology Company Limited	Shanghai	Shanghai	E-commerce	100.00	-	100	
Shanghai Aiguangjia E-commerce Company Limited	Shanghai	Shanghai	E-commerce	100.00	-	100	
Shanghai Jia Ju Information Technology Company Limited	Shanghai	Shanghai	E-commerce	100.00	-	100	

VII. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in Significant Subsidiaries (continued)

The company's subsidiaries are as follows: (continued)

Subsidiary name	Main business site	Place of incorporation	Business nature	Registered capital RMB'0000	Shareholding ratio		Note
					Direct (%)	Indirect (%)	
Subsidiaries acquired through establishment or investment (continued)							
Shanghai Hongmei Network Technology Company Limited	Shanghai	Shanghai	E-commerce	100.00	-	100	
Chengdu Red Star Ogloria Brand Management Company Limited	Chengdu	Chengdu	Brand management	10,000.00	-	100	
Shanghai Red Star Macalline Assets Management Company Limited	Shanghai	Shanghai	Investment management	5,000.00	-	100	
Shanghai Xinghe Zhaipei Home Furnishing Service Company Limited	Hebei	Hebei	Home design	3,800.00	100	-	
Red Star Macalline Group (Shanghai) Logistics Company Limited	Shanghai	Shanghai	Logistics service	21,000.00	60	-	
Shanghai Red Star Macalline Xinglong Home Furnish Company Limited	Shanghai	Shanghai	Site leasing management	3,900.00	100	-	
Red Star Macalline Chengdu Business Management Company Limited	Chengdu	Chengdu	Management and consultancy	50,500.00	-	100	
Red Star Macalline Chengdu Enterprise Management Consulting Company Limited	Chengdu	Chengdu	Management and consultancy	50,500.00	-	100	
Shanghai Red Star Macalline Kaiheng Household Company Limited	Shanghai	Shanghai	Site leasing management	500.00	100	-	
Changsha Red Star Macalline Jinxia Home Living Plaza Company Limited	Changsha	Changsha	Site leasing management	12,000.00	100	-	
Nanchang Red Star Macalline Global Home Furnishing Plaza Company Limited	Jiangxi	Jiangxi	Site leasing management	3,000.00	51	-	
Kunming Red Star Macalline Shibo Home Furnishing Plaza Company Limited	Yunnan	Yunnan	Site leasing management	500.00	-	87	
Chongqing Red Star Macalline International Home Furnishing Plaza Company Limited	Chongqing	Chongqing	Site leasing management	12,100.00	100	-	
Shanghai Jinshan Red Star Macalline Global Home Furnishing Company Limited	Shanghai	Shanghai	Site leasing management	2,500.00	100	-	
Xi'an Red Star Macalline Shibo Home Furnishing Company Limited	Shaanxi	Shaanxi	Site leasing management	10,000.00	100	-	
Chengdu Red Star Macalline Tianfu Expo Home Furnishing Plaza Company Limited	Chengdu	Chengdu	Site leasing management	5,000.00	100	-	
Chengdu Tianfu New District Red Star Macalline World Trade Home Furnishing Company Limited	Chengdu	Chengdu	Site leasing management	21,000.00	100	-	
Hong Kong Red Star Macalline Global Home Furnishing Company Limited	Hong Kong	Hong Kong	Investment management	10,000.00	100	-	
Shanghai Red Star Macalline Yuejia Network Technology Company Limited	Shanghai	Shanghai	E-commerce	20,000.00	-	100	
Shanghai Jiajinsuo Investment Holding Company Limited	Shanghai	Shanghai	Investment management	20,000.00	100	-	

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VII. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in Significant Subsidiaries (continued)

The company's subsidiaries are as follows: (continued)

Subsidiary name	Main business site	Place of incorporation	Business nature	Registered capital RMB'0000	Shareholding ratio		Note
					Direct (%)	Indirect (%)	
Subsidiaries acquired through establishment or investment (continued)							
Zhengzhou Juankai Enterprise Management Consultation Company Limited	Henan	Henan	Enterprise management and consultancy	265,000.00	-	100	
Red Star Zhongying Investment Company Limited	Tibet	Tibet	Investment management	5,000.00	100	-	
Shanghai Macalline Xinghe Asset Management Company Limited	Shanghai	Shanghai	Enterprise management and consultancy	1,000.00	100	-	
Shanghai Yumu Enterprise Management Company Limited	Shanghai	Shanghai	Enterprise management and consultancy	500.00	100	-	
Shanghai Yuxv Enterprise Management Company Limited	Shanghai	Shanghai	Enterprise management and consultancy	500.00	100	-	
Shanghai Yuzhu Enterprise Management Company Limited	Shanghai	Shanghai	Enterprise management and consultancy	500.00	100	-	
Shanghai Yuxiao Enterprise Management Company Limited	Shanghai	Shanghai	Enterprise management and consultancy	500.00	100	-	
Zhengzhou Dongsheng Enterprise Management Company Limited	Henan	Henan	Enterprise management and consultancy	500.00	-	100	
Red Star Macalline Glory Casa (Shanghai) Home Furnishing Company Limited	Shanghai	Shanghai	Proprietary sales	20,000.00	100	-	
Shanghai Red Star Macalline Labour Dispatch Company Limited	Shanghai	Shanghai	Labour dispatching	200.00	100	-	
Yantai Xinhuan Enterprise Management Company Limited	Shandong	Shandong	Enterprise management and consultancy	500.00	-	100	
Xining Red Star Macalline Shibo Home Furnishing Plaza Company Limited	Qinghai	Qinghai	Site leasing management	18,000.00	100	-	
Red Star Macalline Enterprise Management and Consultancy Company Limited	Xinjiang	Xinjiang	Enterprise management and consultancy	10,000.00	100	-	
Red Star Ogloria Enterprise Management Company Limited	Xinjiang	Xinjiang	Enterprise management and consultancy	10,000.00	-	100	
Khorgos Red Star Macalline Business Management Company Limited	Xinjiang	Xinjiang	Enterprise management and consultancy	500.00	-	100	
Shanghai Fanju Network Technology Company Limited	Shanghai	Shanghai	Network technology	3,000.00	-	100	
Shanghai Jiajinsuo Financial Technology Information Services Company Limited	Shanghai	Shanghai	Investment management	10,000.00	-	100	
Red Star Macalline Group Finance Company Limited	Shanghai	Shanghai	Loan service	60,000.00	95	5	
Longzhuhui (Shanghai) Facility Management Services Company Limited	Shanghai	Shanghai	Enterprise management and consultancy	500.00	-	50	Note 1
Shanghai Red Star Macalline International Trading Company Limited	Shanghai	Shanghai	Import and export	500.00	55	-	Note 2

VII. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in Significant Subsidiaries (continued)

The company's subsidiaries are as follows: (continued)

Subsidiary name	Main business site	Place of incorporation	Business nature	Registered capital RMB'0000	Shareholding ratio		Note
					Direct (%)	Indirect (%)	
Subsidiaries acquired through establishment or investment (continued)							
Shanghai Red Star Macalline Home Furnishing Trading Company Limited	Shanghai	Shanghai	Import and export	500.00	-	28	Note 2
Hainan Hongju Enterprise Management Co., Ltd.	Hainan	Hainan	Enterprise management and consultancy	1,000.00	100	-	
Chengdu Red Star Macalline Xinnan Business Management Company Limited	Sichuan	Sichuan	Enterprise management and consultancy	500.00	100	-	
Khorgos Yarui Venture Capital Company Limited	Xinjiang	Xinjiang	Investment management	3,000.00	90	-	
Shanghai Red Star Ogloria Brand Management Company Limited	Shanghai	Shanghai	Brand management	500.00	100	-	
Ningbo Meishan Bonded Port Area Xingkaiyang Asset Management Company Limited	Zhejiang	Zhejiang	Asset management	1,000.00	-	51	
Khorgos Red Star Yiming Venture Capital Company Limited	Xinjiang	Xinjiang	Investment management	5,000.00	90	-	
Shanghai Betterhome Industrial Company Limited	Shanghai	Shanghai	Construction decoration	200.00	-	68	
Shanghai Kaichun Investment Management Company Limited	Shanghai	Shanghai	Investment management	5,000.00	-	100	
Kunshan Red Star Macalline Decoration Materials Company Limited	Jiangsu	Jiangsu	Site leasing management	13,962.17	100	-	
Tianjin Jinrui Corporate Management Company Limited	Tianjin	Tianjin	Enterprise management and consultancy	71,286.98	100	-	
Chongqing Xingkaike Home Furnishing Company Limited	Chongqing	Chongqing	Site leasing management	68,190.88	-	100	
Shanghai Ozing Digital Technology Company Limited	Shanghai	Shanghai	Warehouse logistics	USD2,000	-	100	
Bright Rainbow Investments Limited	Hong Kong	Hong Kong	Market service, investment	USD1,000	-	100	
Chongqing Red Star Ogloria Home Furnishing Company Limited	Chongqing	Chongqing	Site leasing management	5,000.00	100	-	
Shanghai Huaixing Culture Company Limited	Shanghai	Shanghai	Cultural and artistic exchange	200.00	80	-	
Shanghai Red Star Macalline Design Cloud Information Technology Company Limited	Shanghai	Shanghai	Information science and technology development	5,000.00	-	100	
Shanghai Beimei Logistics Company Limited	Shanghai	Shanghai	Warehouse logistics	6,000.00	-	100	
Shanghai Red Star Macalline Exhibition service Company Limited	Shanghai	Shanghai	Exhibition services	500.00	55	-	
Taiyuan Red Star Macalline Global Home Furnishing Plaza Company Limited	Shanxi	Shanxi	Site leasing management	1,000.00	51	-	

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VII. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in Significant Subsidiaries (continued)

The company's subsidiaries are as follows: (continued)

Subsidiary name	Main business site	Place of incorporation	Business nature	Registered capital RMB'0000	Shareholding ratio		Note
					Direct (%)	Indirect (%)	
Subsidiaries acquired through establishment or investment (continued)							
Shanghai Xingyijia Brand Management Company Limited	Shanghai	Shanghai	Brand management	500.00	-	100	
Jilin Red Star Macalline Logistics Company Limited	Jilin	Jilin	Warehouse logistics	4,000.00	-	100	
Changzhou Meilong Trading Company Limited	Jiangsu	Jiangsu	Sale of home furniture	50.00	100	-	
Shanghai Mengsheng Industrial Company Limited	Shanghai	Shanghai	Enterprise management and consultancy	500.00	-	100	
Shanghai Beibang Logistics Company Limited	Shanghai	Shanghai	Warehouse logistics	12,500.00	-	100	
Shanghai Red Star Macalline Construction and Decoration Design Company Limited	Shanghai	Shanghai	Home design	500.00	-	100	
Shanghai Red Star Macalline Installation of Construction and Furnishing Materials Technology Company Limited	Shanghai	Shanghai	Enterprise management and consultancy	500.00	-	100	
Shanghai Beiyao Logistics Company Limited	Shanghai	Shanghai	Warehouse logistics	15,000.00	-	100	
Zhengzhou Red Star Macalline Shibo Home Living Company Limited	Henan	Henan	Site leasing management	10,000.00	55	-	
Nantong Hongmei Shibo Home Furnishing Plaza Company Limited	Jiangsu	Jiangsu	Site leasing management	15,000.00	100	-	
Nanning Red Star Macalline Shibo Home Furnishing Exhibition Centre Company Limited	Guangxi	Guangxi	Exhibition services	30,500.00	100	-	
Shanghai Hongyue Logistics Company Limited	Shanghai	Shanghai	Warehouse logistics	6,300.00	-	60	
Ganzhou Red Star Macalline Shibo Home Furnishing Plaza Company Limited	Jiangxi	Jiangxi	Site leasing management	10,000.00	70	-	
Red Star Macalline (Zhejiang) Information Service Company Limited	Zhejiang	Zhejiang	E-commerce	2,000.00	100	-	
Zhejiang Xingzhuo Decoration Company Limited	Zhejiang	Zhejiang	Construction decoration	5,000.00	-	100	
Nanchang Red Star Macalline Global Home Expo Center Company Limited	Jiangxi	Jiangxi	Site leasing management	36,500.00	70	30	
Tianjin Red Star Macalline Supply Chain Management Company Limited	Tianjin	Tianjin	Supply chain management	6,300.00	-	60	
Shanghai Banlong Business Management Company Limited	Shanghai	Shanghai	Enterprise management and consultancy	1,000.00	-	100	
Shanghai Yingtailijin Technology Company Limited	Shanghai	Shanghai	E-commerce	1,000.00	80	-	
Nantong Longmei International Home Furnishing Company Limited	Jiangsu	Jiangsu	Site leasing management	1,000.00	100	-	

VII. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in Significant Subsidiaries (continued)

The company's subsidiaries are as follows: (continued)

Subsidiary name	Main business site	Place of incorporation	Business nature	Registered capital RMB'0000	Shareholding ratio		Note
					Direct (%)	Indirect (%)	
Subsidiaries acquired through establishment or investment (continued)							
Beijing Xingmei Yongsheng Information Consultation Company Limited	Beijing	Beijing	Enterprise management and consultancy	500.00	-	70	
Shanghai Zhiya Business Management Company Limited	Shanghai	Shanghai	Enterprise management and consultancy	23,000.00	-	100	
Red Star Macalline (Zhejiang) Corporate Management Company Limited	Zhejiang	Zhejiang	Enterprise management and consultancy	5,000.00	95	-	
Shanghai Guixv Enterprise Management Company Limited	Shanghai	Shanghai	Enterprise management and consultancy	200.00	100	-	
Shanghai Red Star Macalline Decoration (Group) Company Limited	Shanghai	Shanghai	Construction decoration	5,000.00	100	-	
Red Star Macalline Life Aesthetics Center Management Company Limited	Zhejiang	Zhejiang	Enterprise management and consultancy	5,000.00	95	-	
Zhejiang Xingyisheng Industrial Development Company Limited	Zhejiang	Zhejiang	Construction decoration	5,000.00	-	75	
Shanghai Red Star Macalline Home Decorating Company Limited	Shanghai	Shanghai	Construction decoration	10,000.00	100	-	
Shijiazhuang Bochen Industrial Company Limited	Shijiazhuang	Shijiazhuang	Enterprise management and consultancy	500.00	-	100	
Wuhu Red Star Macalline World Trade Home Furnishing Plaza Company Limited	Anhui	Anhui	Site leasing management	9,600.00	100	-	
Betterhome Construction Technology Company Limited	Zhejiang	Zhejiang	Construction decoration	20,000.00	90	-	
Shanghai Red Star Macalline Creative Design Company Limited	Shanghai	Shanghai	Construction decoration	1,000.00	-	90	
Guangzhou Red Star Macalline Market Management Company Limited	Guangdong	Guangdong	Site leasing management	500.00	100	-	
Haikou Red Star Macalline Global Home Furnishing Company Limited	Hainan	Hainan	Site leasing management	1,000.00	100	-	
Hong Kong Red Star Macalline Business Management Company Limited	Hong Kong	Hong Kong	Enterprise management and consultancy	USD500	-	100	
Shanghai Jianliu Enterprise Management Co., Ltd	Shanghai	Shanghai	Enterprise management and consultancy	1,000.00	-	100	
Shanghai Macalline Aesthetic Decoration Engineering Company Limited	Shanghai	Shanghai	Construction decoration	10,000.00	-	100	
Red Star Macalline Glory Casa (Hainan) Home Furnishing Company Limited	Hainan	Hainan	E-commerce	500.00	-	70	
Red Star Global Holdings Limited	The Virgin Islands	The Virgin Islands	Others	USD5	-	100	
Taiyuan Red Star Macalline Shimao Home Furnishing Company Limited	Shanxi	Shanxi	Site leasing management	5,000.00	60	-	

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VII. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in Significant Subsidiaries (continued)

The company's subsidiaries are as follows: (continued)

Subsidiary name	Main business site	Place of incorporation	Business nature	Registered capital RMB'0000	Shareholding ratio		Note
					Direct (%)	Indirect (%)	
Subsidiaries acquired through establishment or investment (continued)							
Red Star Home (Shanghai) Technology Co., Ltd.	Shanghai	Shanghai	E-commerce	20,000.00	100	-	
Suzhou Xingtong Enterprise Management Consultation Company Limited	Anhui	Anhui	Enterprise management and consultancy	100.00	100	-	
Shanghai enliu Enterprise Management Co., Ltd	Shanghai	Shanghai	Enterprise management and consultancy	1,000.00	-	100	
Shanghai Bencheng Enterprise Management Company Limited	Shanghai	Shanghai	Enterprise management and consultancy	1,000.00	-	100	
Foshan Junda Enterprise Management Co., Ltd.	Guangdong	Guangdong	Enterprise management and consultancy	66,890.00	100	-	
Shanghai Red Star Macalline Home Furnishing Company Limited	Shanghai	Shanghai	E-commerce	500.00	51	-	
Red Star Macalline GmbH	Munich Germany	Munich Germany	Others	EUR 2.5	-	100	
Shanghai Red Star Macalline Home Furnishing Company Limited	Shanghai	Shanghai	Proprietary sales	2,000.00	-	54	
Red Star Macalline Shibo (Tianjin) Home Living Plaza Company Limited	Tianjin	Tianjin	Site leasing management	14,200.00	100	-	
Kunshan Red Star Macalline Global Home Furnishing Company Limited	Jiangsu	Jiangsu	Brand management	100.00	100	-	
Tongxiang Red Star Macalline Shibo Home Furnishing Plaza Management Company Limited	Zhejiang	Zhejiang	Brand management	50.00	100	-	
Beijing Red Star Macalline Business Management Company Limited	Beijing	Beijing	Brand management	300.00	90	10	
Wuxi Red Star Macalline Business Management Company Limited	Jiangsu	Jiangsu	Brand management	100.00	70	30	
Quzhou Red Star Macalline Shibo Market Management Service Company Limited	Zhejiang	Zhejiang	Brand management	100.00	100	-	
Changshu Red Star Macalline Global Home Furnishing Company Limited	Jiangsu	Jiangsu	Site leasing management	100.00	-	100	
Suzhou Red Star Macalline Shibo Home Furnishing Plaza Company Limited	Jiangsu	Jiangsu	Site leasing management	8,000.00	60	-	
Nanchang Betterhome Decoration Engineering Company Limited	Jiangxi	Jiangxi	Home design	100.00	-	41	Note 3
Red Star Macalline Glory Casa (Hong Kong) Furnishing Co., Limited	Hong Kong	Hong Kong	Proprietary sales	USD300	100	-	
Chongqing Liangjiang New Area Red Star Macalline Business Management Company Limited	Chongqing	Chongqing	Management and consultancy	5,000.00	100	-	
Shanghai Beibao Logistics Co., Ltd.	Shanghai	Shanghai	Warehouse logistics	6,000.00	-	100	

VII. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in Significant Subsidiaries (continued)

The company's subsidiaries are as follows: (continued)

Subsidiary name	Main business site	Place of incorporation	Business nature	Registered capital RMB'0000	Shareholding ratio		Note
					Direct (%)	Indirect (%)	
Subsidiaries acquired through establishment or investment (continued)							
Shanghai Beida Logistics Co., Ltd.	Shanghai	Shanghai	Warehouse logistics	6,000.00	-	100	
Shanghai Beisheng Logistics Co., Ltd.	Shanghai	Shanghai	Warehouse logistics	6,000.00	-	100	
Shanghai Totoro Xiansen New Retail Home Furnishing Co., Ltd.	Shanghai	Shanghai	E-commerce	2,000.00	-	70	
Shanghai Macalline Wenshang Business Management Co., Ltd.	Shanghai	Shanghai	Management and consultancy	1,000.00	100	-	
Shanghai Red Star Macalline Aimule Decoration Engineering Co., Ltd.	Shanghai	Shanghai	Home design	1,000.00	-	68	
Red Star Macalline Commercial Management Co., Ltd.	Shanghai	Shanghai	Enterprise management and consultancy	5,000.00	100	-	
Shanghai Rongmei Industrial Co., Ltd.	Shanghai	Shanghai	Enterprise management and consultancy	340.00	-	100	
Red Star Macalline Shibo Business Management Co., Ltd.	Xinjiang	Xinjiang	Enterprise management and consultancy	5,000.00	100	-	
Red Star Macalline Management Consulting Service Co., Ltd.	Hainan	Hainan	Enterprise management and consultancy	5,000.00	100	-	
Beijing Yingchuang Shixun Technology Co., Ltd.	Beijing	Beijing	E-commerce	100.00	-	100	
Shanghai Macalline Xingshang Modular Decoration Technology Co., Ltd.	Shanghai	Shanghai	Home design	2,000.00	100	-	
Jade AG Logistics Investment (Hong Kong) Limited	Hong Kong	Hong Kong	Enterprise management and consultancy	HK\$1	-	100	
Chengdu Airport Logistics Investment Co., Ltd.	Sichuan	Sichuan	Warehouse logistics	USD1185	-	100	
Hefei Aiguang Logistics Co., Ltd.	Anhui	Anhui	Warehouse logistics	12,000.00	-	100	
Longzhihui (Changzhou) Facility Management Services Company Limited	Jiangsu	Jiangsu	Enterprise management and consultancy	100.00	-	30	Note 4
Shanghai Red Star Macalline Technology Development Co., Ltd.	Shanghai	Shanghai	Home design	6,000.00	80	-	
Shanghai Macalline Better Home Construction Technology Co., Ltd.	Shanghai	Shanghai	Home design	200.00	-	90	
Shanghai KEMI Industry Co., Ltd.	Shanghai	Shanghai	Home design	340.00	-	100	
Shanghai Boyang Enterprise Development Co., Ltd.	Shanghai	Shanghai	Home design	100.00	-	100	
Chengdu Red Star Macalline Global Home Furnishing Company Limited	Sichuan	Sichuan	Site leasing management	5,000.00	63	-	

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VII. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in Significant Subsidiaries (continued)

The company's subsidiaries are as follows: (continued)

Subsidiary name	Main business site	Place of incorporation	Business nature	Registered capital RMB'0000	Shareholding ratio		Note
					Direct (%)	Indirect (%)	
Huaihua Xingxin Commercial Management Co., Ltd.	Hunan	Hunan	Enterprise management and consultancy	500.00	-	100	
Xiamen Red Star Macalline Expo Home Furnishing Plaza Co., Ltd.	Fujian	Fujian	Home design	3,000.00	-	100	
Hangzhou Red Star Macalline Global Home Living Company Limited	Hangzhou	Hangzhou	Site leasing management	10,000.00	100	-	
Hangzhou Weiliang Electromechanical Hardware Market Co., Ltd.	Hangzhou	Hangzhou	Site leasing management	24,436.83	-	100	
Shaanxi Red Star Heji Home Shopping Plaza Company Limited	Shaanxi	Shaanxi	Site leasing management	25,000.00	80	-	
Shanghai Macalline Zunke Design Engineering Co., Ltd.	Shanghai	Shanghai	Home design	3,500.00	-	46	Note 7
Hainan Red Star Macalline Enterprise Management Co., Ltd.	Hainan	Hainan	Enterprise management and consultancy	50,000.00	100	-	
Macalline Digital Technology Co., Ltd.	Hainan	Hainan	E-commerce	10,000.00	100	-	
Shenzhen Meilong Wisdom Home Decoration Engineering Co., Ltd.	Guangdong	Guangdong	Home design	100.00	-	35	Note 8
Liuzhou Red Star Macalline Home Furnishing Company Limited	Guangxi Zhuang Autonomous Region	Guangxi Zhuang Autonomous Region	Site leasing management	2,000.00	100	-	
Guizhou Meican Management Co., Ltd.	Guizhou	Guizhou	Building construction	50.00	-	100	
Yangzhou Red Star Macalline Global Home Living Expo Company Limited	Jiangsu	Jiangsu	Site leasing management	1,000.00	100	-	
Zhejiang Red Star Macalline Commercial Management Co., Ltd.	Zhejiang	Zhejiang	Enterprise management and consultancy	5,000.00	100	-	
Hangzhou Macalline Intelligent Industry Development Co., Ltd.	Zhejiang	Zhejiang	Enterprise management and consultancy	10,000.00	51	49	

VII. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in Significant Subsidiaries (continued)

The company's subsidiaries are as follows: (continued)

Subsidiary name	Main business site	Place of incorporation	Business nature	Registered capital RMB'0000	Shareholding ratio		Note
					Direct (%)	Indirect (%)	
Subsidiaries acquired through business combination not under common control							
Shanghai Hongxin Oukai Home Furnishing Company Limited	Shanghai	Shanghai	Site leasing management	10,000.00	50	–	Note 5
Shanghai Xinwei Property Company Limited	Shanghai	Shanghai	Site leasing management	5,000.00	40	58	
Zhengzhou Red Star Macalline Global Home Living Plaza Management Company Limited	Henan	Henan	Site leasing management	100.00	51	9	
Chengdu Changyi Red Star Macalline Home Living Market Management Company Limited	Sichuan	Sichuan	Site leasing management	2,000.00	–	50	Note 6
Shanghai Red Star Macalline Building Design Company Limited	Shanghai	Shanghai	Engineering design	500.00	–	100	
Wuxi Red Star Macalline Home Living Plaza Company Limited	Jiangsu	Jiangsu	Site leasing management	53,481.80	100	–	
Langfang Kaihong Home Living Plaza Company Limited	Hebei	Hebei	Site leasing management	10,000.00	70	–	
Shanghai Red Star Macalline Intellectual Property Agency Company Limited	Shanghai	Shanghai	Intellectual property	50.00	–	100	
Shanghai Macalline Smart Decoration Technology Co., Ltd.	Shanghai	Shanghai	Home design	2,000.00	–	68	
Hohhot Red Star Macalline Shibo Home Furnishing Plaza Company Limited	Hohhot	Hohhot	Site leasing management	10,000.00	100	–	
Kunming Diken Trading Company Limited	Kunming	Kunming	Site leasing management	3,000.00	63	–	
Suzhou Industry Park Red Star Macalline Home Furnishing Company Limited	Jiangsu	Jiangsu	Site leasing management	10,000.00	55	–	
Shanghai Xingyijia Business Management Co., Ltd.	Shanghai	Shanghai	Management and consultancy	1,000.00	–	100	
Ningbo Red Star Macalline Home Shopping Plaza Company Limited	Zhejiang	Zhejiang	Site leasing management	8,000.00	80	20	
Shanghai Zengmin Enterprise Management Company Limited	Shanghai	Shanghai	Management and consultancy	10.00	–	100	
Dalian Red Star Macalline Shibo Home Furnishing Plaza Company Limited	Liaoning	Liaoning	Site leasing management	4,000.00	62	–	
Yongqing Yintong Construction and Development Co., Ltd.	Hebei	Hebei	Industrial investment	5,000.00	–	70	
Yongqing Yintai Future Land Construction and Development Co., Ltd.	Hebei	Hebei	Industrial investment	10,000.00	–	70	
Yintai (Yongqing) New City Investment Co., Ltd.	Hebei	Hebei	Industrial investment	10,000.00	–	70	
Qianzhi (Shanghai) Home Living Company Limited	Shanghai	Shanghai	Proprietary sales	500.00	60	–	
Xinsheng Property Management (Shanghai) Co., Ltd.	Shanghai	Shanghai	Site leasing management	4,897.66	100	–	
Suzhou Xingfeng Enterprise Management Consultation Company Limited	Anhui	Anhui	Site leasing management	8,500.00	100	–	
Xiamen Red Star Macalline Home Furnishing Plaza Company Limited	Fujian	Fujian	Site leasing management	3,000.00	100	–	

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VII. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in Significant Subsidiaries (continued)

The company's subsidiaries are as follows: (continued)

Subsidiary name	Main business site	Place of incorporation	Business nature	Registered capital RMB'0000	Shareholding ratio		Note
					Direct (%)	Indirect (%)	
Subsidiary acquired through business combination under the same control							
Changzhou Macalline International Computer and Electronics Furnishing Plaza Company Limited	Jiangsu	Jiangsu	Site leasing management	1,000.00	100	-	
Changzhou World Furniture and Home Plaza Co., Ltd.	Jiangsu	Jiangsu	Site leasing management	500.00	100	-	
Wuxi Red Star Macalline International Home Furnishing Company Limited	Jiangsu	Jiangsu	Site leasing management	8,000.00	94	6	
Lianyungang Red Star Macalline International Home Furnishing Plaza Company Limited	Jiangsu	Jiangsu	Site leasing management	300.00	60	40	
Nanjing Red Star International Home Furnishing Mall Company Limited	Jiangsu	Jiangsu	Site leasing management	2,000.00	100	-	
Nanjing Mingdu Home Furnishing Plaza Company Limited	Jiangsu	Jiangsu	Site leasing management	8,000.00	60	40	
Shanghai Red Star Macalline Decorative Furniture Mall Company Limited	Shanghai	Shanghai	Site leasing management	5,000.00	92	5	
Shanghai Red Star Macalline Global Home Furnishing Company Limited	Shanghai	Shanghai	Site leasing management	15,000.00	100	-	
Shanghai Shanhai Art Furniture Company Limited	Shanghai	Shanghai	Site leasing management	24,255.00	-	90	
Shanghai Red Star Macalline Home Furnishing Market Management Company Limited	Shanghai	Shanghai	Market company	2,000.00	90	-	
Jinan Red Star Macalline Shibo Home Living Plaza Company Limited	Shandong	Shandong	Site leasing management	10,260.00	70	-	
Chengdu Red Star Macalline Shibo Home Living Plaza Company Limited	Sichuan	Sichuan	Site leasing management	3,000.00	100	-	
Zhengzhou Red Star Macalline International Home Furnishing Company Limited	Henan	Henan	Site leasing management	3,000.00	51	9	
Changzhou Red Star Macalline Home Furnishing and Decorating Market Company Limited	Jiangsu	Jiangsu	Market company	500.00	-	100	
Shanghai Red Star Macalline Home Furnishing and Decorating Market Management Company Limited	Shanghai	Shanghai	Market company	300.00	45	53	
Chongqing Red Star Macalline Shibo Home Living Plaza Company Limited	Chongqing	Chongqing	Site leasing management	3,000.00	100	-	
Shanghai Xingkai Chengpeng Business Management Company Limited	Shanghai	Shanghai	Investment management	1,000.00	100	-	
Shanghai Hongmei E-Commerce Company Limited	Shanghai	Shanghai	E-commerce	5,000.00	100	-	
Changzhou Hongyang Home Furnishing Plaza Company Limited	Jiangsu	Jiangsu	Site leasing management	6,000.00	-	75	
Jiangsu Sunan Construction Company Limited	Jiangsu	Jiangsu	Building construction	20,000.00	-	100	

VII. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in Significant Subsidiaries (continued)

The company's subsidiaries are as follows: (continued)

Subsidiary name	Main business site	Place of incorporation	Business nature	Registered capital RMB'0000	Shareholding ratio		Note
					Direct (%)	Indirect (%)	
Shenyang Red Star Macalline Home Living Expo Company Limited	Liaoning	Liaoning	Site leasing management	5,000.00	100	-	
Shanghai Red Star Macalline Industrial Company Limited	Shanghai	Shanghai	Investment management	10,000.00	100	-	
Beijing Red Star Macalline International Home Furnishing Plaza Company Limited	Beijing	Beijing	Site leasing management	5,000.00	100	-	
Beijing Red Star Macalline Shibo Furniture Plaza Company Limited	Beijing	Beijing	Site leasing management	2,999.00	100	-	
Beijing Macalline Home Furnishing Material Market Company Limited	Beijing	Beijing	Market company	300.00	20	80	
Beijing Red Star Macalline Shibo Home Furnishing Plaza Company Limited	Beijing	Beijing	Market company	200.00	-	100	
Baotou Red Star Macalline Home Furnishing Plaza Company Limited	Inner Mongolia	Inner Mongolia	Site leasing management	500.00	100	-	
Red Star Macalline Global (Beijing) Home Furnishing Plaza Company Limited	Beijing	Beijing	Site leasing management	1,000.00	-	100	

According to the relevant contract signed between the Company and Shandong Furong Group Co., Ltd. (山東芙蓉集團有限公司), a shareholder of 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), after the completion of the relevant cooperative project buildings, Shandong Furong Group Co., Ltd. got part of property rights of the buildings, which is rented by the Group. The lease term is 10 years from the official opening of the project (2021 to 2030). Shandong Furong Group Co., Ltd. obtained a fixed rental return and did not participate in the daily management and other profit distribution of Jinan Red Star. According to the relevant contract, the Group reclassified the capital contribution of Shandong Furong Group Co., Ltd. into liabilities and does not treat it as an equity instrument.

According to the relevant contract signed between the Company and Beijing Chaoyang North Garden Agriculture and Industry Co., Ltd. (北京市朝陽北花園農工商公司), a shareholder of Beijing Century Europe and America Business Investment Company Limited (北京世紀歐美商業投資有限公司) ("Beijing Century Europe and America Business"), the Group contracted to operate Beijing Century Europe and America Business within the project cooperation period starting after 12 months from the construction commencement date, the Group shall pay a fixed contract profit to Beijing Chaoyang North Garden Agricultural Industrial and Commercial Company. The cooperative operation period is 50 years (2011 to 2060). Upon expiration of the cooperative operation period, all land, buildings and non-demolition facilities of the project company shall be shared by both shareholders in proportion to the registered capital. According to the relevant contract, the Group reclassified the capital contribution of Beijing Chaoyang Beihuayuan Agricultural and Industrial Co., Ltd. into liabilities and does not treat it as an equity instrument.

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VII. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in Significant Subsidiaries (continued)

Note 1: Other shareholders of Longzhihui (Shanghai) Facility Management Services Company Limited will not participate in the specific operation and management of Company and the Group has the rights to determine its financial and operational policies, and could exercise control over it.

Note 2: Shanghai Red Star Macalline International Trading Company Limited, which is under the control of the Group, holds 51% of the equity of Shanghai Red Star Macalline Home Furnishing Trading Company Limited. Pursuant to the Articles of Association, the company has one executive director, who is appointed by the Group, and the Group could exercise control over it.

Note 3: Shanghai Macalline Smart Decoration Technology Co., Ltd., which is under the control of the Group, holds 60% of the equity of Nanchang Betterhome Decoration Engineering Company Limited. Pursuant to the Articles of Association, resolutions of the general meeting shall be approved by shareholders representing at least two-thirds of voting rights of the whole shareholders, and the Group could exercise control over it.

Note 4: Longzhihui (Shanghai) Facility Management Services Company Limited, which is under the control of the Group, holds 60% of the equity of Nanchang Betterhome Decoration Engineering Company Limited. Pursuant to the Articles of Association, resolutions of the general meeting shall be approved by shareholders representing at least two-thirds of voting rights of the whole shareholders, and the Group could exercise control over it.

Note 5: The board of directors of Shanghai Hongxin Oukai Home Living Company Limited totally sets five seats and three of which were appointed by the Group. CHE Jianxing (車建興), serves as its chairman, and the Group could exercise control over it.

Note 6: The board of directors of Chengdu Changyi Red Star Macalline Home Living Market Management Company Limited totally sets five seats, and three of which were appointed by the Group. CHE Jianxing (車建興), serves as its chairman, and the Group could exercise control over it.

Note 7: The board of directors of Shanghai Macalline Zunke Design Engineering Co., Ltd. (上海美凱龍尊科設計工程有限公司) totally sets five seats and three of which were appointed by the Group. According to the Articles of Association, the resolution of the board of directors needs to be passed by more than half of all directors, and the Group could exercise control over it.

Note 8: The board of directors of Shenzhen Meilong Wisdom Home Decoration Engineering Co., Ltd. (深圳市美隆智慧家裝飾工程有限公司) totally sets five seats and three of which were appointed by the Group. According to the Articles of Association, the resolution of the board of directors needs to be passed by more than half of all directors, and the Group could exercise control over it.

VII. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in Significant Subsidiaries (continued)

Details of the subsidiaries with significant minority shareholders' interests are as follows:

2021

	Minority shareholders' interests ratio (%)	Profit/loss attributable to minority shareholders	Dividends paid to minority shareholders	Accumulated minority shareholders interests by the end of year
Zhengzhou Red Star	39.69	140,428,699.11	36,950,000.00	1,052,810,240.58
Yintai New City Investment	30.00	(267,637.41)	-	424,664,601.43
Suzhou Red Star	45.00	120,313,565.23	45,450,000.00	536,593,654.17

2020

	Minority shareholders' interests ratio (%)	Profit/loss attributable to minority shareholders	Dividends paid to minority shareholders	Accumulated minority shareholders interests by the end of year
Zhengzhou Red Star	39.69	124,332,487.63	90,281,990.96	949,331,541.47
Yintai New City Investment	30.00	(1,391,010.65)	-	424,932,238.84
Suzhou Red Star	45.00	156,855,412.98	-	461,730,088.94

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VII. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in Significant Subsidiaries (continued)

The following table illustrates the financial information of above-mentioned subsidiaries. This information represents the amounts of subsidiaries excluding elimination of the Group:

	Zhengzhou Red Star	Yintai New City Investment	Suzhou Red Star
2021			
Current assets	834,599,785.72	280,360,972.79	472,598,226.83
Non-current assets	3,888,415,620.32	2,577,620,001.49	1,895,738,129.20
Total assets	4,723,015,406.04	2,857,980,974.28	2,368,336,356.03
Current liabilities	169,116,843.62	734,601,510.32	181,690,190.16
Non-current liabilities	1,722,498,252.14	459,251,811.26	938,665,823.24
Total liabilities	1,891,615,095.76	1,193,853,321.58	1,120,356,013.40
Revenue	367,877,010.12	–	196,298,689.80
Net profit/(loss)	353,813,804.75	(892,124.74)	267,363,478.32
Total comprehensive income/(loss)	353,813,804.75	(892,124.74)	267,363,478.32
Net cash flow from/(used in) operating activities	246,225,382.75	5,915,583.35	134,148,453.32

VII. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in Significant Subsidiaries (continued)

The following table illustrates the financial information of above-mentioned subsidiaries. This information represents the amounts of subsidiaries excluding elimination of the Group: (continued)

	Zhengzhou Red Star	Yintai New City Investment	Suzhou Red Star
2020			
Current assets	863,508,684.86	294,785,944.25	467,057,381.54
Non-current assets	3,713,465,513.60	2,466,774,402.88	1,650,726,001.73
Total assets	4,576,974,198.46	2,761,560,347.13	2,117,783,383.27
Current liabilities	201,489,865.64	637,288,758.43	170,500,590.90
Non-current liabilities	1,787,897,827.29	459,251,811.26	921,215,928.06
Total liabilities	1,989,387,692.93	1,096,540,569.69	1,091,716,518.96
Revenue	311,515,470.02	–	174,372,909.49
Net profit/(loss)	313,258,976.16	(4,636,702.16)	348,567,584.39
Total comprehensive income/(loss)	313,258,976.16	(4,636,702.16)	348,567,584.39
Net cash flow from/(used in) operating activities	156,081,904.01	(20,656,835.22)	99,372,400.98

2. Transactions which changed equity of subsidiaries without affecting right of control

The main transactions which changed equity of subsidiaries without affecting right of control are as follows:

In November 2021, the Group acquired 30% equity interests in Hainan Hongju Enterprise Management Co., Ltd. (海南紅居企業管理有限公司) held by Qian Jun, Wan Xiaochang and Wang Kunyu, the minority shareholders of Hainan Hongju Enterprise Management Co., Ltd. at RMB6,000,000.00. After the acquisition, shares of Hainan Hongju held by the Group increased from 70% to 100%, and the capital reserve was reduced by RMB4,311,113.53.

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VII. INTERESTS IN OTHER ENTITIES (continued)

3. Interests in joint ventures and associates

	Main business site	Place of incorporation	Business nature	Registered capital RMB'0000	Shareholding ratio		Accounting treatment	Note
					Direct (%)	Indirect (%)		
Joint ventures								
Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司)	Sichuan	Sichuan	Site lease management	8,300.00	50.00	-	Equity method	
Shanghai CTME Economy & Trade Development Co., Ltd. (上海中貿美凱龍經貿發展有限公司)	Shanghai	Shanghai	Wholesale and retail	500.00	-	40.00	Equity method	1
Shanghai Mingyi Enterprise Development Co., Ltd. (上海名藝商業企業發展有限公司)	Shanghai	Shanghai	Leasing and commercial services	1,000.00	50.00	-	Equity method	
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)	Anhui	Anhui	Leasing and commercial services	2,000.00	-	50.00	Equity method	
Baoxiang Red Star Macalline (Xiamen) Global Home Furnishing Plaza Company Limited (寶象紅星美凱龍(廈門)全球家居廣場有限公司)	Fujian	Fujian	Wholesale and retail	3,000.00	50.00	-	Equity method	
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)	Guangdong	Guangdong	Wholesale and retail	1,000.00	-	43.00	Equity method	3
Shenzhen Red Star Macalline Business Management Company Limited (深圳紅星美凱龍商業管理有限公司)	Guangdong	Guangdong	Leasing and commercial services	1,000.00	60.00	-	Equity method	4
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)	Guangdong	Guangdong	Wholesale and retail	3,000.00	-	50.00	Equity method	
Wuhu Minghui Business Management Co., Ltd. (蕪湖明輝商業管理有限公司)	Anhui	Anhui	Leasing and commercial services	2,000.00	8.00	40.00	Equity method	2
Xiamen Xia Zhe Investment Partnership (LIMITED PARTNERSHIP) (廈門夏柘投資合夥企業(有限合夥))	Fujian	Fujian	Wholesale and retail	15,002.00	-	50.00	Equity method	
Associates								
Haier Consume Financing Company Limited (海爾消費金融有限公司)	Shandong	Shandong	Finance	100,000.00	-	25.00	Equity method	
Shandong Inzone Green Home Co., Ltd. (山東銀座家居有限公司)	Shandong	Shandong	Leasing and commercial services	1,057.00	46.50	-	Equity method	
Shenyudao Cultural Tourism Holding Co., Ltd. (神玉島文化旅遊控股股份有限公司)	Hainan	Hainan	Residential services, maintenance and other services	30,000.00	35.00	-	Equity method	
Yaxiya New Materials Technology Co., Ltd. (亞細亞新材料科技股份有限公司)	Shanghai	Shanghai	Wholesale and retail	13,875.00	-	20.00	Equity method	5
Guangdong Sanweijia Information Technology Co., Ltd. (廣東三維家信息科技有限公司)	Guangdong	Guangdong	Information transmission, software and information technology services	2,053.45	-	11.04	Equity method	5
Sunseaparking Inc	Cayman	Cayman	Transportation, storage and postage	USD30	-	5.21	Equity method	5
Wuhan Zhengkai Logistics Co., Ltd. (武漢市正凱物流有限公司)	Hubei	Hubei	Transportation, storage and postage	6,000.00	18.00	-	Equity method	5
Guangdong VIFA Customized Home Furnishings Co., Ltd. (廣東威法定制家居股份有限公司)	Guangdong	Guangdong	Manufacture	4,567.50	-	6.40	Equity method	5
Weifang Binxing Properties Co., Ltd. (濰坊濱星置業有限公司)	Shandong	Shandong	Real estate	30,000.00	-	30.00	Equity method	

VII. INTERESTS IN OTHER ENTITIES (continued)

3. Interests in joint ventures and associates (continued)

	Main business site	Place of incorporation	Business nature	Registered capital	Shareholding ratio		Accounting treatment	Note
				RMB'0000	Direct (%)	Indirect (%)		
Associates (continued)								
Zhejiang Zhongguang Electric Appliances Co., Ltd. (浙江中廣電器股份有限公司)	Zhejiang	Zhejiang	Wholesale and retail	12,100.00	-	8.14	Equity method	5
Shanghai Xincheng'an Construction Co., Ltd. (上海鑫誠安建設有限公司)	Liaoning	Liaoning	Construction	3,529.50	-	30.00	Equity method	
Shanghai Tianhe Smart Home Technology Company Ltd. (上海天合智能科技股份有限公司)	Shanghai	Shanghai	Science research and technology service	5,680.25	-	10.00	Equity method	5
LEAWOD Door and Window Group Co., Ltd. (良木道門窗集團有限公司)	Sichuan	Sichuan	Manufacture	8,000.00	-	22.51	Equity method	5
Suzhou Supin Home Culture Co., Ltd. (蘇州市蘇品宅配文化有限公司)	Jiangsu	Jiangsu	Manufacture	2,349.07	-	15.00	Equity method	5
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)	Guangdong	Guangdong	Wholesale and retail	500.00	-	37.00	Equity method	
Ant live (Tianjin) Network Technology Co., Ltd. (鐵安居(天津)網絡技術有限公司)	Tianjin	Tianjin	Science research and technology service	2,884.50	-	16.67	Equity method	5
Beijing Bilin Hongke Technology Co., Ltd. (北京比鄰弘科科技有限公司)	Beijing	Beijing	Science research and technology service	324.66	-	10.00	Equity method	5
Shanghai Qiangshang Environmental Technology Company Limited (上海強尚環保科技有限公司)	Shanghai	Shanghai	Wholesale and retail	1,388.66	-	8.00	Equity method	5
Shanghai CONJOINT Construction Technology Co., Ltd. (上海開裝建築科技有限公司)	Shanghai	Shanghai	Science research and technology service	200.00	-	14.61	Equity method	5
Icolor Private Limited	Cayman	Cayman	Construction	USD5	-	8.00	Equity method	5
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)	Shanghai	Shanghai	Science research and technology service	3,220.28	-	11.78	Equity method	5
Chengdu Rhine Etam Furniture Co., Ltd. (成都艾格傢俱有限公司)	Sichuan	Sichuan	Manufacture	857.10	-	29.56	Equity method	
Jiangsu Baili Aijia Home Technology Co., Ltd. (江蘇佰麗愛家居科技有限公司)	Jiangsu	Jiangsu	Science research and technology service	1,727.12	-	10.00	Equity method	5
Shanghai Jinjiang United Purchasing Supply Chain Co., Ltd. (上海錦江聯採供應鏈有限公司)	Shanghai	Shanghai	Transportation, storage and postage	30,000.00	10.00	-	Equity method	5
BigZone Information Technology (Shanghai) Company Limited (大域信息科技(上海)有限公司)	Shanghai	Shanghai	Science research and technology service	1,235.30	-	14.29	Equity method	5
ArtPollo Network Technology (Beijing) Company Limited (愛波蘿網絡科技(北京)有限公司)	Beijing	Beijing	Technology promotion and application service	145.22	-	15.00	Equity method	5
Shengbao (Shanghai) Intelligent Technology Co., Ltd. (晟葆(上海)智能科技有限公司)	Shanghai	Shanghai	Construction	555.56	-	10.00	Equity method	5
Beijing Canny-Robot Technology Co., Ltd. (北京康力優藍機器人科技有限公司)	Beijing	Beijing	Science research and technology service	2,340.09	-	6.00	Equity method	5

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VII. INTERESTS IN OTHER ENTITIES (continued)

3. Interests in joint ventures and associates (continued)

	Main business site	Place of incorporation	Business nature	Registered capital RMB'0000	Shareholding ratio		Accounting treatment	Note
					Direct (%)	Indirect (%)		
Associates (continued)								
Shanghai Jiazhan Construction Engineering Company Limited (上海嘉展建築裝潢工程有限公司)	Shanghai	Shanghai	Construction	2,040.83	4.90	-	Equity method	5
Guangzhou Huoshu Yinhua Information Technology Co., Ltd. (廣州火數銀花信息科技有限公司)	Guangdong	Guangdong	Information transmission, software and information technology services	1,111.11	-	11.66	Equity method	5
Shenzhen Huasheng Home Furnishing Group Co., Ltd. (深圳華生大家居集團有限公司)	Guangdong	Guangdong	Leasing and commercial services	3,968.25	-	9.00	Equity method	5
Yimeijisi Optoelectronics Technology (Fujian) Co., Ltd. (誼美吉斯光電科技(福建)有限公司)	Fujian	Fujian	Science research and technology service	5,000.00	-	4.95	Equity method	5
Anka Household Products (Shanghai) Co., Ltd. (安咖家居用品(上海)有限公司)	Shanghai	Shanghai	Wholesale and retail	5,000.00	-	10.00	Equity method	5
Shenzhen Long Life Basics Sleep Science and Technology Co., Ltd. (深圳市朗樂福睡眠科技有限公司)	Guangdong	Guangdong	Wholesale and retail	909.00	-	10.00	Equity method	5
Wuhu Meihe Asset Management Company Limited (蕪湖美和資產管理有限公司)	Anhui	Anhui	Finance	100.00	-	49.00	Equity method	
Shanghai AI.Pure Intelligent Technology Co., Ltd. (上海智諦智能科技有限公司)	Shanghai	Shanghai	Wholesale and retail	1,000.00	-	30.00	Equity method	
Shanghai Zhenyang Decoration Co., Ltd. (上海振洋建築裝潢工程有限公司)	Shanghai	Shanghai	Construction	2,040.82	-	22.41	Equity method	
Meishang (Guangzhou) Cosmetics Co., Ltd. (美尚(廣州)化妝品股份有限公司)	Guangdong	Guangdong	Wholesale and retail	1,361.71	-	8.29	Equity method	5
Shanghai Weilaishi Decoration Technology Company Limited (上海威來適裝飾科技有限公司)	Shanghai	Shanghai	Wholesale and retail	600.00	-	40.00	Equity method	
Shanghai Shimao Macalline Home Technology Co., Ltd. (上海世茂美凱龍家居科技有限公司)	Shanghai	Shanghai	Wholesale and retail	1,000.00	-	49.00	Equity method	
Xingpai Commercial Property Management (Guangzhou) Co., Ltd. (星派商業物業經營(廣州)有限公司)	Guangdong	Guangdong	Leasing and commercial services	2,000.00	-	32.00	Equity method	
Zhongzhuang Central Purchasing (Beijing) Information Technology Co., Ltd. (中裝集採(北京)信息技術有限公司)	Beijing	Beijing	Science research and technology service	2,000.00	-	35.00	Equity method	
CSSC Cruise Industrial Development (Shanghai) Co., Ltd. (中船郵輪產業發展(上海)有限公司)	Shanghai	Shanghai	Water transport	70,000.00	-	42.86	Equity method	
Changyuanxin Supply Chain Management (Dongguan) Co., Ltd. (昌源鑫供應鏈管理(東莞)有限公司)	Guangdong	Guangdong	Wholesale	50.00	-	35.00	Equity method	
Caesar Wuzun (Shenzhen) Soft Decoration Design Technology Co., Ltd. (愷撒吳尊(深圳)軟裝設計科技有限公司)	Guangdong	Guangdong	retail	500.00	-	40.00	Equity method	
Shanghai Kaishen Enterprise Management Co., Ltd. (上海凱坤企業管理有限公司)	Guangdong	Guangdong	Business service	35,000.00	-	10.00	Equity method	
Shanghai Macalline Property Management Service Co., Ltd. (上海美凱龍物業管理服務有限公司)	Shanghai	Shanghai	Property management	34,000.00	-	20.00	Equity method	5

VII. INTERESTS IN OTHER ENTITIES (continued)

3. Interests in joint ventures and associates (continued)

Note 1: The board of directors of Shanghai Zhongmao Macalline Economic and Trade Development Co., Ltd. is composed of five people, of which we nominate 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 2: The Group delegates directors to the Company, which could form joint control over it.

Note 3: 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 4: 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.

Note 5: The Group delegates directors to the Company, which has significant influence to the Company.

Chengdu Dongtai Shopping Mall Company Limited, a material joint venture of the Group, is mainly engaged in site leasing management service and accounted for adopting the equity method. The investment is not strategic to the Group's activities.

The following table illustrates the financial information of Chengdu Dongtai Shopping Mall Company Limited:

	2021	2020
Current assets	367,456,459.83	292,186,568.64
Including: cash and cash equivalents	95,552,835.54	54,771,534.60
Non-current assets	1,799,498,273.56	1,818,589,277.40
Total assets	2,166,954,733.39	2,110,775,846.04
Current liabilities	97,522,275.08	95,790,932.62
Non-current liabilities	403,227,675.16	398,462,489.92
Total liabilities	500,749,950.24	494,253,422.54
Net assets share calculated based on the percentage of shareholding	833,102,391.58	808,261,211.75
Book value in the investment	833,102,391.58	808,261,211.75
	2021	2020
Revenue	121,619,169.21	108,339,808.84
Financial expenses	(9,375,952.79)	(6,364,529.01)
Income tax expense	15,441,531.63	10,443,191.46
Net profit	49,682,359.66	30,864,878.58
Total comprehensive income	49,682,359.66	30,864,878.58

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VII. INTERESTS IN OTHER ENTITIES (continued)

3. Interests in joint ventures and associates (continued)

Haier Consume Financing Company Limited, a material associate of the Group, is mainly engaged in finance and accounted for adopting the equity method. The investment is not strategic to the Group's activities.

The following table illustrates the financial information of Haier Consume Financing Company Limited:

	2021	2020
Current assets	15,346,938,434.07	9,751,892,599.04
Including: cash and cash equivalents	312,613,973.16	1,030,545,996.65
Non-current assets	205,523,622.55	398,486,246.38
Total assets	15,552,462,056.62	10,150,378,845.42
Current liabilities	11,418,393,160.32	5,057,892,054.96
Non-current liabilities	2,396,724,746.46	3,534,022,000.00
Total liabilities	13,815,117,906.78	8,591,914,054.96
Net assets share calculated based on the percentage of shareholding	434,336,037.46	389,616,197.62
Book value in the investment	434,336,037.46	389,616,197.62
	2021	2020
Revenue	2,064,447,279.38	1,175,527,332.16
Operating expenses	1,850,438,515.45	1,066,064,556.83
Income tax expense	22,972,882.21	269,578.24
Net profit	191,065,444.64	122,555,157.45
Total comprehensive income	191,065,444.64	122,555,157.45

VII. INTERESTS IN OTHER ENTITIES (continued)

3. Interests in joint ventures and associates (continued)

Shandong Yinzuo Home Furnishing Co., Ltd., a material associate of the Group, is mainly engaged in leasing and commercial and accounted for adopting the equity method. The investment is not strategic to the Group's activities.

The following table illustrates the financial information of Shandong Yinzuo Home Furnishing Co., Ltd., which was adjusted to book value per financial statements in accordance with the all accounting policies:

	2021	2020
Current assets	263,777,611.19	166,567,593.71
Including: cash and cash equivalents	105,655,106.00	151,610,378.25
Non-current assets	1,669,615,747.33	1,184,755,354.97
Total assets	1,933,393,358.52	1,351,322,948.68
Current liabilities	429,380,674.54	446,138,386.97
Non-current liabilities	933,587,395.59	223,239,348.76
Total liabilities	1,362,968,070.13	669,377,735.73
Net assets share calculated based on the percentage of shareholding	265,247,759.10	317,104,524.02
Adjustments (Note 1)	161,379,234.06	62,006,041.48
Book value in the investment	426,626,993.16	379,110,565.50

	2021	2020
Revenue	392,539,076.87	343,805,387.31
Financial expenses	45,125,972.87	7,573,179.13
Income tax expense	24,928,861.06	40,282,268.85
Net profit/(loss)	102,185,865.94	82,079,080.67
Total comprehensive income	102,185,865.94	82,079,080.67
Dividends received	–	7,520,550.59

Note 1: The difference between the book value of the investment and net assets share calculated based on the percentage of shareholding is because that the initial investment cost of the long-term equity investment is greater than the net assets of the invested entity enjoyed at the time of investment. The difference between the adjusted amounts this year and that of the previous year is due to the impact of the investee company's application of the new lease standards.

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VII. INTERESTS IN OTHER ENTITIES (continued)

3. Interests in joint ventures and associates (continued)

The following table illustrates the consolidated financial information on unimportant joint ventures and associates:

	2021	2020
Joint ventures		
Book value of investments in total	328,525,813.27	200,529,013.33
Following items calculated based on the percentage of shareholding in total Net (loss)/profit	19,206,650.49	(566,073.71)
Total comprehensive income	19,206,650.49	(566,073.71)
Associates		
Book value in the investment in total	1,906,498,944.30	1,926,378,504.29
Following items calculated based on the percentage of shareholding in total Net (loss)/profit	(91,090,183.45)	(38,791,329.97)
Total comprehensive income	(91,090,183.45)	(38,791,329.97)

VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS

1. Classification of Financial Instruments

The book values of various financial instruments on the balance sheet date are as follows:

2021

Financial assets

	Financial assets at fair value through profit or loss Required by the standards	Measured at amortized cost	Measured at fair value through other comprehensive income Required by the standards	Designated	Total
Cash and bank balance	-	6,903,715,249.53	-	-	6,903,715,249.53
Financial assets held for trading	1,018,692,853.25	-	-	-	1,018,692,853.25
Notes receivable	-	86,554,182.13	-	-	86,554,182.13
Accounts receivable	-	1,957,650,342.07	-	-	1,957,650,342.07
Other receivables	-	904,666,616.98	-	-	904,666,616.98
Non-current assets due within one year	-	140,144,400.00	-	-	140,144,400.00
Other current assets	-	1,241,240,038.25	-	-	1,241,240,038.25
Long-term receivables	-	433,325,229.21	-	-	433,325,229.21
Other equity instrument investment	-	-	-	4,169,970,944.17	4,169,970,944.17
Other non-current financial assets	370,774,540.60	-	-	-	370,774,540.60
Other non-current assets	-	1,066,441,911.86	-	-	1,066,441,911.86
	1,389,467,393.85	12,733,737,970.03	-	4,169,970,944.17	18,293,176,308.05

Financial liabilities

	Financial liabilities at fair value through profit or loss	Financial liabilities measured at amortized cost	Total
Short-term loans	-	2,957,088,415.02	2,957,088,415.02
Notes payable	-	9,000,000.00	9,000,000.00
Derivative financial liabilities	18,167,670.06	-	18,167,670.06
Accounts payable	-	2,400,880,410.78	2,400,880,410.78
Other payables	-	9,770,693,294.55	9,770,693,294.55
Non-current liabilities due within one year	-	11,699,289,233.98	11,699,289,233.98
Long-term loans	-	21,606,316,908.01	21,606,316,908.01
Bonds payable	-	532,619,987.37	532,619,987.37
Lease liabilities	-	3,957,786,655.49	3,957,786,655.49
Long-term payables	-	730,548,821.82	730,548,821.82
Other non-current liabilities	-	4,216,533,813.73	4,216,533,813.73
	18,167,670.06	57,880,757,540.75	57,898,925,210.81

Notes to the Financial Statements

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VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)

1. Classification of Financial Instruments (continued)

The book values of various financial instruments on the balance sheet date are as follows: (continued)

2020

Financial assets

	Financial assets at fair value through profit or loss Required by the standards	Measured at amortized cost	Measured at fair value through other comprehensive income Required by the standards	Required by Designated	Total
Cash and bank balance	-	6,511,092,198.09	-	-	6,511,092,198.09
Financial assets held for trading	247,611,072.73	-	-	-	247,611,072.73
Derivative financial assets	2,160,732.11	-	-	-	2,160,732.11
Accounts receivable	-	1,934,826,113.43	-	-	1,934,826,113.43
Receivables financing	-	-	5,872,800.00	-	5,872,800.00
Other receivables	-	1,493,654,743.28	-	-	1,493,654,743.28
Non-current assets due within one year	-	248,704,377.99	-	-	248,704,377.99
Other current assets	-	1,667,072,300.50	-	-	1,667,072,300.50
Long-term receivables	-	532,498,896.89	-	-	532,498,896.89
Other equity instrument investment	-	-	-	4,206,678,046.54	4,206,678,046.54
Other non-current financial assets	396,924,540.60	-	-	-	396,924,540.60
Other non-current assets	-	1,019,580,321.75	-	-	1,019,580,321.75
	646,696,345.44	13,407,428,951.93	5,872,800.00	4,206,678,046.54	18,266,676,143.91

Financial liabilities

	Financial liabilities measured at amortized cost
Short-term loans	3,448,371,909.45
Accounts payable	2,085,329,223.24
Other payables	8,976,309,037.22
Non-current liabilities due within one year	11,897,443,643.72
Other current liabilities	439,283,229.30
Long-term loans	22,212,429,627.44
Bonds payable	4,432,634,711.35
Lease liabilities	4,082,933,276.21
Long-term payables	712,856,318.61
Other non-current liabilities	3,833,098,699.03
	62,120,689,675.57

VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)

2. Transfer of Financial Assets

Derecognized but continuing involvement in the transferred financial assets

On 31 December 2021, the book value of bank acceptances endorsed by the Group to suppliers for settlement of accounts payable are RMB24,490,000.00. On 31 December 2021, with a maturity of 1 to 12 months. According to the relevant provisions of the bill law, if the acceptance bank refuses to pay, its holder has the right to recourse against the group (“continuing involvement”). In the opinion of the Group, the Group has transferred almost all of its risks and rewards, so the book value of the settled accounts payable and related accounts payable is derecognized. The maximum loss and undiscounted cash flow continuously involved in and repurchased are equal to its book value. The Group believes that it is not significant to continue to be involved in fair value.

In 2021, the Group did not recognize gains or losses on its transfer date. The Group has no income or expense that has been derecognized in the current year and accumulated recognition due to continuous involvement in the financial assets. Endorsements are generally balanced in the current year.

3. Risks of Financial Instruments

The Group faces various risks of financial instruments during daily activities, mainly including credit risks, liquidity risks and market risks (including foreign exchange risk, interest rate risk and price risk). Major financial instruments of the Group include cash and bank balances, financial assets held for trading, derivative financial assets, accounts receivable, notes receivable, receivables financing, other receivables, non-current assets due within one year, other current assets, long-term receivables, other equity instrument investment, other non-current financial assets, other non-current assets, accounts payable, other payables, long-term payables, short-term loans, derivative financial liabilities, notes payable, non – current liabilities due within one year, long-term loans, bonds payable, other non-current liabilities and lease liabilities. The following will show the risks relating to these financial instruments and the risk management strategies the Group adopted to reduce the relevant risks.

The Board is responsible for planning and establishing the risk management structure of the Group, working out the risk management policies and relevant guidelines of the Group and supervising the implementation of the risk management measures. The Group has worked out risk management policies to identify and analyze the risks it faced. These risk management policies have clearly defined specific risks, covering market risk, credit risk and liquidity risk management. The Group regularly assesses changes in the market environment and its operating activities to decide whether or not to update the risk management policies and systems. The Group’s risk management is conducted by the risk management committee according to the policies approved by the Board. The risk management committee identifies, assesses and avoids relevant risks via close cooperation with other business departments of the Group. The internal audit department of the Group conducts regular review on the risk management control and procedures and reports the review results to the audit committee of the Group.

The Group diversifies risks of financial instruments through appropriate diversified investments and business portfolios and works out relevant risk management policies to reduce the risks concentrated in any single industry, specific region or specific counterparty.

VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)

3. Risks of Financial Instruments (continued)

Credit risks

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. 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.

As our counterparties of cash and bank and bank acceptances receivable and derivative financial instruments are banks with a good reputation and a high credit rating, the credit risks of these financial instruments are relatively low.

Other financial assets of the Group include accounts receivable, notes receivable, other receivables, non-current assets due within one year, other current assets and long-term receivables. Credit risks of these financial assets result from default of the counterparties and the maximum risk exposure equals the book values of these instruments.

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.

VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)

3. Risks of Financial Instruments (continued)

Credit risks (continued)

Criteria for judging significant increases in credit risk (continued)

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.;

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.

VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)

3. Risks of Financial Instruments (continued)

Credit risks (continued)

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;
- 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.

The impact of these economic indicators on PD and LGD varies in different types of businesses. Refer to Notes V.3, 7, 9, 10, 11, 12 and 25 for risk exposure of accounts receivable, other receivables, contract assets, non-current assets due within one year, other current assets, long-term receivables and other non-current assets.

VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)

3. Risks of 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. 44.19% (31 December 2020: 39.3%) of the Group's debts would mature in less than one year as at 31 December 2021.

The table below summarizes the maturity profile of financial liabilities based on the undiscounted contractual cash flows:

2021

	Within one year	1-2 years	2-5 years	Over 5 years	Total
Notes payable	9,000,000.00				9,000,000.00
Accounts payable	2,400,880,410.78	-	-	-	2,400,880,410.78
Other payables	9,770,693,294.55	-	-	-	9,770,693,294.55
Long-term payables	-	77,436,992.17	302,314,376.82	768,046,722.26	1,147,798,091.25
Short-term loans	3,006,191,206.78	-	-	-	3,006,191,206.78
Non-current liabilities due within one year	12,906,508,519.15	-	-	-	12,906,508,519.15
Long-term loans	1,195,019,684.17	4,704,814,926.89	11,082,098,729.65	10,253,620,982.20	27,235,554,322.91
Bonds payable	30,268,663.20	564,545,384.20	-	-	594,814,047.40
Lease liabilities	1,010,855,402.77	804,099,864.36	737,782,205.09	5,410,676,507.00	7,963,413,979.22
Other non-current liabilities	255,706,282.74	643,909,376.71	862,690,189.46	2,411,047,315.33	4,173,353,164.24
	30,585,123,464.14	6,794,806,544.33	12,984,885,501.02	18,843,391,526.79	69,208,207,036.28

2020

	Within one year	1-2 years	2-5 years	Over 5 years	Total
Accounts payable	2,085,329,223.24	-	-	-	2,085,329,223.24
Other payables	8,976,309,037.22	-	-	-	8,976,309,037.22
Long-term payables	-	76,615,005.35	497,162,694.85	841,474,985.22	1,415,252,685.42
Short-term loans	3,493,263,394.18	-	-	-	3,493,263,394.18
Non-current liabilities due within one year	12,029,085,303.41	-	-	-	12,029,085,303.41
Other current liabilities	463,340,681.26	-	-	-	463,340,681.26
Long-term loans	1,159,349,814.45	4,263,619,193.63	10,764,903,207.36	12,356,625,214.17	28,544,497,429.61
Bonds payable	205,490,337.50	1,173,358,830.65	3,537,762,144.35	-	4,916,611,312.50
Lease liabilities	251,356,986.86	882,800,122.28	2,200,950,458.76	5,834,463,292.29	9,169,570,860.19
Other non-current liabilities	243,715,320.00	3,485,798,258.96	524,386,877.04	-	4,253,900,456.00
	28,907,240,098.12	9,882,191,410.87	17,525,165,382.36	19,032,563,491.68	75,347,160,383.03

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VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)

3. Risks of Financial Instruments (continued)

Market risk

Interest rate risk

The Group's exposure to the risk of changes in market interest rates primarily relates to the floating-rate long-term liabilities of the Group.

The table below is a sensitivity analysis of interest rate risk, which reflects the impact on net profit or loss (through the impact on floating-rate borrowings) after tax, when there are reasonable and potential changes in interest rates, under the presumption that all other variables remain unchanged.

2021

	Increase/ (decrease) in basis point	Increase/ (decrease) in net profit or loss	Increase/ (decrease) in total shareholders' equity
Bank borrowings	50.00	(77,234,990.03)	(77,234,990.03)
Bank borrowings	(50.00)	77,234,990.03	77,234,990.03

2020

	Increase/ (decrease) in basis point	Increase/ (decrease) in net profit or loss	Increase/ (decrease) in total shareholders' equity
Bank borrowings	50.00	(63,136,806.62)	(63,136,806.62)
Bank borrowings	(50.00)	63,136,806.62	63,136,806.62

VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)

3. Risks of Financial Instruments (continued)

Market risk (continued)

Exchange rate risk

Exchange rate risk refers to the risk of losses arising from change in exchange rate. The Group's exposure to foreign currency risk mainly relates to USD, HKD and EURO. Main business activities of the Group's subsidiaries in mainland China are valued and settled in RMB, with a small amount of foreign currency deposits, borrowings and bonds. Main business activities of the Group's subsidiaries in Hong Kong are valued and settled in HKD or USD.

The Group's policy is to negotiate and match the term of the hedging derivative with the term of the hedged item, so as to make the hedging most effective. The Group has an exchange rate risk exposure arising from the issuance of US dollar bonds. The Group uses structured currency swaps and options portfolio products composed of written options and purchase options to reduce exchange rate risk exposure.

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.

2021

	Increase/ (decrease) in exchange rate %	Increase/ (decrease) in net profit or loss	Increase/ (decrease) in total shareholders' equity
Depreciation of RMB against USD	(5.00)	(16,072,401.98)	(16,072,401.98)
Appreciation of RMB against USD	5.00	16,072,401.98	16,072,401.98
Depreciation of RMB against HKD	(5.00)	20,127.19	20,127.19
Appreciation of RMB against HKD	5.00	(20,127.19)	(20,127.19)
Depreciation of RMB against EURO	(5.00)	1,686,385.70	1,686,385.70
Appreciation of RMB against EURO	5.00	(1,686,385.70)	(1,686,385.70)

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VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)

3. Risks of Financial Instruments (continued)

Market risk (continued)

Exchange rate risk (continued)

2020

	Increase/ (decrease) in exchange rate %	Increase/ (decrease) in net profit or loss	Increase/ (decrease) in total shareholders' equity
Depreciation of RMB against USD	(5.00)	(11,608,875.12)	(11,608,875.12)
Appreciation of RMB against USD	5.00	11,608,875.12	11,608,875.12
Depreciation of RMB against HKD	(5.00)	27,098.03	27,098.03
Appreciation of RMB against HKD	5.00	(27,098.03)	(27,098.03)
Depreciation of RMB against EURO	(5.00)	(49,962,836.72)	(49,962,836.72)
Appreciation of RMB against EURO	5.00	49,962,836.72	49,962,836.72

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 2021. 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.

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 2021	2021 Highest/Lowest	End of 2020	2020 Highest/Lowest
SSE – A Share Index	3,640	3,675/3,312	3,473	3,475/2,647
SZSE – A Share Index	14,857	15,767/13,252	14,471	14,477/9,531

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).

VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)

3. Risks of Financial Instruments (continued)

Market risk (continued)

Price risk of equity instrument investment (continued)

2021

	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 investments				
SSE – Measured at fair value through profit or loss	15,845,801.58	1,346,893.15	–	1,346,893.15
– Measured at fair value through other comprehensive income	1,449,066,246.65	–	110,995,053.04	110,995,053.04
SZSE – Measured at fair value through profit or loss	10,958,748.00	931,493.59	–	931,493.59
– Measured at fair value through other comprehensive income	142,013,356.00	–	12,071,135.26	12,071,135.26
Non-listed equity instrument investments at fair value				
– Measured at fair value through other comprehensive income	2,578,891,341.52	–	193,416,850.61	193,416,850.61

2020

	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 investments				
SSE – Measured at fair value through profit or loss	94,104,570.98	7,998,888.53/ (7,998,888.53)	–	7,998,888.53/ (7,998,888.53)
– Measured at fair value through other comprehensive income	1,761,493,803.34	–	137,950,116.13/ (137,950,116.13)	137,950,116.13/ (137,950,116.13)
SZSE – Measured at fair value through profit or loss	81,470,694.00	6,925,008.99/ (6,925,008.99)	–	6,925,008.99/ (6,925,008.99)
– Measured at fair value through other comprehensive income	150,300,000.00	–	12,775,500.00/ (12,775,500.00)	12,775,500.00/ (12,775,500.00)
Non-listed equity instrument investments at fair value				
– Measured at fair value through other comprehensive income	2,294,884,243.20	–	172,116,318.24/ (172,116,318.24)	172,116,318.24/ (172,116,318.24)

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VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)

4. Capital 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 maximize 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 2021 and 2020, 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 total sum of adjusted capital and net liabilities. Net liabilities include bank borrowings, notes payable, bonds payable and financial lease payable (net of cash and cash equivalents), and adjusted capital is the equity of the Group attributable to the Company. The gearing ratio of the Group as of the balance sheet date is as follows:

	12/31/2021	12/31/2020
Short-term loans	2,957,088,415.02	3,448,371,909.45
Notes payable	9,000,000.00	–
Non-current liabilities due within one year	11,699,289,233.98	11,897,443,643.72
Other current liabilities	–	439,283,229.30
Long-term loans	21,606,316,908.01	22,212,429,627.44
Bonds payable	532,619,987.37	4,432,634,711.35
Financial lease payable	193,367,582.65	143,010,065.65
Other non-current liabilities	4,216,533,813.73	3,833,098,699.03
Lease liabilities	3,957,786,655.49	4,082,933,276.21
Cash and cash equivalents	6,097,986,723.20	5,901,061,909.81
Net liabilities	39,074,015,873.05	44,588,143,252.34
Adjusted capital	52,104,066,661.47	45,842,632,982.13
Capital and net liabilities	91,178,082,534.52	90,430,776,234.47
Gearing ratio	43%	49%

IX. DISCLOSURE OF FAIR VALUE

1. Assets and Liabilities Measured at Fair Value

The table below sets forth the measurement level of fair values of relevant assets and liabilities of the Group:

2021

	Inputs used in the measurement of fair value			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Persistent fair value measurement				
Financial assets held for trading				
Debt instrument investments	-	-	638,410,553.66	638,410,553.66
Funds	-	353,477,750.00	-	353,477,750.00
Equity instrument investments	26,804,549.59	-	-	26,804,549.59
Other equity instrument investments	2,195,703,127.52	4,039,453.00	1,970,228,363.65	4,169,970,944.17
Other non-current financial assets	-	-	370,774,540.60	370,774,540.60
Investment properties	-	-	-	-
Buildings leased out	-	-	95,575,000,000.00	95,575,000,000.00
Total assets	2,222,507,677.11	357,517,203.00	98,554,413,457.91	101,134,438,338.02

	Inputs used in the measurement of fair value			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Derivative financial liabilities	-	18,167,670.06	-	18,167,670.06
Total liabilities	-	18,167,670.06	-	18,167,670.06

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IX. DISCLOSURE OF FAIR VALUE (continued)

1. Assets and Liabilities Measured at Fair Value (continued)

2020

	Inputs used in the measurement of fair value			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Persistent fair value measurement				
Financial assets held for trading				
Debt instrument investments	-	-	72,035,807.75	72,035,807.75
Equity instrument investments	175,575,264.98	-	-	175,575,264.98
Other equity instrument investments	1,908,562,241.05	3,231,562.40	2,294,884,243.09	4,206,678,046.54
Other non-current financial assets	-	-	396,924,540.60	396,924,540.60
Derivative financial assets	-	2,160,732.11	-	2,160,732.11
Receivables financing	-	5,872,800.00	-	5,872,800.00
Investment properties				
Buildings leased out	-	-	93,150,000,000.00	93,150,000,000.00
Total assets	2,084,137,506.03	11,265,094.51	95,913,844,591.44	98,009,247,191.98

2. Assets and Liabilities Disclosed at Fair Value

2021

	Inputs used in the measurement of fair value			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Bonds payable	-	4,635,987,226.07	-	4,635,987,226.07
Long-term loans	-	26,369,343,429.54	-	26,369,343,429.54
Other non-current liabilities	-	3,889,480,629.87	-	3,889,480,629.87
	-	34,894,811,285.48	-	34,894,811,285.48

IX. DISCLOSURE OF FAIR VALUE (continued)

2. Assets and Liabilities Disclosed at Fair Value (continued)

2020

	Inputs used in the measurement of fair value			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Bonds payable	-	8,742,562,657.75	-	8,742,562,657.75
Long-term loans	-	27,645,534,946.49	-	27,645,534,946.49
Other non-current liabilities	-	6,488,139,813.87	-	6,488,139,813.87
	-	42,876,237,418.11	-	42,876,237,418.11

3. Estimation of Fair Value

Fair value of financial instruments

Following is a comparison between book values and fair values of various categories of financial instruments of the Group other than the lease liabilities and the financial instruments with a minor difference between book value and fair value:

	Book value		Fair value	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Bonds payable	4,546,319,517.26	8,679,793,334.81	4,635,987,226.07	8,742,562,657.75
Long-term loans	25,854,130,784.48	26,522,849,143.74	26,369,343,429.54	27,645,534,946.49
Other non-current liabilities	5,462,260,305.45	6,284,852,578.30	3,889,480,629.87	6,488,139,813.87
	35,862,710,607.19	41,487,495,056.85	34,894,811,285.48	42,876,237,418.11

The management has assessed the cash and bank, accounts receivable, accounts payable, and other payables, etc.. In each case, the fair value and book value are similar due to short remaining period.

The financial department of the Group, led by the person in charge of the accounting institution, is responsible for formulating policies and procedures applicable to the measurement of fair value of financial instruments. The person in charge of the accounting institution directly reports to the Chief Financial Officer and the Audit Committee. On each balance sheet date, the financial department analyzes the change in value of financial instruments and ascertains the significant inputs which apply to the valuation. The valuation is subject to review and approval by the Chief Financial Officer. For the purpose of preparing interim and annual financial statements, the financial department meets the Audit Committee twice a year to discuss the valuation procedure and results.



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IX. DISCLOSURE OF FAIR VALUE (continued)

3. Estimation of Fair Value (continued)

Fair value of financial instruments (continued)

The fair values of financial assets and liabilities are determined as per the amount for which an asset could be exchanged, or a liability could be settled, between knowledgeable, willing parties in an arm's length transaction, instead of the amount under forced sale or under liquidation. The following methods and assumptions are used to estimate the fair value.

The fair values of long-term receivables, long-term and short-term loans, bonds payable and other non-current liabilities are determined by discounting the future cash flows using market yields currently available for other financial instruments with similar contractual terms, credit risk and remaining term as the discount rate. As at 31 December 2021, the non-performance risk associated with long-term and short-term loans was assessed as insignificant.

The fair values of listed equity instrument investments are determined according to quoted prices on the market. The fair values of non-listed equity instrument investments are estimated using discounted valuation model, and the assumptions adopted are not supported by observable market prices or interest rates. The Group needs to make estimation for the expected future cash flows (including expected future dividend and disposal income). The Group believes that the fair values and changes thereof estimated by valuation technique are reasonable and also the most appropriate values at the balance sheet date.

For the fair values of non-listed equity instrument investments to which discounted valuation model is inapplicable, the Group estimates and quantifies potential impacts of using other reasonable and possible assumptions as inputs for valuation model: under quite unfavourable assumption, the fair values decrease approximately RMB438,661,074.51; under quite favorable assumption, the fair values increase approximately RMB749,045,210.31.

The Group has entered into derivative financial instrument contracts with multiple counterparties (mainly financial institutions with higher credit rating). Derivative financial instruments, including foreign exchange forward contracts and interest rate swaps, are measured using valuation techniques similar to forward pricing and swap models and present value methods. The model covers multiple inputs observable in markets, including counterparty credit quality, spot and forward rates and interest rate curves. The carrying value of foreign exchange forward contracts and interest rate swaps is the same as the fair value. As at 31 December 2021, the mark to market value of derivative financial assets is the net value after offsetting the credit valuation adjustment attributable to the default risk of derivative instrument counterparties. The change of counterparty credit risk has no significant impact on the evaluation of hedging effectiveness of designated derivatives in hedging relationship and other financial instruments measured at fair value.

IX. DISCLOSURE OF FAIR VALUE (continued)

3. Estimation of Fair Value (continued)

Fair value of financial instruments (continued)

Fair value of investment properties using fair value model

We use the income approach for the valuation of the completed properties put into use: With reference to the market monthly rent of leasable area per unit (per square meter) of the completed properties or the expected rental income based on market condition, we adopt an appropriate capitalization rate to discount to determine the valuation value of investment properties.

We use direct comparison approach for the valuation of the properties under construction at an early development stage: Based on the income that can be received immediately on disposal of investment properties in its current state, with reference to the relevant information on the comparable transactions in the market where the investment properties are located, and depending on the specific condition of the properties under construction, we make adjustments.

We use hypothetical development method for the valuation of investment properties at other stages of development: Assuming that such investment properties will be developed to the condition for use according to the established development plan. In order to obtain their fair value, a direct comparison is made by taking into account the available and comparable sales data in the relevant markets and deducting the construction costs and professional costs incurred by the valuer from the valuation date to the date of completion of development.

The fair value of the Group's investment properties as at 31 December 2021 were assessed by Beijing Huaya Zhengxin Assets Appraisal Co., Ltd, an independent valuer from the Group.

In estimating the fair value of the properties, the best use purpose of investment properties is its current use. There is no change in the valuation methods used.

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IX. DISCLOSURE OF FAIR VALUE (continued)

4. Unobservable Inputs

Following is an overview of significant unobservable inputs for the measurement of level-3 fair value:

31 December 2021		Fair value	Valuation technique(s)	Unobservable inputs	Range (Weighted average)
Investment properties – completed properties	2021	88,633,000,000.00	Income approach/Direct comparison approach	Price of unit area leasable (per square meter per month)	2021: RMB15-250
	2020	81,482,000,000.00			2020: RMB15-246
Investment properties – properties under construction at an early development stage	2021	4,068,000,000.00	Direct comparison approach/Hypothetical development approach	Unit area price of investment properties (per square meter)	2021: 5.5%-7.5%
	2020	8,510,000,000.00			2020: 5.5%-8.0%
Investment properties – other properties under construction	2021	2,874,000,000.00	Direct comparison approach	Price of unit area leasable (per square meter per month)	2021: RMB37-53
	2020	3,185,000,000.00			2020: RMB25-70
Other equity instrument investments	2021	1,970,228,363.65	Comparable company approach	Liquidity discount rate	2021: 6.5%-7.0%
	2020	2,294,884,243.09			2020: 6.5%-7.5%
Other non-current financial assets	2021	370,774,540.60	Discounted cash flow approach	Risk-adjusted discount rate	2021: 80%-85%
	2020	396,924,540.60			2020: 80%-90%
Financial assets held for trading – debt instrument investments	2021	638,410,553.66	Discounted cash flow approach	Risk-adjusted discount rate	2021: 13.04%-14.48%
	2020	72,035,807.75			2020: 11.3%-17.9%

IX. DISCLOSURE OF FAIR VALUE (continued)

5. Adjustment of Fair Value Measurement

Information of adjustment of persistent measurement of level-3 fair value is as follows:

2021

	Opening balance	Transferred Into level 3	Transferred Out of level 3	Total gain or loss for the current period			Sell	Closing balance	Changes in the unrealized gain or loss for the current period from assets held at the end of the year included in the profit or loss
				Included in profit or loss	Included in other comprehensive income	Increase/Transfer			
Financial assets held for trading	72,035,807.75	-	-	-	-	637,668,473.64	(71,293,727.73)	638,410,553.66	-
Other equity instrument investment	2,294,884,243.09	-	(742,016,754.86)	-	343,073,018.71	192,374,474.16	(118,086,617.45)	1,970,228,363.65	-
Other non-current financial assets	396,924,540.60	-	-	(8,750,000.00)	-	1,600,000.00	(19,000,000.00)	370,774,540.60	(8,750,000.00)
Investment properties	93,150,000,000.00	-	-	374,390,247.49	4,979,767.08	3,985,629,985.43	(1,940,000,000.00)	95,575,000,000.00	374,390,247.49
	95,913,844,591.44	-	(742,016,754.86)	365,640,247.49	348,052,785.79	4,817,272,933.23	(2,148,380,345.18)	98,554,413,457.91	365,640,247.49

2020

	Opening balance	Transferred Into level 3	Transferred Out of level 3	Total gain or loss for the current period			Sell	Closing balance	Changes in the unrealized gain or loss for the current period from assets held at the end of the year included in the profit or loss
				Included in profit or loss	Included in other comprehensive income	Increase/Transfer			
Financial assets held for trading	125,358,448.05	-	-	-	-	5,638,770,203.83	(5,692,092,844.13)	72,035,807.75	-
Other equity instrument investment	1,503,137,980.68	37,250,000.00	(73,816,085.92)	-	543,092,331.56	382,466,025.00	(97,246,008.23)	2,294,884,243.09	-
Other non-current financial assets	368,774,540.60	-	(20,800,000.00)	-	-	69,050,000.00	(20,100,000.00)	396,924,540.60	-
Investment properties	85,107,000,000.00	-	-	496,702,935.69	77,663,553.11	7,575,633,511.20	(107,000,000.00)	93,150,000,000.00	496,702,935.69
	87,104,270,969.33	37,250,000.00	(94,616,085.92)	496,702,935.69	620,755,884.67	13,665,919,740.03	(5,916,438,852.36)	95,913,844,591.44	496,702,935.69

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IX. DISCLOSURE OF FAIR VALUE (continued)

5. Adjustment of Fair Value Measurement (continued)

In the persistent measurement of level-3 fair value, the information of profit or loss relating to financial assets and non-financial assets in the gain or loss included in the profit or loss for the current period is as follows:

	2021	
	Profit or loss relating to financial assets	Profit or loss relating to non-financial assets
Total gain or loss included into the profit or loss for the current period	(8,750,000.00)	374,390,247.49
Changes in the unrealized gain or loss for the current period from assets held at the end of the year	(8,750,000.00)	374,390,247.49

	2020	
	Profit or loss relating to financial assets	Profit or loss relating to non-financial assets
Total gain or loss included into the profit or loss for the current period	–	496,702,935.69
Changes in the unrealized gain or loss for the current period from assets held at the end of the year	–	496,702,935.69

IX. DISCLOSURE OF FAIR VALUE (continued)

6. Level Shift in Fair Value

2021

	Transfer into	Transfer out of	Reason
Level 1	742,016,754.86	–	note 1
Level 2	–	–	
Level 3	–	742,016,754.86	note 1
	742,016,754.86	742,016,754.86	

Note 1: Compared with 2020, in 2021, other equity instrument investment of RMB742,016,754.86 was listed, and the fair value measurement level was transferred from the level 3 to the level 1.

2020

	Transfer into	Transfer out of	Reason
Level 1	68,826,085.92	–	note 1
Level 2	–	37,250,000.00	note 2
Level 3	37,250,000.00	94,616,085.92	note 1/note 3
	106,076,085.92	131,866,085.92	

Note 1: Compared with 2019, in 2020, other equity instrument investment of RMB68,826,085.92 was listed, and the fair value measurement level was transferred from the level 3 to the level 1.

Note 2: Compared with 2019, in 2020, other equity instrument investment of RMB37,250,000.00 was delisted from the NEEQ, and the fair value measurement level was changed from the level 2 to the level 3.

Note 3: Compared with 2019, in 2020, other equity instrument investment of RMB4,990,000.00 was acquired as joint ventures, and other non-current financial assets of RMB20,800,000.00 were transferred out from the level 3 to other receivables, no longer measured at fair value.

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X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

1. Parent of the Company

	Place of incorporation	Nature of Business	Equity proportion in the Company (%)	Voting rights proportion in the Company (%)	Registered Capital
Red Star Macalline Holding Group Company Limited ("RSM Holding") 紅星美凱龍控股集團有限公司("紅星控股")	Shanghai, China	Investment management	60.12	60.12	RMB200 million

Ultimate controlling party of the Company is CHE Jianxing.

2. Subsidiaries

For details of the subsidiaries of the Company, please refer to Note VII. 1. Interests in Significant Subsidiaries.

3. Joint Ventures and Associates

For the details of joint ventures and associates, please refer to Note VII. 3. Interests in Joint Ventures or Associates.

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

4. Other Related Parties

Name of other related parties	Relationship between other related parties and the Company
Changzhou Aegean Ole Business Management Co., Ltd. (常州愛琴海奧萊商業管理有限公司)	Corporate controlled or invested by the family member who has a close relationship with the ultimate actual controller
Changzhou Red Star Furniture General Factory Co., Ltd. (常州市紅星傢俱總廠有限公司)	Corporate controlled or invested by the family member who has a close relationship with the ultimate actual controller
Changzhou Yizhi International Trade Co., Ltd. (常州市藝致國際貿易有限公司)	Corporate controlled or invested by the family member who has a close relationship with the ultimate actual controller
Chengdu Wanfu Xingkai Business Management Co., Ltd. (成都萬福星凱商業管理有限公司)	Corporate controlled or invested by the family member who has a close relationship with the ultimate actual controller
Hangzhou Feishi Bath & Kitchen Products Co., Ltd. (杭州菲氏浴廚用品有限公司)	Corporate controlled or invested by the family member who has a close relationship with the ultimate actual controller
Hangzhou Nabel Group Co., Ltd. (杭州諾貝爾集團有限公司) and its branches	Corporate controlled or invested by the family member who has a close relationship with the ultimate actual controller
Hangzhou Nabel Ceramics Co., Ltd. (杭州諾貝爾陶瓷有限公司) and its branches	Corporate controlled or invested by the family member who has a close relationship with the ultimate actual controller
Jining Hongrui Market Management Company Limited (濟寧鴻瑞市場經營管理有限公司)	Corporate controlled or invested by the family member who has a close relationship with the ultimate actual controller
Business Division of Nanjing Pukou Lilicheng Furniture (南京市浦口區立力成傢俱經營部)	Corporate controlled or invested by the family member who has a close relationship with the ultimate actual controller
Shaanxi Hongrui Home Furnishings Plaza Co., Ltd. (陝西鴻瑞家居生活廣場有限公司)	Corporate controlled or invested by the family member who has a close relationship with the ultimate actual controller
Shanghai Aegean Business Management Co., Ltd. (上海愛琴海商務管理有限公司)	Corporate controlled or invested by the family member who has a close relationship with the ultimate actual controller

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X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

4. Other Related Parties (continued)

Name of other related parties	Relationship between other related parties and the Company
Shanghai AEGEAN Commercial Group Co., Ltd. (上海愛琴海商業集團股份有限公司)	Corporate controlled or invested by the family member who has a close relationship with the ultimate actual controller
Shanghai Red Star Jinghai Commercial Management Co., Ltd. (上海紅星晶海商業管理有限公司)	Corporate controlled or invested by the family member who has a close relationship with the ultimate actual controller
Shanghai Jinyu Investment Consultancy Company Limited (上海錦御投資諮詢有限公司)	Corporate controlled or invested by the family member who has a close relationship with the ultimate actual controller
Shanghai Jingdi Catering Management Co., Ltd. (上海景帝餐飲管理有限公司)	Corporate controlled or invested by the family member who has a close relationship with the ultimate actual controller
Shanghai Liehu Management Consulting Center (Limited Partnership) (上海獵戶管理諮詢中心(有限合伙))	Corporate controlled or invested by the family member who has a close relationship with the ultimate actual controller
Shanghai Xingyin Hai Industrial Co., Ltd. (上海星銀海實業有限公司)	Corporate controlled or invested by the family member who has a close relationship with the ultimate actual controller
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)	Corporate controlled or invested by the family member who has a close relationship with the ultimate actual controller
Xuzhou Red Star Macalline Global Home Life Plaza Property Management Co., Ltd. (徐州紅星美凱龍全球家居生活廣場物業管理有限公司)	Corporate controlled or invested by the family member who has a close relationship with the ultimate actual controller
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)	Corporate controlled or invested by the family member who has a close relationship with the ultimate actual controller
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)	Corporate controlled or invested by the family member who has a close relationship with the ultimate actual controller
Yangzhou Kailong Consulting Co., Ltd. (揚州凱龍管理諮詢有限公司)	Corporate controlled or invested by the family member who has a close relationship with the ultimate actual controller
Chongqing Xingmei Business Management Co., Ltd. (重慶星美商業管理有限公司)	Corporate controlled or invested by the family member who has a close relationship with the ultimate actual controller
Zigong Aegean Business Management Co., Ltd. (自貢愛琴海商業管理有限公司)	Corporate controlled or invested by the family member who has a close relationship with the ultimate actual controller
CHE Guoxing (車國興)	Family member who has a close relationship with the ultimate actual controller
CHE Jianguo (車建國)	Family member who has a close relationship with the ultimate actual controller
CHE Yuqin (車玉琴)	Family member who has a close relationship with the ultimate actual controller

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

4. Other Related Parties (continued)

Name of other related parties	Relationship between other related parties and the Company
CHEN Shuhong (陳淑紅)	Family member who has a close relationship with the ultimate actual controller
QIAN Yumei (錢玉梅)	Family member who has a close relationship with the ultimate actual controller
ZHANG Jianfang (張建芳)	Family member who has a close relationship with the ultimate actual controller
CAO Zhongmin (曹仲民)	Family member who has a close relationship with director, supervisor, or senior management
QIAN Zhongxiang (錢忠祥)	Family member who has a close relationship with director, supervisor, or senior management
Beijing Sunsea Enterprise Management Consulting Co., Ltd. (北京陽光海天企業管理諮詢有限公司)	Subsidiary of an associate
Linyi Inzone Green Home Co., Ltd. (臨沂銀座家居有限公司)	Subsidiary of an associate
Beijing Smart Parking Service Co., Ltd. (北京智泊停車服務有限公司)	Subsidiary of an associate
Binzhou Inzone Green Home Co., Ltd. (濱州銀座家居有限公司)	Subsidiary of an associate
Brewster Wallpaper International Trading (Shanghai) Co., Ltd. (布魯斯特牆紙國際貿易(上海)有限公司)	Subsidiary of an associate
Jiangyin Tishang Home Furnishing Co., Ltd. (江陰提尚家居有限公司)	Subsidiary of an associate
Mex Smart Home (Shen Zhen) Co., Ltd. (美時智能家居(深圳)有限公司)	Subsidiary of an associate
Ningbo Qiangshang Home Living Company Limited (寧波牆尚家居有限公司)	Subsidiary of an associate
Asia New Materials (Beijing) Building Materials Co., Ltd. (亞細亞新材(北京)建築材料有限公司)	Subsidiary of an associate
Shenyang Red Star Macalline Property Management Co., Ltd. (瀋陽紅星美凱龍物業管理有限公司) and its branches	Corporate significantly influenced by RSM Holding

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X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

4. Other Related Parties (continued)

Name of other related parties	Relationship between other related parties and the Company
Kaiqianjia (Shanghai) Catering Management Co., Ltd. (凱乾嘉(上海)餐飲管理有限公司)	RSM Holding and other corporates under its control
Shanghai Red Star Parking Management Co., Ltd. (上海紅星停車管理有限公司)	RSM Holding and other corporates under its control
Shanghai Linglong Fitness Club Co., Ltd. (上海玲瀧健身俱樂部有限公司)	RSM Holding and other corporates under its control
Shanghai Lingyi Beauty Body Co., Ltd. (上海玲逸美容美體有限公司)	RSM Holding and other corporates under its control
Shanghai Xingzhiyun Business Information Consulting Co., Ltd. (上海星之韻商務信息諮詢有限公司)	RSM Holding and other corporates under its control
Shanghai Zhongyide Trading Company Limited (上海眾意得商貿有限公司)	RSM Holding and other corporates under its control
Suzhou Red Star Pinwei Property Management Co., Ltd. (蘇州紅星品唯物業管理有限公司)	RSM Holding and other corporates under its control
Zhejiang Tonight Films Co., Ltd. (浙江龍凱影業有限公司)	RSM Holding and other corporates under its control
Beijing Meichen Jiayuan Real Estate Agent Co., Ltd. (北京美晨家園房地產經紀有限公司)	RSM Holding and other corporates under its control
Beijing Sunsea Parking Management Co., Ltd. (北京陽光海天停車管理有限公司) and its branches	RSM Holding and other corporates under its control
Changzhou Yuanhong Real Estate Co., Ltd. (常州遠弘置業有限公司)	RSM Holding and other corporates under its control
Chongqing Zerui Business Management Company Limited (重慶澤瑞商業管理有限公司)	RSM Holding and other corporates under its control
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)	Corporate significantly influenced by RSM Holding or the ultimate actual controller
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)	Corporate significantly influenced by RSM Holding or the ultimate actual controller
Chengdu Red Star Macalline Real Estate Co., Ltd. (成都紅星美凱龍置業有限公司)	Corporate significantly influenced by RSM Holding or the ultimate actual controller

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

4. Other Related Parties (continued)

Name of other related parties	Relationship between other related parties and the Company
Cixi Haorui Real Estate Co., Ltd. (慈溪皓瑞置業有限公司)	Corporate significantly influenced by RSM Holding or the ultimate actual controller
Cixi Xingkai Real Estate Co., Ltd. (慈溪星凱置業有限公司)	Corporate significantly influenced by RSM Holding or the ultimate actual controller
Danyang Rongjin Hongxing Real Estate Development Co., Ltd. (丹陽市融錦宏星置業發展有限公司)	Corporate significantly influenced by RSM Holding or the ultimate actual controller
Ganzhou Kaiyue Real Estate Co., Ltd. (贛州凱越置業有限公司)	Corporate significantly influenced by RSM Holding or the ultimate actual controller
Henan Chenbo Real Estate Co., Ltd. (河南宸博置業有限公司)	Corporate significantly influenced by RSM Holding or the ultimate actual controller
Hengshui Xinglong Real Estate Development Co., Ltd. (衡水星龍房地產開發有限公司)	Corporate significantly influenced by RSM Holding or the ultimate actual controller
Jinan Xinglong Real Estate Development Co., Ltd. (濟南星龍房地產開發有限公司)	Corporate significantly influenced by RSM Holding or the ultimate actual controller
Kunming Guangyuan Real Estate Development Co., Ltd. (昆明廣遠房地產開發有限公司)	Corporate significantly influenced by RSM Holding or the ultimate actual controller
Kunming Hongxing Haihui Real Estate Co., Ltd. (昆明紅星海匯房地產有限公司)	Corporate significantly influenced by RSM Holding or the ultimate actual controller
Liuzhou Red Star Macalline Real Estate Co., Ltd. (柳州紅星美凱龍置業有限公司)	Corporate significantly influenced by RSM Holding or the ultimate actual controller
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)	Corporate significantly influenced by RSM Holding or the ultimate actual controller
Nanchang Haoran Real Estate Co., Ltd. (南昌浩然置業有限公司)	Corporate significantly influenced by RSM Holding or the ultimate actual controller
Nantong Xinglong Real Estate Development Co., Ltd. (南通星龍房地產開發有限公司)	Corporate significantly influenced by RSM Holding or the ultimate actual controller
Ningbo Kailong Property Company Limited (寧波凱龍置業有限公司)	Corporate significantly influenced by RSM Holding or the ultimate actual controller
Shanxi Red Star New World Real Estate Co., Ltd. (山西紅星新世界置業有限公司)	Corporate significantly influenced by RSM Holding or the ultimate actual controller

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X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

4. Other Related Parties (continued)

Name of other related parties	Relationship between other related parties and the Company
Shanghai Red Star Macalline Real Estate Co. Ltd. (上海紅星美凱龍置業有限公司)	Corporate significantly influenced by RSM Holding or the ultimate actual controller
Shanghai Hongmei Real Estate Co., Ltd. (上海洪美置業有限公司)	Corporate significantly influenced by RSM Holding or the ultimate actual controller
Shaoxing Xingkai Real Estate Co., Ltd. (紹興星凱置業有限公司)	Corporate significantly influenced by RSM Holding or the ultimate actual controller
Suzhou Red Star Macalline Real Estate Development Co., Ltd. (蘇州紅星美凱龍房地產開發有限公司)	Corporate significantly influenced by RSM Holding or the ultimate actual controller
Taiyuan Red Star Weiye Property Development and Management Co., Ltd. (太原紅星偉業房地產開發經營有限公司)	Corporate significantly influenced by RSM Holding or the ultimate actual controller
Taiyuan Shuangmingzhikun Real Estate Development Co., Ltd. (太原雙明智坤房地產開發有限公司)	Corporate significantly influenced by RSM Holding or the ultimate actual controller
Tianjin Kailong Real Estate Co., Ltd. (天津凱龍置業有限公司)	Corporate significantly influenced by RSM Holding or the ultimate actual controller
Tianjin Macalline Real Estate Co., Ltd. (天津美凱龍置業有限公司)	Corporate significantly influenced by RSM Holding or the ultimate actual controller
Tianjin Meilong Real Estate Development Co., Ltd. (天津美龍房地產開發有限公司)	Corporate significantly influenced by RSM Holding or the ultimate actual controller
Tianjin Xingkai Real Estate Development Co., Ltd. (天津星凱房地產開發有限公司)	Corporate significantly influenced by RSM Holding or the ultimate actual controller
Wenzhou Xinglong Real Estate Development Co., Ltd. (溫州星龍房地產開發有限責任公司)	Corporate significantly influenced by RSM Holding or the ultimate actual controller
Xining Aegean Real Estate Development Co., Ltd. (西寧愛琴海房地產開發有限公司)	Corporate significantly influenced by RSM Holding or the ultimate actual controller
Xining Red Star Macalline Real Estate Development Co., Ltd. (西寧紅星美凱龍房地產開發有限公司)	Corporate significantly influenced by RSM Holding or the ultimate actual controller
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)	Corporate significantly influenced by RSM Holding or the ultimate actual controller
Xiangshan Kaisheng Real Estate Co., Ltd. (象山凱勝置業有限公司)	Corporate significantly influenced by RSM Holding or the ultimate actual controller

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

4. Other Related Parties (continued)

Name of other related parties	Relationship between other related parties and the Company
Xiangshan Meilong Real Estate Co., Ltd. (象山美龍置業有限公司)	Corporate significantly influenced by RSM Holding or the ultimate actual controller
Xiangshan Xinglong Real Estate Co., Ltd. (象山星龍置業有限公司)	Corporate significantly influenced by RSM Holding or the ultimate actual controller
Suqian Xingkai Real Estate Development Co., Ltd. (宿遷星凱房地產開發有限公司)	Corporate significantly influenced by RSM Holding or the ultimate actual controller
Xuzhou Maoxing Real Estate Co., Ltd. (徐州茂星置業有限公司)	Corporate significantly influenced by RSM Holding or the ultimate actual controller
Yancheng Kailong Property Company Limited (鹽城凱龍置業有限公司)	Corporate significantly influenced by RSM Holding or the ultimate actual controller
Yangzhou Xinglong Real Estate Development Co., Ltd. (揚州星龍房地產開發有限公司)	Corporate significantly influenced by RSM Holding or the ultimate actual controller
Yiwu Meilong Real Estate Co., Ltd. (義烏美龍置業有限公司)	Corporate significantly influenced by RSM Holding or the ultimate actual controller
Yuyao Xingkai Real Estate Co., Ltd. (余姚星凱置業有限公司)	Corporate significantly influenced by RSM Holding or the ultimate actual controller
Yunnan Red Star Macalline Real Estate Co., Ltd. (雲南紅星美凱龍置業有限公司)	Corporate significantly influenced by RSM Holding or the ultimate actual controller
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)	Corporate significantly influenced by RSM Holding or the ultimate actual controller
Zhengzhou Xingbo Real Estate Development Co., Ltd. (鄭州星鉑房地產開發有限公司)	Corporate significantly influenced by RSM Holding or the ultimate actual controller
Chongqing Red Star Macalline Enterprise Development Co., Ltd. (重慶紅星美凱龍企業發展有限公司)	Corporate significantly influenced by RSM Holding or the ultimate actual controller
Chongqing Jinke Real Estate Development Co., Ltd. (重慶金科房地產開發有限公司)	Corporate significantly influenced by RSM Holding or the ultimate actual controller
Chongqing Jinke Zhongjun Real Estate Development Co., Ltd. (重慶金科中俊房地產開發有限公司)	Corporate significantly influenced by RSM Holding or the ultimate actual controller
Hengshui Xinglong Real Estate Co., Ltd. (衡水星龍房地產有限公司)	Corporate significantly influenced by RSM Holding or the ultimate actual controller

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X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

4. Other Related Parties (continued)

Name of other related parties	Relationship between other related parties and the Company
Jinhua Hangkai Real Estate Co., Ltd. (金華航凱置業有限公司)	Corporate significantly influenced by RSM Holding or the ultimate actual controller
Xinjiang Jinke Yutai Real Estate Development Co., Ltd. (新疆金科宇泰房地產開發有限公司)	Corporate significantly influenced by RSM Holding or the ultimate actual controller
Anhui Tenghui Investment Group Hefei Company Limited (安徽騰輝投資集團合肥有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Changzhou Hongmei Cinema Management Co., Ltd. (常州紅美影院管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Changzhou Longyao Equity Investment Management Co., Ltd. (常州龍耀股權投資管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Changzhou Red Star Home Furnishing City (常州市紅星裝飾城)	Corporate controlled by RSM Holding or the ultimate actual controller
Changzhou Jintan Weiyi Construction Engineering Co., Ltd. (常州市金壇維億建設工程有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Changzhou Xingchen Interactive Entertainment Co., Ltd. (常州星琛娛樂科技有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Fujian Red Star Macalline Property Service Co., Ltd. (福建紅星美凱龍物業服務有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Hainan Huirui Investment Co., Ltd. (海南暉瑞投資有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Hefei Macalline Aijia Internet Technology Co., Ltd. (合肥美凱龍愛家互聯網科技有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Jinhua Jiayi Film Co., Ltd. (金華市佳藝影業有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Kaiqianjia Enterprise Management Co., Ltd. (凱乾嘉企業管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Ningbo Kaixing Cinema Management Co., Ltd. (寧波凱星影院管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

4. Other Related Parties (continued)

Name of other related parties	Relationship between other related parties and the Company
Qingdao Dana International Studios Co., Ltd. (青島德納國際影城有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Qingdao Hongying Cinema Management Co., Ltd. (青島紅影影院管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Aegean Ole Business Management Co., Ltd. (上海愛琴海奧萊商業管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Hongkaixing Cinema Management Co., Ltd. (上海紅凱星影院管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Hongxin Cinema Management Co., Ltd. (上海紅昕影院管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Red Star Macalline Real Estate Group Co., Ltd. (上海紅星美凱龍房地產集團有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Red Star Macalline Financial Leasing Company Limited (上海紅星美凱龍融資租賃有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Red Star Macalline Commercial Factoring Company Limited (上海紅星美凱龍商業保理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Red Star Macalline Business Development Company Limited (上海紅星美凱龍商業發展有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Red Star Macalline Commercial Property Investment Company Limited (上海紅星美凱龍商用物業投資有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Hongxing Cloud Computing Technology Co., Ltd. (上海紅星雲計算科技有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Huangpu Red Star Microfinance Co., Ltd. (上海黃浦紅星小額貸款有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Kaihong Cinema Management Co., Ltd. (上海凱紅影院管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Kaixin Cinema Management Co., Ltd. (上海凱昕影院管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller

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X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

4. Other Related Parties (continued)

Name of other related parties	Relationship between other related parties and the Company
Shanghai Linsai Fitness Club Co., Ltd. (上海林賽健身俱樂部有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Linwu Fitness Club Co., Ltd. (上海林戊健身俱樂部有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Lingsi Fitness Club Co., Ltd. (上海玲思健身俱樂部有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Longhong Cinema Management Co., Ltd. (上海龍紅影院管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Luochang Enterprise Management Co., Ltd. (上海洛昶企業管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
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)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Macalline Aijia Internet Technology Co., Ltd. (上海美凱龍愛家互聯網科技有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Macalline Seven Star Hotel Management Co., Ltd. (上海美凱龍七星酒店管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Meiying Enterprise Management Co., Ltd. (上海美影企業管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Mixing Catering Management Co., Ltd. (上海覓星餐飲管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Qiaotong Enterprise Management Co., Ltd. (上海喬彤企業管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Shuxiang Business Management Co., Ltd. (上海曙香商務管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Xinxing Catering Management Co., Ltd. (上海恣星餐飲管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Xinhong Cinema Management Co., Ltd. (上海昕紅影院管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Xinhua Chengcheng Asset Management Co., Ltd. (上海新華成城資產管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

4. Other Related Parties (continued)

Name of other related parties	Relationship between other related parties and the Company
Shanghai Xingchen Interactive Entertainment Technology Co., Ltd. (上海星琛互動娛樂科技有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Xingkai Cinema Management Co., Ltd. (上海星凱影院管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Xinglong Cinema Management Co., Ltd. (上海星龍影院管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Xingzhiyu Commercial Management Co., Ltd. (上海星之域商業經營管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Xuanyan Enterprise Management Company Limited (上海暄妍企業管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Yueying Technology Co., Ltd. (上海躍影科技有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Yunshen Intelligent Technology Co., Ltd. (上海雲紳智能科技有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shenzhen Yatai Macalline Life Space Technology Co., Ltd. (深圳市亞泰美凱龍空間科技有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shuyang Xinglong Real Estate Development Co., Ltd. (瀋陽星龍房地產開發有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Suzhou Hongmei Cinema Management Co., Ltd. (蘇州紅美影院管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Suzhou Kaimei Cinema Management Co., Ltd. (蘇州凱美影院管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Suzhou Macalline Aijia Internet Technology Co., Ltd. (蘇州美凱龍愛家互聯網科技有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Tianjin Hongxing Pacific Cinema Management Co., Ltd. (天津紅星太平洋影院管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Tianjin Cameo Film Co., Ltd. (天津卡美奧影業有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Tianjin Laina Huakai Film Co., Ltd. (天津萊納華開影業有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller

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X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

4. Other Related Parties (continued)

Name of other related parties	Relationship between other related parties and the Company
Xiaogan Honghe Studios Management Co., Ltd. (孝感泓河影城管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Yixing Chenxing Digital Cinema Co., Ltd. (宜興市晨興數字影院有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Yixing Yimei Studios Co., Ltd. (宜興逸美影城有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Yunnan Red Star Macalline Property Management Co., Ltd. (雲南紅星美凱龍物業管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Zhanjiang Haixin Meikai Investment Co., Ltd. (湛江市海新美凱投資有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Changxing Ronghao Trading Co., Ltd. (長興榮皓貿易有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Chongqing Kaiqin Business Management Co., Ltd. (重慶凱琴商業管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Chongqing Mengxiang Island Ocean Park Management Co., Ltd. (重慶夢享島海洋公園管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Qianzhi (Beijing) Cultural Development Co., Ltd. (乾智(北京)文化發展有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Huojing Business Management Company Limited (上海或京商業管理有限公司) and its branches	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Linsai Fitness Club Co., Ltd. (上海林賽健身俱樂部有限公司) and its branches	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Xingyue Property Service Co., Ltd. (上海星悅物業服務有限公司) and its branches	Corporate controlled by RSM Holding or the ultimate actual controller
Alibaba (Sichuan) Network Technology Co., Ltd. (阿里(四川)網絡技術有限公司)	Subsidiary of corporate that has a significant impact on the Group
Alibaba (China) Technology Co., Ltd. (阿里巴巴(中國)網絡技術有限公司)	Subsidiary of corporate that has a significant impact on the Group

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

4. Other Related Parties (continued)

Name of other related parties	Relationship between other related parties and the Company
Alibaba Cloud Computing Co., Ltd. (阿里雲計算有限公司)	Subsidiary of corporate that has a significant impact on the Group
Hangzhou Alimama Software Services Co., Ltd. (杭州阿里媽媽軟件服務有限公司)	Subsidiary of corporate that has a significant impact on the Group
Shanghai Hema Network Technology Co., Ltd. (上海盒馬網絡科技有限公司)	Subsidiary of corporate that has a significant impact on the Group
Tao Bao (China) Software Co., Ltd. (淘寶(中國)軟件有限公司)	Subsidiary of corporate that has a significant impact on the Group
Zhejiang Alibaba Communication Technology Co., Ltd. (浙江阿里巴巴通信技術有限公司)	Subsidiary of corporate that has a significant impact on the Group
Zhejiang Tmall Supply Chain Management Company Limited (浙江天貓供應鏈管理有限公司)	Subsidiary of corporate that has a significant impact on the Group
Zhejiang Tmall Technology Co., Ltd. (浙江天貓技術有限公司)	Subsidiary of corporate that has a significant impact on the Group
Chongqing Jinxiaoyuehui Home Co., Ltd. (重慶金曉悅慧家居有限公司)	Subsidiary of corporate that has a significant impact on the Group
Jining Kaixing Shopping Plaza Co., Ltd. (濟寧凱星購物廣場有限公司)	Corporate which the director, supervisor or senior management has a position
Quzhou Huicheng Ole Business Management Co., Ltd. (衢州市慧城奧萊商業管理有限公司)	Corporate which the director, supervisor or senior management has a position
Shanghai Xinxi Information Technology Co., Ltd. (上海歆璽信息科技有限公司)	Corporate which the director, supervisor or senior management has a position
Taiyuan Shuangming Kailong Real Estate Development Co., Ltd. (太原雙明凱龍房地產開發有限公司)	Corporate which the director, supervisor or senior management has a position
Yixing Suning Tesco Sales Co., Ltd. (宜興市蘇寧易購銷售有限公司)	Corporate which the director, supervisor or senior management has a position
Meinian Onehealth Healthcare (Group) Co., Ltd (美年大健康產業(集團)有限公司) and its subsidiaries	Corporate which the director, supervisor or senior management has a position
Wuhan Meinian Onehealth Examination Management Co., Ltd (武漢美年大健康體檢管理有限公司)	Corporate which the director, supervisor or senior management has a position
Suning.com Group Co., Ltd. (蘇寧易購集團股份有限公司) and its subsidiaries	Corporate which the director, supervisor or senior management has a position

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X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. 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	2021	2020
Shanghai Red Star Macalline Real Estate Group Co., Ltd. (上海紅星美凱龍房地產集團有限公司)	Purchase of goods	2,586,900.00	–
Shenyang Red Star Macalline Property Management Co., Ltd. (瀋陽紅星美凱龍物業管理有限公司)	Purchase of goods	2,573,645.19	2,875,812.40
Yimeijisi Optoelectronics Technology (Fujian) Co., Ltd. (誼美吉斯光電科技(福建)有限公司)	Purchase of goods	2,068,137.17	–
Shanghai Hongxing Cloud Computing Technology Co., Ltd. (上海紅星雲計算科技(上海)有限公司)	Purchase of goods	1,561,075.47	10,874,205.17
Shanghai Yunshen Intelligent Technology Co., Ltd. (上海雲紳智能科技有限公司)	Purchase of goods	403,539.80	1,395,000.00
Chongqing Jinke Zhongjun Real Estate Development Co., Ltd. (重慶金科中俊房地產開發有限公司)	Purchase of goods	254,135.27	254,469.73
Qianzhi (Beijing) Cultural Development Co., Ltd. (乾智(北京)文化發展有限公司)	Purchase of goods	243,791.00	–
Shanghai AI.Pure Intelligent Technology Co., Ltd. (上海智諦智能科技有限公司)	Purchase of goods	197,712.15	5,892,229.70
Suzhou Supin Home Culture Co., Ltd. (蘇州市蘇品宅配文化有限公司)	Purchase of goods	139,150.44	–
Shanghai Zhenyang Decoration Co., Ltd. (上海振洋建築裝潢工程有限公司) and its branches	Purchase of goods	128,000.00	–
Chongqing Xingmei Business Management Co., Ltd. (重慶星美商業管理有限公司)	Purchase of goods	76,883.92	–
Meinian Onehealth Healthcare (Group) Co., Ltd (美年大健康產業(集團)有限公司)	Purchase of goods	76,020.00	–

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. 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	2021	2020
Shanghai Jinyu Investment Consultancy Company Limited (上海錦御投資諮詢有限公司)	Purchase of goods	68,000.00	–
Alibaba Cloud Computing Co., Ltd. (阿里雲計算有限公司)	Purchase of goods	41,529.06	–
Suzhou Red Star Pinwei Property Management Co., Ltd. (蘇州紅星品唯物業管理有限公司)	Purchase of goods	41,000.00	–
Shanghai Yueying Technology Co., Ltd. (上海躍影科技有限公司)	Purchase of goods	36,000.00	522,000.00
Chengdu Wanfu Xingkai Business Management Co., Ltd. (成都萬福星凱商業管理有限公司)	Purchase of goods	26,198.09	–
Shanghai Kaixin Cinema Management Co., Ltd. (上海凱昕影院管理有限公司)	Purchase of goods	11,880.00	–
Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司)	Purchase of goods	2,800.00	–
Shanghai Xincheng'an Construction Co., Ltd. (上海鑫誠安建設有限公司)	Purchase of goods	–	24,701,913.87
Hangzhou Nabel Ceramics Co., Ltd. (杭州諾貝爾陶瓷有限公司) and its branches	Purchase of goods	–	832,588.80
Suning.com Group Co., Ltd. (蘇寧易購集團股份有限公司) and its subsidiaries	Purchase of goods	–	707,118.03
Beijing Sunsea Parking Management Co., Ltd. (北京陽光海天停車管理有限公司) and its branches	Purchase of goods	–	195,000.00
Shengbao (Shanghai) Intelligent Technology Co., Ltd. (晟葆(上海)智能科技有限公司)	Purchase of goods	–	142,887.62
Shenzhen Long Life Basics Sleep Science and Technology Co., Ltd. (深圳市朗樂福睡眠科技有限公司)	Purchase of goods	–	102,398.23
Shanghai Hema Network Technology Co., Ltd. (上海盒馬網絡科技有限公司)	Purchase of goods	–	70,000.00
Yixing Suning Tesco Sales Co., Ltd. (宜興市蘇寧易購銷售有限公司)	Purchase of goods	–	26,495.00
Kaiqianjia (Shanghai) Catering Management Co., Ltd. (凱乾嘉(上海)餐飲管理有限公司)	Purchase of goods	–	13,754.74
		10,536,397.56	48,605,873.29

Note: Commodity purchases from related parties: during the year, the Group conducted commodity transactions with related parties based on market prices.

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X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. 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	2021	2020
Shanghai Red Star Macalline Financial Leasing Company Limited (上海紅星美凱龍融資租賃有限公司)	Settlement of interest income from deposit	774,844.66	–
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	185,111.11	–
Wuhu Minghui Business Management Co., Ltd. (蕪湖明輝商業管理有限公司)	Settlement of interest income from deposit	58,240.05	18,976.89
Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司)	Settlement of interest income from deposit	15,552.32	6,215.15
Baoxiang Red Star Macalline (Xiamen) Global Home Plaza Co., Ltd. (寶象紅星美凱龍(廈門)全球家居廣場有限公司)	Settlement of interest income from deposit	2,709.63	4,110.50
Handan Fengfengkuang District Royal Property Development Company Limited (邯鄲市峰峰礦區皇室房地產開發有限公司)	Settlement of interest income from deposit	N/A	3,967.42
Anhui Tenghui Investment Group Hefei Company Limited (安徽騰輝投資集團合肥有限公司)	Settlement of interest income from deposit	–	92.86
Xiamen Baoxiang Red Star Macalline Home Furnishing Plaza Company Limited (廈門寶象紅星美凱龍家居生活廣場有限公司)	Settlement of interest income from deposit	N/A*	61.13
		1,036,457.77	33,423.95

* During the year, the Group acquired the remaining equity of Xiamen Baoxiang Red Star Macalline Home Furnishing Plaza Company Limited (廈門寶象紅星美凱龍家居生活廣場有限公司) and included it into the scope of consolidation. Therefore, it is a subsidiary of the Group during the year.

Note: Payment of interest on deposits to related parties: during the year, the Group conducted transactions with related parties based on market prices.

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. 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	2021	2020
Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司)	Joint marketing		2,806,863.15	451,877.84
Shandong Inzone Green Home Co., Ltd. (山東銀座家居有限公司)	Joint marketing		2,590,216.96	–
Wuhu Minghui Business Management Co., Ltd. (蕪湖明輝商業管理有限公司)	Joint marketing		1,540,651.88	337,173.58
Wuhan Zhengkai Logistics Co., Ltd. (武漢市正凱物流有限公司)	Joint marketing		1,513,393.01	455,452.82
Jining Hongrui Market Management Company Limited (濟寧鴻瑞市場經營管理有限公司)	Joint marketing		685,809.41	–
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)	Joint marketing		357,379.91	13,886.79
Shanghai CTME Economy & Trade Development Co., Ltd. (上海中質美凱龍經貿發展有限公司)	Joint marketing		232,339.62	241,509.43
Baoxiang Red Star Macalline (Xiamen) Global Home Furnishing Plaza Company Limited (寶象紅星美凱龍(廈門)全球家居廣場有限公司)	Joint marketing		23,396.22	144,026.42
Xiamen Baoxiang Red Star Macalline Home Furnishing Plaza Company Limited (廈門寶象紅星美凱龍家居生活廣場有限公司)	Joint marketing		N/A*	499,101.88
			9,750,050.16	2,143,028.76

Note: Related parties provided joint marketing services for the Group: during the year, the Group conducted transactions with related parties based on market prices.

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X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. 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	2021	2020
Shanghai Huojing Business Management Company Limited (上海或京商業管理有限公司) and its branches	Revenue from advertising space lease/Administrative expenses	1,508,290.51	–
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	198,849.29	540,388.37
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	47,619.03	277,777.68
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	35,079.40	223,016.03
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	25,396.80	214,285.64
Shandong Inzone Green Home Co., Ltd. (山東銀座家居有限公司)	Revenue from advertising space lease/Administrative expenses	17,966.36	–
Baoxiang Red Star Macalline (Xiamen) Global Home Furnishing Plaza Company Limited (寶象紅星美凱龍(廈門)全球家居廣場有限公司)	Revenue from advertising space lease/Administrative expenses	9,650.90	1,608.48
Xiamen Baoxiang Red Star Macalline Home Furnishing Plaza Company Limited (廈門寶象紅星美凱龍家居生活廣場有限公司)	Revenue from advertising space lease/Administrative expenses	N/A*	12,232.36
		1,842,852.29	1,269,308.56

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.

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. 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	2021	2020
Shanghai Xingyue Property Service Co., Ltd. (上海星悅物業服務有限公司) and its branches	Receipt of services	98,441,663.52	N/A
Shanghai Macalline Property Management Service Co., Ltd. (上海美凱龍物業管理服務有限公司) and its branches	Receipt of services	49,411,799.64	N/A
Zhejiang Tmall Technology Co., Ltd. (浙江天貓技術有限公司)	Receipt of services	43,544,403.19	-
Shanghai Hongxing Cloud Computing Technology Co., Ltd. (上海紅星雲計算科技有限公司)	Receipt of services	32,974,322.67	27,426,971.70
Hangzhou Alimama Software Services Co., Ltd. (杭州阿里媽媽軟件服務有限公司)	Receipt of services	19,530,544.90	-
Shanghai Jiazhan Construction Engineering Company Limited (上海嘉展建築裝潢工程有限公司)	Receipt of services	18,786,788.32	11,655,887.06
Shanghai Xingzhiyu Commercial Management Co., Ltd. (上海星之域商業經營管理有限公司)	Receipt of services	12,647,990.94	12,053,132.23
Alibaba Cloud Computing Co., Ltd. (阿里雲計算有限公司)	Receipt of services	4,157,299.01	3,190,614.40
Shanghai Zhenyang Decoration Co., Ltd. (上海振洋建築裝潢工程有限公司) and its branches	Receipt of services	3,885,878.59	68,025,985.65
Zhejiang Alibaba Communication Technology Co., Ltd. (浙江阿里巴巴通信技術有限公司)	Receipt of services	2,767,445.85	566,037.74
Shenzhen Yatai Macalline Life Space Technology Co., Ltd. (深圳市亞泰美凱龍空間科技有限公司)	Receipt of services	2,070,600.00	1,766,800.00
Shanghai Xincheng'an Construction Co., Ltd. (上海鑫誠安建設有限公司)	Receipt of services	1,156,334.01	-
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	1,033,253.89	2,561,347.65
Shenyang Red Star Macalline Property Management Co., Ltd. (瀋陽紅星美凱龍物業管理有限公司)	Receipt of services	611,320.76	648,000.00
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)	Receipt of services	599,934.53	142,264.15
Meinian Onehealth Healthcare (Group) Co., Ltd. (美年大健康產業(集團)有限公司) and its subsidiaries	Receipt of services	583,531.00	-

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X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. 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	2021	2020
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)	Receipt of services	522,322.46	–
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)	Receipt of services	465,622.70	–
Wuhu Minghui Business Management Co., Ltd. (蕪湖明輝商業管理有限公司)	Receipt of services	303,969.99	171,700.57
Zhejiang Tmall Supply Chain Management Company Limited (浙江天貓供應鏈管理有限公司)	Receipt of services	298,838.40	–
Kunming Hongxing Haihui Real Estate Co., Ltd. (昆明紅星海匯房地產有限公司)	Receipt of services	143,505.67	–
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)	Receipt of services	139,962.26	–
Zhejiang Tonight Films Co., Ltd. (浙江龍凱影業有限公司)	Receipt of services	116,858.41	–
Tao Bao (China) Software Co., Ltd. (淘寶(中國)軟件有限公司)	Receipt of services	90,977.60	–
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	61,308.08	–
Chongqing Kaqin Business Management Co., Ltd. (重慶凱琴商業管理有限公司)	Receipt of services	19,812.46	–
Zigong Aegean Business Management Co., Ltd. (自貢愛琴海商業管理有限公司)	Receipt of services	17,396.72	–
Kunming Guangyuan Real Estate Development Co., Ltd. (昆明廣遠房地產開發有限公司)	Receipt of services	10,830.19	–
Alibaba (Sichuan) Network Technology Co., Ltd. (阿里(四川)網絡技術有限公司)	Receipt of services	9,677.40	–
Yangzhou Kailong Consulting Co., Ltd. (揚州凱龍管理諮詢有限公司)	Receipt of services	7,560.00	–
Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司)	Receipt of services	7,017.42	52,373.23
Changzhou Red Star Furniture General Factory Co., Ltd. (常州市紅星傢俱總廠有限公司)	Receipt of services	–	649,876.07
Yimeijisi Optoelectronics Technology (Fujian) Co., Ltd. (詠美吉斯光電科技(福建)有限公司)	Receipt of services	–	197,020.71
Shenzhen Long Life Basics Sleep Science and Technology Co., Ltd. (深圳市朗樂福睡眠科技有限公司)	Receipt of services	–	141,509.43
Ultimate IOT (Shanghai) Technology Co., Ltd. (超級智慧家(上海)物聯網科技有限公司)	Receipt of services	–	94,930.14

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. 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	2021	2020
Alibaba (China) Network Technology Co., Ltd. (阿里巴巴(中國)網絡技術有限公司)	Receipt of services	-	90,000.00
Fujian Red Star Macalline Property Service Co., Ltd. (福建紅星美凱龍物業服務有限公司)	Receipt of services	-	87,389.50
Baoxiang Red Star Macalline (Xiamen) Global Home Furnishing Plaza Company Limited (寶象紅星美凱龍(廈門)全球家居廣場有限公司)	Receipt of services	-	28,709.75
Hainan Huirui Investment Co., Ltd. (海南暉瑞投資有限公司)	Receipt of services	-	24,752.48
Xiamen Baoxiang Red Star Macalline Home Furnishing Plaza Company Limited (廈門寶象紅星美凱龍家居生活廣場有限公司)	Receipt of services	N/A*	3,301.89
		294,448,473.56	129,578,604.35

Note: Related parties provided labor services for the Group: during the year, the Group conducted transactions with related parties based on market prices.

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X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. 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

	Details of Transactions	2021	2020
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	19,219,152.12	17,165,388.11
Changxing Ronghao Trading Co., Ltd. (長興榮皓貿易有限公司)	Sales of goods	5,604,144.57	2,775,592.35
Zhanjiang Haixin Meikai Investment Co., Ltd. (湛江市海新美凱投資有限公司)	Sales of goods	5,244,431.31	3,136,419.36
Henan Chenbo Real Estate Co., Ltd. (河南宸博置業有限公司)	Sales of goods	5,154,657.85	4,120,432.37
Shanghai Jingdi Catering Management Co., Ltd. (上海景帝餐飲管理有限公司)	Sales of goods	2,556,270.80	–
Hengshui Xinglong Real Estate Development Co., Ltd. (衡水星龍房地產開發有限公司)	Sales of goods	1,996,910.44	92,527.39
Anka Household Products (Shanghai) Co., Ltd. (安咖家居用品(上海)有限公司)	Sales of goods	1,943,862.39	–
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司)	Sales of goods	1,777,796.34	–
Shanghai Hongxing Cloud Computing Technology Co., Ltd. (上海紅星雲計算科技有限公司)	Sales of goods	1,442,603.62	–
Shenyang Red Star Macalline Property Management Co., Ltd. (瀋陽紅星美凱龍物業管理有限公司) and its branches	Sales of goods	831,858.40	–
Shandong Inzone Green Home Co., Ltd. (山東銀座家居有限公司)	Sales of goods	944,632.76	16,603.77
Shanghai Shimao Macalline Home Technology Co., Ltd. (上海世茂美凱龍家居科技有限公司)	Sales of goods	610,009.15	9,725.62
Yiwu Meilong Real Estate Co., Ltd. (義烏美龍置業有限公司)	Sales of goods	525,609.68	–
Baoxiang Red Star Macalline (Xiamen) Global Home Furnishing Plaza Company Limited (寶象紅星美凱龍(廈門)全球家居廣場有限公司)	Sales of goods	516,049.81	13,528.30

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. 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	2021	2020
Cixi Haorui Real Estate Co., Ltd. (慈溪皓瑞置業有限公司)	Sales of goods	453,716.85	2,526,711.00
Shanghai Xingyue Property Service Co., Ltd. (上海星悦物業服務有限公司) and its branches	Sales of goods	433,760.17	–
Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司)	Sales of goods	309,058.40	223,686.72
Qianzhi (Beijing) Cultural Development Co., Ltd. (乾智(北京)文化發展有限公司)	Sales of goods	289,199.99	–
Wuhan Zhengkai Logistics Co., Ltd. (武漢市正凱物流有限公司)	Sales of goods	214,481.42	253,716.81
Suning.com Group Co., Ltd. (蘇寧易購集團股份有限公司) and its subsidiaries	Sales of goods	178,293.35	–
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	162,412.40	–
Shanghai Macalline Property Management Service Co., Ltd. (上海美凱龍物業管理服務有限公司)	Sales of goods	160,115.04	–
Shanghai Zhenyang Decoration Co., Ltd. (上海振洋建築裝潢工程有限公司) and its branches	Sales of goods	114,292.04	–
Wuhu Minghui Business Management Co., Ltd. (蕪湖明輝商業管理有限公司)	Sales of goods	108,336.28	38,074.94
Hangzhou Nabel Ceramics Co., Ltd. (杭州諾貝爾陶瓷有限公司) and its branches	Sales of goods	96,139.57	11,326.24
Shanghai Huojing Business Management Company Limited (上海或京商業管理有限公司) and its branches	Sales of goods	94,641.77	–
Shanghai Jinyu Investment Consultancy Company Limited (上海錦御投資諮詢有限公司)	Sales of goods	60,176.99	–
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	47,393.17	–

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X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. 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	2021	2020
Shanghai Weilaishi Decoration Technology Co., Ltd. (上海威來適裝飾科技有限公司)	Sales of goods	40,359.72	25,105.85
Shanghai Xuanyan Enterprise Management Company Limited (上海暄妍企業管理有限公司)	Sales of goods	36,458.00	473,168.14
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	33,672.57	46,745.47
Guangdong Sanweijia Information Technology Co., Ltd. (廣東三維家信息科技有限公司)	Sales of goods	23,584.91	–
Shaanxi Hongrui Home Furnishings Plaza Co., Ltd. (陝西鴻瑞家居生活廣場有限公司)	Sales of goods	20,362.83	2,654.87
Linyi Inzone Green Home Co., Ltd. (臨沂銀座家居有限公司)	Sales of goods	12,743.36	–
Shengbao (Shanghai) Intelligent Technology Co., Ltd. (晟葆(上海)智能科技有限公司)	Sales of goods	8,383.49	–
Business Division of Nanjing Pukou Lilicheng Furniture (南京市浦口區立力成傢俱經營部)	Sales of goods	8,078.76	–
Asia New Materials (Beijing) Building Materials Co., Ltd. (亞細亞新材(北京)建築材料有限公司)	Sales of goods	4,867.25	–
Jinan Xinglong Real Estate Development Co., Ltd. (濟南星龍房地產開發有限公司)	Sales of goods	–	2,759,571.11
Shanghai Macalline Seven Star Hotel Management Co., Ltd. (上海美凱龍七星酒店管理有限公司)	Sales of goods	–	1,274,336.28
Xiangshan Meilong Real Estate Co., Ltd. (象山美龍置業有限公司)	Sales of goods	–	610,000.00
Xiangshan Xinglong Real Estate Co., Ltd. (象山星龍置業有限公司)	Sales of goods	–	539,822.96
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司)	Sales of goods	–	507,411.50

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. 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	2021	2020
Yuyao Xingkai Real Estate Co., Ltd. (余姚星凱置業有限公司)	Sales of goods	-	392,706.27
Shanxi Red Star New World Real Estate Co., Ltd. (山西紅星新世界置業有限公司)	Sales of goods	-	260,310.00
Tianjin Macalline Real Estate Co., Ltd. (天津美凱龍置業有限公司)	Sales of goods	-	260,176.91
Shanghai Liehu Management Consulting Center (Limited Partnership) (上海獵戶管理諮詢中心(有限合夥))	Sales of goods	-	105,015.93
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)	Sales of goods	-	97,345.13
Liuzhou Red Star Macalline Real Estate Co., Ltd. (柳州紅星美凱龍置業有限公司)	Sales of goods	-	75,000.00
Suzhou Macalline Aijia Internet Technology Co., Ltd. (蘇州美凱龍愛家互聯網科技有限公司)	Sales of goods	-	53,097.35
Hefei Macalline Aijia Internet Technology Co., Ltd. (合肥美凱龍愛家互聯網科技有限公司)	Sales of goods	-	53,097.35
Shanghai Mixing Catering Management Co., Ltd. (上海覓星餐飲管理有限公司)	Sales of goods	-	29,938.05
Shanghai Xinxing Catering Management Co., Ltd. (上海恣星餐飲管理有限公司)	Sales of goods	-	29,938.05
Tianjin Kailong Real Estate Co., Ltd. (天津凱龍置業有限公司)	Sales of goods	-	8,490.48
Klas International Home Living Company Limited (克拉斯國際家居有限公司)	Sales of goods	N/A	743.36
Xiamen Baoxiang Red Star Macalline Home Furnishing Plaza Company Limited (廈門寶象紅星美凱龍家居生活廣場有限公司)	Sales of goods	N/A*	60,723.00
		51,278,517.57	38,049,131.04

Note: Sales of goods to related parties: during the year, the Group conducted transactions with related parties based on market prices.

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X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. 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	2021	2020
Zhanjiang Haixin Meikai Investment Co., Ltd. (湛江市海新美凱投資有限公司)	Rendering of services	128,667,983.08	–
Quzhou Huicheng Ole Business Management Co., Ltd. (衢州市慧城奧萊商業管理有限公司)	Rendering of services	23,161,657.81	–
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 services	10,383,997.40	7,699,291.25
Jinhua Hangkai Real Estate Co., Ltd. (金華航凱置業有限公司)	Rendering of services	9,721,634.60	–
Shanghai Xingyue Property Service Co., Ltd. (上海星悅物業服務有限公司) and its branches	Rendering of services	8,406,917.43	–
Zhejiang Tmall Technology Co., Ltd. (浙江天貓技術有限公司)	Rendering of services	8,117,675.25	1,467,981.20
Ganzhou Kaiyue Real Estate Co., Ltd. (贛州凱越置業有限公司)	Rendering of services	6,925,660.30	–
Hangzhou Nabel Ceramics Co., Ltd. (杭州諾貝爾陶瓷有限公司) and its branches	Rendering of services	6,877,363.62	1,155,065.47
Suqian Xingkai Real Estate Development Co., Ltd. (宿遷星凱房地產開發有限公司)	Rendering of services	6,308,194.98	–
Hengshui Xinglong Real Estate Development Co., Ltd. (衡水星龍房地產開發有限公司)	Rendering of services	3,718,327.59	2,980,169.91
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 services	2,709,620.71	2,830.19
Shanghai Macalline Property Management Service Co., Ltd. (上海美凱龍物業管理服務有限公司)	Rendering of services	2,286,468.83	–
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)	Rendering of services	2,192,214.26	1,411,862.18
Changzhou Aegean Ole Business Management Co., Ltd. (常州愛琴海奧萊商業管理有限公司)	Rendering of services	2,140,707.49	–
Shanghai Xingzhiyu Commercial Management Co., Ltd. (上海星之域商業經營管理有限公司)	Rendering of services	2,050,921.87	2,272,861.09

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. 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	2021	2020
Shuyang Xinglong Real Estate Development Co., Ltd. (沭陽星龍房地產開發有限公司)	Rendering of services		1,853,787.80	3,020,796.86
Shanghai Aegean Business Management Co., Ltd. (上海愛琴海商務管理有限公司)	Rendering of services		1,149,056.62	–
Chengdu Dongtai Shopping Mall Company Limited (成都東泰商場有限公司)	Rendering of services		446,462.26	–
Shanghai Kaixin Cinema Management Co., Ltd. (上海凱昕影院管理有限公司)	Rendering of services		388,414.45	330,660.42
Kunming Hongxing Haihui Real Estate Co., Ltd. (昆明紅星海匯房地產有限公司)	Rendering of services		348,142.91	1,825,952.14
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)	Rendering of services		264,150.94	2,830.19
Tianjin Hongxing Pacific Cinema Management Co., Ltd. (天津紅星太平洋影院管理有限公司)	Rendering of services		246,981.76	58,175.47
Shanghai Linsai Fitness Club Co., Ltd. (上海林賽健身俱樂部有限公司) and its branches	Rendering of services		231,320.75	166,660.52
Shanghai Linglong Fitness Club Co., Ltd. (上海玲瓏健身俱樂部有限公司)	Rendering of services		225,260.63	–
Suzhou Hongmei Cinema Management Co., Ltd. (蘇州紅美影院管理有限公司)	Rendering of services		203,351.16	52,830.18
Changzhou Hongmei Cinema Management Co., Ltd. (常州紅美影院管理有限公司)	Rendering of services		189,012.28	119,549.51
Shanghai Xinxing Catering Management Co., Ltd. (上海恣星餐飲管理有限公司)	Rendering of services		152,110.90	–
Ultimate IOT (Shanghai) Technology Co., Ltd. (超級智慧家(上海)物聯網科技有限公司)	Rendering of services		150,374.94	–
Tianjin Laina Huakai Film Co., Ltd. (天津萊納華開影業有限公司)	Rendering of services		144,594.09	59,147.48

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X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. 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	2021	2020
Shanghai Huojing Business Management Company Limited (上海或京商業管理有限公司) and its branches	Rendering of services	140,904.44	139,313.93
Shanghai Linwu Fitness Club Co., Ltd. (上海林茂健身俱樂部有限公司)	Rendering of services	140,094.34	321,033.97
Qingdao Dana International Studios Co., Ltd. (青島德納國際影城有限公司)	Rendering of services	139,528.28	115,259.06
Shanghai Red Star Macalline Real Estate Co. Ltd. (上海紅星美凱龍置業有限公司)	Rendering of services	129,007.89	202,707.52
Yixing Yimei Studios Co., Ltd. (宜興逸美影城有限公司)	Rendering of services	116,912.58	62,475.42
Suzhou Kaimei Cinema Management Co., Ltd. (蘇州凱美影院管理有限公司)	Rendering of services	116,649.08	115,005.06
Yixing Chenxing Digital Cinema Co., Ltd. (宜興市晨興數字影院有限公司)	Rendering of services	104,256.83	51,626.69
Shengbao (Shanghai) Intelligent Technology Co., Ltd. (晟葆(上海)智能科技有限公司)	Rendering of services	101,578.03	–
Shanghai Lingsi Fitness Club Co., Ltd. (上海玲思健身俱樂部有限公司)	Rendering of services	83,262.27	120,754.72
Shanghai Lingyi Beauty Body Co., Ltd. (上海玲逸美容美體有限公司)	Rendering of services	80,398.43	–
Ningbo Kaixing Cinema Management Co., Ltd. (寧波凱星影院管理有限公司)	Rendering of services	76,507.43	93,842.66
Tianjin Cameo Film Co., Ltd. (天津卡美奧影業有限公司)	Rendering of services	70,009.42	18,743.40
Xiaogan Honghe Studios Management Co., Ltd. (孝感泓河影城管理有限公司)	Rendering of services	68,858.46	29,945.22
Shanghai Aegean Ole Business Management Co., Ltd. (上海愛琴海奧萊商業管理有限公司)	Rendering of services	65,796.24	48,149.73

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. 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	2021	2020
Jinhua Jiayi Film Co., Ltd. (金華市佳藝影業有限公司)	Rendering of services	59,660.36	85,830.52
Shanghai Weilaishi Decoration Technology Company Limited (上海威來適裝飾科技有限公司)	Rendering of services	52,686.79	–
Shanghai Macalline Seven Star Hotel Management Co., Ltd. (上海美凱龍七星酒店管理有限公司)	Rendering of services	35,330.19	61,332.08
Shanghai Xingchen Interactive Entertainment Technology Co., Ltd. (上海星琛互動娛樂科技有限公司)	Rendering of services	32,236.39	68,603.76
Xiangshan Kaisheng Real Estate Co., Ltd. (象山凱勝置業有限公司)	Rendering of services	29,953.10	–
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)	Rendering of services	28,301.89	565,500.31
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)	Rendering of services	28,301.89	114,956.91
Shanghai Huangpu Red Star Microfinance Co., Ltd. (上海黃浦紅星小額貸款有限公司)	Rendering of services	24,905.70	22,415.13
Anka Household Products (Shanghai) Co., Ltd. (安咖家居用品(上海)有限公司)	Rendering of services	23,056.80	–
Wuhu Minghui Business Management Co., Ltd. (蕪湖明輝商業管理有限公司)	Rendering of services	14,150.94	–
Kunming Guanyuan Real Estate Development Co., Ltd. (昆明廣遠房地產開發有限公司)	Rendering of services	13,537.74	448,582.64
Shanghai Hongxin Cinema Management Co., Ltd. (上海紅昕影院管理有限公司)	Rendering of services	11,320.75	9,383.02
Shanghai Hongkaixing Cinema Management Co., Ltd. (上海紅凱星影院管理有限公司)	Rendering of services	11,320.75	–
Shanghai Xingkai Cinema Management Co., Ltd. (上海星凱影院管理有限公司)	Rendering of services	9,433.96	6,603.77

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X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. 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	2021	2020
Shanghai Meiyong Enterprise Management Co., Ltd. (上海美影企業管理有限公司)	Rendering of services	7,547.17	7,221.70
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 services	5,094.34	–
Jiangsu Baili Aijia Home Technology Co., Ltd. (江蘇佰麗愛家家居科技有限公司)	Rendering of services	3,172.78	–
Shanghai Tianhe Smart Home Technology Company Ltd.(上海天合智能科技股份有限公司)and its branches	Rendering of services	3,000.15	48,044.34
Changzhou Red Star Furniture General Factory Co., Ltd. (常州市紅星傢俱總廠有限公司)	Rendering of services	2,699.10	–
Shanghai Xinxi Information Technology Co., Ltd. (上海歆璽信息科技有限公司)	Rendering of services	943.40	–
Henan Chenbo Real Estate Co., Ltd. (河南宸博置業有限公司)	Rendering of services	–	9,536,852.92
Xining Red Star Macalline Real Estate Development Co., Ltd. (西寧紅星美凱龍房地產開發有限公司)	Rendering of services	–	9,178,261.23
Shanghai CTME Economy & Trade Development Co., Ltd. (上海中貿美凱龍經貿發展有限公司)	Rendering of services	–	6,838,489.43
Zhejiang Zhongguang Electric Appliances Co., Ltd. (浙江中廣電器股份有限公司)	Rendering of services	–	1,650,943.38
Liuzhou Red Star Macalline Real Estate Co., Ltd. (柳州紅星美凱龍置業有限公司)	Rendering of services	–	1,630,389.10
Xiangshan Meilong Real Estate Co., Ltd. (象山美龍置業有限公司)	Rendering of services	–	1,603,541.18
Taiyuan Shuangming Kailong Real Estate Development Co., Ltd. (太原雙明凱龍房地產開發有限公司)	Rendering of services	–	1,000,422.88
Shenzhen Huasheng Home Furnishing Group Co., Ltd. (深圳華生大家居集團有限公司)	Rendering of services	–	786,163.52

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. 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	2021	2020
Changzhou Xingchen Interactive Entertainment Co., Ltd. (常州星琛娛樂科技有限公司)	Rendering of services	-	106,129.56
SleepMaker (Shenzhen) Company Limited (造夢者家居(深圳)有限公司)	Rendering of services	N/A	69,998.47
Shanghai Longhong Cinema Management Co., Ltd. (上海龍紅影院管理有限公司)	Rendering of services	-	58,490.56
Baoxiang Red Star Macalline (Xiamen) Global Home Plaza Co., Ltd. (寶象紅星美凱龍(廈門)全球家居廣場有限公司)	Rendering of services	-	29,107.08
Shanghai Zhenyang Decoration Co., Ltd. (上海振洋建築裝潢工程有限公司) and its branches	Rendering of services	-	23,775.61
Shanghai Mixing Catering Management Co., Ltd. (上海覓星餐飲管理有限公司)	Rendering of services	-	20,509.66
Shanghai Kaihong Cinema Management Co., Ltd. (上海凱紅影院管理有限公司)	Rendering of services	-	15,974.52
Shanghai Xinhong Cinema Management Co., Ltd. (上海昕紅影院管理有限公司)	Rendering of services	-	12,594.34
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司)	Rendering of services	-	14,969.80
Kaiqianjia Enterprise Management Co., Ltd. (凱乾嘉企業管理有限公司)	Rendering of services	-	6,650.00
Qingdao Hongying Cinema Management Co., Ltd. (青島紅影影院管理有限公司)	Rendering of services	-	5,943.40
Shanghai Xinglong Cinema Management Co., Ltd. (上海星龍影院管理有限公司)	Rendering of services	-	2,830.19
Shanghai Yunshen Intelligent Technology Co., Ltd. (上海雲紳智能科技有限公司)	Rendering of services	-	2,150.94
		231,492,784.62	57,978,183.39

Note: Rendering of services to related parties: during the year, the Group conducted transactions with related parties based on market prices.

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X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. 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	2021	2020
Handan Fengfengkuang District Royal Property Development Company Limited (邯鄲市峰峰礦區皇室房地產開發有限公司)	Consultation fees for previous period	N/A	30,491,190.42
Jining Hongrui Market Management Company Limited (濟寧鴻瑞市場經營管理有限公司)	Brand management service	4,600,637.95	4,139,480.78
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	3,773,584.90	3,816,662.34
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	3,623,263.21	2,680,817.58
Wuhan Zhengkai Logistics Co., Ltd. (武漢市正凱物流有限公司)	Brand management service	2,830,188.68	2,830,188.68
Shaanxi Hongrui Home Furnishings Plaza Co., Ltd. (陝西鴻瑞家居生活廣場有限公司)	Brand management service	2,830,188.68	2,594,339.62
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	2,830,188.68	2,594,339.62
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	1,792,452.83	1,643,081.74
Wuhu Minghui Business Management Co., Ltd. (蕪湖明輝商業管理有限公司)	Brand management service	158,062.81	2,751,603.77
		22,438,567.74	53,541,704.55

Note: Provision of brand management services for related parties: during the year, the Group conducted transactions with related parties based on market prices.

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. 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	2021	2020
Xining Aegean Real Estate Development Co., Ltd. (西寧愛琴海房地產開發有限公司)	Service income	72,418,283.48	38,534,925.50
Chongqing Jinke Zhongjun Real Estate Development Co., Ltd. (重慶金科中俊房地產開發有限公司)	Service income	51,179,427.06	106,480,005.68
Shanghai Luochang Enterprise Management Co., Ltd. (上海洛昶企業管理有限公司)	Service income	19,494,685.49	46,008,051.21
Zhanjiang Haixin Meikai Investment Co., Ltd. (湛江市海新美凱投資有限公司)	Service income	12,869,461.24	29,528,784.47
Shanghai Hongxing Cloud Computing Technology Co., Ltd. (上海紅星雲計算科技有限公司)	Service income	8,061,037.73	–
Shanghai CTME Economy & Trade Development Co., Ltd. (上海中貿美凱龍經貿發展有限公司)	Service income	6,707,923.41	–
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)	Service income	6,550,873.28	55,986,514.88
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	4,074,876.75	3,822,830.19
Hengshui Xinglong Real Estate Development Co., Ltd. (衡水星龍房地產開發有限公司)	Service income	3,928,405.15	–
Wuhu Meihe Asset Management Company Limited (蕪湖美和資產管理有限公司)	Service income	3,144,654.09	3,773,584.92
Hangzhou Nabel Ceramics Co., Ltd. (杭州諾貝爾陶瓷有限公司) and its branches	Service income	2,882,330.00	3,573,541.49
Anhui Tenghui Investment Group Hefei Co., Ltd. (安徽騰輝投資集團合肥有限公司)	Service income	2,869,354.18	–
LEAWOD Door and Window Group Co., Ltd. (良木道門窗集團有限公司)	Service income	1,751,150.10	–
Ultimate IOT (Shanghai) Technology Co., Ltd. (超級智慧家(上海)物聯網科技有限公司)	Service income	645,067.84	273,789.07

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X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. 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	2021	2020
Yunnan Red Star Macalline Property Management Co., Ltd. (雲南紅星美凱龍物業管理有限公司)	Service income	467,262.03	666,518.03
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	360,566.03	–
Zhengzhou Xingbo Real Estate Development Co., Ltd. (鄭州星鉑房地產開發有限公司)	Service income	354,013.76	–
Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司)	Service income	215,719.29	489,847.53
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	129,864.72	–
Shanghai Zhongyide Trading Company Limited (上海眾意得商貿有限公司)	Service income	91,981.13	–
Shenyang Red Star Macalline Property Management Co., Ltd. (瀋陽紅星美凱龍物業管理有限公司) and its branches	Service income	84,905.66	410,586.08
Wuhu Minghui Business Management Co., Ltd. (蕪湖明輝商業管理有限公司)	Service income	56,160.45	434.37
Business Division of Nanjing Pukou Lilicheng Furniture (南京市浦口區立力成傢俱經營部)	Service income	30,520.27	134,630.71
Wuhan Zhengkai Logistics Co., Ltd. (武漢市正凱物流有限公司)	Service income	28,301.89	–
Shanghai Red Star Jinghai Commercial Management Co., Ltd. (上海紅星晶海商業管理有限公司)	Service income	17,623.76	21,782.18
Shanghai Xingzhiyun Business Information Consulting Co., Ltd. (上海星之韻商務信息諮詢有限公司)	Service income	11,881.19	–
Beijing Smart Parking Service Co., Ltd. (北京智泊停車服務有限公司)	Service income	11,845.09	3,636.85
Asia New Materials (Beijing) Building Materials Co., Ltd. (亞細亞新材(北京)建築材料有限公司)	Service income	11,056.04	–

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. 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	2021	2020
Shanghai Xingyin Hai Industrial Co., Ltd. (上海星銀海實業有限公司)	Service income	10,693.07	33,663.37
Shanghai Zhenyang Decoration Co., Ltd. (上海振洋建築裝潢工程有限公司) and its branches	Service income	5,246.07	29,999.55
Shanghai Aegean Commercial Group Co., Ltd. (上海愛琴海商業集團股份有限公司)	Service income	3,564.36	124,950.50
Baoxiang Red Star Macalline (Xiamen) Global Home Plaza Co., Ltd. (寶象紅星美凱龍(廈門)全球家居廣場有限公司)	Service income	2,264.15	–
Shanghai Xinxi Information Technology Co., Ltd. (上海歆璽信息科技有限公司)	Service income	1,886.79	–
Chongqing Red Star Macalline Enterprise Development Co., Ltd. (重慶紅星美凱龍企業發展有限公司)	Service income	1,782.18	23,960.40
Yangzhou Kailong Consulting Co., Ltd. (揚州凱龍管理諮詢有限公司)	Service income	997.24	77.48
Shengbao (Shanghai) Intelligent Technology Co., Ltd. (晟葆(上海)智能科技有限公司)	Service income	566.04	–
Taiyuan Red Star Weiye Property Development and Management Co., Ltd. (太原紅星偉業房地產開發經營有限公司)	Service income	300.00	–
Shaanxi Hongrui Home Furnishings Plaza Co., Ltd. (陝西鴻瑞家居生活廣場有限公司)	Service income	36.32	67,681.40
Xiamen Baoxiang Red Star Macalline Home Furnishing Plaza Company Limited (廈門寶象紅星美凱龍家居生活廣場有限公司)	Service income	N/A*	10,741.75
Klas International Home Living Company Limited (克拉斯國際家居有限公司)	Service income	N/A	252,071.32
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)	Service income	–	11,851,447.44
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)	Service income	–	10,843,035.11

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X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. 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	2021	2020
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	-	2,319,144.60
Xiangshan Kaisheng Real Estate Co., Ltd. (象山凱勝置業有限公司)	Service income	-	2,078,332.29
Shanghai Red Star Win-Win Cloud Computing Technology Co., Ltd. (上海紅星共贏雲計算科技有限公司)	Service income	-	1,106,018.87
Taiyuan Shuangmingzhikun Real Estate Development Co., Ltd. (太原雙明智坤房地產開發有限公司)	Service income	-	910,384.82
Shengbao (Shanghai) Furniture Co., Ltd. (晟葆(上海)傢俱有限公司)	Service income	-	574,412.84
Brewster Wallpaper International Trading (Shanghai) Co., Ltd. (布魯斯特牆紙國際貿易(上海)有限公司)	Service income	-	314,465.40
Tianjin Kailong Real Estate Co., Ltd. (天津凱龍置業有限公司)	Service income	-	258,130.34
Xiangshan Meilong Real Estate Co., Ltd. (象山美龍置業有限公司)	Service income	-	186,688.82
Shanghai Weilaishi Decoration Technology Company Limited (上海威來適裝飾科技有限公司)	Service income	-	109,168.51
Suzhou Supin Home Culture Co., Ltd. (蘇州市蘇品宅配文化有限公司)	Service income	-	89,622.64
Jiangsu Baili Aijia Home Technology Co., Ltd. (江蘇佰麗愛家家居科技有限公司)	Service income	-	67,655.55
Changzhou Red Star Furniture General Factory Co., Ltd. (常州市紅星傢俱總廠有限公司)	Service income	-	59,896.18
Ningbo Qiangshang Home Living Company Limited (寧波牆尚家居有限公司)	Service income	-	46,303.96
Shandong Inzone Green Home Co., Ltd. (山東銀座家居有限公司)	Service income	-	37,735.85

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. 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	2021	2020
Jiangyin Tishang Home Furnishing Co., Ltd. (江陰提尚家居有限公司)	Service income	-	6,621.01
Shanghai Macalline Aijia Internet Technology Co., Ltd. (上海美凱龍愛家互聯網科技有限公司)	Service income	-	5,560.38
Shanghai Shuxiang Business Management Co., Ltd. (上海曙香商務管理有限公司)	Service income	-	3,960.40
Chongqing Mengxiang Island Ocean Park Management Co., Ltd. (重慶夢享島海洋公園管理有限公司)	Service income	-	3,564.36
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)	Service income	-	404.06
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)	Service income	-	22.80
		198,476,567.33	321,125,185.16

Note: Rendering services to related parties: during the year, the Group conducted transactions with related parties based on market prices.

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X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. 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	2021	2020
Chongqing Kaishuang Real Estate Development Co., Ltd. (重慶凱雙房地產開發有限公司)	Design consultation income	14,716,981.19	–
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	12,534,905.67	–
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)	Design consultation income	11,057,440.80	–
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)	Design consultation income	8,743,235.94	–
Taiyuan Red Star Weiye Property Development and Management Co., Ltd. (太原紅星偉業房地產開發經營有限公司)	Design consultation income	4,104,410.39	1,094,528.30
Suqian Xingkai Real Estate Development Co., Ltd. (宿遷星凱房地產開發有限公司)	Design consultation income	3,990,090.42	–
Xining Red Star Macalline Real Estate Development Co., Ltd. (西寧紅星美凱龍房地產開發有限公司)	Design consultation income	3,943,188.04	–
Cixi Xingkai Real Estate Co., Ltd. (慈溪星凱置業有限公司)	Design consultation income	3,252,452.83	809,716.98
Xuzhou Maoxing Real Estate Co., Ltd. (徐州茂星置業有限公司)	Design consultation income	2,962,264.15	849,056.60
Shuyang Xinglong Real Estate Development Co., Ltd. (滄陽星龍房地產開發有限公司)	Design consultation income	2,902,443.40	1,187,363.21
Henan Chenbo Real Estate Co., Ltd. (河南宸博置業有限公司)	Design consultation income	2,810,361.89	–
Taiyuan Shuangming Kailong Real Estate Development Co., Ltd. (太原雙明凱龍房地產開發有限公司)	Design consultation income	2,781,952.13	–
Zhanjiang Haixin Meikai Investment Co., Ltd. (湛江市海新美凱投資有限公司)	Design consultation income	2,588,297.17	11,078,201.69
Changzhou Yuanhong Real Estate Co., Ltd. (常州遠弘置業有限公司)	Design consultation income	1,971,547.20	2,808,811.34

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. 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	2021	2020
Taiyuan Shuangmingzhikun Real Estate Development Co., Ltd. (太原雙明智坤房地產開發有限公司)	Design consultation income	1,689,514.66	–
Yiwu Meilong Real Estate Co., Ltd. (義烏美龍置業有限公司)	Design consultation income	1,404,256.61	2,330,518.87
Xiangshan Meilong Real Estate Co., Ltd. (象山美龍置業有限公司)	Design consultation income	582,881.39	–
Jining Kaixing Shopping Plaza Co., Ltd. (濟寧凱星購物廣場有限公司)	Design consultation income	566,037.74	3,207,547.18
Yancheng Kailong Property Company Limited (鹽城凱龍置業有限公司)	Design consultation income	545,754.72	1,730,188.68
Tianjin Meilong Real Estate Development Co., Ltd. (天津美龍房地產開發有限公司)	Design consultation income	438,679.24	1,096,698.11
Hengshui Xinglong Real Estate Co., Ltd. (衡水星龍房地產有限公司)	Design consultation income	371,445.28	–
Chongqing Jinke Zhongjun Real Estate Development Co., Ltd. (重慶金科中俊房地產開發有限公司)	Design consultation income	347,264.15	–
Jinan Xinglong Real Estate Development Co., Ltd. (濟南星龍房地產開發有限公司)	Design consultation income	330,188.68	1,981,132.08
Shaoxing Xingkai Real Estate Co., Ltd. (紹興星凱置業有限公司)	Design consultation income	200,132.45	–
Nantong Xinglong Real Estate Development Co., Ltd. (南通星龍房地產開發有限公司)	Design consultation income	150,943.40	2,113,207.55
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	15,051.42	1,281,647.17
Shanghai Macalline Property Management Service Co., Ltd. (上海美凱龍物業管理服務有限公司)	Design consultation income	4,094.91	–
Yangzhou Xinglong Real Estate Development Co., Ltd. (揚州星龍房地產開發有限公司)	Design consultation income	–	9,433,962.26

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X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. 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	2021	2020
Tianjin Xingkai Real Estate Development Co., Ltd. (天津星凱房地產開發有限公司)	Design consultation income	-	2,122,641.51
Nanning Haoran Real Estate Co., Ltd. (南昌浩然置業有限公司)	Design consultation income	-	1,771,698.12
Ganzhou Kaiyue Real Estate Co., Ltd. (贛州凱越置業有限公司)	Design consultation income	-	1,132,075.48
Suzhou Red Star Macalline Real Estate Development Co., Ltd. (蘇州紅星美凱龍房地產開發有限公司)	Design consultation income	-	257,207.55
Liuzhou Red Star Macalline Real Estate Co., Ltd. (柳州紅星美凱龍置業有限公司)	Design consultation income	-	183,943.40
		85,005,815.85	46,470,146.08

Note: Provision of design consultation services for related parties: during the year, the Group conducted transactions with related parties based on market prices.

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Major Transactions between the Group and Related Parties (continued)

(2) Leases with related party

As lessors

	Type of leased assets	2021	2020
Shanghai Xingzhiyu Commercial Management Co., Ltd. (上海星之域商業經營管理有限公司)	Office	51,260,168.81	43,256,990.85
Shanghai Macalline Seven Star Hotel Management Co., Ltd. (上海美凱龍七星酒店管理有限公司)	Office	1,315,165.44	–
Changzhou Longyao Equity Investment Management Co., Ltd. (常州龍耀股權投資管理有限公司)	Office	33,483.48	30,693.24
Changzhou Yizhi International Trade Co., Ltd. (常州市藝致國際貿易有限公司)	Office	30,004.71	5,294.04
Zhengzhou Xingbo Real Estate Development Co., Ltd. (鄭州星鉑房地產開發有限公司)	Office	–	337,155.93
Klas International Home Living Company Limited (克拉斯國際家居有限公司)	Shop(s) in shopping mall	N/A	5,941,342.98
Shanghai Huojing Business Management Company Limited (上海或京商業管理有限公司)and its branches	Shop(s) in shopping mall	–	–
Shanghai Zhenyang Decoration Co., Ltd. (上海振洋建築裝潢工程有限公司)and its branches	Shop(s) in shopping mall	–	427,625.99
Hangzhou Nabel Ceramics Co., Ltd.(杭州諾貝爾陶瓷有限公司)and its branches	Shop(s) in shopping mall	9,845,808.32	7,492,367.12
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	5,681,740.83	4,637,199.23
Meinian Onehealth Healthcare (Group) Co., Ltd.(美年大健康產業(集團)股份有限公司)and its subsidiaries	Shop(s) in shopping mall	3,924,983.87	–
Shengbao (Shanghai) Intelligent Technology Co., Ltd. (晟葆(上海)智能科技有限公司)	Shop(s) in shopping mall	3,225,032.32	–
Shanghai Huojing Business Management Company Limited (上海或京商業管理有限公司)and its branches	Shop(s) in shopping mall	2,208,953.13	1,799,383.98
Suning.com Group Co., Ltd. (蘇寧易購集團股份有限公司)and its subsidiaries	Shop(s) in shopping mall	1,120,536.46	–
Mex Smart Home (Shen Zhen) Co., Ltd. (美時智能家居(深圳)有限公司)	Shop(s) in shopping mall	698,780.50	–

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X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Major Transactions between the Group and Related Parties (continued)

(2) Leases with related party (continued)

As lessors (continued)

	Type of leased assets	2021	2020
Changzhou Yizhi International Trade Co., Ltd. (常州市藝致國際貿易有限公司)	Shop(s) in shopping mall	678,468.11	521,112.26
Shanghai Zhenyang Decoration Co., Ltd. (上海振洋建築裝潢工程有限公司)	Shop(s) in shopping mall	625,000.43	–
Anka Household Products (Shanghai) Co., Ltd. (安咖家居用品(上海)有限公司)	Shop(s) in shopping mall	568,775.82	–
Shanghai Weilaishi Decoration Technology Company Limited (上海威來適裝飾科技有限公司)	Shop(s) in shopping mall	523,016.82	225,461.88
Asia New Materials (Beijing) Building Materials Co., Ltd. (亞細亞新材(北京)建築材料有限公司)	Shop(s) in shopping mall	516,902.16	–
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	500,913.85	102,197.81
Changzhou Red Star Furniture General Factory Co., Ltd. (常州市紅星傢俱總廠有限公司)	Shop(s) in shopping mall	397,224.43	1,054,903.67
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	250,793.97	261,777.72
Jiangsu Baili Aijia Home Technology Co., Ltd. (江蘇佰麗愛家家居科技有限公司)	Shop(s) in shopping mall	187,846.50	1,112,629.56
Shanghai Tianhe Smart Home Technology Company Ltd. (上海天合智能科技股份有限公司) and its branches	Shop(s) in shopping mall	185,874.71	363,421.04
CAO Zhongmin (曹仲民)	Shop(s) in shopping mall	107,292.65	236,043.84
ZHANG Jianfang (張建芳)	Shop(s) in shopping mall	81,536.50	179,380.32
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)	Shop(s) in shopping mall	45,901.60	–
Jiangyin Tishang Home Furnishing Co., Ltd. (江陰提尚家居有限公司)	Shop(s) in shopping mall	10,982.72	–

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Major Transactions between the Group and Related Parties (continued)

(2) Leases with related party (continued)

As lessors (continued)

	Type of leased assets	2021	2020
Shenzhen Long Life Basics Sleep Science and Technology Co., Ltd. (深圳市朗樂福睡眠科技有限公司)	Shop(s) in shopping mall	-	22,641.51
Shengbao (Shanghai) Furniture Co., Ltd. (晟葆(上海)傢俱有限公司)	Shop(s) in shopping mall	-	2,988,059.89
Ningbo Qiangshang Home Living Company Limited (寧波牆尚家居有限公司)	Shop(s) in shopping mall	-	335,698.16
Hangzhou Nabel Group Co., Ltd. (杭州諾貝爾集團有限公司)	Shop(s) in shopping mall	-	198,233.07
Beijing Sunsea Enterprise Management Consulting Co., Ltd. (北京陽光海天企業管理諮詢有限公司)	Parking garage	-	247,589.26
Shanghai Xinhua Chengcheng Asset Management Co., Ltd. (上海新華成城資產管理有限公司)	Parking garage	19,047,619.02	18,975,332.00
Shanghai Red Star Parking Management Co., Ltd. (上海紅星停車管理有限公司)	Parking garage	3,333,333.48	-
Beijing Sunsea Parking Management Co., Ltd. (北京陽光海天停車管理有限公司)	Parking garage	1,501,532.60	710,916.44
Beijing Smart Parking Service Co., Ltd. (北京智泊停車服務有限公司)	Parking garage	952,380.96	1,886,792.48
Shanghai Xingzhiyu Commercial Management Co., Ltd. (上海星之域商業經營管理有限公司)	Parking garage	369,908.28	308,256.90
Shengbao (Shanghai) Intelligent Technology Co., Ltd. (晟葆(上海)智能科技有限公司)	Parking garage	9,750.57	-
		109,239,713.05	93,658,501.17

Note: Provision of leasing services for related parties: during the year, the Group conducted transactions with related parties based on market prices.

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X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Major Transactions between the Group and Related Parties (continued)

(2) Leases with related party (continued)

As lessees

	Type of leased assets	2021	2020
Shanghai Huojing Business Management Company Limited (上海或京商業管理有限公司)and its branches	Office	5,519,763.12	6,073,875.99
Wuhan Zhengkai Logistics Co., Ltd. (武漢市正凱物流有限公司)	Office	48,235.22	–
Xuzhou Red Star Macalline Global Home Life Plaza Property Management Co., Ltd. (徐州紅星美凱龍全球家居生活廣場物業管理有限公司)	Warehouse leasing	–	5,290.42
Changzhou Red Star Home Furnishing City (常州市紅星裝飾城)	Shop(s) in shopping mall	19,696,922.51	15,798,139.50
Shanghai Yunshen Intelligent Technology Co., Ltd. (上海雲紳智能科技有限公司)	Shop(s) in shopping mall	2,370,000.00	–
Wuhu Minghui Business Management Co., Ltd. (蕪湖明輝商業管理有限公司)	Shop(s) in shopping mall	633,568.03	–
Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司)	Shop(s) in shopping mall	163,425.81	85,094.31
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)	Shop(s) in shopping mall	119,047.59	–
Shandong Inzone Green Home Co., Ltd. (山東銀座家居有限公司)	Shop(s) in shopping mall	86,773.70	–
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)	Shop(s) in shopping mall	53,448.74	56,710.51

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Major Transactions between the Group and Related Parties (continued)

(2) Leases with related party (continued)

As lessees (continued)

	Type of leased assets	2021	2020
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	47,460.36	161,469.38
Hainan Huirui Investment Co., Ltd. (海南暉瑞投資有限公司)	Shop(s) in shopping mall	24,752.48	–
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)	Shop(s) in shopping mall	17,125.12	–
Binzhou Inzone Green Home Co., Ltd. (濱州銀座家居有限公司)	Shop(s) in shopping mall	14,908.26	–
Baoxiang Red Star Macalline (Xiamen) Global Home Plaza Co., Ltd. (寶象紅星美凱龍(廈門)全球家居廣場有限公司)	Shop(s) in shopping mall	14,905.28	–
Wuhu Minghui Business Management Co., Ltd. (蕪湖明輝商業管理有限公司)	Shop(s) in shopping mall	–	115,749.14
Shanghai Huojing Business Management Company Limited (上海或京商業管理有限公司)	Shop(s) in shopping mall	–	762,728.70
Yunnan Red Star Macalline Property Management Co., Ltd. (雲南紅星美凱龍物業管理有限公司)	Parking garage	1,500,000.00	1,421,832.88
CHE Guoxing (車國興)	Dormitory	369,600.00	369,600.00
CHEN Shuhong (陳淑紅)	Dormitory	–	52,000.00
		30,679,936.22	24,902,490.83

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X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Major Transactions between the Group and Related Parties (continued)

(3) Guarantees from related parties

Receiving guarantees from related parties

2021

	Amount of guarantees	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)	162,000,000.00	2020/5/15	2022/5/15	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 2)	416,250,000.00	2019/6/20	2029/6/20	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 2)	128,000,000.00	2019/12/19	2029/12/19	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 2)	289,000,000.00	2020/1/17	2030/1/17	No
CHE Jianxing (車建興) (Note 3)	230,000,000.00	2016/6/8	2026/6/8	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 4)	348,640,000.00	2020/12/18	2030/12/18	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 5)	940,000,000.00	2020/10/23	2023/10/22	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 6)	575,000,000.00	2020/6/16	2030/6/16	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 7)	517,000,000.00	2020/12/26	2035/12/25	No

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Major Transactions between the Group and Related Parties (continued)

(3) Guarantees from related parties (continued)

Receiving guarantees from related parties (continued)

	Amount of guarantees	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 8)	228,670,000.00	2018/2/26	2026/2/26	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 9)	660,000,000.00	2019/8/30	2031/6/15	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 10)	383,500,000.00	2019/9/25	2026/9/17	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 11)	330,000,000.00	2020/6/30	2030/6/29	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 12)	400,000,000.00	2019/12/27	2031/12/27	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 13)	430,000,000.00	2020/3/25	2030/3/25	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 14)	109,000,000.00	2019/12/30	2027/12/20	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 15)	82,000,000.00	2019/12/30	2027/12/20	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 16)	67,500,000.00	2020/7/22	2030/7/27	No

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X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Major Transactions between the Group and Related Parties (continued)

(3) Guarantees from related parties (continued)

Receiving guarantees from related parties (continued)

	Amount of guarantees	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 17)	430,000,000.00	2020/3/20	2028/3/20	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 18)	212,000,000.00	2019/7/1	2029/6/20	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 18)	50,600,000.00	2019/9/20	2029/6/20	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 18)	4,600,000.00	2019/11/21	2029/6/20	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 18)	110,000,000.00	2020/1/3	2029/6/20	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 18)	11,000,000.00	2020/3/10	2029/6/20	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 18)	4,600,000.00	2020/3/18	2029/6/20	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 18)	12,656,600.00	2020/4/1	2029/6/20	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 18)	101,000,000.00	2020/12/31	2029/6/20	No

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Major Transactions between the Group and Related Parties (continued)

(3) Guarantees from related parties (continued)

Receiving guarantees from related parties (continued)

	Amount of guarantees	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 19)	54,379,471.01	2020/11/3	2025/11/2	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 20)	192,000,000.00	2018/7/13	2028/7/12	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 18)	52,743,400.00	2021/4/20	2029/6/20	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 21)	439,200,000.00	2018/6/11	2025/6/11	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 22)	350,000,000.00	2021/6/7	2023/6/7	No
CHE Jianxing (車建興) (Note 23)	700,000,000.00	2021/12/24	2024/12/24	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 24)	230,000,000.00	2021/2/22	2028/2/21	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 25)	400,000,000.00	2021/8/20	2024/8/19	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 18)	129,060,000.00	2019/7/5	2022/7/5	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 18)	40,000,000.00	2021/5/31	2022/5/31	No



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X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Major Transactions between the Group and Related Parties (continued)

(3) Guarantees from related parties (continued)

Receiving guarantees from related parties (continued)

Note 1: The loan is also secured by the investment property of Tianjin Red Star Macalline Home Living and Decorating Plaza Company Limited, a subsidiary of the Group.

Note 2: The loan is also secured by the investment property of Zhengzhou Red Star Macalline International Home Furnishing Company Limited, a subsidiary of the Group.

Note 3: The loan is also secured by the investment property of Chongqing Red Star Macalline Expo Home Furnishing Plaza Company Limited, a subsidiary of the Group.

Note 4: The loan is also secured by the investment property of Hefei Red Star Macalline Shibo Furniture Plaza Company Limited, a subsidiary of the Group.

Note 5: The loan is also secured by the investment property of Tianjin Red Star Macalline International Home Furnishing Expo Company Limited, a subsidiary of the Group.

Note 6: The loan is also secured by the investment property of Suzhou Industry Park Red Star Macalline Home Furnishing Company Limited, a subsidiary of the Group.

Note 7: The loan is also secured by the investment property of Shanghai Red Star Macalline Xinglong Home Furnish Company Limited, a subsidiary of the Group.

Note 8: The loan is also secured by the investment property of Chengdu Tianfu New District Red Star Macalline World Trade Home Furnishing Company Limited, a subsidiary of the Group.

Note 9: The loan is also secured by the investment property of Dalian Red Star Macalline Shibo Home Furnishing Plaza Company Limited, a subsidiary of the Group.

Note 10: The loan is also secured by the investment property of Nanchang Red Star Macalline Global Home Expo Center Company Limited, a subsidiary of the Group.

Note 11: The loan is also secured by the investment property of Chongqing Red Star Macalline International Home Furnishing Plaza Company Limited, a subsidiary of the Group.

Note 12: The loan is also secured by the investment property of Ningbo Red Star Macalline Home Shopping Plaza Company Limited, a subsidiary of the Group.

Note 13: The loan is also secured by the investment property of Nanning Red Star Macalline Shibo Home Furnishing Exhibition Centre Company Limited, a subsidiary of the Group.

Note 14: The loan is also secured by the investment property of Shanghai Jianliu Enterprise Management Company Limited, a subsidiary of the Group.

Note 15: The loan is also secured by the investment property of Shanghai Enliu Enterprise Management Company Limited, a subsidiary of the Group.

Note 16: The loan is also secured by the investment property of Shanghai Bencheng Enterprise Management Company Limited, a subsidiary of the Group.

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Major Transactions between the Group and Related Parties (continued)

(3) Guarantees from related parties (continued)

Receiving guarantees from related parties (continued)

Note 17: The loan is also secured by the investment property of Foshan Junda Enterprise Management Co., Ltd., a subsidiary of the Group.

Note 18: The loan is also secured by the investment property of Hangzhou Weiliang electromechanical hardware market Co., Ltd., a subsidiary of the Group.

Note 19: The loan is also secured by the investment property of Shaanxi Red Star Heji Home Shopping Plaza Company Limited, a subsidiary of the Group.

Note 20: The loan is also secured by the investment property of Suzhou Red Star Macalline Shibo Home Furnishing Plaza Company Limited, a subsidiary of the Group.

Note 21: The loan is also secured by the investment property of Chongqing Xingkaike Home Furnishing Company Limited, a subsidiary of the Group.

Note 22: The loan is also secured by the investment property of Dongguan Red Star Macalline Shibo Furniture Plaza Company Limited, a subsidiary of the Group.

Note 23: The loan is also secured by the investment property of Changzhou World Furniture and Home Plaza Co., Ltd., a subsidiary of the Group.

Note 24: The loan is also secured by the investment property of Nantong Hongmei Shibo Home Furnishing Plaza Company Limited, a subsidiary of the Group.

Note 25: The loan is also secured by the investment property of Changzhou Hongyang Home Furnishing Plaza Company Limited, a subsidiary of the Group.

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X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Major Transactions between the Group and Related Parties (continued)

(3) Guarantees from related parties (continued)

Receiving guarantees from related parties (continued)

2020

	Amount of guarantees	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)	282,000,000.00	2020/5/15	2022/5/15	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 2)	483,000,000.00	2019/6/20	2029/6/20	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 3)	144,000,000.00	2019/12/19	2029/12/19	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 4)	323,000,000.00	2020/1/17	2030/1/17	No
CHE Jianxing (車建興) (Note 5)	270,000,000.00	2016/6/8	2026/6/8	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 6)	204,000,000.00	2020/12/18	2030/12/18	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 7)	1,000,000,000.00	2020/10/23	2023/10/22	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 8)	625,000,000.00	2020/6/16	2030/6/16	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 9)	550,000,000.00	2020/12/26	2035/12/25	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 10)	270,666,666.62	2018/2/26	2026/2/26	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 11)	47,750,000.00	2020/9/18	2025/8/29	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 12)	697,500,000.00	2019/8/30	2031/6/15	No

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Major Transactions between the Group and Related Parties (continued)

(3) Guarantees from related parties (continued)

Receiving guarantees from related parties (continued)

	Amount of guarantees	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 13)	84,368,993.67	2020/4/3	2030/4/3	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 14)	469,500,000.00	2019/9/25	2026/9/17	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 15)	93,000,000.00	2020/12/11	2033/6/10	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 16)	355,000,000.00	2020/6/30	2030/6/29	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 17)	425,000,000.00	2019/12/27	2031/12/27	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 18)	180,000,000.00	2020/3/25	2030/3/25	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 19)	114,000,000.00	2019/12/30	2027/12/20	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 20)	84,000,000.00	2019/12/30	2027/12/20	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 21)	75,000,000.00	2020/7/22	2030/7/27	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 22)	530,000,000.00	2020/3/20	2028/3/20	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 23)	232,400,000.00	2019/7/1	2029/6/20	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 23)	55,000,000.00	2019/9/20	2029/6/20	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 23)	5,000,000.00	2019/11/21	2029/6/20	No

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X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Major Transactions between the Group and Related Parties (continued)

(3) Guarantees from related parties (continued)

Receiving guarantees from related parties (continued)

	Amount of guarantees	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 23)	120,000,000.00	2020/1/3	2029/6/20	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 23)	12,000,000.00	2020/3/10	2029/6/20	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 23)	5,000,000.00	2020/3/18	2029/6/20	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 23)	13,856,600.00	2020/4/1	2029/6/20	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 23)	110,000,000.00	2020/12/31	2029/6/20	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 24)	48,042,129.01	2020/11/3	2025/11/2	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 25)	360,000,000.00	2018/7/13	2028/7/12	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 26)	300,000,000.00	2019/7/9	2020/7/8	Yes
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 27)	585,600,000.00	2018/6/11	2025/6/11	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司)	157,000,000.00	2019/7/10	2020/7/9	Yes
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司)	143,000,000.00	2019/7/10	2020/7/9	Yes

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Major Transactions between the Group and Related Parties (continued)

(3) Guarantees from related parties (continued)

Receiving guarantees from related parties (continued)

Note 1: The loan is also secured by the investment property of Tianjin Red Star Macalline Home Living and Decorating Plaza Company Limited, a subsidiary of the Group.

Note 2: The loan is also secured by the investment property of Zhengzhou Red Star Macalline International Home Furnishing Company Limited, a subsidiary of the Group.

Note 3: The loan is also secured by the investment property of Zhengzhou Red Star Macalline International Home Furnishing Company Limited, a subsidiary of the Group.

Note 4: The loan is also secured by the investment property of Zhengzhou Red Star Macalline International Home Furnishing Company Limited, a subsidiary of the Group.

Note 5: The loan is also secured by the investment property of Chongqing Red Star Macalline Expo Home Furnishing Plaza Company Limited, a subsidiary of the Group.

Note 6: The loan is also secured by the investment property of Hefei Red Star Macalline Shibo Furniture Plaza Company Limited, a subsidiary of the Group.

Note 7: The loan is also secured by the investment property of Tianjin Red Star Macalline International Home Furnishing Expo Company Limited, a subsidiary of the Group.

Note 8: The loan is also secured by the investment property of Suzhou Industry Park Red Star Macalline Home Furnishing Company Limited, a subsidiary of the Group.

Note 9: The loan is also secured by the investment property of Shanghai Red Star Macalline Xinglong Home Furnish Company Limited, a subsidiary of the Group.

Note 10: The loan is also secured by the investment property of Chengdu Tianfu New District Red Star Macalline World Trade Home Furnishing Company Limited, a subsidiary of the Group.

Note 11: The loan is also secured by the investment property of Hefei Red Star Macalline Logistics Company Limited, a subsidiary of the Group.

Note 12: The loan is also secured by the investment property of Dalian Red Star Macalline Shibo Home Furnishing Plaza Company Limited, a subsidiary of the Group.

Note 13: The loan is also secured by the investment property of Shaanxi Red Star Macalline Logistics Company Limited, a subsidiary of the Group.



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X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Major Transactions between the Group and Related Parties (continued)

(3) Guarantees from related parties (continued)

Receiving guarantees from related parties (continued)

Note 14: The loan is also secured by the investment property of Nanchang Red Star Macalline Global Home Expo Center Company Limited, a subsidiary of the Group.

Note 15: The loan is also secured by the investment property of Guizhou Red Star Macalline Logistics Company Limited, a subsidiary of the Group.

Note 16: The loan is also secured by the investment property of Chongqing Red Star Macalline International Home Furnishing Plaza Company Limited, a subsidiary of the Group.

Note 17: The loan is also secured by the investment property of Ningbo Red Star Macalline Home Shopping Plaza Company Limited, a subsidiary of the Group.

Note 18: The loan is also secured by the investment property of Nanning Red Star Macalline Shibo Home Furnishing Exhibition Centre Company Limited, a subsidiary of the Group.

Note 19: The loan is also secured by the investment property of Shanghai Jianliu Enterprise Management Company Limited, a subsidiary of the Group.

Note 20: The loan is also secured by the investment property of Shanghai Enliu Enterprise Management Company Limited, a subsidiary of the Group.

Note 21: The loan is also secured by the investment property of Shanghai Bencheng Enterprise Management Company Limited, a subsidiary of the Group.

Note 22: The loan is also secured by the investment property of Foshan Junda Enterprise Management Co., Ltd., a subsidiary of the Group.

Note 23: The loan is also secured by the investment property of Hangzhou Weiliang electromechanical hardware market Co., Ltd., a subsidiary of the Group.

Note 24: The loan is also secured by the investment property of Shaanxi Red Star Heji Home Shopping Plaza Company Limited, a subsidiary of the Group.

Note 25: The loan is also secured by the investment property of Suzhou Red Star Macalline Shibo Home Furnishing Plaza Company Limited, a subsidiary of the Group.

Note 26: The loan is also secured by the 6.0 million tradable shares of Oppein Home Group Inc. held by Red Star Xizhao Investment Company Limited, a subsidiary of the Group.

Note 27: The loan is also secured by the investment property of Chongqing Xingkaike Home Furnishing Company Limited, a subsidiary of the Group.

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Major Transactions between the Group and Related Parties (continued)

(4) Loans and borrowings of the related parties

Borrowings

2021

	Opening balance	Accumulated borrowing amount (Excluding interest)	Interest of loan (if have)	Accumulated repayment amount	Closing balance	Inception date	Expiration date	Others
Shenyudao Cultural Tourism Holding Co., Ltd. (神玉島文化旅遊控股股份有限公司)	16,300,000.00	-	-	16,300,000.00	-	2018/11/5	N/A	No rate
Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司)	19,379,218.91	-	193,079.67	-	19,572,298.58	2020/12/31	2022/12/31	31 Dec 2020-31 Dec 2021, interest rate: 6.65%; 1 Jan 2021-Dec 2022, interest rate: 5.15%
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)	9,800,000.00	-	-	-	9,800,000.00	2020/12/31	2025/12/30	Without agreed
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司)	-	480,000,000.00	-	480,000,000.00	-	N/A	N/A	The debt has been repaid as of the reporting date
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司)	-	300,000,000.00	-	300,000,000.00	-	N/A	N/A	The debt has been repaid as of the reporting date
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司)	-	120,000,000.00	-	120,000,000.00	-	N/A	N/A	The debt has been repaid as of the reporting date
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司)	-	84,000,000.00	-	84,000,000.00	-	N/A	N/A	The debt has been repaid as of the reporting date
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司)	-	280,000,000.00	-	280,000,000.00	-	N/A	N/A	The debt has been repaid as of the reporting date
CSSC Cruise Industry Development (Shanghai) Co., Ltd. (中郵輪產業發展(上海)有限公司)	-	80,000,000.00	182,000.00	-	80,182,000.00	2021/11/23	2022/11/23	Interest rate: 2.1%

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X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Major Transactions between the Group and Related Parties (continued)

(4) Loans and borrowings of the related parties (continued)

Borrowings (continued)

	Opening balance	Accumulated borrowing amount (Excluding interest)	Interest of loan (if have)	Accumulated repayment amount	Closing balance	Inception date	Expiration date	Others
Shanghai Red Star Macalline Commercial Factoring Company Limited (上海紅星美凱龍商業保 理有限公司)(Note 1)	-	47,722,140.30	4,101,102.39	14,101,102.39	37,722,140.30	2020/9/26	2022/9/28	Interest rate:15.4%
Shandong Inzone Green Home Co., Ltd. (山東銀座家居有限公 司)	-	50,000,000.00	341,666.67	-	50,341,666.67	2021/12/1	2022/11/30	Interest rate:8.2%
Shandong Inzone Green Home Co., Ltd. (山東銀座家居有限公 司)	-	30,000,000.00	120,722.22	-	30,120,722.22	2021/12/16	2022/3/31	Interest rate:8.2%
Total	45,479,218.91	1,471,722,140.30	4,938,570.95	1,294,401,102.39	227,738,827.77	-	-	-

Note 1: The Group no longer includes Shanghai Red Star Macalline Commercial Factoring Company Limited (上海紅星美凱龍商業保理有限公司) into the scope of consolidation since 31 July 2021, and the amount incurred is the loans and borrowings of the related parties that occurred after 31 July 2021.

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Major Transactions between the Group and Related Parties (continued)

(4) Loans and borrowings of the related parties (continued)

Borrowings (continued)

2020

	Opening balance	Accumulated borrowing amount (Excluding interest)	Interest of loan (if have)	Accumulated repayment amount	Closing balance	Inception date	Expiration date	Others
Shenyudao Cultural Tourism Holding Co., Ltd. (神玉島文化旅 遊控股股份有限公司)	25,600,000.00	(9,300,000.00)	-	-	16,300,000.00	2018/11/5	N/A	No rate
Chengdu Dongtai Shopping Mall Company Limited (成都東泰商 城有限公司)	41,437,944.45	81,600,000.00	2,941,274.46	106,600,000.00	19,379,218.91	2019/5/21	2020/12/31	May 2019-Sep 2019, interest rate: 4.75%; Oct 2019-Dec 2020, interest rate: 7.20%
Chongqing Red Star Macalline Enterprise Development Co., Ltd (重慶紅星美凱龍企業發展有 限公司)	-	500,000,000.00	-	500,000,000.00	-	-	-	Without agreed
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)	-	9,800,000.00	-	-	9,800,000.00	2020/12/31	2025/12/30	Without agreed
Total	67,037,944.45	582,100,000.00	2,941,274.46	606,600,000.00	45,479,218.91	-	-	-

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X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Major Transactions between the Group and Related Parties (continued)

(4) Loans and borrowings of the related parties (continued)

Lendings

2021

	Opening balance	Accumulated lending amount (Excluding interest)	Interest of loan (if have)	Accumulated recovered amount	Closing balance	Inception date	Expiration date	Others
Shanghai Mingyi Enterprise Development Co., Ltd. (上海名藝商業企業發展有限公司)	144,200,000.50	18,800,000.00	-	-	163,000,000.50	-	-	Repayable on demand and interest-free
Shanghai Mingyi Enterprise Development Co., Ltd. (上海名藝商業企業發展有限公司)	5,760,000.00		460,800.00		6,220,800.00	2020/12/29	2023/12/28	Interest rate: 8%
Baoxiang Red Star Macalline (Xiamen) Global Home Plaza Co., Ltd. (寶象紅星美凱龍(廈門)全球家居廣場有限公司)	32,500,000.00	9,979,328.91		-	42,479,328.91	-	-	Repayable on demand and interest-free
Baoxiang Red Star Macalline (Xiamen) Global Home Plaza Co., Ltd. (寶象紅星美凱龍(廈門)全球家居廣場有限公司)	10,944,953.26	-	738,362.78	7,613,150.89	4,070,165.15	2019/6/21	2022/6/21	Interest rate: 6.18%
Xiamen Red Star Macalline Home Furnishing Plaza Co., Ltd. (廈門紅星美凱龍家居生活廣場有限責任公司) (Note)	30,043,099.85	*	*	*	*	*	*	*
Xiamen Red Star Macalline Home Furnishing Plaza Co., Ltd. (廈門紅星美凱龍家居生活廣場有限責任公司) (Note)	4,559,000.00	*	*	*	*	*	*	*
Xiamen Red Star Macalline Home Furnishing Plaza Co., Ltd. (廈門紅星美凱龍家居生活廣場有限責任公司) (Note)	94,280,000.00	*	*	*	*	*	*	*
Wuhu Minghui Business Management Co., Ltd. (蕪湖明輝商業管理有限公司)	-	25,840,000.00	-	-	25,840,000.00	-	-	Repayable on demand and interest-free
Wuhu Minghui Business Management Co., Ltd. (蕪湖明輝商業管理有限公司)	3,600,000.00	-	-	3,600,000.00	-	2020/12/29	2021/12/28	Annual interest rate: 8%

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Major Transactions between the Group and Related Parties (continued)

(4) Loans and borrowings of the related parties (continued)

Lendings (continued)

	Opening balance	Accumulated lending amount (Excluding interest)	Interest of loan (if have)	Accumulated recovered amount	Closing balance	Inception date	Expiration date	Others
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)	1,746,373.14	-	103,200.00	1,824,633.14	24,940.00	2020/8/6	2022/12/31	Annual interest rate: 6% Payment of the interest of the last quarter's loan within 30 days after the end of each quarter
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)	-	3,500,000.00	67,666.67	67,666.67	3,500,000.00	2021/8/9	2024/12/31	interest rate: 6%
Total	327,633,426.75	58,119,328.91	1,370,029.45	13,105,450.70	245,135,234.56			

Note: During the year, the Group acquired Xiamen Baoxiang Red Star Macalline Home Furnishing Plaza Company Limited, which was renamed Xiamen Red Star Macalline Home Furnishing Plaza Company Limited, so the above-mentioned companies are subsidiaries of the Group during the year.

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X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Major Transactions between the Group and Related Parties (continued)

(4) Loans and borrowings of the related parties (continued)

Lendings

2020

	Opening balance	Accumulated borrowing amount (Excluding interest)	Interest of loan (if have)	Accumulated repayment amount	Closing balance	Inception date	Expiration date	Others
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) (Note)	150,000,000.00	*	*	*	*	*	*	*
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) (Note)	34,508,345.20	*	*	*	*	*	*	*
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) (Note)	36,339,041.62	*	*	*	*	*	*	*
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) (Note)	3,800,000.00	*	*	*	*	*	*	*
Shanghai Mingyi Enterprise Development Co., Ltd. (上海名藝商業企業發展有限公司)	131,600,000.50	14,600,000.00	-	2,000,000.00	144,200,000.50	-	-	Repayable on demand and interest-free
Shanghai Mingyi Enterprise Development Co., Ltd. (上海名藝商業企業發展有限公司)	-	5,760,000.00	-	-	5,760,000.00	2020/12/29	2021/12/28	Interest rate: 8%
Baoxiang Red Star Macalline (Xiamen) Global Home Plaza Co., Ltd. (寶象紅星美凱龍(廈門)全球家居廣場有限公司)	35,500,000.00	-	-	3,000,000.00	32,500,000.00	-	-	Repayable on demand and interest-free
Baoxiang Red Star Macalline (Xiamen) Global Home Plaza Co., Ltd. (寶象紅星美凱龍(廈門)全球家居廣場有限公司)	13,061,439.14	-	(3,985.88)	2,112,500.00	10,944,953.26	2019/6/21	2022/6/21	Interest rate: 6.18%
Hangzhou Red Star Macalline Global Home Living Co., Ltd. (杭州紅星美凱龍環球家居有限公司) (Note)	332,148,745.00	*	*	*	*	*	*	*

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Major Transactions between the Group and Related Parties (continued)

(4) Loans and borrowings of the related parties (continued)

Lendings (continued)

	Opening balance	Accumulated borrowing amount (Excluding interest)	Interest of loan (if have)	Accumulated repayment amount	Closing balance	Inception date	Expiration date	Others
Xiamen Baoxiang Red Star Macalline Home Furnishing Plaza Company Limited (廈門寶 象紅星美凱龍家居生活廣場有限 公司)	25,100,000.00	4,943,099.85	-	-	30,043,099.85	-	-	Repayable on demand and interest-free
Xiamen Baoxiang Red Star Macalline Home Furnishing Plaza Company Limited (廈門寶 象紅星美凱龍家居生活廣場有限 公司)	-	4,500,000.00	59,000.00	-	4,559,000.00	2020/11/3	2021/11/2	Interest rate: 8%
Xiamen Baoxiang Red Star Macalline Home Furnishing Plaza Company Limited (廈門寶 象紅星美凱龍家居生活廣場有限 公司)	-	90,000,000.00	4,280,000.00	-	94,280,000.00	2020/6/1	2020/12/31	Interest rate: 8%
Wuhu Minghui Business Management Co., Ltd. (蕪湖明 輝商業管理有限公司)	-	3,600,000.00	-	-	3,600,000.00	2020/12/29	2021/12/28	Annual interest rate: 8% Repayable on maturity with a one-off payment of the principal and the interest
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)	-	1,720,000.00	42,426.66	16,053.52	1,746,373.14	2020/8/6	2022/12/31	Annual interest rate: 6% Payment of the interest of the last quarter's loan within 30 days after the end of each quarter
Total	762,057,571.46	125,123,099.85	4,377,440.78	7,128,553.52	327,633,426.75	-	-	-

Note: During the year, the Group acquired Hangzhou Red Star Macalline Global Home Living Company Limited and Shaanxi Red Star Heji Home Shopping Plaza Company Limited, so the above-mentioned companies are subsidiaries of the Group during the year.

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X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Major Transactions between the Group and Related Parties (continued)

(5) Asset transfer to related parties

	Details of Transactions	2021	2020
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 1)	Subsidiaries	1,209,108,900.00	–
Chongqing Kaixing Business Management Co., Ltd. (重慶凱幸商業管理有限公司) (Note 2)	Other equity instrument investments	–	20,240,935.95

Note 1: In May 2021, Red Star Macalline Group Corporation Ltd. transferred 100% equity of Shanghai Red Star Macalline Financial Leasing Company Limited (上海紅星美凱龍融資租賃有限公司) and 100% equity of Shanghai Red Star Macalline Commercial Factoring Company Limited (上海紅星美凱龍商業保理有限公司) to Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) at a transfer price of RMB1,209,108,900.00. Red Star Macalline Group Corporation Ltd. transferred 90% equity of Shanghai Macalline Property Management Service Co., Ltd. (上海美凱龍物業管理服務有限公司) to Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) at a transfer price of nil.

Note 2: In April 2020, Red Star Macalline Group Corporation Ltd. (紅星美凱龍家居集團股份有限公司) transferred 2.26% of the equity of Beijing Haozu Technology Development Co., Ltd. (北京好租科技發展有限公司) to Chongqing Kaixing Business Management Co., Ltd. (重慶凱幸商業管理有限公司) at a transfer price of RMB20,240,935.95.

(6) Other related parties transactions

	2021	2020
Remuneration for key management personnel	29,806,631.52	24,874,048.38

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

6. Amounts due from/to related parties

	2021		2020	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
Accounts receivable				
Zhanjiang Haixin Meikai Investment Co., Ltd. (湛江市海新美凱投資有限公司)	60,736,394.59	3,639,391.50	5,483,309.29	260,457.19
Xining Aegean Real Estate Development Co., Ltd. (西寧愛琴海房地產開發有限公司)	19,104,819.23	1,167,304.45	16,775,697.35	796,845.62
Shanghai Xinhua Chengcheng Asset Management Co., Ltd. (上海新華成城資產管理有限公司)	13,333,333.23	600,000.00	13,333,333.36	600,000.00
Shanghai Jiazhan Construction Engineering Company Limited (上海嘉展建築裝潢工程有限公司)	13,000,000.00	13,000,000.00	13,000,000.00	13,000,000.00
Yangzhou Xinglong Real Estate Development Co., Ltd. (揚州星龍房地產開發有限公司)	10,000,000.00	611,000.00	10,100,000.00	475,000.00
Suqian Xingkai Real Estate Development Co., Ltd. (宿遷星凱房地產開發有限公司)	8,921,984.13	545,133.23	-	-
Shanghai Luochang Enterprise Management Co., Ltd. (上海洛昶企業管理有限公司)	7,246,848.08	442,782.42	-	-
Quzhou Huicheng Ole Business Management Co., Ltd. (衢州市慧城奧萊商業管理有限公司)	6,205,750.00	379,171.33	-	-
Danyang Rongjin Hongxing Real Estate Development Co., Ltd. (丹陽市融錦宏星置業發展有限公司)	6,085,557.07	273,850.07	13,276,292.60	597,433.17

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X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

6. Amounts due from/to related parties (continued)

	2021		2020	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
Shuyang Xinglong Real Estate Development Co., Ltd. (瀘陽星龍房地產開發有限公司)	5,527,616.94	154,806.63	3,700,796.86	175,787.85
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)	5,192,964.85	311,259.13	6,642,048.30	315,497.29
Ganzhou Kaiyue Real Estate Co., Ltd. (贛州凱越置業有限公司)	3,481,573.24	313,539.12	–	–
Jinhua Hangkai Real Estate Co., Ltd. (金華航凱置業有限公司)	4,988,921.85	304,823.13	–	–
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)	4,405,405.57	266,376.69	6,465,742.14	306,688.96
Shenzhen Huasheng Home Furnishing Group Co., Ltd. (深圳華生大家居集團有限公司)	3,999,999.99	3,999,999.99	3,999,999.99	3,999,999.99
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)	3,952,937.38	241,524.47	497,052.37	23,609.99
Changxing Ronghao Trading Co., Ltd. (長興榮皓貿易有限公司)	3,686,542.39	165,894.41	3,136,419.36	141,138.87
Zhejiang Zhongguang Electric Appliances Co., Ltd. (浙江中廣電器股份有限公司)	3,499,999.97	3,499,999.97	3,499,999.97	3,499,999.97
Cixi Xingkai Real Estate Co., Ltd. (慈溪星凱置業有限公司)	3,433,200.00	209,768.52	–	–
Henan Chenbo Real Estate Co., Ltd. (河南宸博置業有限公司)	2,719,543.08	122,379.44	1,544,511.44	69,503.01
Yiwu Meilong Real Estate Co., Ltd. (義烏美龍置業有限公司)	2,027,836.95	141,752.72	–	–
Changzhou Yuanhong Real Estate Co., Ltd. (常州遠弘置業有限公司)	2,267,340.00	–	137,340.00	6,523.65
Suning.com Group Co., Ltd. (蘇寧易購集團股份有限公司) and its subsidiaries	1,255,822.24	–	–	–
Tianjin Xingkai Real Estate Development Co., Ltd. (天津星凱房地產開發有限公司)	1,650,000.00	318,450.00	1,650,000.00	78,375.00
Changzhou Jintan Weiyi Construction Engineering Co., Ltd. (常州市金壇維億建設工程有限公司)	1,500,000.00	856,200.00	1,500,000.00	503,550.00

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

6. Amounts due from/to related parties (continued)

	2021		2020	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
Shanghai Xingyue Property Service Co., Ltd. (上海星悦物業服務有限公司) and its branches	1,469,368.34	-	-	-
Ningbo Kailong Property Company Limited (寧波凱龍置業有限公司)	1,419,838.25	274,028.78	1,419,838.25	127,785.44
Xuzhou Maoxing Real Estate Co., Ltd. (徐州茂星置業有限公司)	1,390,000.00	84,929.00	-	-
Changzhou Aegean Ole Business Management Co., Ltd. (常州愛琴海奧萊商業管理有限公司)	1,337,960.00	60,208.20	-	-
Nanning Haoran Real Estate Co., Ltd. (南昌浩然置業有限公司)	1,274,999.99	246,470.70	1,278,000.00	60,705.00
Xining Red Star Macalline Real Estate Development Co., Ltd. (西寧紅星美凱龍房地產開發有限公司)	1,169,988.18	71,486.28	2,632,763.96	125,056.29
Jinan Xinglong Real Estate Development Co., Ltd. (濟南星龍房地產開發有限公司)	1,100,000.00	192,515.00	900,000.00	42,750.00
Tianjin Meilong Real Estate Development Co., Ltd. (天津美龍房地產開發有限公司)	1,065,000.00	144,211.50	600,000.00	28,500.00
Nantong Xinglong Real Estate Development Co., Ltd. (南通星龍房地產開發有限公司)	960,000.00	58,656.00	-	-
Shanghai Macalline Property Management Service Co., Ltd. (上海美凱龍物業管理服務有限公司) and its branches	774,823.00	-	-	-
Anka Household Products (Shanghai) Co., Ltd. (安咖家居用品(上海)有限公司)	640,000.00	28,800.00	640,000.00	28,800.00
Shanghai CTME Economy & Trade Development Co., Ltd. (上海中質美凱龍經貿發展有限公司)	604,295.88	214,464.61	668,263.10	31,742.50
Jining Kaixing Shopping Plaza Co., Ltd. (濟寧凱星購物廣場有限公司)	600,000.00	36,660.00	-	-
Shanghai Kaixin Cinema Management Co., Ltd. (上海凱昕影院管理有限公司)	577,619.31	25,992.87	350,500.00	15,772.50
Xiangshan Meilong Real Estate Co., Ltd. (象山美龍置業有限公司)	443,758.72	37,691.21	80,193.73	3,809.20

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X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

6. Amounts due from/to related parties (continued)

	2021		2020	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
Chongqing Jinke Zhongjun Real Estate Development Co., Ltd. (重慶金科中俊房地產開發有限公司)	409,032.36	24,991.88	4,804,542.78	228,215.78
Liuzhou Red Star Macalline Real Estate Co., Ltd. (柳州紅星美凱龍置業有限公司)	323,684.17	14,108.38	1,006,303.96	47,007.68
Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司)	261,300.00	11,758.50	21,450.00	965.25
Shenzhen Red Star Macalline Business Management Company Limited (深圳紅星美凱龍商業管理有限公司)	210,682.42	40,661.71	210,682.42	10,007.41
Hengshui Xinglong Real Estate Development Co., Ltd. (衡水星龍房地產開發有限公司)	209,044.96	9,407.02	2,434,648.54	115,071.13
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)	161,762.35	7,279.31	-	-
Shanghai Shimao Macalline Home Technology Co., Ltd. (上海世茂美凱龍家居科技有限公司)	114,382.89	5,147.23	-	-
Shaoxing Xingkai Real Estate Co., Ltd. (紹興星凱置業有限公司)	106,070.40	6,480.90	-	-
Baoxiang Red Star Macalline (Xiamen) Global Home Plaza Co., Ltd. (寶象紅星美凱龍(廈門)全球家居廣場有限公司)	100,000.00	4,500.00	100,000.00	4,500.00
Xiangshan Kaisheng Real Estate Co., Ltd. (象山凱勝置業有限公司)	88,895.07	9,882.02	1,637,282.88	77,770.94
Yuyao Xingkai Real Estate Co., Ltd. (余姚星凱置業有限公司)	32,000.00	1,440.00	32,000.00	1,440.00
Xiangshan Xinglong Real Estate Co., Ltd. (象山星龍置業有限公司)	30,500.00	1,372.50	610,000.00	27,450.00
Taiyuan Shuangmingzhikun Real Estate Development Co., Ltd. (太原雙明智坤房地產開發有限公司)	30,276.37	1,849.89	1,000,422.88	47,520.09
Wuhan Zhengkai Logistics Co., Ltd. (武漢市正凱物流有限公司)	30,000.00	1,350.00	-	-
Tianjin Macalline Real Estate Co., Ltd. (天津美凱龍置業有限公司)	14,700.00	661.50	14,700.00	661.50

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

6. Amounts due from/to related parties (continued)

	2021		2020	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
Shanghai Longhong Cinema Management Co., Ltd. (上海龍紅影院管理有限公司)	12,000.00	540.00	17,000.00	765.00
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)	8,050.00	362.25	31,530.00	1,418.85
Shanghai Aegean Ole Business Management Co., Ltd. (上海愛琴海奧萊商業管理有限公司)	5,812.00	261.54	5,812.00	261.54
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)	5,200.00	234.00	5,200.04	234.00
Beijing Meichen Home Property Agency Co., Ltd. (北京美晨家園房地產經紀有限公司)	4,209.56	189.43	-	-
Shanghai Meiyong Enterprise Management Co., Ltd. (上海美影企業管理有限公司)	2,655.00	119.48	6,655.00	299.48
Wuhu Minghui Business Management Co., Ltd. (蕪湖明輝商業管理有限公司)	-	-	1,632,453.42	548,014.61
Shaanxi Hongrui Home Furnishings Plaza Co., Ltd. (陝西鴻瑞家居生活廣場有限公司)	-	-	1,397.12	62.87
Tianjin Hongxing Pacific Cinema Management Co., Ltd. (天津紅星太平洋影院管理有限公司)	-	-	61,666.00	2,774.97
Tianjin Laina Huakai Film Co., Ltd. (天津萊納華開影業有限公司)	-	-	40,696.33	1,831.33
Changzhou Hongmei Cinema Management Co., Ltd. (常州紅美影院管理有限公司)	-	-	70,722.48	3,182.51
Suzhou Hongmei Cinema Management Co., Ltd. (蘇州紅美影院管理有限公司)	-	-	56,000.00	2,520.00
Ningbo Kaixing Cinema Management Co., Ltd. (寧波凱星影院管理有限公司)	-	-	36,396.39	1,637.84
Changzhou Xingchen Interactive Entertainment Co., Ltd. (常州星琛娛樂科技有限公司)	-	-	88,933.74	4,002.02

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X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

6. Amounts due from/to related parties (continued)

	2021		2020	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
Shenzhen Long Life Basics Sleep Science and Technology Co., Ltd. (深圳市朗樂福睡眠科技有限公司)	-	-	100,014.10	4,500.63
Tianjin Cameo Film Co., Ltd. (天津卡美奧影業有限公司)	-	-	9,934.00	447.03
Yancheng Kailong Property Company Limited (鹽城凱龍置業有限公司)	-	-	1,834,000.00	87,115.00
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)	-	-	112,292.13	37,696.47
Shanghai AEGEAN Commercial Group Co., Ltd. (上海愛琴海商業集團股份有限公司)	-	-	100,000.00	4,500.00
Qingdao Dana International Studios Co., Ltd. (青島德納國際影城有限公司)	-	-	69,174.60	3,112.86
Qingdao Hongying Cinema Management Co., Ltd. (青島紅影院管理有限公司)	-	-	6,300.00	283.50
Shanghai Hongxin Cinema Management Co., Ltd. (上海紅昕影院管理有限公司)	-	-	9,946.00	447.57
Shanghai Huojing Business Management Company Limited (上海或京商業管理有限公司) and its subsidiaries	-	-	19,920.56	896.43
Shanghai Kaihong Cinema Management Co., Ltd. (上海凱紅影院管理有限公司)	-	-	7,933.00	356.99
Shanghai Linsai Fitness Club Co., Ltd. (上海林賽健身俱樂部有限公司)	-	-	105,000.00	4,725.00
Shanghai Linwu Fitness Club Co., Ltd. (上海林戊健身俱樂部有限公司)	-	-	216,000.00	9,720.00
Shanghai Lingsi Fitness Club Co., Ltd. (上海玲思健身俱樂部有限公司)	-	-	80,000.00	3,600.00
Shanghai Xinhong Cinema Management Co., Ltd. (上海昕紅影院管理有限公司)	-	-	13,350.00	600.75

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

6. Amounts due from/to related parties (continued)

	2021		2020	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
Shanghai Xingkai Cinema Management Co., Ltd. (上海星凱影院管理有限公司)	-	-	7,000.00	315.00
Shanghai Xinglong Cinema Management Co., Ltd. (上海星龍影院管理有限公司)	-	-	3,000.00	135.00
Suzhou Kaimei Cinema Management Co., Ltd. (蘇州凱美影院管理有限公司)	-	-	121,905.37	5,485.74
Xiaogan Honghe Studios Management Co., Ltd. (孝感泓河影城管理有限公司)	-	-	18,000.00	810.00
Yixing Chenxing Digital Cinema Co., Ltd. (宜興市晨興數字影院有限公司)	-	-	54,724.30	2,462.59
Guangdong VIFA Customized Home Furnishings Co., Ltd. (廣東威法定制家居股份有限公司)	-	-	-	-
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)	-	-	223,746.72	10,627.97
Taiyuan Shuangming Kailong Real Estate Development Co., Ltd. (太原雙明凱龍房地產開發有限公司)	-	-	-	-
Xiamen Baoxiang Red Star Macalline Home Furnishing Plaza Company Limited (廈門寶象紅星美凱龍家居生活廣場有限公司)	N/A	N/A	100,000.00	4,500.00
	215,212,300.00	33,184,118.91	130,450,838.83	26,625,284.82

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X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

6. Amounts due from/to related parties (continued)

	2021		2020	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
Prepayments				
Shanghai Xingyue Property Service Co., Ltd. (上海星悦物業服務有限公司) and its branches	2,819,206.45	-	-	-
Hangzhou Alimama Software Services Co., Ltd. (杭州阿里媽媽軟體服務有限公司)	1,821,794.13	-	1,974,900.22	-
Shanghai Huojing Business Management Company Limited (上海或京商業管理有限公司)	1,068,049.17	-	2,136,672.37	-
Zhejiang Alibaba Communication Technology Co., Ltd. (浙江阿里巴巴通信技術有限公司)	960,333.36	-	-	-
Shanghai Jiazhan Construction Engineering Company Limited (上海嘉展建築裝潢工程有限公司)	572,805.00	-	572,805.00	-
Zhejiang Tmall Technology Co., Ltd. (浙江天貓技術有限公司)	495,718.69	-	684,024.31	-
Shanghai AI.Pure Intelligent Technology Co., Ltd. (上海智諦智能科技有限公司)	420,194.00	-	750,875.00	-
Shenyang Red Star Macalline Property Management Co., Ltd. (瀋陽紅星美凱龍物業管理有限公司) and its branches	368,349.20	-	138,775.00	-
Alibaba Cloud Computing Co., Ltd. (阿里雲計算有限公司)	341,681.80	-	150,102.12	-
Shanghai Macalline Property Management Service Co., Ltd. (上海美凱龍物業管理服務有限公司) and its branches	287,749.18	-	-	-
Dream Maker Home (Shenzhen) Co., Ltd. (造夢者家居(深圳)有限公司)	N/A	N/A	35,110.87	-
Jining Hongrui Market Management Company Limited (濟寧鴻瑞市場經營管理有限公司)	223,332.32	-	101,603.14	-
Wuhu Minghui Business Management Co., Ltd. (蕪湖明輝商業管理有限公司)	215,079.47	-	214,788.44	-
Changzhou Red Star Furniture General Factory Co., Ltd. (常州市紅星傢俱總廠有限公司)	210,180.00	-	210,180.00	-

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

6. Amounts due from/to related parties (continued)

	2021		2020	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
Shanghai CTME Economy & Trade Development Co., Ltd. (上海中貿美凱龍經貿發展有限公司)	194,560.00	-	-	-
Shanghai Red Star Cloud Computing Technology Co., Ltd. (上海紅星雲計算科技有限公司)	121,800.00	-	1,086,700.00	-
Tao Bao (China) Software Co., Ltd. (淘寶(中國)軟件有限公司)	118,803.20	-	137,840.80	-
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)	92,327.97	-	-	-
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)	74,805.18	-	-	-
Shandong Inzone Green Home Co., Ltd. (山東銀座家居有限公司)	65,749.23	-	-	-
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)	34,250.23	-	-	-
Shanghai Zhenyang Decoration Co., Ltd. (上海振洋建築裝潢工程有限公司)	23,157.15	-	-	-
Suning.com Group Co., Ltd. (蘇寧易購集團股份有限公司) and its subsidiaries	11,117.71	-	-	-
Alibaba (China) Technology Co., Ltd. (阿里巴巴(中國)網絡技術有限公司)	10,988.00	-	10,000.00	-
Meinian Onehealth Healthcare (Group) Co., Ltd. (美年大健康產業(集團)有限公司) and its subsidiaries	9,800.00	-	-	-
Hangzhou Nabel Ceramics Co., Ltd. (杭州諾貝爾陶瓷有限公司) and its branches	4,252.05	-	-	-
Shaanxi Hongrui Home Furnishings Plaza Co., Ltd. (陝西鴻瑞家居生活廣場有限公司)	4,126.98	-	47,460.42	-
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)	4,000.00	-	66,669.81	-

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X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

6. Amounts due from/to related parties (continued)

	2021		2020	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
Asia New Materials (Beijing) Building Materials Co., Ltd. (亞細亞新材(北京)建築材料有限公司)	2,532.78	-	-	-
Chongqing Jinke Zhongjun Real Estate Development Co., Ltd. (重慶金科中俊房地產開發有限公司)	950.22	-	254,469.73	-
Shanghai Aegean Business Management Co., Ltd. (上海愛琴海商務管理有限公司)	-	-	169,410.85	-
Baoxiang Red Star Macalline (Xiamen) Global Home Furnishing Plaza Company Limited (寶象紅星美凱龍(廈門)全球家居廣場有限公司)	-	-	14,905.28	-
Shanghai Xingzhiyu Commercial Management Co., Ltd. (上海星之城商業經營管理有限公司)	-	-	3,351,717.60	-
Changzhou Aegean Ole Business Management Co., Ltd. (常州愛琴海奧萊商業管理有限公司)	-	-	60,000.00	-
Shanghai CONJOINT Construction Technology Co., Ltd. (上海開裝建築科技有限公司)	-	-	33,800.88	-
	10,577,693.47	-	12,202,811.84	-

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

6. Amounts due from/to related parties (continued)

	2021		2020	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
Other receivables				
Shanghai Mingyi Enterprise Development Co., Ltd. (上海名藝商業企業發展有限公司)	163,000,000.50	8,150,000.03	149,960,000.50	7,498,000.03
Baoxiang Red Star Macalline (Xiamen) Global Home Furnishing Plaza Company Limited (寶象紅星美凱龍(廈門)全球家居廣場有限公司)	46,559,094.06	25,370,394.94	43,111,229.38	10,511,344.89
Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司)	31,000,000.00	-	31,011,166.70	505.73
Wuhu Minghui Business Management Co., Ltd. (蕪湖明輝商業管理有限公司)	22,240,480.00	1,814,097.54	3,632,480.00	257,919.52
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)	5,265,234.65	5,265,234.65	5,265,234.65	2,029,406.27
Yunnan Red Star Macalline Real Estate Co., Ltd. (雲南紅星美凱龍置業有限公司)	4,031,492.11	4,031,492.11	4,031,492.11	4,031,492.11
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)	3,500,000.00	285,416.43	-	-
Shanghai Yunshen Intelligent Technology Co., Ltd. (上海雲紳智能科技有限公司)	1,200,000.00	1,200.00	-	-
Shanghai Huojing Business Management Company Limited (上海或京商業管理有限公司)	786,007.21	23,145.37	634,375.89	8,717.63
Hangzhou Alimama Software Services Co., Ltd. (杭州阿里媽媽軟件服務有限公司)	526,417.43	526.42	198,421.42	198.42
Anhui Tenghui Investment Group Hefei Co., Ltd. (安徽騰輝投資集團合肥有限公司)	500,000.00	175,380.85	500,000.00	34,255.38
Shaanxi Hongrui Home Furnishings Plaza Co., Ltd. (陝西鴻瑞家居生活廣場有限公司)	345,886.88	23,307.58	1,375,341.55	94,225.70
Zhengzhou Xingbo Real Estate Development Co., Ltd. (鄭州星鉞房地產開發有限公司)	336,885.60	22,701.03	-	-

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X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

6. Amounts due from/to related parties (continued)

	2021		2020	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
Chongqing Jinke Zhongjun Real Estate Development Co., Ltd. (重慶金科中俊房地產開發有限公司)	240,000.00	240.00	240,000.00	-
Zhejiang Tmall Technology Co., Ltd. (浙江天貓技術有限公司)	210,000.00	14,150.85	410,000.00	410.00
Shenzhen Red Star Macalline Business Management Company Limited (深圳紅星美凱龍商業管理有限公司)	200,000.00	13,477.00	-	-
Yancheng Kailong Property Company Limited (鹽城凱龍置業有限公司)	100,000.00	-	100,000.00	-
Jinan Xinglong Real Estate Development Co., Ltd. (濟南星龍房地產開發有限公司)	100,000.00	-	-	-
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)	24,944.25	2,033.80	1,746,373.14	119,645.36
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)	10,000.00	10.00	10,000.00	-
Tao Bao (China) Software Co., Ltd. (淘寶(中國)軟件有限公司)	1,755.85	118.32	3,765.21	3.77
Shanghai Aegean Business Management Co., Ltd. (上海愛琴海商務管理有限公司)	-	-	256,900.00	-
Suzhou Supin Home Culture Co., Ltd. (蘇州市蘇品宅配文化有限公司)	-	-	82,155.56	-
Wenzhou Xinglong Real Estate Development Co., Ltd. (溫州星龍房地產開發有限公司)	-	-	100,000.00	-
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)	-	-	10,111.00	692.71
Handan Fengfengkuang District Royal Property Development Company Limited (邯鄲市峰峰礦區皇室房地產開發有限公司)	N/A	N/A	2,000,000.00	137,021.53
	280,178,198.54	45,192,926.92	244,679,047.11	24,723,839.05

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

6. Amounts due from/to related parties (continued)

	2021		2020	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
Long term receivable				
Xiamen Baoxiang Red Star Macalline Home Furnishing Plaza Company Limited (廈門寶象紅星美凱龍家居生活廣場有限公司)	N/A	N/A	30,043,099.85	300,431.00
	-	-	30,043,099.85	300,431.00

	2021		2020	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
Other non-current assets				
Chengdu Red Star Macalline Real Estate Co., Ltd. (成都紅星美凱龍置業有限公司)	247,705,000.00	N/A	247,705,000.00	-
Aibi (Beijing) Intelligent Technology Co., Ltd. (愛筆(北京)智能科技有限公司)	N/A	42,644.00	100,000,000.00	-
Shenzhen Red Star Macalline Business Management Company Limited (深圳紅星美凱龍商業管理有限公司)	4,264,400.00	-	-	-
	251,969,400.00	42,644.00	347,705,000.00	-

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X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

6. Amounts due from/to related parties (continued)

	2021		2020	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
Other current assets				
Shanghai Mingyi Enterprise Development Co., Ltd. (上海名藝商業企業發展有限公司)	6,220,800.00	62,208.00	–	–
Wuhu Minghui Business Management Co., Ltd. (蕪湖明輝商業管理有限公司)	3,600,000.00	36,000.00	–	–
Xiamen Baoxiang Red Star Macalline Home Furnishing Plaza Company Limited (廈門寶象紅星美凱龍家居生活廣場有限公司)	N/A	N/A	98,839,000.00	988,390.00
	9,820,800.00	98,208.00	98,839,000.00	988,390.00

	2021		2020	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
Contract assets				
Zhanjiang Haixin Meikai Investment Co., Ltd. (湛江市海新美凱投資有限公司)	56,190,670.97	333,891.98	–	–
Xining Aegean Real Estate Development Co., Ltd. (西寧愛琴海房地產開發有限公司)	37,983,103.79	225,700.34	14,868,995.22	46,093.89
Shanghai Luochang Enterprise Management Co., Ltd. (上海洛昶企業管理有限公司)	31,943,721.29	189,813.58	46,008,051.21	142,624.96
Quzhou Huicheng Ole Business Management Co., Ltd. (衢州市慧城奧萊商業管理有限公司)	23,161,657.81	137,629.46	–	–
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)	12,430,842.70	73,865.62	16,358,778.89	50,712.21
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)	4,250,331.30	25,256.00	–	–
Hengshui Xinglong Real Estate Development Co., Ltd. (衡水星龍房地產開發有限公司)	3,400,442.47	20,205.85	–	–

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

6. Amounts due from/to related parties (continued)

	2021		2020	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
Jinhua Hangkai Real Estate Co., Ltd. (金華航凱置業有限公司)	3,178,974.51	18,889.86	–	–
Ganzhou Kaiyue Real Estate Co., Ltd. (贛州凱越置業有限公司)	2,831,615.70	16,825.81	–	–
Henan Chenbo Real Estate Co., Ltd. (河南宸博置業有限公司)	2,763,645.25	16,421.92	–	–
Taiyuan Shuangming Kailong Real Estate Development Co., Ltd. (太原雙明凱龍房地產開發有限公司)	2,377,029.89	14,124.61	–	–
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)	2,338,412.44	13,895.14	–	–
Suqian Xingkai Real Estate Development Co., Ltd. (宿遷星凱房地產開發有限公司)	2,183,444.24	12,974.30	–	–
Shuyang Xinglong Real Estate Development Co., Ltd. (沭陽星龍房地產開發有限公司)	2,179,569.83	12,951.28	–	–
Xining Red Star Macalline Real Estate Development Co., Ltd. (西寧紅星美凱龍房地產開發有限公司)	2,035,038.92	12,092.46	–	–
Taiyuan Shuangmingzhikun Real Estate Development Co., Ltd. (太原雙明智坤房地產開發有限公司)	756,343.86	4,494.29	–	–
Xiangshan Kaisheng Real Estate Co., Ltd. (象山凱勝置業有限公司)	345,536.59	2,053.22	589,156.72	1,826.39
Chongqing Jinke Zhongjun Real Estate Development Co., Ltd. (重慶金科中俊房地產開發有限公司)	–	–	17,125,491.85	53,089.02
	136,404,267.67	1,019,236.85	94,950,473.89	294,346.47

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X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

6. Amounts due from/to related parties (continued)

	2021	2020
Other payables		
Shandong Inzone Green Home Co., Ltd. (山東銀座家居有限公司)	80,462,388.89	–
CSSC Cruise Industry Development (Shanghai) Co., Ltd. (中船郵輪產業發展(上海)有限公司)	80,000,000.00	–
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)	35,955,102.14	47,803,820.31
Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司)	20,811,095.33	19,379,218.91
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)	17,613,815.75	9,418,454.28
Wuhu Minghui Business Management Co., Ltd. (蕪湖明輝商業管理有限公司)	15,957,660.19	1.00
Wuhan Zhengkai Logistics Co., Ltd. (武漢市正凱物流有限公司)	9,076,485.00	9,561,813.98
Shanghai Xincheng'an Construction Co., Ltd. (上海鑫誠安建設有限公司)	5,191,895.94	5,154,230.89
Shanghai Zhenyang Decoration Co., Ltd. (上海振洋建築裝潢工程有限公司)	4,489,414.11	5,381,599.51
Xiamen Xiazhe Investment Partnership (LIMITED PARTNERSHIP) (廈門廈拓投資合夥企業(有限合夥))	2,800,643.59	–
Hangzhou Nabel Ceramics Co., Ltd. (杭州諾貝爾陶瓷有限公司) and its branches	2,236,971.02	1,718,112.79
Shanghai Huojing Business Management Company Limited (上海或京商業管理有限公司)	1,646,863.29	49,893.00
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)	1,064,404.89	1,129,893.88
Shanghai Jiazhan Construction Engineering Company Limited (上海嘉展建築裝潢工程有限公司)	929,500.00	1,195,040.32
Xinjiang Jinkeyutai Real Estate Development Co., Ltd. (新疆金科宇泰房地產開發有限公司)	716,702.00	–
Hangzhou Nabel Group Co., Ltd. (杭州諾貝爾集團有限公司) and its branches	610,200.47	58,934.47
LEAWOD Door and Window Group Co., Ltd. (良木道門窗集團有限公司)	530,000.00	630,000.00
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)	490,875.41	–

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

6. Amounts due from/to related parties (continued)

	2021	2020
Klas International Home Living Company Limited (克拉斯國際家居有限公司)	N/A	472,952.65
Shenzhen Yatai Macalline Life Space Technology Co., Ltd. (深圳市亞泰美凱龍空間科技有限公司)	468,679.23	–
Shanghai Red Star Macalline Real Estate Group Co., Ltd. (上海紅星美凱龍房地產集團有限公司)	424,400.00	–
Shengbao (Shanghai) Intelligent Technology Co., Ltd. (晟葆(上海)智能科技有限公司)	232,265.00	287,941.56
Chongqing Red Star Macalline Enterprise Development Co., Ltd. (重慶紅星美凱龍企業發展有限公司)	199,956.99	199,956.99
Meinian Onehealth Healthcare (Group) Co., Ltd. (美年大健康產業(集團)有限公司) and its subsidiaries	211,295.82	
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)	112,529.65	31,384.00
Business Division of Nanjing Pukou Lilicheng Furniture (南京市浦口區立力成傢俱經營部)	110,818.75	54,500.00
Changzhou Yizhi International Trade Co., Ltd. (常州市藝致國際貿易有限公司)	102,846.00	24,000.00
Mex Smart Home (Shen Zhen) Co., Ltd. (美時智能家居(深圳)有限公司)	100,000.00	–
Jiangsu Baili Aijia Home Technology Co., Ltd. (江蘇佰麗愛家家居科技有限公司)	94,600.00	94,600.00
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)	61,539.93	71,539.93
Shanghai Weilaishi Decoration Technology Company Limited (上海威來適裝飾科技有限公司)	60,296.00	89,605.28
Shanghai Tianhe Smart Home Technology Company Ltd. (上海天合智能科技股份有限公司)	56,536.00	177,752.86
Suzhou Supin Home Culture Co., Ltd. (蘇州市蘇品宅配文化有限公司)	51,015.32	51,015.32
Changzhou Red Star Furniture General Factory Co., Ltd. (常州市紅星傢俱總廠有限公司)	41,960.87	164,183.44
Anka Household Products (Shanghai) Co., Ltd. (安咖家居用品(上海)有限公司)	41,528.40	–
QIAN Yumei (錢玉梅)	40,003.20	40,003.20
Shenzhen Huasheng Home Furnishing Group Co., Ltd. (深圳華生大家居集團有限公司)	40,000.00	40,000.00

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X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

6. Amounts due from/to related parties (continued)

	2021	2020
Shenzhen Long Life Basics Sleep Science and Technology Co., Ltd. (深圳市朗樂福睡眠科技有限公司)	30,000.00	30,000.00
Shanghai Qiangshang Environmental Technology Company Limited (上海牆尚環保科技有限公司)	30,000.00	30,000.00
Asia New Materials (Beijing) Building Materials Co., Ltd. (亞細亞新材(北京)建築材料有限公司)	27,580.00	–
Hangzhou Feishi Bath & Kitchen Products Co., Ltd. (杭州菲氏浴廚用品有限公司)	20,000.00	20,000.00
Yangzhou Kailong Consulting Co., Ltd. (揚州凱龍管理諮詢有限公司)	19,697.53	15,263.42
Jiangyin Tishang Home Furnishing Co., Ltd. (江陰提尚家居有限公司)	10,000.00	10,000.00
CAO Zhongmin (曹仲民)	6,000.00	6,000.00
CHE Jianxing (車建興)	–	33,544.98
Shanghai Red Star Macalline Commercial Property Investment Co., Ltd.(上海紅星美凱龍商用物業投資有限公司)	2,400.00	–
Xuzhou Red Star Macalline International Furniture Decoration City Co., Ltd. (徐州紅星美凱龍國際家具裝飾城有限公司)	1,975.20	1,228.44
Baoxiang Red Star Macalline (Xiamen) Global Home Furnishing Plaza Company Limited (寶象紅星美凱龍(廈門)全球家居廣場有限公司)	577.83	20.00
Shaanxi Hongrui Home Furnishings Plaza Co., Ltd. (陝西鴻瑞家居生活廣場有限公司)	20.90	36.00
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)	–	10,111.00
Chongqing Jinke Zhongjun Real Estate Development Co., Ltd. (重慶金科中俊房地產開發有限公司)	–	163,804,744.96
Shenyudao Cultural Tourism Holding Co., Ltd. (神玉島文化旅遊控股股份有限公司)	–	16,300,000.00
Shanghai Yunshen Intelligent Technology Co., Ltd. (上海雲紳智能科技有限公司)	–	279,000.00
Guangdong Sanweijia Information Technology Co., Ltd. (廣東三維家信息科技有限公司)	–	10,000.00
Xiamen Baoxiang Red Star Macalline Home Furnishing Plaza Company Limited (廈門寶象紅星美凱龍家居生活廣場有限公司)	N/A	3,101.00
Handan Fengfengkuang District Royal Property Development Company Limited (邯鄲市峰峰礦區皇室房地產開發有限公司)	N/A	196,910.15
	418,169,157.62	284,030,408.52

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

6. Amounts due from/to related parties (continued)

	2021	2020
Advance from customers		
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)	1,415,606.72	636,009.21
Hangzhou Nabel Ceramics Co., Ltd. (杭州諾貝爾陶瓷有限公司) and its branches	1,024,396.72	442,869.67
Klas International Home Living Company Limited (克拉斯國際家居有限公司)	N/A	246,834.65
Anka Household Products (Shanghai) Co., Ltd. (安咖家居用品(上海)有限公司)	299,738.40	–
Zhengzhou Xingbo Real Estate Development Co., Ltd. (鄭州星鉅房地產開發有限公司)	231,525.00	220,500.00
Hangzhou Nabel Group Co., Ltd. (杭州諾貝爾集團有限公司) and its branches	155,557.53	115.00
Shengbao (Shanghai) Intelligent Technology Co., Ltd. (晟葆(上海)智能科技有限公司)	149,266.40	129,197.97
Shanghai Weilaishi Decoration Technology Company Limited (上海威來適裝飾科技有限公司)	144,144.00	–
Shanghai Huojing Business Management Company Limited (上海或京商業管理有限公司)	135,174.43	–
Business Division of Nanjing Pukou Lilicheng Furniture (南京市浦口區立力成傢俱經營部)	73,733.45	106,520.34
Shanghai Tianhe Smart Home Technology Company Ltd. (上海天合智能科技股份有限公司) and its branches	51,089.65	2,306.26
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)	42,263.10	–
Changzhou Yizhi International Trade Co., Ltd. (常州市藝致國際貿易有限公司)	29,497.25	6,974.77
Mex Smart Home (Shen Zhen) Co., Ltd. (美時智能家居(深圳)有限公司)	20,459.84	–
Jiangyin Tishang Home Furnishing Co., Ltd. (江陰提尚家居有限公司)	4,118.52	6,621.01
QIAN Zhongxiang (錢忠祥)	2,873.99	2,873.99
Asia New Materials (Beijing) Building Materials Co., Ltd. (亞細亞新材(北京)建築材料有限公司)	2,812.50	–
Shanghai Xingzhiyu Commercial Management Co., Ltd. (上海星之域商業經營管理有限公司)	–	100,800.00
Shanghai Qiaotong Enterprise Management Co., Ltd. (上海喬彤企業管理有限公司)	–	1,000,000.00
CHE Yuqin (車玉琴)	–	766,736.93
Shanghai Macalline Seven Star Hotel Management Co., Ltd. (上海美凱龍七星酒店管理有限公司)	–	358,382.58
CHE Jianguo (車建國)	–	252,101.86
Jiangsu Baili Aijia Home Technology Co., Ltd. (江蘇佰麗愛家家居科技有限公司)	–	128,242.40
Changzhou Red Star Furniture General Factory Co., Ltd. (常州市紅星傢俱總廠有限公司)	–	108,585.45
Ningbo Qiangshang Home Living Company Limited (寧波牆尚家居有限公司)	–	72,208.50
Shanghai Zhenyang Decoration Co., Ltd. (上海振洋建築裝潢工程有限公司)	–	67,916.50
ZHANG Jianfang (張建芳)	–	17,187.52

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X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

6. Amounts due from/to related parties (continued)

	2021	2020
Advance from customers		
Changzhou Longyao Equity Investment Management Co., Ltd. (常州龍耀股權投資管理有限公司)	-	2,940.91
	3,782,257.50	4,675,925.52
	2021	2020
Accounts Payable		
Shanghai Zhenyang Decoration Co., Ltd. (上海振洋建築裝潢工程有限公司)	44,353,053.20	68,537,477.95
Shanghai Xincheng'an Construction Co., Ltd. (上海鑫誠安建設有限公司)	22,111,498.09	39,473,502.92
Shanghai Jiazhan Construction Engineering Company Limited (上海嘉展建築裝潢工程有限公司)	15,052,226.52	9,807,364.91
Shanghai Red Star Macalline Real Estate Group Co., Ltd. (上海紅星美凱龍房地產集團有限公司)	2,586,900.00	-
Alibaba Cloud Computing Limited (阿里雲計算有限公司)	757,523.17	-
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)	486,342.52	213,636.49
Shanghai AI.Pure Intelligent Technology Co., Ltd. (上海智諦智能科技有限公司)	369,631.72	912,388.51
Meinian Onehealth Healthcare (Group) Co., Ltd. (美年大健康產業(集團)有限公司) and its subsidiaries	186,351.00	-
Hangzhou Nabel Ceramics Co., Ltd. (杭州諾貝爾陶瓷有限公司) and its branches	119,974.22	727,233.56
Shanghai Red Star Cloud Computing Technology Co., Ltd. (上海紅星雲計算科技有限公司)	85,800.00	20,000.00
Changzhou Red Star Furniture General Factory Co., Ltd. (常州市紅星傢俱總廠有限公司)	64,486.50	803,190.50
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)	3,085.25	-
CHE Guoxing (車國興)	-	291,500.00
Shenyang Red Star Macalline Property Management Co., Ltd. (瀋陽紅星美凱龍物業管理有限公司) and its branches	-	138,775.00
	86,176,872.19	120,925,069.84
	2021	2020
Lease Liabilities		
Changzhou Red Star Home Furnishing City (常州市紅星裝飾城)	19,920,780.44	-
Shanghai Huojing Business Management Company Limited (上海或京商業管理有限公司)	2,905,426.81	-
	22,826,207.25	-

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

6. Amounts due from/to related parties (continued)

	2021	2020
Contract liabilities		
Chongqing Jinke Real Estate Development Co., Ltd. (重慶金科房地產開發有限公司)	240,566,037.74	229,729,729.73
Zhejiang Zhongguang Electric Appliances Group Co., Ltd. (浙江中廣電器股份集團有限公司)	4,424,778.76	–
Liuzhou Red Star Macalline Real Estate Co., Ltd. (柳州紅星美凱龍置業有限公司)	4,162,547.25	290,552.29
Wuhu Meihe Asset Management Company Limited (蕪湖美和資產管理有限公司)	3,459,119.53	2,669,989.27
Xinjiang Jinkeyutai Real Estate Development Co., Ltd. (新疆金科宇泰房地產開發有限公司)	3,000,000.00	–
Shanghai Qiaotong Enterprise Management Co., Ltd. (上海喬彤企業管理有限公司)	3,069,002.97	3,069,002.97
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司)	2,549,149.74	3,414,014.53
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)	2,419,229.80	2,419,229.79
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)	2,290,621.69	2,290,621.69
Hangzhou Nabel Ceramics Co., Ltd. (杭州諾貝爾陶瓷有限公司) and its branches	2,248,681.93	2,591,839.99
Kunming Hongxing Haihui Real Estate Co., Ltd. (昆明紅星海匯房地產有限公司)	2,050,530.37	922,061.32
Wuhan Zhengkai Logistics Co., Ltd. (武漢市正凱物流有限公司)	1,952,054.79	1,952,054.79
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)	1,946,008.48	–
Shanghai CTME Economy & Trade Development Co., Ltd. (上海中貿美凱龍經貿發展有限公司)	1,935,741.76	3,671,235.22
Shenzhen Long Life Basics Sleep Science and Technology Co., Ltd. (深圳市朗樂福睡眠科技有限公司)	1,300,440.24	156,037.74
Jining Hongrui Market Management Company Limited (濟寧鴻瑞市場經營管理有限公司)	1,165,487.79	–
Shanghai Jingdi Catering Management Co., Ltd. (上海景帝餐飲管理有限公司)	625,415.93	3,181,686.73

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X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

6. Amounts due from/to related parties (continued)

	2021	2020
Anka Household Products (Shanghai) Co., Ltd. (安咖家居用品(上海)有限公司)	621,359.22	587,155.96
Shenzhen Red Star Macalline Business Management Company Limited (深圳紅星美凱龍商業管理有限公司)	548,328.77	3,269,563.22
Mex Smart Home (Shen Zhen) Co., Ltd. (美時智能家居(深圳)有限公司)	471,698.11	–
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)	145,631.07	37,521.47
Chengdu Rhine Etam Furniture Co., Ltd. (成都艾格傢俱有限公司)	87,082.73	–
Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司)	69,724.77	–
Tianjin Macalline Real Estate Co., Ltd. (天津美凱龍置業有限公司)	59,513.45	75,109.78
Suzhou Supin Home Culture Co., Ltd. (蘇州市蘇品宅配文化有限公司)	31,000.00	11,792.45
Shanghai Hongmei Real Estate Co., Ltd. (上海洪美置業有限公司)	15,567.02	72,668.39
Shanghai Shimao Macalline Home Technology Co., Ltd. (上海世茂美凱龍家居科技有限公司)	13,782.06	132,642.62
Shanghai Xingzhiyu Commercial Management Co., Ltd. (上海星之域商業經營管理有限公司)	–	13,267,730.09
Anhui Tenghui Investment Group Hefei Co., Ltd. (安徽騰輝投資集團合肥有限公司)	–	3,229,923.19
Xiangshan Meilong Real Estate Co., Ltd. (象山美龍置業有限公司)	–	796,738.85
Kunming Guangyuan Real Estate Development Co., Ltd. (昆明廣遠房地產開發有限公司)	–	13,165.14
Handan Fengfeng kuang District Royal Property Development Company Limited (邯鄲市峰峰礦區皇室房地產開發有限公司)	N/A	462,651.85
Dream Maker Home (Shenzhen) Co., Ltd. (造夢者家居(深圳)有限公司)	N/A	30,417.92
	281,228,535.97	278,345,136.99

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

6. Amounts due from/to related parties (continued)

	2021	2020
Long-term Payables		
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)	9,800,000.00	9,800,000.00
Shanghai Red Star Macalline Financial Leasing Company Limited (上海紅星美凱龍融資租賃有限公司)	3,482,818.34	–
	13,282,818.34	9,800,000.00

	2021	2020
Non-current Liabilities Due Within One Year		
Changzhou Red Star Home Furnishing City (常州市紅星裝飾城)	22,439,217.03	–
Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司)	4,572,298.58	–
Shanghai Huojing Business Management Company Limited (上海或京商業管理有限公司)	2,149,917.35	–
CSSC Cruise Industry Development (Shanghai) Co., Ltd. (中船郵輪產業發展(上海)有限公司)	182,000.00	–
	29,343,432.96	–

	2021	2020
Short-term Loans		
Shanghai Red Star Macalline Commercial Factoring Company Limited (上海紅星美凱龍商業保理有限公司)	57,322,140.30	–
	57,322,140.30	–



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XI. COMMITMENTS AND CONTINGENCIES

1. Significant Commitments

	2021	2020
Contracted but not provisioned		
Capital commitments	1,479,228,370.91	2,373,804,000.00
Investment commitments	348,198,831.45	606,347,000.00
	1,827,427,202.36	2,980,151,000.00

2. Contingencies

As of the date of approval of the financial report, the Company has no significant contingencies that should be disclosed.

XII. EVENTS AFTER THE BALANCE SHEET DATE

As of the date of approval of the financial report, the Company has no events after the balance sheet date.

XIII. OTHER SIGNIFICANT EVENTS

1. Segment Reporting

Operating segment

For management purposes, the Group is organized into business units based on their products and services and has 5 reporting segments as follows:

- (1) Owned/Leased Portfolio Shopping Malls
- (2) Managed Shopping Malls
- (3) Construction and design
- (4) Related home decoration and sales of merchandise
- (5) Others

The management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance are evaluated based on the segment profits reported. It represents the indicator after adjustments have been made to total profit of continuing operation, and other than the exclusion of interest income, financial expenses, dividend income, gains from changes in fair value of financial instruments, and headquarters expenses, the indicator is consistent with the Group's total profit of continuing operation.

Notes to the Financial Statements

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XIII. OTHER SIGNIFICANT EVENTS (continued)

1. Segment Reporting (continued)

Operating segment (continued)

2021

	Owned/Leased Portfolio Shopping Malls	Managed Shopping Malls	Construction and design	Related home decoration and sales of merchandise	Others	Unallocated item	Combination
External revenue	8,094,818,286.35	3,256,244,786.68	1,498,607,716.09	1,395,546,601.53	1,267,574,825.19		15,512,792,215.84
Inter-segment revenue							
Total segment operating revenue	8,094,818,286.35	3,256,244,786.68	1,498,607,716.09	1,395,546,601.53	1,267,574,825.19		15,512,792,215.84
Less: Cost of sales	1,853,279,832.71	1,551,333,485.38	1,089,089,511.78	1,108,772,190.30	344,001,354.12		5,946,476,374.29
Taxes and surcharges	364,960,178.67	27,945,839.10	7,060,968.13	6,851,988.38	37,394,475.12		444,213,449.40
Sale expenses	1,229,279,195.35	514,130,942.25	2,413,055.36	243,152,829.88	74,532,506.61		2,063,508,529.45
Management expenses	817,415,276.09	422,134,590.64	150,107,712.13	195,557,644.78	418,853,079.86		2,004,068,303.50
Research and development expenses						60,662,404.01	60,662,404.01
Financial expenses						2,461,030,413.09	2,461,030,413.09
Add: Other income						157,986,045.42	157,986,045.42
Investment income						539,056,113.92	539,056,113.92
Gain on changes in fair value						371,721,560.94	371,721,560.94
Impairment losses of credit						(482,324,412.32)	(482,324,412.32)
Impairment losses of assets						(270,517,522.20)	(270,517,522.20)
Gain from disposal of assets						13,583,009.15	13,583,009.15
Operating profit/(loss)	3,829,883,803.53	740,699,929.31	249,936,468.69	(158,788,051.81)	392,793,409.48	(2,192,188,022.19)	2,862,337,537.01
Add: Non-operating income						43,461,098.33	43,461,098.33
Less: Non-operating expenses						103,823,054.44	103,823,054.44
Total profit/(loss)	3,829,883,803.53	740,699,929.31	249,936,468.69	(158,788,051.81)	392,793,409.48	(2,252,549,978.30)	2,801,975,580.90
Less: Income tax expenses						612,975,607.73	612,975,607.73
Net profit/(loss)	3,829,883,803.53	740,699,929.31	249,936,468.69	(158,788,051.81)	392,793,409.48	(2,865,525,586.03)	2,188,999,973.17

XIII. OTHER SIGNIFICANT EVENTS (continued)

1. Segment Reporting (continued)

Operating segment (continued)

2020

	Owne d/Leas ed Portfolio Shopping Malls	Managed Shopping Malls	Construction and design	Related home decorati on and sales of merchandise	Others	Unallocat ed item	Combination
External revenue	6,682,413,448.77	3,580,465,132.95	1,668,238,075.14	1,224,005,416.99	1,081,338,025.13	-	14,236,460,098.98
Inter-segment revenue							
Total segment operating revenue	6,682,413,448.77	3,580,465,132.95	1,668,238,075.14	1,224,005,416.99	1,081,338,025.13	-	14,236,460,098.98
Less: Cost of sales	1,566,523,960.01	1,437,893,251.23	1,123,349,218.85	956,135,495.38	396,268,099.39	-	5,480,170,024.86
Taxes and surcharges	291,441,401.24	28,920,542.46	13,451,489.25	4,531,602.66	39,069,746.66	-	377,414,782.27
Sale expenses	949,717,782.43	486,502,909.03	2,352,987.49	197,512,890.57	57,686,190.12	-	1,693,772,759.64
Management expenses	599,853,770.01	436,763,128.17	123,509,696.13	134,225,807.28	386,504,166.46	-	1,680,856,568.05
Research and development expenses	-	-	-	-	-	36,035,643.66	36,035,643.66
Financial expenses	-	-	-	-	-	2,464,418,667.68	2,464,418,667.68
Add: Other income	-	-	-	-	-	184,249,900.19	184,249,900.19
Investment income	-	-	-	-	-	222,015,867.89	222,015,867.89
Gain on changes in fair value	-	-	-	-	-	494,132,525.69	494,132,525.69
Impairment losses of credit	-	-	-	-	-	(126,335,204.00)	(126,335,204.00)
Impairment losses of assets	-	-	-	-	-	(333,165,778.40)	(333,165,778.40)
Gain from disposal of assets	-	-	-	-	-	1,368,758.55	1,368,758.55
Operating profit/(loss)	3,274,876,535.08	1,190,385,302.06	405,574,683.42	(68,400,378.90)	201,809,822.50	(2,058,188,241.42)	2,946,057,722.74
Add: Non-operating income						57,938,296.96	57,938,296.96
Less: Non-operating expenses						189,847,568.12	189,847,568.12
Total profit/(loss)	3,274,876,535.08	1,190,385,302.06	405,574,683.42	(68,400,378.90)	201,809,822.50	(2,190,097,512.58)	2,814,148,451.58
Less: Income tax expenses						750,071,048.61	750,071,048.61
Net profit/(loss)	3,274,876,535.08	1,190,385,302.06	405,574,683.42	(68,400,378.90)	201,809,822.50	(2,940,168,561.19)	2,064,077,402.97

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XIII. OTHER SIGNIFICANT EVENTS (continued)

2. Leases

(1) As a lessor

The Group uses some houses and buildings for rent, and the lease period is usually 1-4 years, forming an operating lease. According to the lease contract, the rent needs to be adjusted every year according to the market rent status. In 2021, the Group's revenue from housing and building leases was RMB8,094,818,286.35(2020 : RMB6,682,569,916.85), please refer to Note V.47. The leased houses and buildings are listed in investment properties, please refer to Note V.16.

Operating lease

The profit and loss related to operating leases are listed as follows:

	2021	2020
Rental income	8,094,818,286.35	6,682,569,916.85

According to the lease contract signed with the lessee, minimum lease payment under irrevocable lease is as follows:

	2021	2020
Within 1 year (including 1 year)	3,465,411,355.05	3,029,451,265.53
1 to 2 years (including 2 years)	67,811,132.07	56,010,046.06
2 to 3 years (including 3 years)	8,226,224.80	9,665,365.00
3 to 4 years (including 4 years)	1,685,811.81	4,950,494.31
	3,543,134,523.73	3,100,077,170.90

For fixed assets rented out under operating leases, please refer to Note V.16.

XIII. OTHER SIGNIFICANT EVENTS (continued)

2. Leases (continued)

(2) As a lessee

	2021	2020
Interest expenses of lease liabilities	235,673,789.22	221,715,442.83
Short-term lease expenses included in the current profit and loss under simplified treatment	18,637,831.24	82,506,126.15
Revenue from subletting right-of-use assets	1,389,451,549.12	1,210,546,002.76
Total cash outflows related to leases	885,734,192.37	664,268,421.44

The leased assets leased by the Group include houses and buildings and other equipments used in the course of operation. The lease period of houses and buildings and other equipments is usually 3-30 years.

Potential future cash outflows not included in the measurement of lease liabilities

Leases committed but not yet started

Excepted future cash outflows of the leases committed by the Group but not yet started are as follows:

	2021	2020
Within 1 year (including 1 year)	3,750,000.00	56,454,019.60
1 to 2 years (including 2 years)	8,750,000.00	79,204,039.20
2 to 3 years (including 3 years)	12,875,000.00	81,796,039.20
Over 3 years	127,894,000.00	1,251,524,360.34
	153,269,000.00	1,468,978,458.34

Notes to the Financial Statements

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XIII. OTHER SIGNIFICANT EVENTS (continued)

*3. Remuneration of Directors and Supervisors

Remuneration of Directors

	2021	2020
Directors' fees	3,000,000.00	2,476,190.48
Salaries and allowances	9,007,516.16	8,210,919.20
Bonuses	3,544,790.40	3,661,197.60
Pensions	297,435.12	194,321.80
Social insurance and reserve funds other than pensions	322,056.50	235,613.90
	16,171,798.18	14,778,242.98

Executive directors

The remuneration of executive Directors is set out as follows:

2021	Directors' fees	Salaries and allowances	Bonuses	Pensions	Other social security fund	Total
CHE Jianxing	-	2,136,000.00	900,000.00	56,669.76	64,659.24	3,157,329.00
GUO Binghe	-	1,736,000.00	416,000.00	55,808.16	63,419.54	2,271,227.70
CHE Jianfang	-	1,936,000.00	751,651.20	56,669.76	64,659.24	2,808,980.20
JIANG Xiaozhong	-	1,836,000.00	1,402,960.00	56,669.76	64,659.24	3,360,289.00
	-	7,644,000.00	3,470,611.20	225,817.44	257,397.26	11,597,825.90

2020	Directors' fees	Salaries and allowances	Bonuses	Pensions	Other social security fund	Total
CHE Jianxing	-	1,818,000.00	3,000,000.00	36,749.54	47,122.78	4,901,872.32
GUO Binghe	-	1,458,000.00	104,000.00	36,749.54	47,122.78	1,645,872.32
CHE Jianfang	-	1,918,000.00	187,912.80	36,749.54	47,122.78	2,189,785.12
JIANG Xiaozhong	-	1,818,000.00	350,740.00	36,749.54	47,122.78	2,252,612.32
	-	7,012,000.00	3,642,652.80	146,998.16	188,491.12	10,990,142.08

XIII. OTHER SIGNIFICANT EVENTS (continued)

*3. Remuneration of Directors and Supervisors (continued)

Remuneration of Directors (continued)

Non-executive directors

The remuneration of non-executive Directors is set out as follows:

2021	Directors' fees	Salaries and allowances	Bonuses	Pensions	Social security fund	Total
XU Guofeng (Note 1)	-	-	-	-	-	-
CHEN Shuhong	-	1,363,516.16	74,179.20	71,617.68	64,659.24	1,573,972.28
JIANG Xiangyu (Note 2)	-	-	-	-	-	-
XU Hong (Note 3)	-	-	-	-	-	-
CHEN Zhaohui (Note 2)	-	-	-	-	-	-
JING Jie (Note 2)	-	-	-	-	-	-
LIU Jin (Note 4)	-	-	-	-	-	-
	-	1,363,516.16	74,179.20	71,617.68	64,659.24	1,573,972.28

2020	Directors' fees	Salaries and allowances	Bonuses	Pensions	Social security fund	Total
XU Guofeng	-	-	-	-	-	-
CHEN Shuhong	-	1,198,919.20	18,544.80	47,323.64	47,122.78	1,311,910.42
XU Hong	-	-	-	-	-	-
JING Jie	-	-	-	-	-	-
LIU Jin	-	-	-	-	-	-
	-	1,198,919.20	18,544.80	47,323.64	47,122.78	1,311,910.42

Note 1: Resigned on 8 February 2021, and not received any remuneration from the Company.

Note 2: Not received any remuneration from the Company.

Note 3: Resigned on 19 January 2022, and not received any remuneration from the Company.

Note 4: Resigned on 5 August 2021, and not received any remuneration from the Company.

Notes to the Financial Statements

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XIII. OTHER SIGNIFICANT EVENTS (continued)

*3. Remuneration of Directors and Supervisors (continued)

Remuneration of Directors (continued)

Independent non-executive directors

	2021	2020
LEE Kwan Hung, Eddie (李均雄)	600,000.00	600,000.00
QIAN Shizheng (錢世政)	600,000.00	600,000.00
ZHAO Chongyi (趙崇佚)	600,000.00	600,000.00
WANG Xiao (王嘯)	600,000.00	600,000.00
QIN Hong (秦虹)	600,000.00	76,190.48
	3,000,000.00	2,476,190.48

There is no other remuneration payable to independent non-executive Directors for the year (2021: nil).

Remuneration of Supervisors

2021	Supervisors' fees	Salaries and allowances	Bonuses	Pensions	Other social security fund	Total
PAN Ning (潘寧)	-	1,236,000.00	312,000.00	56,669.79	64,659.24	1,669,329.03
CHAO Yanping (巢艷萍)	-	624,000.00	14,560.00	56,669.79	64,659.24	759,889.03
CHEN Gang (陳崗)	-	180,000.00	-	-	-	180,000.00
ZHENG Hongtao (鄭洪濤)	-	180,000.00	-	-	-	180,000.00
	-	2,220,000.00	326,560.00	113,339.58	129,318.48	2,789,218.06

XIII. OTHER SIGNIFICANT EVENTS (continued)

*3. Remuneration of Directors and Supervisors (continued)

Remuneration of Supervisors (continued)

2020	Supervisors' fees	Salaries and allowances	Bonuses	Pensions	Other social security fund	Total
PAN Ning (潘寧)	-	1,218,000.00	78,000.00	36,749.54	47,122.78	1,379,872.32
CHAO Yanping (巢艷萍)	-	600,000.00	3,640.00	36,749.54	47,122.78	687,512.32
CHEN Gang (陳崗)	-	180,000.00	-	-	-	180,000.00
ZHENG Hongtao (鄭洪濤)	-	180,000.00	-	-	-	180,000.00
	-	2,178,000.00	81,640.00	73,499.08	94,245.56	2,427,384.64

Pursuant to the remuneration system of the Company, the remuneration, allowances, benefits in kind and discretionary bonuses accrued for the executive directors are subject to the approval of the remuneration committee and the annual general meeting.

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XIII. OTHER SIGNIFICANT EVENTS (continued)

*4. The Five Highest Paid Employees of the Group During the Year

The five highest paid employees during the year included 0 director (2020: one director) and two executives, and details of their remuneration are set out in Note XIII. 3. Details of the remaining three non-directors of the highest paid employees (2020: four) are set out as follows:

	2021	2020
Salaries and allowances	10,965,332.00	13,444,021.05
Bonuses	6,149,600.00	3,023,800.00
Pensions	149,664.96	96,859.48
Social insurance and reserve funds other than pensions	167,242.71	180,012.11

The number of the non-directors and non-supervisors of highest paid employees whose pre-tax remuneration fell within the following bands is as follows:

	2021	2020
HK\$3,000,001 to HK\$3,500,000 (equivalent to RMB2,687,000 to RMB3,135,000)	–	–
HK\$3,500,001 to HK\$4,000,000 (equivalent to RMB3,135,000 to RMB3,583,000)	–	1
HK\$4,000,001 to HK\$4,500,000 (equivalent to RMB3,583,000 to RMB4,031,000)	–	1
HK\$4,500,001 to HK\$5,000,000 (equivalent to RMB4,031,000 to RMB4,479,000)	–	1
Over HK\$5,000,000 (equivalent to over RMB4,479,000)	3	

*5. Pension Plans

	2021	2020
Net contributions to pension plans	284,797,601.62	73,986,625.76

On 31 December 2021, the Group was not forced to waive its contributions to reduce its contributions to pension plan for future years.

XIII. OTHER SIGNIFICANT EVENTS (continued)

*6. Total Assets Less Current Liabilities

	31 December 2021 The Group	31 December 2020 The Group
Total assets	135,187,542,000.02	131,547,918,635.49
Less: current liabilities	32,131,538,615.37	31,638,847,386.67
Total assets less current liabilities	103,056,003,384.65	99,909,071,248.82

	31 December 2021 The Company	31 December 2020 The Company
Total assets	58,901,208,577.21	60,735,934,997.03
Less: current liabilities	30,873,104,037.33	37,338,235,750.77
Total assets less current liabilities	28,028,104,539.88	23,397,699,246.26

7. Comparative Information

During the current fiscal year, the Group did not adjust the comparative information.

8. Other Important Transactions and Events that Affect Investors' Decisions

As of the approval date of the financial report, the Group has no other important transactions and events that have an impact on investors' decisions should be disclosed.

Notes to the Financial Statements

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XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY

1. Accounts Receivable

	2021	2020
Accounts receivable	1,004,793,893.63	1,070,598,215.58
Less: Allowance for bad debts for accounts receivable	747,272,827.19	710,901,123.63
	257,521,066.44	359,697,091.95

The movements on the allowance for bad debts in relation to accounts receivable are as follows:

	Opening balance	Provision for the current year	Reversal for the current year	Charge off for the current year	Write-off for the current year	Closing balance
2021	710,901,123.63	86,721,703.56	(19,525,000.00)		(30,825,000.00)	747,272,827.19
2020	909,070,574.54	9,311,179.73	(169,380,630.64)	-	(38,100,000.00)	710,901,123.63

	2021			
	Book balance Amount	Percentage(%)	Bad debt allowance Amount	Proportion(%)
Receivables for which bad debts are provided individually	627,416,523.62	62.44	566,754,206.57	90.33
Receivables for which bad debt allowance is provided by portfolio of credit risk characteristics	377,377,373.01	37.56	180,518,620.62	47.84
	1,004,793,896.63	100.00	747,272,827.19	74.37

XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

1. Accounts Receivable (continued)

	2020		2020	
	Book balance Amount	Proportion(%)	Bad debt allowance Amount	Proportion(%)
Receivables for which bad debts are provided individually	636,247,285.70	59.43	564,772,285.69	88.77
Receivables for which bad debt allowance is provided by portfolio of credit risk characteristics	434,350,929.88	40.57	146,128,837.94	33.64
	1,070,598,215.58	100.00	710,901,123.63	66.40

The aging analysis of accounts receivable is as follows:

	2021	2020
Within 1 year	77,497,926.11	141,247,442.34
1 to 2 years	60,143,074.05	138,497,721.76
2 to 3 years	106,865,783.18	110,046,974.44
Over 3 years	760,287,110.29	680,806,077.04
	1,004,793,893.63	1,070,598,215.58
Less: Allowance for bad debts for accounts receivable	747,272,827.19	710,901,123.63
	257,521,066.44	359,697,091.95

Notes to the Financial Statements

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XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

1. Accounts Receivable (continued)

As at 31 December 2021, the top five debtors by the balances of accounts receivable which bad debts are provided individually are as follows:

	Book balance	Bad debt allowance	ECL rate (%)	Reason for accruing bad debt
Changzhou Wujin Construction Engineering Co., Ltd. (常州市武進建設工程有限公司)	55,000,000.00	55,000,000.00	100.00	Expected account receivables cannot be recovered
Jiangsu Provincial Construction Group Co., Ltd. (江蘇省建築工程集團有限公司)	26,000,000.00	26,000,000.00	100.00	Expected account receivables cannot be recovered
Xuanwei Xintiandi Real Estate Development Co., Ltd. (宣城市新天地房地產開發有限公司)	20,000,000.00	20,000,000.00	100.00	Expected account receivables cannot be recovered
Fujian vogu Investment Development Co., Ltd. (福建沃谷投資發展有限公司)	17,000,000.00	17,000,000.00	100.00	Expected account receivables cannot be recovered
Jiangsu Jiangdu Construction Group Co., Ltd. (江蘇江都建設集團有限公司)	16,000,000.00	16,000,000.00	100.00	Expected account receivables cannot be recovered

XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

1. Accounts Receivable (continued)

As at 31 December 2020, the top five debtors by the balances of accounts receivable which bad debts are provided individually are as follows:

	Book balance	Bad debt allowance	ECL rate (%)	Reason for accruing bad debt
Changzhou Wujin Construction Engineering Co., Ltd. (常州市武進建設工程有限公司)	55,000,000.00	55,000,000.00	100.00	Expected account receivables cannot be recovered
Jiangsu Provincial Construction Group Co., Ltd. (江蘇省建築工程集團有限公司)	26,000,000.00	23,000,000.00	88.46	Expected partial account receivables cannot be recovered
Xuanwei Xintiandi Real Estate Development Co., Ltd. (宣城市新天地房地產開發有限公司)	20,000,000.00	20,000,000.00	100.00	Expected account receivables cannot be recovered
Guizhou Linhentai Property Development Company Limited (貴州林恒泰房地產開發有限公司)	18,000,000.00	18,000,000.00	100.00	Expected account receivables cannot be recovered
Fujian vogu Investment Development Co., Ltd. (福建沃谷投資發展有限公司)	17,000,000.00	17,000,000.00	100.00	Expected account receivables cannot be recovered

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XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

1. Accounts Receivable (continued)

Our Company's accounts receivable for which bad debts are provided by aging analysis method are as follows:

	2021		
	Book balance expected to incur credit loss	ECL rate (%)	Lifetime ECL
Portfolio One: Brand consulting and management services for the early stage of project			
Within 1 year	5,000,000.00	15.59	779,500.00
1 to 2 years	10,500,000.00	22.23	2,334,150.00
2 to 3 years	24,800,000.00	26.96	6,686,080.00
3 to 4 years	47,500,000.00	33.50	15,912,500.00
4 to 5 years	55,300,000.00	57.95	32,046,350.00
5 to 6 years	25,890,000.00	64.69	16,748,241.00
Over 6 years	37,750,000.00	100.00	37,750,000.00
	206,740,000.00	54.30	112,256,821.00

	2021		
	Book balance expected to incur credit loss	ECL rate (%)	Lifetime ECL
Portfolio Two: Other consulting services			
Within 1 year	62,302,124.86	16.18	10,080,483.80
1 to 2 years	39,764,321.68	33.53	13,332,977.06
2 to 3 years	40,215,574.49	57.08	22,955,049.95
Over 3 years	21,588,793.69	100.00	21,588,793.68
	163,870,814.72	41.47	67,957,304.49

XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

1. Accounts Receivable (continued)

Our Company's accounts receivable for which bad debts are provided by aging analysis method are as follows:
(continued)

	2021		
	Book balance expected to incur credit loss	ECL rate (%)	Lifetime ECL
Portfolio Three: Rental and related income	2,552,775.98	4.50	114,874.92

	2021		
	Book balance expected to incur credit loss	ECL rate (%)	Lifetime ECL
Portfolio Four: Others	4,213,782.30	4.50	189,620.20

Accounts receivable actually written off in 2021 are RMB30,825,000.00, of which, the important written-off account receivables include receivables from Shaanxi Haixing Real Estate Development Co., Ltd. (陝西海興房地產開發有限責任公司) amounting to RMB18,750,000.00 for brand consulting and management services for the early stage of project, receivables from Shanxi Xinghe Real Estate Development Co., Ltd. (山西星河房地產開發有限公司) amounting to RMB8,000,000.00 for brand consulting and management services for the early stage of project, and receivables from Yongan Haoyuan Real Estate Co., Ltd. (永安市昊元置業有限公司) amounting to RMB4,075,000.00 for brand consulting and management services for the early stage of project, which was written off after approval by the management because it cannot be recovered. (2020: the actual write-off account receivables is RMB38,100,000.00, of which, the important written-off account receivables include receivables from Dalian Yongle Hongye Group Co., Ltd. (大連永樂宏業集團有限公司) amounting to RMB13,500,000.00 for brand consulting and management services for the early stage of project, which was written off after approval by the management because it cannot be recovered; receivables from Zhejiang Huaxia Real Estate Co., Ltd. (浙江華夏置業有限公司) amounting to RMB9,250,000.00 for brand consulting and management services for the early stage of project, which was written off after approval by the management because it cannot be recovered; and receivables from Jinzhong Tianhe Real Estate Development Co., Ltd. (晉中市天河房地產開發有限公司) amounting to RMB6,000,000.00 for brand consulting and management services for the early stage of project, which was written off after approval by the management because it cannot be recovered.)

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XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

1. Accounts Receivable (continued)

As at 31 December 2021, the top five accounts receivable were as follows:

	Closing balance	Proportion to total balance of accounts Receivable(%)	Bad debt allowance Closing balance
Changzhou Wujin Construction Engineering Co., Ltd. (常州市武進建設工程有限公司)	55,000,000.00	5.47	55,000,000.00
Jiangsu Provincial Construction Group Co., Ltd. (江蘇省建築工程集團有限公司)	26,000,000.00	2.59	26,000,000.00
Xuanwei Xintiandi Real Estate Development Co., Ltd. (宣威市新天地房地產開發有限公司)	20,000,000.00	1.99	20,000,000.00
Fujian vogu Investment Development Co., Ltd. (福建沃谷投資發展有限公司)	17,000,000.00	1.69	17,000,000.00
Jiangsu Jiangdu Construction Group Co.,Ltd. (江蘇江都建設集團有限公司)	16,000,000.00	1.59	16,000,000.00

XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

2. Other Receivables

	2021	2020
Interest receivables	9,069,537.29	9,069,537.32
Dividend receivables	2,215,821,972.63	2,958,106,450.36
Other receivables	27,139,182,027.44	29,492,800,730.56
	29,364,073,537.36	32,459,976,718.24

Interest receivables

	2021	2020
Borrowings interest	9,069,537.29	9,069,537.32

Notes to the Financial Statements

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XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

2. Other Receivables (continued)

Dividend receivables

	2021	2020
Red Star Macalline Home Furnishing Mall Management Company Limited (紅星美凱龍家居商場管理有限公司)	1,137,000,000.00	1,137,000,000.00
Red Star Xizhao Investment Company Limited (紅星喜兆投資有限公司)	900,000,000.00	–
Shanghai Xingkai Chengpeng Business Management Company Limited (上海星凱程鵬企業管理有限公司)	80,000,000.00	1,188,856,949.26
Nanjing Mingdu Home Furnishing Plaza Company Limited (南京名都家居廣場有限公司)	62,400,000.00	62,400,000.00
Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司)	31,000,000.00	31,000,000.00
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)	5,421,972.63	–
Shanghai Red Star Macalline Global Home Furnishing Company Limited (上海紅星美凱龍全球家居有限公司)	–	352,000,000.00
Red Star Macalline Enterprise Management and Consultancy Company Limited (紅星美凱龍企業管理諮詢有限公司)	–	150,000,000.00
Shanghai Red Star Macalline Business Consulting Company Limited (上海紅星美凱龍商務諮詢有限公司)	–	19,849,501.10
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)	–	8,000,000.00
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)	–	6,000,000.00
Changsha Red Star Macalline International Home Furnishing Art Expo Company Limited (長沙紅星美凱龍國際家居藝術博覽中心有限公司)	–	3,000,000.00
	2,215,821,972.63	2,958,106,450.36

The aging analysis of other receivables is as follows:

	2021	2020
Within 1 year	15,116,898,991.97	24,346,291,045.31
1 to 2 years	9,528,482,864.52	1,723,263,304.56
2 to 3 years	841,923,035.34	972,902,915.32
Over 3 years	2,377,148,935.18	3,131,958,949.01
	27,864,453,827.01	30,174,416,214.20
Less: Bad debt allowance for other receivables	725,271,799.57	681,615,483.64
	27,139,182,027.44	29,492,800,730.56

XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

2. Other Receivables (continued)

Dividend receivables (continued)

The movements of bad debt allowance for other receivables based on 12-month expected credit loss and the lifetime expected credit loss, respectively, are as follows:

2021

	Stage 1 Expected credit losses in the next 12 months	Stage 2 Lifetime expected credit losses	Stage 3 Credit-impaired financial assets (Lifetime)	Total
Balance on 1 January 2021	36,954,347.13	-	644,661,136.51	681,615,483.64
- Transfer to stage 2	-	-	-	-
- Transfer to stage 3	-	-	-	-
- Reverse to stage 2	-	-	-	-
- Reverse to stage 1	-	-	-	-
Provision for the current year	100,355,699.35	-	-	100,355,699.35
Reversal for the current year	-	-	-	-
Write-off for the current year	-	-	(56,699,383.43)	(56,699,383.43)
	137,310,046.48	-	587,961,753.08	725,271,799.56

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XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

2. Other Receivables (continued)

Dividend receivables (continued)

The movements of bad debt allowance for other receivables based on 12-month expected credit loss and the lifetime expected credit loss, respectively, are as follows: (continued)

2020

	Stage 1 Expected credit losses in the next 12 months	Stage 2 Lifetime expected credit losses	Stage 3 Credit-impaired financial assets (Lifetime)	Total
Balance on 1 January 2020	24,328,214.62	–	648,173,336.97	672,501,551.59
– Transfer to stage 2	–	–	–	–
– Transfer to stage 3	(35,000,000.00)	–	35,000,000.00	–
– Reverse to stage 2	–	–	–	–
– Reverse to stage 1	–	–	–	–
Provision for the current year	47,626,132.51	–	–	47,626,132.51
Reversal for the current year	–	–	(3,512,200.46)	(3,512,200.46)
Write-off for the current year	–	–	(35,000,000.00)	(35,000,000.00)
	36,954,347.13	–	644,661,136.51	681,615,483.64

Note: In 2021, bad debt allowance amounted to RMB100,355,699.35 (2020: RMB12,626,132.51), and the recovery or transfer of bad debt allowance amounted to RMB0.00 (2020: RMB3,512,200.46).

In 2021, actual written-off of other receivable amounted to RMB56,699,383.43 (2020: RMB35,000,000.00).

XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

2. Other Receivables (continued)

Dividend receivables (continued)

Other receivables are classified by nature as follows:

	2021	2020
Loan and advances		
– to related parties	27,066,889,910.95	28,854,749,147.69
– to third parties	68,722,115.83	637,100,532.94
Deposits	828,302.59	553,364.04
Others	2,741,698.07	397,685.89
	27,139,182,027.44	29,492,800,730.56

As at 31 December 2021, the top five entities with the largest amounts of other receivables are as follows:

	Closing balance	Proportion to the total amount of other receivables (%)	Nature	Aging	Bad debt allowance Closing balance
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)	2,324,658,736.28	8.34	Amounts due to and from subsidiaries	Within 4 years	114,895,284.17
Hangzhou Red Star Macalline Global Furniture Co., Ltd. (杭州紅星美凱龍環球家居有限公司)	1,134,043,718.24	4.07	Amounts due to and from subsidiaries	Within 1 year, within 2 years	-
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)	1,066,679,866.38	3.83	Amounts due to and from subsidiaries	Within 1 year, within 3 years	-
Shanghai Red Star Macalline Industrial Company Limited (上海紅星美凱龍實業有限公司)	1,014,387,549.38	3.64	Amounts due to and from subsidiaries	Within 1 year, within 2 years	-
Shanghai Hongxin Oukai Home Furnishing Company Limited (上海虹欣歐凱家居有限公司)	850,731,708.01	3.05	Amounts due to and from subsidiaries	Within 1 year, within 2 years	-
	6,390,501,578.29	22.93			114,895,284.17

Notes to the Financial Statements

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XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

2. Other Receivables (continued)

Dividend receivables (continued)

As at 31 December 2020, the top five entities with the largest amounts of other receivables are as follows:

	Closing balance	Proportion to the total amount of other receivables (%)	Nature	Aging	Bad debt allowance Closing balance
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)	2,713,940,372.82	8.99	Amounts due to and from subsidiaries	Within 3 years	114,895,284.17
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)	1,375,346,571.06	4.56	Amounts due to and from subsidiaries	Within 3 years	-
Hangzhou Red Star Macalline Global Furniture Co., Ltd. (杭州紅星美凱龍環球家居有限公司)	1,055,996,500.29	3.50	Amounts due to and from subsidiaries	Within 1 year	-
Red Star Macalline Shibo (Tianjin) Home Furnishing Plaza Company Limited (紅星美凱龍世博(天津)家居生活廣場有限公司)	988,336,391.64	3.28	Amounts due to and from subsidiaries	Within 3 years	80,000,000.00
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)	926,182,191.84	3.07	Amounts due to and from subsidiaries	Within 2 years	-
	7,059,802,027.65	23.40			194,895,284.17

XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

3. Long-term Equity Investments

2021

	Opening balance	Increase/decrease during the year			Book value at the end of the year
		Increase in investment	Decrease in investment	Investment gain/loss under equity method	
Investments in subsidiaries					
Changzhou World Furniture and Home Plaza Co., Ltd. (常州世界傢俱家居廣場有限公司)	15,447,913.31	-	-	-	15,447,913.31
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)	47,998,405.33	30,000,000.00	-	-	77,998,405.33
Lianyungang Red Star International Home Furnishing Plaza Company Limited (連雲港紅星美凱龍國際家居廣場有限公司)	3,465,415.12	-	-	-	3,465,415.12
Nanjing Red Star International Home Furnishing Mall Company Limited (南京紅星國際傢俱裝飾城有限公司)	59,689,261.20	-	-	-	59,689,261.20
Nanjing Mingdu Home Furnishing Plaza Company Limited (南京名都家居廣場有限公司)	47,227,734.43	-	-	-	47,227,734.43
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)	296,115,702.30	-	-	-	296,115,702.30
Shanghai Red Star Macalline Global Home Furnishing Company Limited (上海紅星美凱龍全球家居有限公司)	138,455,620.20	-	-	-	138,455,620.20
Shanghai Hongxin Oukai Home Living Company Limited (上海虹欣歐凱家居有限公司)	92,508,623.92	-	-	-	92,508,623.92
Shanghai Xinwei Home Purchasing Company Limited (上海新偉置業有限公司)	272,756,078.13	-	-	-	272,756,078.13
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)	5,000,000.00	-	-	-	5,000,000.00

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XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

3. Long-term Equity Investments (continued)

2021 (continued)

	Opening balance	Increase/decrease during the year			Book value at the end of the year
		Increase in investment	Decrease in investment	Investment gain/loss under equity method	
Investments in subsidiaries (continued)					
Changsha Red Star Macalline International Home Furnishing Art Expo Company Limited (長沙紅星美凱龍國際家居藝術博覽中心有限公司)	871,353.75	-	871,353.75	-	-
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)	71,243,669.12	-	-	-	71,243,669.12
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公司)	30,275,655.03	-	-	-	30,275,655.03
Zhengzhou Red Star Macalline International Home Furnishing Company Limited (鄭州紅星美凱龍國際家居有限公司)	15,300,000.00	-	-	-	15,300,000.00
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)	1,349,876.56	-	-	-	1,349,876.56
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)	510,000.00	-	-	-	510,000.00
Hangzhou Red Star Macalline Shibo Furniture Plaza Company Limited (杭州紅星美凱龍世博家居有限公司)	20,000,000.00	210,000,000.00	-	-	230,000,000.00
Shanghai Red Star Macalline Brand Management Company Limited (上海紅星美凱龍品牌管理有限公司)	5,000,000.00	-	-	-	5,000,000.00

XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

3. Long-term Equity Investments (continued)

2021 (continued)

	Opening balance	Increase/decrease during the year			Book value at the end of the year
		Increase in investment	Decrease in investment	Investment gain/loss under equity method	
Investments in subsidiaries (continued)					
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)	10,000,000.00	-	-	-	10,000,000.00
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)	23,496,190.89		-	-	23,496,190.89
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)	552,878,664.00	-		-	552,878,664.00
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)	445,000,000.00	-	-	-	445,000,000.00
Yantai Red Star Macalline Home Furnishing Company Limited (煙台紅星美凱龍家居有限公司)	192,120,000.00	-	-	-	192,120,000.00
Shenyang Mingdu Home Furnishing Plaza Company Limited (瀋陽名都家居廣場有限公司)	153,000,000.00	-	-	-	153,000,000.00
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)	280,000,000.00	-	-	-	280,000,000.00
Changsha Yinhong Home Furnishing Company Limited (長沙市銀紅家居有限公司)	249,990,049.97	-		-	249,990,049.97
Shanghai Jingdu Investment Company Limited (上海晶都投資有限公司)	5,100,000.00	-		-	5,100,000.00
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)	424,878,664.00	-		-	424,878,664.00

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XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

3. Long-term Equity Investments (continued)

2021 (continued)

	Opening balance	Increase/decrease during the year			Book value at the end of the year
		Increase in investment	Decrease in investment	Investment gain/loss under equity method	
Investments in subsidiaries (continued)					
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)	214,087,000.00	-	-	-	214,087,000.00
Shanghai Red Star Macalline Business Consulting Company Limited (上海紅星美凱龍商務諮詢有限公司)	650,000.00	-	-	-	650,000.00
Shenyang Red Star Macalline Home Furnishing Company Limited (瀋陽紅星美凱龍家居有限公司)	28,058,441.28	-	-	-	28,058,441.28
Shanghai Xingkai Chengpeng Business Management Company Limited (上海星凱程鵬企業管理有限公司)	10,000,000.00	-	-	-	10,000,000.00
Changzhou Hongyang Home Furnishing Plaza Company Limited (常州紅陽家居生活廣場有限公司)	139,400,000.00	-	-	-	139,400,000.00
Shanghai Red Star Macalline Trading Company Limited (上海紅星美凱龍商貿有限公司)	50,000,000.00	-	-	-	50,000,000.00
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)	310,000,000.00	-	-	-	310,000,000.00
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公司)	55,000,000.00	-	-	-	55,000,000.00
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)	149,939,332.00	-	-	-	149,939,332.00

XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

3. Long-term Equity Investments (continued)

2021 (continued)

	Opening balance	Increase/decrease during the year			Book value at the end of the year
		Increase in investment	Decrease in investment	Investment gain/loss under equity method	
Investments in subsidiaries (continued)					
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)	3,000,000.00	-	-	-	3,000,000.00
Wuxi Red Star Macalline Home Furnishing Plaza Company Limited (無錫紅星美凱龍家居生活廣場有限公司)	534,818,797.96	-	-	-	534,818,797.96
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)	30,000,000.00	-	-	-	30,000,000.00
Daqing Red Star Macalline Shibo Furniture Company Limited (大慶紅星美凱龍世博家居有限公司)	70,000,000.00	-	-	-	70,000,000.00
Langfang Kaihong Home Living Plaza Company Limited (廊坊市凱宏家居廣場有限公司)	70,000,000.00	-	-	-	70,000,000.00
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)	149,939,332.00	-	-	-	149,939,332.00
Beijing Century Kailong Business Investment Company Limited (北京世紀凱隆商業投資有限公司)	10,000,000.00	-	-	-	10,000,000.00
Tianjin Red Star Macalline Home Fashion Plaza Company Limited (天津紅星美凱龍時尚家居廣場有限公司)	5,000,000.00	-	5,000,000.00	-	-
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)	500,000.00	-	-	-	500,000.00
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)	349,848,330.00	-	-	-	349,848,330.00

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For the year 2021

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XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

3. Long-term Equity Investments (continued)

2021 (continued)

	Opening balance	Increase/decrease during the year			Book value at the end of the year
		Increase in investment	Decrease in investment	Investment gain/loss under equity method	
Investments in subsidiaries (continued)					
Nanjing Red Star Macalline International Home Living Company Limited (南京紅星美凱龍國際家居有限責任公司)	764,016,993.00	-	-	-	764,016,993.00
Shanghai Xingyi Tonghui Business Service Company Limited (上海星易通匯商務服務有限公司)	150,000,000.00	-	-	-	150,000,000.00
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)	204,285,714.29	-	-	-	204,285,714.29
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)	200,000,000.00	-	-	-	200,000,000.00
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)	349,817,995.00	-	-	-	349,817,995.00
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)	397,600,000.00	-	-	-	397,600,000.00
Red Star Xizhao Investment Company Limited (紅星喜兆投資有限公司)	90,000,000.00	-	-	-	90,000,000.00
Red Star Macalline Home Furnishing Mall Management Company Limited (紅星美凱龍家居商場管理有限公司)	50,000,000.00	-	-	-	50,000,000.00
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)	3,000,000.00	-	-	-	3,000,000.00

XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

3. Long-term Equity Investments (continued)

2021 (continued)

	Opening balance	Increase/decrease during the year			Book value at the end of the year
		Increase in investment	Decrease in investment	Investment gain/loss under equity method	
Investments in subsidiaries (continued)					
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)	1,000,000.00	-	-	-	1,000,000.00
Shenyang Red Star Macalline Shibo Home Furnishing Company Limited (瀋陽紅星美凱龍世博家居有限公司)	81,443,441.90	-	-	-	81,443,441.90
Shanghai Red Star Macalline Bulk Purchasing of Construction and Furnishing Materials Trading Company (上海紅星美凱龍住建集採商貿有限公司)	10,000,000.00	-	-	-	10,000,000.00
Shenyang Red Star Macalline Home Living Expo Company Limited (瀋陽紅星美凱龍博覽家居有限公司)	50,000,000.00	-	-	-	50,000,000.00
Lanzhou Red Star Macalline Shibo Home Furnishing Plaza Company Limited (蘭州紅星美凱龍世博家居廣場有限公司)	30,000,000.00	-	-	-	30,000,000.00
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)	5,000,000.00	-	-	-	5,000,000.00
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)	69,976,000.00	-	-	-	69,976,000.00
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)	50,000,000.00	-	-	-	50,000,000.00

Notes to the Financial Statements

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XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

3. Long-term Equity Investments (continued)

2021 (continued)

	Opening balance	Increase/decrease during the year			Book value at the end of the year
		Increase in investment	Decrease in investment	Investment gain/loss under equity method	
Investments in subsidiaries (continued)					
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)	70,000,000.00	-	-	-	70,000,000.00
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公司)	123,280,264.00	200,000,000.00	-	-	323,280,264.00
Kunming Diken Trading Company Limited (昆明迪肯商貿有限公司)	177,690,900.00	-	-	-	177,690,900.00
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)	160,934,831.55	-	-	-	160,934,831.55
Shanghai Xinghe Zhaipei Home Furnishing Service Company Limited (上海星和宅配家居服務有限公司)	38,000,000.00	-	-	-	38,000,000.00
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)	106,560,000.00	7,800,000.00	-	-	114,360,000.00
Shanghai Red Star Macalline Industrial Company Limited (上海紅星美凱龍實業有限公司)	206,841,181.40	-	-	-	206,841,181.40
Shanghai Red Star Macalline Xinglong Home Furnish Company Limited (上海紅星美凱龍星龍家居有限公司)	39,000,000.00	-	-	-	39,000,000.00
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)	50,000,000.00	-	-	-	50,000,000.00
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)	210,000,000.00	-	-	-	210,000,000.00

XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

3. Long-term Equity Investments (continued)

2021 (continued)

	Opening balance	Increase/decrease during the year			Book value at the end of the year
		Increase in investment	Decrease in investment	Investment gain/loss under equity method	
Investments in subsidiaries (continued)					
Hong Kong Red Star Macalline Global Home Furnishing Company Limited (香港紅星美凱龍全球家居有限公司)	112,839,554.51	-	-	-	112,839,554.51
Red Star Macalline (Shanghai) Business Management Company Limited (紅星美凱龍(上海)企業管理有限公司)	100,000,000.00	-	100,000,000.00	-	
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)	120,000,000.00	-	-	-	120,000,000.00
Shanghai Jiajinsuo Investment Holding Company Limited (上海家金所投資控股有限公司)	140,000,001.00	-	-	-	140,000,001.00
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)	24,800,000.00	-	-	-	24,800,000.00
Red Star Zhongying Investment Company Limited (紅星眾盈投資有限公司)	50,000,000.00	-	-	-	50,000,000.00
Shanghai Macalline Xinghe Asset Management Company Limited (上海美凱龍星荷資產管理有限公司)	10,000,000.00	-	-	-	10,000,000.00
Shanghai Yumu Enterprise Management Company Limited (上海宇慕企業管理有限公司)	5,000,000.00	-	-	-	5,000,000.00
Shanghai Yuxv Enterprise Management Company Limited (上海宇煦企業管理有限公司)	5,000,000.00	-	-	-	5,000,000.00

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For the year 2021

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XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

3. Long-term Equity Investments (continued)

2021 (continued)

	Opening balance	Increase/decrease during the year			Book value at the end of the year
		Increase in investment	Decrease in investment	Investment gain/loss under equity method	
Investments in subsidiaries (continued)					
Shanghai Yuzhu Enterprise Management Company Limited (上海宇築企業管理有限公司)	5,000,000.00	-	-	-	5,000,000.00
Shanghai Yuxiao Enterprise Management Company Limited (上海宇霄企業管理有限公司)	5,000,000.00	-	-	-	5,000,000.00
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)	200,000,000.00	-	-	-	200,000,000.00
Shanghai Interface Marketing Planning Co., Ltd. (上海英太翡思營銷策劃有限公司)	2,000,000.00	-	-	-	2,000,000.00
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)	247,162,700.00	-	-	-	247,162,700.00
Red Star Macalline Group Finance Company Limited (紅星美凱龍家居集團財務有限責任公司)	570,000,000.00	-	-	-	570,000,000.00
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)	15,300,000.00	-	-	-	15,300,000.00
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)	273,146,074.32	-	-	-	273,146,074.32
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)	121,000,000.00	-	-	-	121,000,000.00
Shanghai Red Star Macalline Financial Leasing Company Limited (上海紅星美凱龍融資租賃有限公司)	1,000,751,635.68	-	1,000,751,635.68	-	-

XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

3. Long-term Equity Investments (continued)

2021 (continued)

	Opening balance	Increase/decrease during the year			Book value at the end of the year
		Increase in investment	Decrease in investment	Investment gain/loss under equity method	
Investments in subsidiaries (continued)					
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)	25,000,000.00	-	-	-	25,000,000.00
Hainan Hongju Enterprise Management Co., Ltd. (海南紅居企業管理有限公司)	7,000,000.00	6,000,000.00	-	-	13,000,000.00
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)	5,000,000.00	-	-	-	5,000,000.00
Shanghai Red Star Ogloria Brand Management Company Limited (上海紅星歐麗洛雅品牌管理有限公司)	5,000,000.00	-	-	-	5,000,000.00
Khorgos Red Star Yiming Venture Capital Company Limited (霍爾果斯紅星易鳴創業投資有限公司)	9,000,000.00	-	-	-	9,000,000.00
Kunshan Red Star Macalline Decoration Materials Company Limited (昆山紅星美凱龍裝飾材料有限公司)	50,487,866.71	-	-	-	50,487,866.71
Shanghai Red Star Macalline Commercial Factoring Company Limited (上海紅星美凱龍商業保理有限公司)	206,060,071.54	-	206,060,071.54	-	-
Tianjin Jinrui Corporate Management Company Limited (天津津瑞企業管理有限公司)	1,220,000,000.00	-	-	-	1,220,000,000.00
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)	1.00	-	-	-	1.00
Shanghai Huaixing Culture Company Limited (上海懷星文化發展有限公司)	1,600,000.00	-	-	-	1,600,000.00

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XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

3. Long-term Equity Investments (continued)

2021 (continued)

	Opening balance	Increase/decrease during the year			Book value at the end of the year
		Increase in investment	Decrease in investment	Investment gain/loss under equity method	
Investments in subsidiaries (continued)					
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)	50,000,000.00	-	-	-	50,000,000.00
Tibet Red Star Macalline Business Management Company Limited (西藏紅星美凱龍企業管理有限公司)	300,000,000.00	-	300,000,000.00	-	-
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)	5,100,000.00	-	-	-	5,100,000.00
Changzhou Meilong Trading Company Limited (常州美龍貿易有限公司)	30,000.00	-	-	-	30,000.00
Zhengzhou Red Star Macalline Shibo Home Living Company Limited (鄭州紅星美凱龍世博家居有限公司)	5,500,000.00	-	-	-	5,500,000.00
Nantong Hongmei Shibo Home Furnishing Plaza Company Limited (南通紅美世博家居廣場有限公司)	150,000,000.00	77,000,000.00	-	-	227,000,000.00
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)	305,000,000.00	-	-	-	305,000,000.00
Red Star Macalline (Zhejiang) Information Service Company Limited (紅星美凱龍(浙江)信息技術有限公司)	11,100,000.00	-	-	-	11,100,000.00
Qianzhi (Shanghai) Home Living Company Limited (乾智(上海)家居有限公司)	3,000,000.00	-	-	-	3,000,000.00
Shanghai Yingtai Lijin Technology Co., Ltd. (上海英太利金科技有限公司)	4,800,000.00	-	-	-	4,800,000.00

XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

3. Long-term Equity Investments (continued)

2021 (continued)

	Opening balance	Increase/decrease during the year			Book value at the end of the year
		Increase in investment	Decrease in investment	Investment gain/loss under equity method	
Investments in subsidiaries (continued)					
Xi'an Comfort Meijia Housekeeping Service Co., Ltd. (西安舒適美佳家政服務有限責任公司)	1,852,500.00	-	1,852,500.00	-	
Shanghai Red Star Macalline Construction Decoration (Group) Co., Limited (上海紅星美凱龍建築裝飾(集團)有限公司)	12,000,000.00	-	-	-	12,000,000.00
Red Star Macalline Life Aesthetics Center Management Co., Ltd. (紅星美凱龍生活美學中心管理有限公司)	23,480,000.00	-	-	-	23,480,000.00
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)	27,422,989.40	-	-	-	27,422,989.40
Shanghai Macalline Decoration Engineering Group Co., Ltd. (上海美凱龍裝飾工程集團有限公司)	38,000,000.00	-	-	-	38,000,000.00
Betterhome Construction Technology Co., Ltd. (家倍得建築科技有限公司)	180,000,000.00	-	-	-	180,000,000.00
Haikou Tangong Industrial Company Limited (海口檀宮實業有限公司)	10,000,000.00	160,000,000.00	-	-	170,000,000.00
Red Star Daojia (Shanghai) Technology Company Limited (紅星到家(上海)科技有限公司)	41,500,000.00	-	-	-	41,500,000.00
Xinsheng Property Management (Shanghai) Co., Ltd. (鑫生物業管理(上海)有限公司)	701,226,300.00	-	-	-	701,226,300.00
Foshan Junda Enterprise Management Co., Ltd. (佛山郡達企業管理有限公司)	1,101,049,000.00	-	-	-	1,101,049,000.00
Shanghai Red Star Macalline Fanjia Information Service Company Limited (上海紅星美凱龍泛家信息服務有限公司)	1,020,000.00	-	-	-	1,020,000.00
Shanghai Macalline Wenshang Business Management Co., Ltd. (上海美凱龍文商務企業管理有限公司)	2,800,000.00	4,500,000.00	-	-	7,300,000.00

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XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

3. Long-term Equity Investments (continued)

2021 (continued)

	Opening balance	Increase/decrease during the year			Book value at the end of the year
		Increase in investment	Decrease in investment	Investment gain/loss under equity method	
Investments in subsidiaries (continued)					
Hangzhou Red Star Macalline Global Home Living Company Limited (杭州紅星美凱龍環球家居有限公司)	931,344,793.89	-	-	-	931,344,793.89
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)	199,914,861.15	-	-	-	199,914,861.15
Red Star Macalline Commercial Management Co., Ltd. (紅星美凱龍商業經營管理有限公司)	20,000,000.00	-	-	-	20,000,000.00
Shanghai Macalline Xingshang Modular Decoration Technology Co., Ltd. (上海美凱龍星尚模數裝飾科技有限公司)	6,000,000.00	-	-	-	6,000,000.00
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)	344,780,641.87	-	-	-	344,780,641.87
Beijing Red Star Macalline Shibo Home Furnishing Plaza Company Limited (北京紅星美凱龍世博傢俱廣場有限公司)	31,856,462.57	-	-	-	31,856,462.57
Beijing Macalline Home Furnishing Material Market Company Limited (北京美凱龍傢俱建材市場有限公司)	630,335.17	-	-	-	630,335.17
Red Star Macalline Shibo (Tianjin) Home Furnishing Plaza Company Limited (紅星美凱龍世博(天津)家居生活廣場有限公司)	230,851,821.21	577,900,000.00	-	-	808,751,821.21
Kunshan Red Star Macalline Global Home Furnishing Company Limited (昆山紅星美凱龍全球家居有限公司)	1,000,000.00	-	-	-	1,000,000.00
Tongxiang Red Star Macalline Shibo Home Furnishing Plaza Management Company Limited (桐鄉紅星美凱龍世博家居廣場管理有限公司)	500,000.00	-	-	-	500,000.00

XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

3. Long-term Equity Investments (continued)

2021 (continued)

	Opening balance	Increase/decrease during the year			Book value at the end of the year
		Increase in investment	Decrease in investment	Investment gain/loss under equity method	
Investments in subsidiaries (continued)					
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)	2,700,000.00	-	-	-	2,700,000.00
Wuxi Red Star Macalline Business Management Company Limited (無錫紅星美凱龍經營管理有限公司)	700,000.00	-	-	-	700,000.00
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)	151,611,912.79	-	-	-	151,611,912.79
Changzhou Macalline International Computer and Electronics Furnishing Plaza Company Limited (常州美凱龍國際電腦家電裝飾城有限公司)	(1,955,167.87)	-	-	-	(1,955,167.87)
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)	(1,408,244.71)	-	-	-	(1,408,244.71)
Ganzhou Red Star Macalline Shibo Furniture Plaza Company Limited (贛州紅星美凱龍世博家居廣場有限公司)	-	70,000,000.00	-	-	70,000,000.00
Hong Kong Red Star Macalline Business Management Company Limited (香港紅星美凱龍商業管理有限公司)	-	32,835,489.01	-	-	32,835,489.01
Shanghai Red Star Macalline Technology Development Co., Ltd. (上海紅星美凱龍科技發展有限公司)	-	48,000,000.00	-	-	48,000,000.00
Chengdu Red Star Macalline Global Home Furnishing Company Limited (成都紅星美凱龍全球家居有限公司)	-	31,500,000.00	-	-	31,500,000.00
Red Star Macalline Management Consulting Service Co., Ltd. (紅星美凱龍管理諮詢服務有限公司)	-	50,000,000.00	-	-	50,000,000.00
Liuzhou Red Star Macalline Home Furnishing Company Limited (柳州紅星美凱龍家居有限公司)	-	23,000,000.00	-	-	23,000,000.00
Hainan Red Star Macalline Enterprise Management Co., Ltd. (海南紅星美凱龍企業管理有限公司)	-	200,000.00	-	-	200,000.00
Suzhou Xingfeng Enterprise Management Consulting Co., Ltd. (宿州市星豐企業管理諮詢有限公司)	-	85,000,000.00	-	-	85,000,000.00
Yangzhou Hongxing Macalline Global Expo Home Co., Ltd. (揚州紅星美凱龍全球博覽家居有限公司)	-	10,000,000.00	-	-	10,000,000.00
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)	-	1.00	-	-	1.00
Sub-total	18,757,923,541.87	1,623,735,490.01	1,614,535,560.97	-	18,767,123,470.91

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XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

3. Long-term Equity Investments (continued)

2021 (continued)

	Opening balance	Increase/decrease during the year			Book value at the end of the year
		Increase in investment	Decrease in investment	Investment gain/loss under equity method Cash dividend or profit declared	
Joint ventures					
Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司)	808,261,211.75	-	-	24,841,179.83	833,102,391.58
Shanghai Mingyi Enterprise Development Co., Ltd. (上海名藝商業企業發展有限公司)	64,873,166.27	-	-	26,785,607.25	91,658,773.52
Baoxiang Red Star Macalline (Xiamen) Global Home Plaza Co., Ltd. (寶象紅星美凱龍(廈門)全球家居廣場有限公司)	9,399,204.16	-	-	(9,399,204.16)	-
Shenzhen Red Star Macalline Business Management Company Limited (深圳紅星美凱龍商業管理有限公司)	3,111,638.02	-	-	(3,111,638.02)	-
Xiamen Baoxiang Red Star Macalline Home Furnishing Plaza Company Limited (廈門寶象紅星美凱龍家居生活廣場有限公司)	-	-	-	-	-
Sub-total	885,645,220.20	-	-	39,115,944.90	924,761,165.10

XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

3. Long-term Equity Investments (continued)

2021 (continued)

	Opening balance	Increase/decrease during the year			Book value at the end of the year
		Increase in investment	Decrease in investment	Investment gain/loss under equity method Cash dividend or profit declared	
Associates					
Shandong Inzone Green Home Co., Ltd. (山東銀座家居有限公司)	379,110,565.50	-	-	47,516,427.66	426,626,993.16
Shenyudao Cultural Tourism Holding Co., Ltd. (神玉島文化旅遊控股股份有限公司)	180,995,432.77	-	-	(6,574,089.56)	174,421,343.21
Zhejiang Mingdu Investment Company Limited (浙江名都投資有限公司)	165,300,000.00	-	-	-	165,300,000.00
Wuhan Zhengkai Logistics Co., Ltd. (武漢市正凱物流有限公司)	127,075,701.74	-	-	(44,009,792.48)	83,065,909.26
Shanghai Jinjiang United Purchasing Supply Chain Co., Ltd. (上海錦江聯採供應鏈有限公司)	30,138,903.75	-	-	(1,027,600.07)	29,111,303.68
Shenzhen Yatai Macalline Life Space Technology Co., Ltd. (深圳市亞泰美凱龍空間科技有限公司)	9,341,711.18	-	9,055,734.19	(285,976.99)	-
Shanghai Jiazhan Construction Engineering Company Limited (上海嘉辰建築裝潢工程有限公司)	5,352,588.39	-	-	(145,691.30)	5,206,897.09
Sub-total	897,314,903.33	-	9,055,734.19	(4,526,722.74)	883,732,446.40
Total	20,540,883,665.40	1,623,735,490.01	1,623,591,295.16	34,589,222.16	20,575,617,082.41

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XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

3. Long-term Equity Investments (continued)

2020

	Opening balance	Increase/decrease during the year			Book value at the end of the year
		Increase in investment	Decrease in investment	Investment gain/loss under equity method	
Investments in subsidiaries					
Changzhou World Furniture and Home Plaza Co., Ltd. (常州世界傢俱家居廣場有限公司)	15,447,913.31	-	-	-	15,447,913.31
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)	47,998,405.33	-	-	-	47,998,405.33
Lianyungang Red Star International Home Furnishing Plaza Company Limited (連雲港紅星美凱龍國際家居廣場有限公司)	3,465,415.12	-	-	-	3,465,415.12
Nanjing Red Star International Home Furnishing Mall Company Limited (南京紅星國際傢俱裝飾城有限公司)	59,689,261.20	-	-	-	59,689,261.20
Nanjing Mingdu Home Furnishing Plaza Company Limited (南京名都家居廣場有限公司)	47,227,734.43	-	-	-	47,227,734.43
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)	296,115,702.30	-	-	-	296,115,702.30
Shanghai Red Star Macalline Global Home Furnishing Company Limited (上海紅星美凱龍全球家居有限公司)	138,455,620.20	-	-	-	138,455,620.20
Shanghai Hongxin Oukai Home Living Company Limited (上海虹欣歐凱家居有限公司)	92,508,623.92	-	-	-	92,508,623.92
Shanghai Xinwei Home Purchasing Company Limited (上海新偉置業有限公司)	272,756,078.13	-	-	-	272,756,078.13

XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

3. Long-term Equity Investments (continued)

2020 (continued)

	Opening balance	Increase/decrease during the year			Book value at the end of the year
		Increase in investment	Decrease in investment	Investment gain/loss under equity method	
Investments in subsidiaries (continued)					
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)	5,000,000.00	-	-	-	5,000,000.00
Changsha Red Star Macalline International Home Furnishing Art Expo Company Limited (長沙紅星美凱龍國際家居藝術博覽中心有限公司)	871,353.75	-	-	-	871,353.75
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)	71,243,669.12	-	-	-	71,243,669.12
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公司)	30,275,655.03	-	-	-	30,275,655.03
Zhengzhou Red Star Macalline International Home Furnishing Company Limited (鄭州紅星美凱龍國際家居有限公司)	15,300,000.00	-	-	-	15,300,000.00
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)	1,349,876.56	-	-	-	1,349,876.56
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)	510,000.00	-	-	-	510,000.00
Hangzhou Red Star Macalline Shibo Furniture Plaza Company Limited (杭州紅星美凱龍世博家居有限公司)	20,000,000.00	-	-	-	20,000,000.00
Shanghai Red Star Macalline Brand Management Company Limited (上海紅星美凱龍品牌管理有限公司)	5,000,000.00	-	-	-	5,000,000.00

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XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

3. Long-term Equity Investments (continued)

2020 (continued)

	Opening balance	Increase/decrease during the year			Book value at the end of the year
		Increase in investment	Decrease in investment	Investment gain/loss under equity method	
Investments in subsidiaries (continued)					
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)	10,000,000.00	-	-	-	10,000,000.00
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)	23,496,190.89	-	-	-	23,496,190.89
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)	552,878,664.00	-	-	-	552,878,664.00
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)	445,000,000.00	-	-	-	445,000,000.00
Yantai Red Star Macalline Home Furnishing Company Limited (煙台紅星美凱龍家居有限公司)	192,120,000.00	-	-	-	192,120,000.00
Shenyang Mingdu Home Furnishing Plaza Company Limited (瀋陽名都家居廣場有限公司)	153,000,000.00	-	-	-	153,000,000.00
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)	280,000,000.00	-	-	-	280,000,000.00
Changsha Yinhong Home Furnishing Company Limited (長沙市銀紅家居有限公司)	249,990,049.97	-	-	-	249,990,049.97
Shanghai Jingdu Investment Company Limited (上海晶都投資有限公司)	5,100,000.00	-	-	-	5,100,000.00
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)	424,878,664.00	-	-	-	424,878,664.00

XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

3. Long-term Equity Investments (continued)

2020 (continued)

	Opening balance	Increase/decrease during the year			Book value at the end of the year
		Increase in investment	Decrease in investment	Investment gain/loss under equity method	
Investments in subsidiaries (continued)					
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)	214,087,000.00	-	-	-	214,087,000.00
Shanghai Red Star Macalline Business Consulting Company Limited (上海紅星美凱龍商務諮詢有限公司)	650,000.00	-	-	-	650,000.00
Shenyang Red Star Macalline Home Furnishing Company Limited (瀋陽紅星美凱龍家居有限公司)	28,058,441.28	-	-	-	28,058,441.28
Shanghai Xingkai Chengpeng Business Management Company Limited (上海星凱程鵬企業管理有限公司)	10,000,000.00	-	-	-	10,000,000.00
Changzhou Hongyang Home Furnishing Plaza Company Limited (常州紅陽家居生活廣場有限公司)	139,400,000.00	-	-	-	139,400,000.00
Shanghai Red Star Macalline Trading Company Limited (上海紅星美凱龍商貿有限公司)	50,000,000.00	-	-	-	50,000,000.00
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)	310,000,000.00	-	-	-	310,000,000.00
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公司)	55,000,000.00	-	-	-	55,000,000.00
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)	149,939,332.00	-	-	-	149,939,332.00

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XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

3. Long-term Equity Investments (continued)

2020 (continued)

	Opening balance	Increase/decrease during the year			Book value at the end of the year
		Increase in investment	Decrease in investment	Investment gain/loss under equity method	
Investments in subsidiaries (continued)					
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)	3,000,000.00	-	-	-	3,000,000.00
Wuxi Red Star Macalline Home Furnishing Plaza Company Limited (無錫紅星美凱龍家居生活廣場有限公司)	534,818,797.96	-	-	-	534,818,797.96
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)	30,000,000.00	-	-	-	30,000,000.00
Daqing Red Star Macalline Shibo Furniture Company Limited (大慶紅星美凱龍世博家居有限公司)	70,000,000.00	-	-	-	70,000,000.00
Langfang Kaihong Home Living Plaza Company Limited (廊坊市凱宏家居廣場有限公司)	70,000,000.00	-	-	-	70,000,000.00
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)	149,939,332.00	-	-	-	149,939,332.00
Beijing Century Kailong Business Investment Company Limited (北京世紀凱隆商業投資有限公司)	10,000,000.00	-	-	-	10,000,000.00
Tianjin Red Star Macalline Home Fashion Plaza Company Limited (天津紅星美凱龍時尚家居廣場有限公司)	5,000,000.00	-	-	-	5,000,000.00
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)	500,000.00	-	-	-	500,000.00
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)	349,848,330.00	-	-	-	349,848,330.00

XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

3. Long-term Equity Investments (continued)

2020 (continued)

	Opening balance	Increase/decrease during the year			Book value at the end of the year
		Increase in investment	Decrease in investment	Investment gain/loss under equity method	
Investments in subsidiaries (continued)					
Nanjing Red Star Macalline International Home Living Company Limited (南京紅星美凱龍國際家居有限責任公司)	764,016,993.00	-	-	-	764,016,993.00
Shanghai Xingyi Tonghui Business Service Company Limited (上海星易通匯商務服務有限公司)	150,000,000.00	-	-	-	150,000,000.00
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)	204,285,714.29	-	-	-	204,285,714.29
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)	200,000,000.00	-	-	-	200,000,000.00
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)	349,817,995.00	-	-	-	349,817,995.00
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)	397,600,000.00	-	-	-	397,600,000.00
Red Star Xizhao Investment Company Limited (紅星喜兆投資有限公司)	90,000,000.00	-	-	-	90,000,000.00
Red Star Macalline Home Furnishing Mall Management Company Limited (紅星美凱龍家居商場管理有限公司)	50,000,000.00	-	-	-	50,000,000.00
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)	3,000,000.00	-	-	-	3,000,000.00

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XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

3. Long-term Equity Investments (continued)

2020 (continued)

	Opening balance	Increase/decrease during the year			Book value at the end of the year
		Increase in investment	Decrease in investment	Investment gain/loss under equity method	
Investments in subsidiaries (continued)					
Shanghai Red Star Macalline Longmei Home Furnishing Market Management Company Limited (上海紅星美凱龍龍美家居市場經營管理有限公司)	1,000,000.00	-	-	-	1,000,000.00
Shenyang Red Star Macalline Shibo Home Furnishing Company Limited (瀋陽紅星美凱龍世博家居有限公司)	81,443,441.90	-	-	-	81,443,441.90
Shanghai Red Star Macalline Bulk Purchasing of Construction and Furnishing Materials Trading Company (上海紅星美凱龍住建集採商貿有限公司)	10,000,000.00	-	-	-	10,000,000.00
Shenyang Red Star Macalline Home Living Expo Company Limited (瀋陽紅星美凱龍博覽家居有限公司)	50,000,000.00	-	-	-	50,000,000.00
Hohhot Red Star Macalline Shibo Home Furnishing Plaza Company Limited (蘭州紅星美凱龍世博家居廣場有限公司)	30,000,000.00	-	-	-	30,000,000.00
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)	5,000,000.00	-	-	-	5,000,000.00
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)	69,976,000.00	-	-	-	69,976,000.00
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)	50,000,000.00	-	-	-	50,000,000.00

XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

3. Long-term Equity Investments (continued)

2020 (continued)

	Opening balance	Increase/decrease during the year			Book value at the end of the year
		Increase in investment	Decrease in investment	Investment gain/loss under equity method	
Investments in subsidiaries (continued)					
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)	70,000,000.00	-	-	-	70,000,000.00
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)	123,280,264.00	-	-	-	123,280,264.00
Kunming Diken Trading Company Limited (昆明迪肯商貿有限公司)	177,690,900.00	-	-	-	177,690,900.00
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)	160,934,831.55	-	-	-	160,934,831.55
Shanghai Xinghe Zhaipei Home Furnishing Service Company Limited (上海星和宅配家居服務有限公司)	38,000,000.00	-	-	-	38,000,000.00
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)	99,480,000.00	7,080,000.00	-	-	106,560,000.00
Shanghai Red Star Macalline Industrial Company Limited (上海紅星美凱龍實業有限公司)	206,841,181.40	-	-	-	206,841,181.40
Shanghai Red Star Macalline Xinglong Home Furnish Company Limited (上海紅星美凱龍星龍家居有限公司)	39,000,000.00	-	-	-	39,000,000.00
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)	-	50,000,000.00	-	-	50,000,000.00
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)	210,000,000.00	-	-	-	210,000,000.00

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XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

3. Long-term Equity Investments (continued)

2020 (continued)

	Opening balance	Increase/decrease during the year			Book value at the end of the year
		Increase in investment	Decrease in investment	Investment gain/loss under equity method	
Investments in subsidiaries (continued)					
Hong Kong Red Star Macalline Global Home Furnishing Company Limited (香港紅星美凱龍全球家居有限公司)	112,839,554.51	-	-	-	112,839,554.51
Red Star Macalline (Shanghai) Business Management Company Limited (紅星美凱龍(上海)企業管理有限公司)	100,000,000.00	-	-	-	100,000,000.00
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)	120,000,000.00	-	-	-	120,000,000.00
Shanghai Jiajinsuo Investment Holding Company Limited (上海家金所投資控股有限公司)	140,000,001.00	-	-	-	140,000,001.00
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)	24,800,000.00	-	-	-	24,800,000.00
Red Star Zhongying Investment Company Limited (紅星眾盈投資有限公司)	50,000,000.00	-	-	-	50,000,000.00
Shanghai Macalline Xinghe Asset Management Company Limited (上海美凱龍星荷資產管理有限公司)	10,000,000.00	-	-	-	10,000,000.00
Shanghai Yumu Enterprise Management Company Limited (上海宇慕企業管理有限公司)	5,000,000.00	-	-	-	5,000,000.00
Shanghai Yuxv Enterprise Management Company Limited (上海宇煦企業管理有限公司)	5,000,000.00	-	-	-	5,000,000.00

XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

3. Long-term Equity Investments (continued)

2020 (continued)

	Opening balance	Increase/decrease during the year			Book value at the end of the year
		Increase in investment	Decrease in investment	Investment gain/loss under equity method	
Investments in subsidiaries (continued)					
Shanghai Yuzhu Enterprise Management Company Limited (上海宇築企業管理有限公司)	5,000,000.00	-	-	-	5,000,000.00
Shanghai Yuxiao Enterprise Management Company Limited (上海宇霄企業管理有限公司)	5,000,000.00	-	-	-	5,000,000.00
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)	200,000,000.00	-	-	-	200,000,000.00
Shanghai Interface Marketing Planning Co., Ltd. (上海英太翡思營銷策劃有限公司)	2,000,000.00	-	-	-	2,000,000.00
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)	247,162,700.00	-	-	-	247,162,700.00
Red Star Macalline Group Finance Company Limited (紅星美凱龍家居集團財務有限責任公司)	570,000,000.00	-	-	-	570,000,000.00
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)	15,300,000.00	-	-	-	15,300,000.00
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)	273,146,074.32	-	-	-	273,146,074.32
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)	50,000,000.00	71,000,000.00	-	-	121,000,000.00
Shanghai Red Star Macalline Financial Leasing Company Limited (上海紅星美凱龍融資租賃有限公司)	1,000,751,635.68	-	-	-	1,000,751,635.68

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XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

3. Long-term Equity Investments (continued)

2020 (continued)

	Opening balance	Increase/decrease during the year			Book value at the end of the year
		Increase in investment	Decrease in investment	Investment gain/loss under equity method	
Investments in subsidiaries (continued)					
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)	25,000,000.00	-	-	-	25,000,000.00
Khorgos Hongju Corporate Management Co., Ltd. (霍爾果斯紅居企業管理有限公司)	7,000,000.00	-	-	-	7,000,000.00
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)	5,000,000.00	-	-	-	5,000,000.00
Shanghai Red Star Ogloria Brand Management Company Limited (上海紅星歐麗洛雅品牌管理有限公司)	5,000,000.00	-	-	-	5,000,000.00
Khorgos Red Star Yiming Venture Capital Company Limited (霍爾果斯紅星易鳴創業投資有限公司)	9,000,000.00	-	-	-	9,000,000.00
Kunshan Red Star Macalline Decoration Materials Company Limited (昆山紅星美凱龍裝飾材料有限公司)	50,487,866.71	-	-	-	50,487,866.71
Shanghai Red Star Macalline Commercial Factoring Company Limited (上海紅星美凱龍商業保理有限公司)	206,060,071.54	-	-	-	206,060,071.54
Tianjin Jinrui Corporate Management Company Limited (天津津瑞企業管理有限公司)	1,220,000,000.00	-	-	-	1,220,000,000.00
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)	1.00	-	-	-	1.00
Shanghai Huaixing Culture Company Limited (上海懷星文化發展有限公司)	1,600,000.00	-	-	-	1,600,000.00

XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

3. Long-term Equity Investments (continued)

2020 (continued)

	Opening balance	Increase/decrease during the year			Book value at the end of the year
		Increase in investment	Decrease in investment	Investment gain/loss under equity method	
Investments in subsidiaries (continued)					
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)	50,000,000.00	-	-	-	50,000,000.00
Tibet Red Star Macalline Business Management Company Limited (西藏紅星美凱龍企業管理有限公司)	263,350,000.00	36,650,000.00	-	-	300,000,000.00
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)	5,100,000.00	-	-	-	5,100,000.00
Changzhou Meilong Trading Company Limited (常州美龍貿易有限公司)	30,000.00	-	-	-	30,000.00
Zhengzhou Red Star Macalline Shibo Home Living Company Limited (鄭州紅星美凱龍世博家居有限公司)	5,500,000.00	-	-	-	5,500,000.00
Nantong Hongmei Shibo Home Furnishing Plaza Company Limited (南通紅美世博家居廣場有限公司)	150,000,000.00	-	-	-	150,000,000.00
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)	50,000,000.00	255,000,000.00	-	-	305,000,000.00
Red Star Macalline (Zhejiang) Information Service Company Limited (紅星美凱龍(浙江)信息技術有限公司)	10,000,000.00	1,100,000.00	-	-	11,100,000.00
Qianzhi (Shanghai) Home Furnishing Co., Ltd. (乾智(上海)家居有限公司)	3,000,000.00	-	-	-	3,000,000.00
Shanghai Yingtai Lijin Technology Co., Ltd. (上海英太利金科技有限公司)	4,800,000.00	-	-	-	4,800,000.00

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XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

3. Long-term Equity Investments (continued)

2020 (continued)

	Opening balance	Increase/decrease during the year			Book value at the end of the year
		Increase in investment	Decrease in investment	Investment gain/loss under equity method	
Investments in subsidiaries (continued)					
Xi'an Comfort Meijia Housekeeping Service Co., Ltd. (西安舒適美佳家政服務有限責任公司)	1,852,500.00	-	-	-	1,852,500.00
Shanghai Red Star Macalline Construction Decoration (Group) Co., Limited (上海紅星美凱龍建築裝飾(集團)有限公司)	2,000,000.00	10,000,000.00	-	-	12,000,000.00
Red Star Macalline Life Aesthetics Center Management Co., Ltd. (紅星美凱龍生活美學中心管理有限公司)	5,600,000.00	17,880,000.00	-	-	23,480,000.00
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)	27,527,706.00	-	(104,716.60)	-	27,422,989.40
Shanghai Macalline Decoration Engineering Group Co., Ltd. (上海美凱龍裝飾工程集團有限公司)	20,000,000.00	18,000,000.00	-	-	38,000,000.00
Betterhome Construction Technology Co., Ltd. (家倍得建築科技有限公司)	50,000,000.00	130,000,000.00	-	-	180,000,000.00
Haikou Tangong Industrial Company Limited (海口檀宮實業有限公司)	-	10,000,000.00	-	-	10,000,000.00
Red Star Daojia (Shanghai) Technology Company Limited (紅星到家(上海)科技有限公司)	5,000,000.00	36,500,000.00	-	-	41,500,000.00
Xinsheng Property Management (Shanghai) Co., Ltd. (鑫生物業管理(上海)有限公司)	631,060,000.00	70,166,300.00	-	-	701,226,300.00
Foshan Junda Enterprise Management Co., Ltd. (佛山郡達企業管理有限公司)	540,607,000.00	560,442,000.00	-	-	1,101,049,000.00
Shanghai Red Star Macalline Fanjia Information Service Company Limited (上海紅星美凱龍泛家信息服務有限公司)	1,020,000.00	-	-	-	1,020,000.00
Shanghai Macalline Wenshang Business Management Co., Ltd. (上海美凱龍文商務企業管理有限公司)	-	2,800,000.00	-	-	2,800,000.00

XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

3. Long-term Equity Investments (continued)

2020 (continued)

	Opening balance	Increase/decrease during the year			Book value at the end of the year
		Increase in investment	Decrease in investment	Investment gain/loss under equity method	
Investments in subsidiaries (continued)					
Hangzhou Red Star Macalline Global Home Living Company Limited (杭州紅星美凱龍環球家居有限公司)	-	931,344,793.89	-	-	931,344,793.89
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)	-	199,914,861.15	-	-	199,914,861.15
Red Star Macalline Commercial Management Co., Ltd. (紅星美凱龍商業經營管理有限公司)	-	20,000,000.00	-	-	20,000,000.00
Shanghai Macalline Xingshang Modular Decoration Technology Co., Ltd. (上海美凱龍星尚模數裝飾科技有限公司)	-	6,000,000.00	-	-	6,000,000.00
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)	344,780,641.87	-	-	-	344,780,641.87
Beijing Red Star Macalline Shibo Home Furnishing Plaza Company Limited (北京紅星美凱龍世博傢俱廣場有限公司)	31,856,462.57	-	-	-	31,856,462.57
Beijing Macalline Home Furnishing Material Market Company Limited (北京美凱龍傢俱建材市場有限公司)	630,335.17	-	-	-	630,335.17
Red Star Macalline Shibo (Tianjin) Home Furnishing Plaza Company Limited (紅星美凱龍世博(天津)家居生活廣場有限公司)	230,851,821.21	-	-	-	230,851,821.21
Kunshan Red Star Macalline Global Home Furnishing Company Limited (昆山紅星美凱龍全球家居有限公司)	1,000,000.00	-	-	-	1,000,000.00
Tongxiang Red Star Macalline Shibo Home Furnishing Plaza Management Company Limited (桐鄉紅星美凱龍世博家居廣場管理有限公司)	500,000.00	-	-	-	500,000.00

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XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

3. Long-term Equity Investments (continued)

2020 (continued)

	Opening balance	Increase/decrease during the year			Book value at the end of the year
		Increase in investment	Decrease in investment	Investment gain/loss under equity method	
Investments in subsidiaries (continued)					
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)	2,700,000.00	-	-	-	2,700,000.00
Wuxi Red Star Macalline Business Management Company Limited (無錫紅星美凱龍經營管理有限公司)	700,000.00	-	-	-	700,000.00
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)	151,611,912.79	-	-	-	151,611,912.79
Changzhou Macalline International Computer and Electronics Furnishing Plaza Company Limited (常州美凱龍國際電腦家電裝飾城有限公司)	(1,955,167.87)	-	-	-	(1,955,167.87)
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)	(1,408,244.71)	-	-	-	(1,408,244.71)
Sub-total	16,324,150,303.43	2,433,877,955.04	(104,716.60)	-	18,757,923,541.87

XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

3. Long-term Equity Investments (continued)

2020 (continued)

	Opening balance	Increase/decrease during the year			Book value of the end of the year	
		Increase in investment	Decrease in investment	Investment gain/loss under equity method Cash dividend or profit declared		
Joint ventures						
Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司)	792,828,772.46	-	-	15,432,439.29	-	808,261,211.75
Shanghai Mingyi Enterprise Development Co., Ltd. (上海名藝商業企業發展有限公司)	59,792,554.10	-	-	5,080,612.17	-	64,873,166.27
Baoxiang Red Star Macalline (Xiamen) Global Home Plaza Co., Ltd. (寶象紅星美凱龍(廈門)全球家居廣場有限公司)	9,632,034.92	-	-	(232,830.76)	-	9,399,204.16
Shenzhen Red Star Macalline Business Management Company Limited (深圳紅星美凱龍商業管理有限公司)	1,224,716.68	4,620,000.00	-	(2,733,078.66)	-	3,111,638.02
Xiamen Baoxiang Red Star Macalline Home Furnishing Plaza Company Limited (廈門寶象紅星美凱龍家居生活廣場有限公司)	-	-	-	-	-	-
Sub-total	863,478,078.16	4,620,000.00	-	17,547,142.04	-	885,645,220.20

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XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

3. Long-term Equity Investments (continued)

2020 (continued)

	Opening balance	Increase/decrease during the year			Book value of the end of the year	
		Increase in investment	Decrease in investment	Investment gain/loss under equity method Cash dividend or profit declared		
Associates						
Shandong Inzone Green Home Co., Ltd. (山東銀座家居有限公司)	348,464,343.58	-	-	38,166,772.51	(7,520,550.59)	379,110,565.50
Shenyudao Cultural Tourism Holding Co., Ltd. (神玉島文化旅遊控股股份有限公司)	185,636,621.28	-	-	(4,641,188.51)	-	180,995,432.77
Zhejiang Mingdu Investment Company Limited (浙江名都投資有限公司)	165,300,000.00	-	-	-	-	165,300,000.00
Wuhan Zhengkai Logistics Co., Ltd. (武漢市正凱物流有限公司)	129,892,158.74	-	-	783,543.00	(3,600,000.00)	127,075,701.74
Shanghai Jinjiang United Purchasing Supply Chain Co., Ltd. (上海錦江聯採供應鏈有限公司)	29,999,889.03	-	-	139,014.72	-	30,138,903.75
Shenzhen Yatai Macalline Life Space Technology Co., Ltd. (深圳市亞泰美凱龍空間科技有限公司)	10,353,869.40	-	-	(1,012,158.22)	-	9,341,711.18
Shanghai Jiazhan Construction Engineering Company Limited (上海嘉展建築裝潢工程有限公司)	7,824,586.00	-	-	79,241.39	(2,551,239.00)	5,352,588.39
Hangzhou Red Star Macalline Global Furniture Co., Ltd. (杭州紅星美凱龍環球家居有限公司)	106,989,597.24	-	(104,334,793.89)	(2,654,803.35)	-	-
Meiwu 365 (Tianjin) Technology Company Limited (美屋三六五(天津)科技有限公司)	15,268,421.15	-	(14,844,225.94)	(424,195.21)	-	-
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)	5,827,764.83	-	(4,414,861.16)	(1,412,903.67)	-	-
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)	-	-	-	-	-	-
Sub-total	1,005,557,251.25	-	(123,593,880.99)	29,023,322.66	(13,671,789.59)	897,314,903.33
Total	18,193,185,632.84	2,438,497,955.04	(123,698,597.59)	46,570,464.70	(13,671,789.59)	20,540,883,665.40

XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

4. Revenue and Cost of Sales

	2021		2020	
	Revenue	Costs	Revenue	Costs
Principal business	1,255,723,772.13	309,437,779.17	1,146,122,660.87	268,533,477.13
Other business	357,389,978.42	-	405,797,692.57	-
	1,613,113,750.55	309,437,779.17	1,551,920,353.44	268,533,477.13

The revenue of sales set out as follows:

	2021	2020
Revenue from contracts with customers	831,468,183.94	926,540,268.66
Rental and related revenue	781,645,566.61	625,380,084.78
	1,613,113,750.55	1,551,920,353.44

Notes to the Financial Statements

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XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

4. Revenue and Cost of Sales (continued)

The breakdown of operating income from contracts with customers is as follows:

2021

Reporting segments	Entrusted Management related	Others	Total
Principal operating region Mainland China	325,665,667.08	505,802,516.86	831,468,183.94
Time of recognizing revenue			
Recognizing revenue at certain point			
Other revenues	–	11,534,326.02	11,534,326.02
Recognize revenue within a period of time			
Revenue from the brand consulting and management service for the early stage of the project	25,969,601.68	–	25,969,601.68
Revenue from annual brand consulting and management service for the project	268,563,989.93	–	268,563,989.93
Revenue from commercial consultation fees and tenant sourcing commissions	31,132,075.47	–	31,132,075.47
Other revenues	–	494,268,190.84	494,268,190.84
	325,665,667.08	505,802,516.86	831,468,183.94

XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

4. Revenue and Cost of Sales (continued)

2020

Reporting segments	Entrusted Management related	Others	Total
Principal operating region			
Mainland China	349,750,414.26	576,789,854.40	926,540,268.66
Time of recognizing revenue			
Recognizing revenue at certain point			
Revenue from commercial management and consultation service for construction project	–	–	–
Other revenues	–	15,420,004.83	15,420,004.83
Recognize revenue within a period of time			
Revenue from the brand consulting and management service for the early stage of the project	–	–	–
Revenue from annual brand consulting and management service for the project	290,316,452.00	–	290,316,452.00
Revenue from commercial consultation fees and tenant sourcing commissions	59,433,962.26	–	59,433,962.26
Other revenues	–	561,369,849.57	561,369,849.57
	349,750,414.26	576,789,854.40	926,540,268.66

Notes to the Financial Statements

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XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

4. Revenue and Cost of Sales (continued)

The revenue recognized in the current year included in the book value of contract liabilities at the beginning of this year is as follows:

	2021	2020
Brand consulting and management service for the early stage of the project	4,764,150.94	5,692,685.46
Annual brand consulting and management service for the project	80,907,623.55	90,533,976.89
Other	324,336,351.31	125,135,042.42
	410,008,125.80	221,361,704.77

The Company's Information in relation to the performance obligations is as follows:

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

The Company performs the performance obligations when providing relevant service. The contract consideration is generally paid in a way as agreed in the contract and part of it generally needs to be paid before the performance obligations of the contract take place.

Revenue from annual brand consulting and management service for the project

The Company performs the performance obligations when providing relevant service. The contract consideration is generally paid in a way as agreed in the contract and part of it generally needs to be paid before the performance obligations of the contract take place.

Revenue from commercial management and consultation service for construction project

The Company fulfills the performance obligations when providing relevant service and obtaining the confirmation letter for relevant services issued by customers. The contract consideration is generally paid in a way as agreed in the contract and part of it generally needs to be paid before the performance obligations of the contract take place.

XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

4. Revenue and Cost of Sales (continued)

Revenue from commercial consultation fees

The Company performs the performance obligations when providing relevant service. The contract consideration is generally paid in a way as agreed in the contract and part of it generally needs to be paid before the performance obligations of the contract take place.

Revenue from tenant sourcing commissions

The Company performs the performance obligations when providing relevant service. The contract consideration is generally paid in a way as agreed in the contract and part of it generally needs to be paid before the performance obligations of the contract take place.

Revenue from strategic consultation fees

The Company performs the performance obligations when providing relevant service. The contract consideration is generally paid in a way as agreed in the contract and part of it generally needs to be paid before the performance obligations of the contract take place.

The total transaction price of the performance obligations amortised to the end of the year which remained outstanding or partly outstanding was RMB5,440,049,796.64, of which RMB550,197,777.86 was estimated to be recognised as revenue in 2022.

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XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

5. Investment Income

	2021	2020
Gain on long-term equity investment based on cost method	1,513,738,768.42	1,603,098,556.82
Gain on long-term equity investment based on equity method	34,589,222.16	46,570,464.70
Investment gain from disposal of financial assets held for trading	1,006,301.36	951,752.93
Bonuses received from other equity instruments	34,003,411.10	16,987,370.21
Bonuses received from other non-current financial assets	3,718,770.75	1,096.07
Investment gain from disposal of long-term equity investments	388,089,686.06	(14,103,665.55)
	1,975,146,159.85	1,653,505,575.18

XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY

1. Other Related Parties of the Company

In addition to subsidiaries referred in Financial Reports VII, other related parties of the Company please refer to Financial Reports X.

2. Major Transactions between the Company and Related Parties

The following related party transactions are necessary for the development of the Company's business. The transactions between the Company and related parties are related to daily operations. The transactions follow the principles of openness, fairness and justice. The transactions between the both parties are settled at fair market prices.

Purchase of goods and receipt of services from related parties

(1) Related party goods and services transactions

Purchase of goods and receipt of services from related parties

Details of Transactions		2021	2020
Shanghai Yueying Technology Co., Ltd. (上海躍影科技有限公司)	Purchase of goods	36,000.00	522,000.00
Shanghai AI.Pure Intelligent Technology Co., Ltd. (上海智諦智能科技有限公司)	Purchase of goods	27,230.00	425,840.77
Shanghai Hema Network Technology Co., Ltd. (上海盒馬網絡科技有限公司)	Purchase of goods	–	70,000.00
		63,230.00	1,017,840.77

Note: Purchase of goods from related parties: during the year, the Company conducted transactions with related parties based on market prices.

Notes to the Financial Statements

For the year 2021

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XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(1) Related party goods and services transactions (continued)

Purchase of goods and receipt of services from related parties (continued)

	Details of Transactions	2021	2020
Shanghai Hongxing Cloud Computing Technology Co., Ltd. (上海紅星雲計算科技有限公司)	Receipt of services	26,484,103.00	27,326,971.70
Shanghai Xingzhiyu Commercial Management Co., Ltd. (上海星之域商業經營管理有限公司)	Receipt of services	12,647,990.94	12,053,132.23
Alibaba Cloud Computing Limited (阿里雲計算有限公司)	Receipt of services	4,020,158.06	3,190,614.40
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)	Receipt of services	599,934.53	142,264.15
Wuhu Minghui Business Management Co., Ltd. (蕪湖明輝商業管理有限公司)	Receipt of services	270,951.12	171,700.57
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)	Receipt of services	135,245.28	–
Zhejiang Alibaba Communication Technology Co., Ltd. (浙江阿里巴巴通信技術有限公司)	Receipt of services	–	566,037.74
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	–	141,509.13
Baoxiang Red Star Macalline (Xiamen) Global Home Plaza Co., Ltd. (寶象紅星美凱龍(廈門)全球家居廣場有限公司)	Receipt of services	–	8,258.49
Xiamen Baoxiang Red Star Macalline Home Furnishing Plaza Company Limited (廈門寶象紅星美凱龍家居生活廣場有限公司)	Receipt of services	N/A	3,301.89
		44,158,382.93	43,603,790.30

Note: Receipt of services from related parties: during the year, the Company conducted transactions with related parties based on market prices.

XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(1) Related party goods and services transactions (continued)

Sales of goods and rendering of services to related parties

	Details of Transactions	2021	2020
Hangzhou Nabel Ceramics Co., Ltd. (杭州諾貝爾陶瓷有限公司) and its branches	Sales of goods	1,868.23	–
Asia New Materials (Beijing) Building Materials Co., Ltd. (亞細亞新材(北京)建築材料有限公司)	Sales of goods	199.11	–
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	192.27	141.60
Shanghai Zhenyang Decoration Co., Ltd. (上海振洋建築裝潢工程有限公司)	Sales of goods	44.25	–
Klas International Home Living Company Limited (克拉斯國際家居有限公司)	Sales of goods	N/A	743.36
		2,303.86	884.96

Note: Sales of goods to related parties: during the year, the Company conducted transactions with related parties based on market prices.

Notes to the Financial Statements

For the year 2021

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XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(1) Related party goods and services transactions (continued)

Sales of goods and rendering of services to related parties (continued)

	Details of Transactions	2021	2020
Hangzhou Nabel Ceramics Co., Ltd. (杭州諾貝爾陶瓷有限公司) and its branches	Service income	317,882.80	1,284,200.39
Ultimate IOT (Shanghai) Technology Co., Ltd. (超級智慧家(上海)物聯網科技有限公司)	Service income	65,027.50	45,229.30
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	35,512.74	–
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	30,600.00	–
Asia New Materials (Beijing) Building Materials Co., Ltd. (亞細亞新材(北京)建築材料有限公司)	Service income	4,798.85	–
Shanghai Zhenyang Decoration Co., Ltd. (上海振洋建築裝潢工程有限公司)	Service income	4,552.67	–
Zhejiang Zhongguang Electric Appliances Co., Ltd. (浙江中廣電器股份有限公司)	Service income	–	1,650,943.38
Brewster Wallpaper International Trading (Shanghai) Co., Ltd. (布魯斯特牆紙國際貿易(上海)有限公司)	Service income	–	314,465.40
Klas International Home Living Company Limited (克拉斯國際家居有限公司)	Service income	N/A	218,759.81
Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司)	Service income	–	50,968.87
		458,374.56	3,564,567.15

Note: Rendering services to related parties: during the year, the Company conducted transactions with related parties based on market prices.

XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(1) Related party goods and services transactions (continued)

Sales of goods and rendering of services to related parties (continued)

	Details of Transactions	2021	2020
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	3,773,584.90	3,816,662.34
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	3,623,263.21	2,680,817.58
Wuhan Zhengkai Logistics Co., Ltd. (武漢市正凱物流有限公司)	Brand management service	2,830,188.68	2,830,188.68
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	2,830,188.68	2,594,339.62
Shaanxi Hongrui Home Furnishings Plaza Co., Ltd. (陝西鴻瑞家居生活廣場有限公司)	Brand management service	2,830,188.68	2,594,339.62
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	1,792,452.83	1,643,081.74
Wuhu Minghui Business Management Co., Ltd. (蕪湖明輝商業管理有限公司)	Brand management service	158,062.81	2,751,603.77
Jining Hongrui Market Management Company Limited (濟寧鴻瑞市場經營管理有限公司)	Brand management service	4,600,637.95	4,139,480.78
		22,438,567.74	23,050,514.13

Note: Provision of brand management services for related parties: during the year, the Company conducted transactions with related parties based on market prices.

Notes to the Financial Statements

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XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(1) Related party goods and services transactions (continued)

Sales of goods and rendering of services to related parties (continued)

	Details of Transactions	2021	2020
Shenzhen Huasheng Home Furnishing Group Co., Ltd. (深圳華生大家居集團有限公司)	Rendering of services	–	786,163.52
Business Division of Nanjing Pukou Lilicheng Furniture (南京市浦口區立力成傢俱經營部)	Rendering of services	–	57,109.37
Baoxiang Red Star Macalline (Xiamen) Global Home Plaza Co., Ltd. (寶象紅星美凱龍(廈門)全球家居廣場有限公司)	Rendering of services	–	29,107.08
Shanghai Zhenyang Decoration Co., Ltd. (上海振洋建築裝潢工程有限公司)	Rendering of services	–	11,613.32
		–	883,993.29

Note: Rendering services to related parties: during the year, the Company conducted transactions with related parties based on market prices.

XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(2) Leases with related parties

As lessees

	Type of leased assets	2021	2020
Shanghai Huojing Business Management Company Limited (上海或京商業管理有限公司) and its branches	Office	5,519,763.12	2,325,205.72
		5,519,763.12	2,325,205.72

Note: The related party provides property leasing for the Company: during the year, the Company conducted transactions with related parties based on market prices.

Notes to the Financial Statements

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XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(2) Leases with related parties (continued)

As the lessor

	Type of leased assets	2021	2020
Shanghai Xingzhiyu Commercial Management Co., Ltd. (上海星之域商業經營管理有限公司)	Office	51,260,168.81	43,256,990.85
Shanghai Yunshen Intelligent Technology Co., Ltd. (上海雲紳智能科技有限公司)	Shop(s) in shopping mall	2,370,000.00	–
Hangzhou Nabel Ceramics Co., Ltd. (杭州諾貝爾陶瓷有限公司) and its branches	Lease of shop(s) in shopping mall	7,668,866.60	1,879,696.72
Ultimate IOT (Shanghai) Technology Co., Ltd. (超級智慧家(上海)物聯網科技有限公司)	Lease of shop(s) in shopping mall	5,681,740.83	926,107.49
Shanghai Zhenyang Decoration Co., Ltd. (上海振洋建築裝潢工程有限公司) and its branches	Shop(s) in shopping mall	625,000.43	86,296.62
Klas International Home Living Company Limited (克拉斯國際家居有限公司)	Lease of shop(s) in shopping mall	N/A	2,863,479.24
Business Division of Nanjing Pukou Lilicheng Furniture (南京市浦口區立力成傢俱經營部)	Lease of shop(s) in shopping mall	–	78,013.14
		67,605,776.67	49,090,584.06

Note: Provision of leasing for related parties: during the year, the Company conducted transactions with related parties based on market prices.

XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(3) Guarantees from related parties

Receiving guarantees from related parties

2021

	Amount of guarantees	Inception date of guarantee	Expiration date of guarantee	Whether guarantee has been performed
Shanghai Red Star Macalline Global Home Furnishing Company Limited (上海紅星美凱龍全球家居有限公司) (Note 1)	400,500,000.00	2020/3/20	2027/2/19	No
Shanghai Red Star Macalline Global Home Furnishing Company Limited (上海紅星美凱龍全球家居有限公司) (Note 2)	300,000,000.00	2021/12/28	2024/12/27	No
Changsha Yinhong Home Furnishing Company Limited (長沙市銀紅家居有限公司) (Note 3)	500,000,000.00	2021/9/13	2022/9/12	No
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) (Note 4)	280,000,000.00	2020/11/23	2022/11/23	No
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) (Note 4)	108,000,000.00	2020/3/17	2023/3/17	No
Shanghai Ozing Digital Technology Company Limited (上海好記星數碼科技有限公司) (Note 5)	175,000,000.00	2020/9/18	2023/9/18	No
Nanjing Mingdu Home Furnishing Plaza Company Limited (南京名都家居廣場有限公司), Nanjing Red Star International Home Furnishing Mall Company Limited (南京紅星國際傢俱裝飾城有限公司) (Note 6)	1,299,331,000.00	2018/9/4	2033/9/3	No

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XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(3) Guarantees from related parties (continued)

Receiving guarantees from related parties (continued)

2021 (continued)

	Amount of guarantees	Inception date of guarantee	Expiration date of guarantee	Whether guarantee has been performed
Chongqing Xingkaike Home Furnishing Company Limited (重慶星凱科家居有限公司) (Note 7)	439,200,000.00	2018/6/25	2025/6/4	No
Shanghai Red Star Macalline Global Home Furnishing Company Limited (上海紅星美凱龍全球家居有限公司) (Note 2)	450,000,000.00	2021/4/12	2022/4/1	No
Shanghai Red Star Macalline Global Home Furnishing Company Limited (上海紅星美凱龍全球家居有限公司) (Note 2)	300,000,000.00	2021/4/14	2022/3/23	No
Shanghai Red Star Macalline Global Home Furnishing Company Limited (上海紅星美凱龍全球家居有限公司) (Note 2)	135,000,000.00	2021/4/14	2022/4/13	No
Shanghai Red Star Macalline Global Home Furnishing Company Limited (上海紅星美凱龍全球家居有限公司) (Note 2)	USD17,400,000	2021/4/15	2022/4/07	No
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) (Note 9)	162,000,000.00	2020/5/15	2022/5/15	No
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) (Note 8)	490,000,000.00	2021/4/6	2022/4/6	No

XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(3) Guarantees from related parties (continued)

Receiving guarantees from related parties (continued)

2021 (continued)

	Amount of guarantees	Inception date of guarantee	Expiration date of guarantee	Whether guarantee has been performed
Changzhou World Furniture and Home Plaza Co., Ltd. (常州世界傢俱家居廣場有限公司) (Note 10)	700,000,000.00	2021/12/24	2024/12/24	No
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) (Note 11)	400,000,000.00	2021/7/23	2022/1/16	No
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) (Note 12)	138,000,000.00	2021/8/11	2022/7/1	No
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) (Note 13)	500,000,000.00	2021/1/7	2024/1/7	No



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XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(3) Guarantees from related parties (continued)

Receiving guarantees from related parties (continued)

2021 (continued)

Note 1: The loan is secured by all investment properties of Shanghai Red Star Macalline Global Home Furnishing Company Limited, and pledged by 90% equity of Xinsheng Property Management (Shanghai) Co., Ltd. held by Red Star Macalline Group Corporation Ltd.

Note 2: The loan is secured by all investment properties of Shanghai Red Star Macalline Global Home Furnishing Company Limited.

Note 3: The loan is secured by all investment properties of Changsha Yinhong Home Furnishing Company Limited, and pledged by 100% equity of Changsha Yinhong Home Furnishing Company Limited held by Red Star Macalline Group Corporation Ltd.

Note 4: The loan is secured by all investment properties of Wuhu Red Star Macalline World Trade Home Furnishing Plaza Company Limited.

Note 5: The loan is secured by all investment properties of Shanghai Ozing Digital Technology Company Limited.

Note 6: The loan is pledged by the account receivables from operating property and secured by investment property held by Nanjing Mingdu Home Furnishing Plaza Company Limited and is pledged by 40% equity Nanjing Mingdu Home Furnishing Plaza Company Limited held by Nanjing Red Star International Home Furnishing Company Limited.

Note 7: The loan is secured by all investment properties of Chongqing Xingkaike Home Furnishing Company Limited.

Note 8: The loan is secured by all investment properties of Yunnan Red Star Macalline Home Furnishing Plaza Company Limited.

Note 9: The loan is secured by all investment properties of Tianjin Red Star Macalline Home Living and Decorating Plaza Company Limited.

Note 10: The loan is secured by all investment properties of Changzhou World Furniture and Home Plaza Co., Ltd.

Note 11: The loan is secured by all investment properties of Tianjin Red Star Macalline World Trade Home Furnishing Company Limited.

Note 12: The loan is secured by all investment properties of Shanghai Red Star Macalline Global Home Design Expo Company Limited.

Note 13: The loan is secured by all investment properties of Wuhan Red Star Macalline Global Home Furnishing Plaza Development Company Limited.

XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(3) Guarantees from related parties (continued)

Receiving guarantees from related parties (continued)

2020

	Amount of guarantees	Inception date of guarantee	Expiration date of guarantee	Whether guarantee has been performed
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) (Note 1)	189,000,000.00	2020/1/9	2020/1/8	No
Shanghai Red Star Macalline Global Home Furnishing Company Limited (上海紅星美凱龍全球家居有限公司) (Note 2)	435,000,000.00	2020/4/14	2021/4/13	No
Shanghai Red Star Macalline Global Home Furnishing Company Limited (上海紅星美凱龍全球家居有限公司) (Note 2)	450,000,000.00	2020/4/17	2021/4/8	No
Changzhou Hongyang Home Furnishing Plaza Company Limited (常州紅陽家居生活廣場有限公司)	470,882,700.00	2020/3/27	2021/3/26	No
Shanghai Red Star Macalline Global Home Furnishing Company Limited (上海紅星美凱龍全球家居有限公司) (Note 2)	115,000,000.00	2020/2/12	2021/2/5	No

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XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(3) Guarantees from related parties (continued)

Receiving guarantees from related parties (continued)

2020 (continued)

	Amount of guarantees	Inception date of guarantee	Expiration date of guarantee	Whether guarantee has been performed
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)	861,626,525.00	2020/4/27	2021/4/27	No
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) (Note 1)	300,000,000.00	2020/7/10	2021/4/10	No
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) (Note 3)	52,000,000.00	2020/1/17	2022/1/16	No
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) (Note 3)	13,000,000.00	2020/1/17	2022/1/16	No
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)	282,000,000.00	2020/5/15	2022/5/15	No
Shanghai Red Star Macalline Global Home Furnishing Company Limited (上海紅星美凱龍全球家居有限公司) (Note 4)	372,150,000.00	2020/1/19	2028/1/19	No
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) (Note 5)	290,000,000.00	2020/9/23	2022/9/23	No
Shanghai Ozing Digital Technology Company Limited (上海好記星數碼科技有限公司) (Note 6)	195,000,000.00	2020/9/18	2023/9/18	No
Nanjing Mingdu Home Furnishing Plaza Company Limited (南京名都家居廣場有限公司), Nanjing Red Star International Home Furnishing Mall Company Limited (南京紅星國際傢俱裝飾城有限公司) (Note 7)	1,376,903,000.00	2018/9/4	2033/9/3	No
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), 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) (Note 8)	900,000,000.00	2019/6/26	2021/6/26	No
Chongqing Xingkaike Home Furnishing Company Limited (重慶星凱科家居有限公司) (Note 8)	585,600,000.00	2018/6/25	2025/6/4	No
Shanghai Red Star Macalline Global Home Furnishing Company Limited (上海紅星美凱龍全球家居有限公司) (Note 2)	461,350,000.00	2018/11/6	2021/11/6	No
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) (Note 8)	270,000,000.00	2019/7/3	2021/6/25	No

XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(3) Guarantees from related parties (continued)

Receiving guarantees from related parties (continued)

2020 (continued)

	Amount of guarantees	Inception date of guarantee	Expiration date of guarantee	Whether guarantee has been performed
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), 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) (Note 9)	Nil	2018/9/3	2023/9/1	Yes

Note 1: The loan is secured by all investment properties of Shanghai Red Star Macalline Decorative Furniture Mall Company Limited.

Note 2: The loan is secured by all investment properties of Shanghai Red Star Macalline Global Home Furnishing Company Limited.

Note 3: The loan is secured by all investment properties of Tianjin Red Star Macalline World Trade Home Furnishing Company Limited.

Note 4: The loan is secured by all investment properties of Shanghai Red Star Macalline Global Home Furnishing Company Limited, and pledged by 90% equity of Xinsheng Property Management (Shanghai) Co., Ltd. held by Red Star Macalline Group Corporation Ltd.

Note 5: The loan is secured by all investment properties of Wuhu Red Star Macalline World Trade Home Furnishing Plaza Company Limited.

Note 6: The loan is secured by all investment properties of Shanghai Ozing Digital Technology Company Limited.

Note 7: The loan is pledged by the account receivables from operating property and secured by investment property held by Nanjing Mingdu Home Furnishing Plaza Company Limited and is pledged by 40% equity Nanjing Mingdu Home Furnishing Plaza Company Limited held by Nanjing Red Star International Home Furnishing Company Limited.

Note 8: The loan is secured by all the investment property held by the guarantor.

Note 9: The loan is secured by all the investment properties held by 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) and 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).

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XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(3) Guarantees from related parties (continued)

Rendering guarantees to related parties

2021

	Amount of guarantees	Inception date of guarantee	Expiration date of guarantee	Whether guarantee has been performed
Hong Kong Red Star Macalline Global Home Furnishing Company Limited (香港紅星美凱龍全球家居有限公司) (Note 1)	1,906,608,681.60	2017/9/21	2022/9/20	No
Nanjing Red Star International Home Living Company Limited (南京紅星美凱龍國際家居有限責任公司) (Note 2)	712,100,000.00	2019/3/14	2034/3/8	No
Shanghai Hongxin Oukai Home Living Company Limited (上海虹欣歐凱家居有限公司) (Note 3)	370,000,000.00	2019/11/28	2029/11/19	No
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) (Note 4)	235,000,000.00	2018/4/23	2028/4/23	No
Langfang Kaihong Home Living Plaza Company Limited (廊坊市凱宏家居廣場有限公司) (Note 4)	152,200,000.00	2017/4/1	2027/2/14	No
Kunming Diken Trading Company Limited (昆明迪肯商貿有限公司) (Note 4)	283,985,985.66	2018/4/11	2025/4/11	No

XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(3) Guarantees from related parties (continued)

Rendering guarantees to related parties

2021 (continued)

	Amount of guarantees	Inception date of guarantee	Expiration date of guarantee	Whether guarantee has been performed
Shenyang Mingdu Home Furnishing Plaza Company Limited (瀋陽名都家居廣場有限公司) (Note 4)	230,000,000.00	2020/12/28	2028/12/28	No
Haikou Tangong Industrial Company Limited (海口檀宮實業有限公司) (Note 5)	270,000,000.00	2021/10/18	2031/10/18	No
Ganzhou Red Star Macalline Shibo Furniture Plaza Company Limited (贛州紅星美凱龍世博家居廣場有限公司) (Note 4)	35,000,000.00	2021/2/5	2029/2/5	No
Ganzhou Red Star Macalline Shibo Furniture Plaza Company Limited (贛州紅星美凱龍世博家居廣場有限公司) (Note 4)	80,000,000.00	2021/2/26	2029/2/26	No
Ganzhou Red Star Macalline Shibo Furniture Plaza Company Limited (贛州紅星美凱龍世博家居廣場有限公司) (Note 4)	15,000,000.00	2021/3/1	2029/3/1	No
Ganzhou Red Star Macalline Shibo Furniture Plaza Company Limited (贛州紅星美凱龍世博家居廣場有限公司) (Note 4)	43,000,000.00	2021/8/13	2029/8/13	No
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) (Note 4)	320,000,000.00	2021/4/13	2029/2/26	No
Shanghai Yumu Enterprise Management Company Limited (上海宇慕企業管理有限公司) (Note 4)	216,200,000.00	2017/6/14	2024/6/13	No
Shanghai Yuxv Enterprise Management Company Limited (上海宇煦企業管理有限公司) (Note 4)	214,500,000.00	2017/6/14	2024/6/13	No
Shanghai Yuzhu Enterprise Management Company Limited (上海宇築企業管理有限公司) (Note 4)	229,000,000.00	2017/6/14	2024/6/13	No
Shanghai Yuxiao Enterprise Management Company Limited (上海宇霄企業管理有限公司) (Note 4)	213,000,000.00	2017/6/14	2024/6/13	No
Red Star Macalline Shibo (Tianjin) Home Furnishing Plaza Company Limited (紅星美凱龍世博(天津)家居生活廣場有限公司) (Note 4)	292,654,738.77	2021/11/19	2024/11/18	No



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XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(3) Guarantees from related parties (continued)

Rendering guarantees to related parties (continued)

2021 (continued)

Note 1: The US dollar bond is guaranteed by the Company's keepwell agreement.

Note 2: The loan is pledged by the account receivables from operating property and mortgaged by investment property held by the guaranteed party.

Note 3: The loan is pledged by 50% equity of the Company and the account receivables from operating property and mortgaged by investment property held by the guaranteed party.

Note 4: The loan is mortgaged by the guaranteed party's all investment property.

Note 5: The loan is also secured by all investment properties of Haikou Tangong Industrial Company Limited held by Red Star Macalline Group Corporation Ltd., and pledged by 10,000,000 shares of the Company.

XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(3) Guarantees from related parties (continued)

Rendering guarantees to related parties (continued)

2020

	Amount of guarantees	Inception date of guarantee	Expiration date of guarantee	Whether guarantee has been performed
Hong Kong Red Star Macalline Global Home Furnishing Company Limited (香港紅星美凱龍全球家居有限公司) (Note 1)	1,943,219,775.16	2017/9/21	2022/9/20	No
Nanjing Red Star International Home Living Company Limited (南京紅星美凱龍國際家居有限責任公司) (Note 2)	750,900,000.00	2019/3/14	2034/3/8	No
Shanghai Hongxin Oukai Home Living Company Limited (上海虹欣歐凱家居有限公司) (Note 3)	390,000,000.00	2019/11/28	2029/11/29	No
Shanghai Yuzhu Enterprise Management Company Limited (上海宇築企業管理有限公司)	267,300,000.00	2017/6/14	2024/6/13	No
Shanghai Yumu Enterprise Management Company Limited (上海宇慕企業管理有限公司)	259,050,000.00	2017/6/14	2024/6/13	No
Shanghai Yuxv Enterprise Management Company Limited (上海宇煦企業管理有限公司)	256,750,000.00	2017/6/14	2024/6/13	No
Shanghai Yuxiao Enterprise Management Company Limited (上海宇霄企業管理有限公司)	255,750,000.00	2017/6/14	2024/6/13	No

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XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(3) Guarantees from related parties (continued)

Rendering guarantees to related parties (continued)

2020 (continued)

	Amount of guarantees	Inception date of guarantee	Expiration date of guarantee	Whether guarantee has been performed
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) (Note 4)	Nil	2017/4/28	2022/4/28	Yes
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) (Note 4)	235,000,000.00	2018/4/23	2028/4/23	No
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) (Note 2)	Nil	2018/12/28	2028/12/28	Yes
Changsha Yinhong Home Furnishing Company Limited (長沙市銀紅家居有限公司) (Note 4)	160,000,000.00	2015/3/3	2025/3/3	No
Langfang Kaihong Home Living Plaza Company Limited (廊坊市凱宏家居廣場有限公司) (Note 4)	175,000,000.00	2017/2/14	2027/2/14	No
Kunming Diken Trading Company Limited (昆明迪肯商貿有限公司) (Note 4)	274,948,644.64	2018/4/11	2025/4/11	No
Chongqing Red Star Macalline Logistics Company Limited (重慶紅星美凱龍物流有限公司) (Note 5)	116,654,050.16	2019/1/2	2030/1/2	No

XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(3) Guarantees from related parties (continued)

Rendering guarantees to related parties (continued)

2020 (continued)

	Amount of guarantees	Inception date of guarantee	Expiration date of guarantee	Whether guarantee has been performed
Shenyang Mingdu Home Furnishing Plaza Company Limited (瀋陽名都家居廣場有限公司) (Note 4)	Nil	2013/8/17	2021/8/17	Yes
Tianjin Red Star Macalline Logistics Company Limited (天津紅星美凱龍物流有限公司) (Note 6)	40,464,276.85	2018/9/13	2021/9/12	No
Daqing Red Star Macalline Shibo Furniture Company Limited (大慶紅星美凱龍世博家居有限公司) (Note 4)	Nil	2015/5/27	2021/5/27	Yes
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) (Note 4)	Nil	2014/10/31	2022/10/31	Yes
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)	Nil	2017/1/12	2022/1/12	Yes
Shenyang Mingdu Home Furnishing Plaza Company Limited (瀋陽名都家居廣場有限公司) (Note 4)	250,000,000.00	2020/12/28	2028/12/28	No



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XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(3) Guarantees from related parties (continued)

Rendering guarantees to related parties (continued)

2020 (continued)

Note 1: The US dollar bond is guaranteed by the Company's keepwell agreement.

Note 2: The loan is pledged by the account receivables from operating property and mortgaged by investment property held by the guaranteed party.

Note 3: The loan is pledged by 50% equity of the Company and the account receivables from operating property and mortgaged by investment property held by the guaranteed party.

Note 4: The loan is mortgaged by the guaranteed party's all investment property.

Note 5: The loan is pledged by the 100% equity of the guaranteed party held by Red Star Macalline (Shanghai) Business Management Company Limited, and is mortgaged with all its investment property held by the guaranteed party.

Note 6: The loan is provided by Suzhou Kinetic Home Furnishing Co., Ltd. with joint liability guarantee, and is mortgaged by all the investment property held by the guaranteed party.

XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(4) Loans and borrowings of the related parties

2021

Related party	Opening balance of 2021	Lending amount	Closing balance of 2021	Other instructions
Lending				
Shanghai Red Star Macalline Home Living Design Expo Company Limited (上海紅星美凱龍家居藝術設計博覽有限公司)	2,713,940,372.82	(389,295,093.10)	2,324,645,279.72	Non fixed term
Hangzhou Red Star Macalline Global Home Living Company Limited (杭州紅星美凱龍環球家居有限公司)	1,055,996,500.29	78,047,217.95	1,134,043,718.24	Non fixed term
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)	1,375,346,571.06	(308,666,704.68)	1,066,679,866.38	Non fixed term
Shanghai Red Star Macalline Industrial Company Limited (上海紅星美凱龍實業有限公司)	706,236,981.99	308,150,567.39	1,014,387,549.38	Non fixed term
Shanghai Hongxin Oukai Home Living Company Limited (上海虹欣歐凱家居有限公司)	381,316,352.94	469,415,355.07	850,731,708.01	Non fixed term
Chongqing Red Star Ogloria Home Furnishing Company Limited (重慶紅星歐麗洛雅家居有限公司)	579,811,726.26	253,340,606.87	833,152,333.13	Non fixed term
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)	609,237,067.23	217,516,597.71	826,753,664.94	Non fixed term
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)	926,182,191.84	(100,549,427.61)	825,632,764.23	Non fixed term

Notes to the Financial Statements

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XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(4) Loans and borrowings of the related parties (continued)

2021 (continued)

Related party	Opening balance of 2021	Lending amount	Closing balance of 2021	Other instructions
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)	701,375,719.19	(4,540,270.32)	696,835,448.87	Non fixed term
Shanghai Yuxv Enterprise Management Company Limited (上海宇煦企業管理有限公司)	606,523,887.23	81,502,837.98	688,026,725.21	Non fixed term
Nanjing Mingdu Home Furnishing Plaza Company Limited (南京名都家居廣場有限公司)	762,441,226.07	(95,567,585.08)	666,873,640.99	Non fixed term
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)	560,185,548.08	27,357,514.32	587,543,062.40	Non fixed term
Shanghai Yuxiao Enterprise Management Company Limited (上海宇霄企業管理有限公司)	453,494,594.82	109,471,757.71	562,966,352.53	Non fixed term
Haerbin Red Star Macalline Shibo Home Living Plaza Company Limited (哈爾濱紅星美凱龍世博家居廣場有限公司)	602,870,275.23	(68,071,641.62)	534,798,633.61	Non fixed term
Shenyang Mingdu Home Furnishing Plaza Company Limited (瀋陽名都家居廣場有限公司)	784,719,505.06	(261,848,010.68)	522,871,494.38	Non fixed term
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)	473,395,861.68	42,597,907.77	515,993,769.45	Non fixed term

XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(4) Loans and borrowings of the related parties (continued)

2021 (continued)

Related party	Opening balance of 2021	Lending amount	Closing balance of 2021	Other instructions
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)	498,987,474.75	4,562,370.80	503,549,845.55	Non fixed term
Zhengzhou Red Star Macalline Shibo Home Living Company Limited (鄭州紅星美凱龍世博家居有限公司)	479,172,272.18	13,227,702.91	492,399,975.09	Non fixed term
Shanghai Yuzhu Enterprise Management Company Limited (上海宇築企業管理有限公司)	431,971,213.45	59,882,515.26	491,853,728.71	Non fixed term
Shanghai Yumu Enterprise Management Company Limited (上海宇慕企業管理有限公司)	430,565,332.50	27,814,001.70	458,379,334.20	Non fixed term
Changzhou Hongyang Home Furnishing Plaza Company Limited (常州紅陽家居生活廣場有限公司)	523,809,400.00	(87,400,000.00)	436,409,400.00	Non fixed term
Lanzhou Red Star Macalline Shibo Home Living Plaza Company Limited (蘭州紅星美凱龍世博家居廣場有限公司)	437,339,961.62	(20,656,820.08)	416,683,141.54	Non fixed term
Khorgos Red Star Yiming Venture Capital Company Limited (霍爾果斯紅星易鳴創業投資有限公司)	356,980,133.34	21,495,566.66	378,475,700.00	Non fixed term
Daqing Red Star Macalline Shibo Furniture Company Limited (大慶紅星美凱龍世博家居有限公司)	352,081,008.95	6,122,604.02	358,203,612.97	Non fixed term

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XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(4) Loans and borrowings of the related parties (continued)

2021 (continued)

Related party	Opening balance of 2021	Lending amount	Closing balance of 2021	Other instructions
Liuzhou Red Star Macalline Home Furnishing Company Limited (柳州紅星美凱龍家居有限公司)	-	350,964,136.13	350,964,136.13	Non fixed term
Red Star Macalline Management Consulting Service Co., Ltd. (紅星美凱龍管理諮詢服務有限公司)	50,000.00	333,759,555.13	333,809,555.13	Non fixed term
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)	331,500,000.00	-	331,500,000.00	2017/11/14-2022/8/12, interest rate: 6.00%
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)	331,500,000.00	-	331,500,000.00	2017/11/14-2022/8/12, interest rate: 6.00%
Haikou Red Star Macalline Global Home Furnishing Company Limited (海口紅星美凱龍全球家居有限公司) (Note 4)	414,701,783.42	(123,030,314.38)	291,671,469.04	Non fixed term
Kunming Diken Trading Company Limited (昆明迪肯商貿有限公司)	210,977,805.61	77,136,914.54	288,114,720.15	Non fixed term
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)	139,005,647.10	140,178,135.59	279,183,782.69	Non fixed term
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)	385,987,936.00	(107,973,591.56)	278,014,344.44	Non fixed term
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)	275,918,622.06	910,000.00	276,828,622.06	Non fixed term

XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(4) Loans and borrowings of the related parties (continued)

2021 (continued)

Related party	Opening balance of 2021	Lending amount	Closing balance of 2021	Other instructions
Changsha Yinhong Home Furnishing Company Limited (長沙市銀紅家居有限公司)	128,902,352.65	130,453,863.66	259,356,216.31	Non fixed term
Hangzhou Weiliang Electromechanical Hardware Market Co., Ltd. (杭州偉量機電五金市場有限公司)	254,149,742.13	(4,354,931.32)	249,794,810.81	Non fixed term
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)	265,933,085.38	(17,448,675.63)	248,484,409.75	Non fixed term
Foshan Junda Enterprise Management Co., Ltd. (佛山郡達企業管理有限公司)	99,479,990.00	148,488,000.00	247,967,990.00	Non fixed term
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)	227,242,353.15	19,759,655.41	247,002,008.56	Non fixed term
Beijing Century Europe and America Business Investment Company Limited (北京世紀歐美商業投資有限公司)	223,664,573.49	19,807,345.00	243,471,918.49	Non fixed term
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)	38,728,655.32	196,104,431.58	234,833,086.90	Non fixed term
Shenyang Red Star Macalline Home Living Expo Company Limited (瀋陽紅星美凱龍博覽家居有限公司)	271,933,808.54	(37,113,784.82)	234,820,023.72	Non fixed term
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)	214,195,441.66	15,445,649.99	229,641,091.65	Non fixed term

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XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(4) Loans and borrowings of the related parties (continued)

2021 (continued)

Related party	Opening balance of 2021	Lending amount	Closing balance of 2021	Other instructions
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)	168,224,664.48	60,804,242.56	229,028,907.04	Non fixed term
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)	177,727,409.22	48,540,606.61	226,268,015.83	Non fixed term
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)	522,444,560.84	(298,334,366.73)	224,110,194.11	Non fixed term
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)	203,981,060.00	11,662,813.33	215,643,873.33	Non fixed term
Red Star Zhongying Investment Company Limited (紅星眾盈投資有限公司)	331,817,906.67	(116,290,455.00)	215,527,451.67	Non fixed term
Shanghai Red Star Macalline Xinglong Home Furnish Company Limited (上海紅星美凱龍星龍家居有限公司)	200,330,466.47	2,182,515.51	202,512,981.98	Non fixed term
Kunming Diken Trading Company Limited (昆明迪肯商貿有限公司)	179,565,152.35	-	179,565,152.35	2019/7/9-2022/9/8, interest rate: 6.65%
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)	220,663,887.66	(47,929,147.96)	172,734,739.70	Non fixed term
Shanghai Hongmei E-Commerce Company Limited (上海紅美電子商務有限公司)	239,653,662.81	(69,600,000.00)	170,053,662.81	Non fixed term

XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(4) Loans and borrowings of the related parties (continued)

2021 (continued)

Related party	Opening balance of 2021	Lending amount	Closing balance of 2021	Other instructions
Shanghai Mingyi Enterprise Development Co., Ltd. (上海名藝商業企業發展有限公司)	144,200,000.50	18,800,000.00	163,000,000.50	Repayable on demand and interest-free
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)	145,832,445.92	7,118,112.89	152,950,558.81	Non fixed term
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)	69,260,984.79	82,225,261.13	151,486,245.92	Non fixed term
Betterhome Construction Technology Company Limited (家倍得建築科技有限公司)	–	148,470,800.00	148,470,800.00	Non fixed term
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)	145,705,758.65	1,424,658.40	147,130,417.05	Non fixed term
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)	–	143,501,231.44	143,501,231.44	Non fixed term
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)	138,900,000.00	–	138,900,000.00	2017/11/14-2022/8/12, interest rate: 6.00%
Shanghai Ozing Digital Technology Company Limited (上海好記星數碼科技有限公司)	4,500,472.56	126,167,783.48	130,668,256.04	Non fixed term
Chongqing Red Star Macalline Expo Home Living Plaza Company Limited (重慶紅星美凱龍博覽家居生活廣場有限責任公司)	135,813,456.48	(17,152,988.75)	118,660,467.73	Non fixed term

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XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(4) Loans and borrowings of the related parties (continued)

2021 (continued)

Related party	Opening balance of 2021	Lending amount	Closing balance of 2021	Other instructions
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)	140,030,458.87	(25,849,114.39)	114,181,344.48	Non fixed term
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)	95,705,739.73	17,179,326.72	112,885,066.45	Non fixed term
Kunshan Red Star Macalline Decoration Materials Company Limited (昆山紅星美凱龍裝飾材料有限公司)	93,720,911.54	15,784,833.34	109,505,744.88	Non fixed term
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) (Note 2)	94,280,000.00	14,619,131.59	108,899,131.59	interest rate: 8%
Beijing Xingkai Jingzhou Furniture Plaza Company Limited (北京星凱京洲傢俱廣場有限公司)	130,636,717.93	(24,368,850.00)	106,267,867.93	Non fixed term
Chengdu Red Star Macalline Global Home Furnishing Company Limited (成都紅星美凱龍全球家居有限公司)	-	100,664,515.61	100,664,515.61	Non fixed term
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)	438,123,376.21	(342,247,725.24)	95,875,650.97	Non fixed term
Shanghai Jingdu Investment Company Limited (上海晶都投資有限公司)	120,390,868.24	(25,348,270.85)	95,042,597.39	Non fixed term
Ganzhou Red Star Macalline Shibo Furniture Plaza Company Limited (贛州紅星美凱龍世博家居廣場有限公司)	145,706,180.68	(55,943,168.58)	89,763,012.10	Non fixed term

XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(4) Loans and borrowings of the related parties (continued)

2021 (continued)

Related party	Opening balance of 2021	Lending amount	Closing balance of 2021	Other instructions
Khorgos Yarui Venture Capital Company Limited (霍爾果斯雅睿創業投資有限公司)	88,188,855.00	437,074.18	88,625,929.18	Non fixed term
Nanjing Red Star International Home Living Company Limited (南京紅星美凱龍國際家居有限責任公司)	-	81,936,699.61	81,936,699.61	Non fixed term
Shanghai Red Star Macalline Global Home Furnishing Company Limited (上海紅星美凱龍全球家居有限公司)	-	74,540,905.70	74,540,905.70	Non fixed term
Hainan Hongju Enterprise Management Co., Ltd. (海南紅居企業管理有限公司) (Note 3)	7,466.67	71,892,533.33	71,900,000.00	Non fixed term
Shanghai Xingjia Decoration and Building Materials Company Limited (上海星家裝飾建材有限公司)	70,650,000.00	-	70,650,000.00	Non fixed term
Changsha Red Star Macalline Home Living Plaza Company Limited (長沙紅星美凱龍家居生活廣場有限公司)	31,508,340.56	36,264,090.65	67,772,431.21	Non fixed term
Shanghai Jianliu Enterprise Management Co., Ltd. (上海簡柳企業管理有限公司)	57,955,443.67	9,667,627.09	67,623,070.76	Non fixed term
Qianzhi (Shanghai) Home Furnishing Co., Ltd. (乾智(上海)家居有限公司)	27,739,909.99	38,939,250.01	66,679,160.00	Non fixed term
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)	53,086,873.12	10,927,186.17	64,014,059.29	Non fixed term

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XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(4) Loans and borrowings of the related parties (continued)

2021 (continued)

Related party	Opening balance	Lending amount	Closing balance	Other instructions
	of 2021		of 2021	
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)	251,914,727.79	(189,667,796.67)	62,246,931.12	Non fixed term
Shanghai Red Star Ogloria Brand Management Company Limited (上海紅星歐麗洛雅品牌管理有限公司)	52,316,138.75	7,163,690.83	59,479,829.58	Non fixed term
Shijiazhuang Bochen Industrial Company Limited (石家莊博宸實業有限公司)	51,924,920.58	2,206,090.42	54,131,011.00	Non fixed term
Panjin Red Star Macalline Global Home Living Plaza Company Limited (盤錦紅星美凱龍全球家居生活廣場有限公司)	30,907,333.46	22,336,634.93	53,243,968.39	Non fixed term
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)	46,122,000.00	4,380,000.00	50,502,000.00	Non fixed term
Huaihua Xingxin Commercial Management Co., Ltd. (懷化星欣商業管理有限公司)	50,265,500.00	-	50,265,500.00	Non fixed term
Shanghai Macalline Smart Decoration Technology Co., Ltd. (上海美凱龍智裝科技有限公司) (Note 1)	5,044,073.53	42,563,172.38	47,607,245.91	Non fixed term
Yantai Red Star Macalline Home Living Company Limited (煙台紅星美凱龍家居有限公司)	87,944,430.05	(40,699,601.53)	47,244,828.52	Non fixed term
Shanghai enliu Enterprise Management Co., Ltd. (上海蔥柳企業管理有限公司)	38,468,327.67	8,620,958.35	47,089,286.02	Non fixed term

XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(4) Loans and borrowings of the related parties (continued)

2021 (continued)

Related party	Opening balance of 2021	Lending amount	Closing balance of 2021	Other instructions
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)	42,473,111.12	2,190,000.00	44,663,111.12	Non fixed term
Baoxiang Red Star Macalline (Xiamen) Global Home Furnishing Plaza Company Limited (寶象紅星美凱龍 (廈門)全球家居廣場有限公司)	32,500,000.00	9,979,328.91	42,479,328.91	Non fixed term
Baotou Red Star Macalline Home Living Plaza Company Limited (包頭 紅星美凱龍家居生活廣場有限責任公 司)	38,334,779.63	-	38,334,779.63	Non fixed term
Shanghai Red Star Macalline Trading Company Limited (上海紅星美凱龍商 貿有限公司)	136,723,151.31	(99,075,923.31)	37,647,228.00	Non fixed term
Nantong Longmei International Home Furnishing Company Limited (南通龍 美國際家居生活廣場有限公司)	35,466,209.65	1,429,239.96	36,895,449.61	Non fixed term
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)	29,716,000.00	7,024,273.34	36,740,273.34	Non fixed term
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)	13,226,368.40	21,021,455.80	34,247,824.20	Non fixed term
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) (Note 2)	30,043,099.85	-	30,043,099.85	Repayable on demand and interest- free
Nantong Hongmei Shibo Home Furnishing Plaza Company Limited (南通紅美世博家居廣場有限公司)	41,414,782.66	(14,042,383.75)	27,372,398.91	Non fixed term

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XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(4) Loans and borrowings of the related parties (continued)

2021 (continued)

Related party	Opening balance	Lending amount	Closing balance	Other instructions
	of 2021		of 2021	
Nanjing Mingdu Home Furnishing Plaza Company Limited (南京名都家居廣場有限公司)	-	26,594,859.57	26,594,859.57	Non fixed term
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)	17,147,876.08	8,969,271.39	26,117,147.47	Non fixed term
Shanghai Laicheng Enterprise Management Limited (上海賽程企業管理有限公司)	8,294,096.21	17,479,576.29	25,773,672.50	Non fixed term
Shanghai Dingshi Enterprise Management Partnership (Limited Partnership) (上海鼎識企業管理合夥企業(有限合夥))	24,155,555.56	1,216,666.67	25,372,222.23	Non fixed term
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)	396,642,748.84	(375,130,000.00)	21,512,748.84	Non fixed term
Shanghai Anjia Network Technology Company Limited (上海安家網絡科技有限公司)	9,230,333.33	11,044,715.00	20,275,048.33	Non fixed term
Suzhou Xingfeng Enterprise Management Consulting Co., Ltd. (宿州市星豐企業管理諮詢有限公司)	-	17,442,000.00	17,442,000.00	Non fixed term
Shanghai Betterhome Industrial Company Limited (上海家倍得實業有限公司)	11,983,999.99	1,727,333.33	13,711,333.32	Non fixed term
Shanghai Red Star Macalline Home Furnishing Company Limited (上海紅星美凱龍星家居用品有限公司)	11,400,977.86	1,782,273.61	13,183,251.47	Non fixed term

XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(4) Loans and borrowings of the related parties (continued)

2021 (continued)

Related party	Opening balance	Lending amount	Closing balance	Other instructions
	of 2021		of 2021	
Shanghai Macalline Wenshang Business Management Co., Ltd. (上海美凱龍文商商務企業管理有限公司)	3,954,391.58	8,738,102.18	12,692,493.76	Non fixed term
Zhengzhou Juankai Enterprise Management Consultation Company Limited (鄭州雋鑑企業管理諮詢有限公司)	11,536,279.70	(400,000.00)	11,136,279.70	Non fixed term
Shanghai Hongmei Network Technology Company Limited (上海紅美網絡科技有限公司)	10,900,000.00	-	10,900,000.00	Non fixed term
Beijing Century Kailong Business Investment Company Limited (北京世紀凱隆商業投資有限公司)	10,106,940.90	473,138.21	10,580,079.11	Non fixed term
Xi'an Red Star Macalline Home Living Plaza Company Limited (西安紅星美凱龍家居生活廣場有限公司)	10,240,642.23	-	10,240,642.23	Non fixed term
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)	7,422,683.33	-	7,422,683.33	Non fixed term
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)	27,538,491.67	(20,170,434.56)	7,368,057.11	Non fixed term
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)	1,650,000.00	5,700,000.00	7,350,000.00	Non fixed term
Shanghai Red Star Macalline Home Furnishing Trading Company Limited (上海紅星美凱龍美居商貿有限公司)	-	6,800,000.00	6,800,000.00	Non fixed term

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XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(4) Loans and borrowings of the related parties (continued)

2021 (continued)

Related party	Opening balance of 2021	Lending amount	Closing balance of 2021	Other instructions
Jilin Red Star Macalline Logistics Company Limited (吉林紅星美凱龍物流有限公司)	3,517,790.00	3,214,271.66	6,732,061.66	Non fixed term
Shanghai Red Star Ogloria Brand Management Company Limited Zibo Branch (上海紅星歐麗洛雅品牌管理有限公司濰博分公司)	6,430,000.00	200,000.00	6,630,000.00	Non fixed term
Shanghai Red Star Macalline Exhibition Service Company Limited (上海紅星美凱龍展覽服務有限公司)	6,325,570.93	-	6,325,570.93	Non fixed term
Shanghai Mingyi Enterprise Development Co., Ltd. (上海名藝商業企業發展有限公司)	5,760,000.00	460,800.00	6,220,800.00	2020/12/29- 2023/12/28, interest rate: 8%
Suzhou Xingtong Enterprise Management Consultation Company Limited (宿州星通企業管理諮詢有限公司)	300,000.00	5,860,000.00	6,160,000.00	Non fixed term
Changshu Red Star Macalline Global Home Furnishing Company Limited (常熟紅星美凱龍全球家居有限公司)	5,309,100.00	-	5,309,100.00	Non fixed term
Shanghai Red Star Macalline Brand Management Company Limited Lanzhou Gaoxin Branch(上海紅星美凱龍品牌管理有限公司蘭州高新分公司)	-	5,000,000.00	5,000,000.00	Non fixed term
Shanghai Hezhu Enterprise Management Partnership (Limited Partnership) (上海合祝企業管理合夥企業(有限合夥))	4,649,555.55	243,333.33	4,892,888.88	Non fixed term

XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(4) Loans and borrowings of the related parties (continued)

2021 (continued)

Related party	Opening balance of 2021	Lending amount	Closing balance of 2021	Other instructions
Shanghai Juzun Enterprise Management Partnership (Limited Partnership) (上海聚尊企業管理合夥企業(有限合夥))	4,649,555.55	243,333.33	4,892,888.88	Non fixed term
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) (Note 2)	4,559,000.00	-	4,559,000.00	interest rate: 8%
Shanghai Red Star Macalline Creative Design Company Limited (上海麗浩創意設計有限公司)	2,841,966.66	1,300,000.00	4,141,966.66	Non fixed term
Shanghai Macalline Xingshang Modular Decoration Technology Co., Ltd. (上海美凱龍星尚模數裝飾科技有限公司)	-	3,760,000.00	3,760,000.00	Non fixed term
Wuhu Red Star Macalline World Trade Home Furnishing Plaza Company Limited Jinghu Branch (蕪湖紅星美凱龍世貿家居廣場有限公司鏡湖分公司)	1,000,000.00	1,700,000.00	2,700,000.00	Non fixed term
Shanghai Jiliang Enterprise Management Partnership (Limited Partnership) (上海集量企業管理合夥企業(有限合夥))	2,324,777.77	121,666.67	2,446,444.44	Non fixed term
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)	-	2,139,300.00	2,139,300.00	Non fixed term
Shanghai Red Star Macalline Brand Management Company Limited Guizhou Branch (上海紅星美凱龍品牌管理有限公司貴州分公司)	-	1,600,000.00	1,600,000.00	Non fixed term
Shanghai Red Star Macalline Longmei Home Furnishing Market Management Company Limited (上海紅星美凱龍龍美家居市場經營管理有限公司)	5,054,979.17	(3,642,395.84)	1,412,583.33	Non fixed term
Chengdu Red Star Macalline Xinnan Business Management Company Limited Gaoxin Branch (成都紅星美凱龍新南商業管理有限公司高新分公司)	950,000.00	-	950,000.00	Non fixed term

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XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(4) Loans and borrowings of the related parties (continued)

2021 (continued)

Related party	Opening balance	Lending amount	Closing balance	Other instructions
	of 2021		of 2021	
Shanghai Xingyijia Brand Management Company Limited (上海星藝佳品牌管理有限公司)	-	206,404.17	206,404.17	Non fixed term
Shanghai Red Star Macalline Brand Management Company Limited Xinxiang Branch (上海紅星美凱龍品牌管理有限公司新鄉分公司)	-	11,075.00	11,075.00	Non fixed term
Red Star Macalline Shibo (Tianjin) Home Furnishing Plaza Company Limited (紅星美凱龍世博(天津)家居生活廣場有限公司)	988,336,391.64	(988,336,391.64)	-	Non fixed term
Red Star Macalline Home Furnishing Mall Management Company Limited (紅星美凱龍家居商場管理有限公司)	590,403,522.53	(590,403,522.53)	-	Non fixed term
Shanghai Xingkai Chengpeng Business Management Company Limited (上海星凱程鵬企業管理有限公司)	269,997,918.75	(269,997,918.75)	-	Non fixed term
Red Star Macalline (Shanghai) Business Management Company Limited (紅星美凱龍(上海)企業管理有限公司) (Note 5)	216,549,448.29	(216,549,448.29)	N/A	Non fixed term
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)	195,219,616.66	(195,219,616.66)	-	Non fixed term
Chongqing Red Star Macalline Logistics Company Limited (重慶紅星美凱龍物流有限公司) (Note 5)	192,986,934.87	(192,986,934.87)	N/A	Non fixed term
Tibet Red Star Macalline Business Management Company Limited (西藏紅星美凱龍企業管理有限公司) (Note 5)	155,813,047.49	(155,813,047.49)	N/A	Non fixed term

XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(4) Loans and borrowings of the related parties (continued)

2021 (continued)

Related party	Opening balance of 2021	Lending amount	Closing balance	
			of 2021	Other instructions
Anhui Shengshi Dingtong Logistics Company Limited (安徽盛世鼎通物流有限公司) (Note 5)	131,081,271.66	(131,081,271.66)	N/A	Non fixed term
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)	122,389,493.57	(122,389,493.57)	-	Non fixed term
Tianjin Red Star Macalline Home Fashion Plaza Company Limited (天津紅星美凱龍時尚家居廣場有限公司)	55,665,808.79	(55,665,808.79)	-	Non fixed term
Shaanxi Red Star Macalline Logistics Company Limited (陝西紅星美凱龍物流有限公司) (Note 5)	46,463,385.11	(46,463,385.11)	N/A	Non fixed term
Shanghai Red Star Macalline Brand Management Company Limited Wuhan Zhuyeshan Branch (上海紅星美凱龍品牌管理有限公司武漢竹葉山分公司)	39,676,842.59	(39,676,842.59)	-	Non fixed term
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)	39,210,097.54	(39,210,097.54)	-	Non fixed term
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)	15,000,000.00	(15,000,000.00)	-	Non fixed term
Hefei Red Star Macalline Logistics Company Limited (合肥紅星美凱龍物流有限公司) (Note 5)	11,793,445.29	(11,793,445.29)	N/A	Non fixed term
Tianjin Red Star Macalline Logistics Company Limited (天津紅星美凱龍物流有限公司) (Note 5)	10,083,346.66	(10,083,346.66)	N/A	Non fixed term

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XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(4) Loans and borrowings of the related parties (continued)

2021 (continued)

Related party	Opening balance of 2021	Lending amount	Closing balance	
			of 2021	Other instructions
Guizhou Red Star Macalline Logistics Company Limited (貴州紅星美凱龍物流有限公司) (Note 5)	1,773,970.32	(1,773,970.32)	N/A	Non fixed term
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)	808,253.56	(808,253.56)	-	Non fixed term
Shanghai Red Star Macalline International Trading Company Limited (上海紅星美凱龍國際貿易有限公司)	372,020.98	(372,020.98)	-	Non fixed term
Red Star Macalline Shibo Business Management Co., Ltd. (紅星美凱龍世博商業管理有限公司)	200,000.00	(200,000.00)	-	Non fixed term
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)	20,707.67	(20,707.67)	-	Non fixed term
Shanghai Xinghe Zhaipei Home Furnishing Service Company Limited (上海星和宅配家居服務有限公司)	14,360.13	(14,360.13)	-	Non fixed term

XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(4) Loans and borrowings of the related parties (continued)

2021 (continued)

Related party	Opening balance	Lending amount	Closing balance	Other instructions
	of 2021		of 2021	
Shanghai Jiajinsuo Investment Holding Company Limited (上海家金所投資控股有限公司)	10,000.00	(10,000.00)		- Non fixed term
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)	6,080.00	(6,080.00)		- Non fixed term
Shanghai Ersai Enterprise Management Consultation Company Limited (上海遷賽企業管理有限公司) (Note 5)	5,221.12	(5,221.12)	N/A	Non fixed term
Shanghai Rongmei Industrial Co., Ltd. (上海榮美實業有限公司)	2,021.51	(2,021.51)		- Non fixed term
	29,948,771,480.79	(1,936,085,704.94)	28,012,685,775.85	

Note 1: In 2021, Shanghai Betterhome Decoration Engineering Company Limited was renamed Shanghai Macalline Smart Decoration Technology Co., Ltd.

Note 2: In 2021, the Group acquired Xiamen Baoxiang Red Star Macalline Home Furnishing Plaza Company Limited, which was renamed Xiamen Red Star Macalline Home Furnishing Plaza Company Limited.

Note 3: In 2021, Khorgos Hongju Corporate Management Co., Ltd. was renamed Hainan Hongju Enterprise Management Co., Ltd.

Note 4: In 2021, Haikou Tangong Industrial Company Limited was renamed Haikou Red Star Macalline Global Home Furnishing Company Limited.

Note 5: In 2021, the Group disposed of Red Star Macalline (Shanghai) Business Management Company Limited (紅星美凱龍(上海)企業管理有限公司), Chongqing Red Star Macalline Logistics Company Limited (重慶紅星美凱龍物流有限公司), Tibet Red Star Macalline Business Management Company Limited (西藏紅星美凱龍企業管理有限公司), Anhui Shengshi Dingtong Logistics Company Limited (安徽盛世鼎通物流有限公司), Shaanxi Red Star Macalline Logistics Company Limited (陝西紅星美凱龍物流有限公司), Hefei Red Star Macalline Logistics Company Limited (合肥紅星美凱龍物流有限公司), Tianjin Red Star Macalline Logistics Company Limited (天津紅星美凱龍物流有限公司), Guizhou Red Star Macalline Logistics Company Limited (貴州紅星美凱龍物流有限公司), and Shanghai Ersai Enterprise Management Company Limited (上海遷賽企業管理有限公司). Therefore, the disclosure does not apply to the balance of the above companies at the end of 2021.

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XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(4) Loans and borrowings of the related parties (continued)

2020

Related party	Opening balance of 2020	Lending amount	Closing balance of 2020	Other instructions
Lending				
Shanghai Red Star Macalline Home Living Design Expo Company Limited (上海紅星美凱龍家居藝術設計博覽有限公司)	1,613,404,986.91	1,100,535,385.91	2,713,940,372.82	Non fixed term
Nanjing Mingdu Home Living Plaza Company Limited (南京名都家居廣場有限公司)	990,593,286.66	(228,152,060.59)	762,441,226.07	Non fixed term
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)	935,356,411.66	52,979,979.98	988,336,391.64	Non fixed term
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)	913,814,821.73	461,531,749.33	1,375,346,571.06	Non fixed term
Yintai (Yongqing) New City Investment Co., Ltd. (銀泰(永清)新城投資有限公司)	750,385,131.93	(750,385,131.93)	–	Non fixed term
Shanghai Macalline Decoration Engineering Group Co., Ltd. (上海美凱龍裝飾工程集團有限公司)	735,393,442.26	(735,393,442.26)	–	Non fixed term
Shenyang Mingdu Home Furnishing Plaza Company Limited (瀋陽名都家居廣場有限公司)	719,019,505.06	65,700,000.00	784,719,505.06	Non fixed term
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)	703,594,017.06	(143,408,468.98)	560,185,548.08	Non fixed term
Wuhan Red Star Macalline Shibo Home Living Plaza Development Company Limited (武漢紅星美凱龍世博家居廣場發展有限公司)	640,259,868.06	61,115,851.13	701,375,719.19	Non fixed term

XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(4) Loans and borrowings of the related parties (continued)

2020 (continued)

Related party	Opening balance of 2020	Lending amount	Closing balance of 2020	Other instructions
Wuhan Red Star Macalline Global Home Living Plaza Development Company Limited (武漢紅星美凱龍環球家居廣場發展有限公司)	593,860,209.80	332,321,982.04	926,182,191.84	Non fixed term
Shanghai Yuxu Enterprise Management Company Limited (上海宇煦企業管理有限公司)	574,365,132.55	32,158,754.68	606,523,887.23	Non fixed term
Haerbin Red Star Macalline Shibo Home Living Plaza Company Limited (哈爾濱紅星美凱龍世博家居廣場有限公司)	518,742,300.91	84,127,974.32	602,870,275.23	Non fixed term
Shanghai Red Star Macalline Industrial Company Limited (上海紅星美凱龍實業有限公司)	507,850,311.05	198,386,670.94	706,236,981.99	Non fixed term
Changzhou Hongyang Home Furnishing Plaza Company Limited (常州紅陽家居生活廣場有限公司)	478,759,400.00	45,050,000.00	523,809,400.00	Non fixed term
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)	475,347,389.44	23,640,085.31	498,987,474.75	Non fixed term
Zhengzhou Red Star Macalline Shibo Home Furnishing Company Limited (鄭州紅星美凱龍世博家居有限公司)	453,072,592.40	26,099,679.78	479,172,272.18	Non fixed term
Shanghai Hongxin Oukai Home Living Company Limited (上海虹欣歐凱家居有限公司)	430,779,291.34	(49,462,938.40)	381,316,352.94	Non fixed term

Notes to the Financial Statements

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XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(4) Loans and borrowings of the related parties (continued)

2020 (continued)

Related party	Opening balance of 2020	Lending amount	Closing balance of 2020	Other instructions
Shanghai Jiliang Enterprise Management Partnership (Limited Partnership) (上海集量企業管理合夥企業(有限合夥))	2,202,777.77	122,000.00	2,324,777.77	Non fixed term
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)	1,921,540.06	11,304,828.34	13,226,368.40	Non fixed term
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)	1,650,000.00	–	1,650,000.00	Non fixed term
Guizhou Red Star Macalline Logistics Company Limited (貴州紅星美凱龍物流有限公司)	1,484,015.31	289,955.01	1,773,970.32	Non fixed term
Chengdu Red Star Macalline Xinnan Business Management Company Limited Gaoxin Branch (成都紅星美凱龍新南商業管理有限公司高新分公司)	950,000.00	–	950,000.00	Non fixed term
Shanghai Red Star Macalline Creative Design Company Limited (上海麗浩創意設計有限公司)	910,950.00	1,931,016.66	2,841,966.66	Non fixed term
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)	756,888.00	(736,180.33)	20,707.67	Non fixed term
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)	535,626.36	(529,546.36)	6,080.00	Non fixed term

XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(4) Loans and borrowings of the related parties (continued)

2020 (continued)

Related party	Opening balance of 2020	Lending amount	Closing balance of 2020	Other instructions
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)	121,108.65	(121,108.65)	-	Non fixed term
Foshan Red Star Macalline Home Furnishing Plaza Company Limited (佛山紅星美凱龍家居生活廣場有限公司)	103,939.17	(103,939.17)	-	Non fixed term
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)	413,993,421.77	195,243,645.46	609,237,067.23	Non fixed term
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)	411,033,777.56	27,089,598.65	438,123,376.21	Non fixed term
Shanghai Yumu Enterprise Management Company Limited (上海宇慕企業管理有限公司)	407,560,560.19	23,004,772.31	430,565,332.50	Non fixed term
Lanzhou Red Star Macalline Shibo Home Living Plaza Company Limited (蘭州紅星美凱龍世博家居廣場有限公司)	403,966,471.04	33,373,490.58	437,339,961.62	Non fixed term
Shanghai Yuxiao Enterprise Management Company Limited (上海宇霄企業管理有限公司)	393,302,559.18	60,192,035.64	453,494,594.82	Non fixed term
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)	388,919,112.50	(361,380,620.83)	27,538,491.67	Non fixed term

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XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(4) Loans and borrowings of the related parties (continued)

2020 (continued)

Related party	Opening balance of 2020	Lending amount	Closing balance of 2020	Other instructions
Shanghai Yuzhu Enterprise Management Company Limited (上海宇築企業管理有限公司)	383,689,383.82	48,281,829.63	431,971,213.45	Non fixed term
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)	372,624,084.54	(232,593,625.67)	140,030,458.87	Non fixed term
Haikou Tangong Industrial Company Limited (海口檀宮實業有限公司)	362,278,175.83	52,423,607.59	414,701,783.42	Non fixed term
Hangzhou Red Star Macalline Global Home Living Company Limited (杭州紅星美凱龍環球家居有限公司)	332,148,745.00	723,847,755.29	1,055,996,500.29	Non fixed term
Foshan Junda Enterprise Management Co., Ltd. (佛山郡達企業管理有限公司)	330,442,657.54	(230,962,667.54)	99,479,990.00	Non fixed term
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)	326,041,637.79	(74,126,910.00)	251,914,727.79	Non fixed term
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)	314,688,175.61	207,756,385.23	522,444,560.84	Non fixed term
Daqing Red Star Macalline Shibo Furniture Company Limited (大慶紅星美凱龍世博家居有限公司)	299,786,566.32	52,294,442.63	352,081,008.95	Non fixed term

XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(4) Loans and borrowings of the related parties (continued)

2020 (continued)

Related party	Opening balance of 2020	Lending amount	Closing balance of 2020	Other instructions
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)	281,860,311.25	(243,131,655.93)	38,728,655.32	Non fixed term
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)	278,461,894.33	107,526,041.67	385,987,936.00	Non fixed term
Shenyang Red Star Macalline Home Living Expo Company Limited (瀋陽紅星美凱龍博覽家居有限公司)	260,876,521.64	11,057,286.90	271,933,808.54	Non fixed term
Red Star Zhongying Investment Company Limited (紅星眾盈投資有限公司)	254,516,775.00	77,301,131.67	331,817,906.67	Non fixed term
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)	245,488,622.06	30,430,000.00	275,918,622.06	Non fixed term
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)	240,544,212.33	25,388,873.05	265,933,085.38	Non fixed term
Kunshan Red Star Macalline Decoration Materials Company Limited (昆山紅星美凱龍裝飾材料有限公司)	231,347,446.66	(137,626,535.12)	93,720,911.54	Non fixed term
Shanghai Hongmei E-Commerce Company Limited (上海紅美電子商務有限公司)	219,092,136.81	20,561,526.00	239,653,662.81	Non fixed term

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XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(4) Loans and borrowings of the related parties (continued)

2020 (continued)

Related party	Opening balance of 2020	Lending amount	Closing balance of 2020	Other instructions
Beijing Century Europe and America Business Investment Company Limited (北京世紀歐美商業投資有限公司)	210,695,591.95	12,968,981.54	223,664,573.49	Non fixed term
Khorgos Red Star Yiming Venture Capital Company Limited (霍爾果斯紅星易鳴創業投資有限公司)	194,095,333.34	162,884,800.00	356,980,133.34	Non fixed term
Khorgos Yarui Venture Capital Company Limited (霍爾果斯雅睿創業投資有限公司)	193,013,770.83	(104,824,915.83)	88,188,855.00	Non fixed term
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)	191,059,321.67	12,921,738.33	203,981,060.00	Non fixed term
Nanchang Red Star Macalline Global Home Expo Center Co., Ltd. (南昌紅星美凱龍環球家居博覽中心有限責任公司)	186,769,430.35	(47,763,783.25)	139,005,647.10	Non fixed term
Red Star Macalline (Shanghai) Business Management Company Limited (紅星美凱龍(上海)企業管理有限公司)	171,222,332.71	45,327,115.58	216,549,448.29	Non fixed term
Shanghai Red Star Macalline Trading Company Limited (上海紅星美凱龍商貿有限公司)	170,469,629.73	(33,746,478.42)	136,723,151.31	Non fixed term
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)	169,789,405.73	57,452,947.42	227,242,353.15	Non fixed term

XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(4) Loans and borrowings of the related parties (continued)

2020 (continued)

Related party	Opening balance of 2020	Lending amount	Closing balance of 2020	Other instructions
Panjin Red Star Macalline Global Home Living Plaza Company Limited (盤錦紅星美凱龍全球家居生活廣場有限公司)	162,029,852.17	(131,122,518.71)	30,907,333.46	Non fixed term
Shanghai Xinwei Home Purchasing Company Limited (上海新偉置業有限公司)	158,908,275.34	(158,908,275.34)	-	Non fixed term
Shanghai Laicheng Enterprise Management Limited (上海賽程企業管理有限公司)	156,512,835.42	(148,218,739.21)	8,294,096.21	Non fixed term
Chongqing Red Star Macalline Logistics Company Limited (重慶紅星美凱龍物流有限公司)	151,351,139.29	41,635,795.58	192,986,934.87	Non fixed term
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)	147,434,934.38	30,292,474.84	177,727,409.22	Non fixed term
Kunming Diken Trading Company Limited (昆明迪肯商貿有限公司)	137,777,834.23	73,199,971.38	210,977,805.61	Non fixed term
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)	133,609,521.31	12,096,237.34	145,705,758.65	Non fixed term
Beijing Xingkai Jingzhou Furniture Plaza Company Limited (北京星凱京洲傢俱廣場有限公司)	133,507,766.22	(2,871,048.29)	130,636,717.93	Non fixed term

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XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(4) Loans and borrowings of the related parties (continued)

2020 (continued)

Related party	Opening balance of 2020	Lending amount	Closing balance of 2020	Other instructions
Zhongshan Red Star Macalline Shibo Home Living Plaza Company Limited (中山紅星美凱龍世博家居廣場有限公司)	132,397,951.90	(10,008,458.33)	122,389,493.57	Non fixed term
Changsha Yinhong Home Furnishing Company Limited (長沙市銀紅家居有限公司)	126,998,361.24	1,903,991.41	128,902,352.65	Non fixed term
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)	124,784,638.62	43,440,025.86	168,224,664.48	Non fixed term
Anhui Shengshi Dingtong Logistics Company Limited (安徽盛世鼎通物流有限公司)	124,615,271.66	6,466,000.00	131,081,271.66	Non fixed term
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)	122,125,970.00	23,706,475.92	145,832,445.92	Non fixed term
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)	121,683,010.60	(121,683,010.60)	-	Non fixed term
Chongqing Red Star Macalline Expo Home Living Plaza Company Limited (重慶紅星美凱龍博覽家居生活廣場有限責任公司)	118,511,590.16	17,301,866.32	135,813,456.48	Non fixed term
Shanghai Jingdu Investment Company Limited (上海晶都投資有限公司)	115,300,851.98	5,090,016.26	120,390,868.24	Non fixed term

XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(4) Loans and borrowings of the related parties (continued)

2020 (continued)

Related party	Opening balance of 2020	Lending amount	Closing balance of 2020	Other instructions
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)	107,614,589.83	(107,614,589.83)	-	Non fixed term
Yantai Red Star Macalline Home Living Company Limited (煙台紅星美凱龍家居有限公司)	107,571,813.97	(19,627,383.92)	87,944,430.05	Non fixed term
Shanghai Red Star Macalline Exhibition Service Company Limited (上海紅星美凱龍展覽服務有限公司)	98,656,335.42	(92,330,764.49)	6,325,570.93	Non fixed term
Ganzhou Red Star Macalline Shibo Furniture Plaza Company Limited (贛州紅星美凱龍世博家居廣場有限公司)	96,985,674.08	48,720,506.60	145,706,180.68	Non fixed term
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)	91,497,139.17	103,722,477.49	195,219,616.66	Non fixed term
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)	87,801,308.32	126,394,133.34	214,195,441.66	Non fixed term
Shanghai Xingkai Chengpeng Business Management Company Limited (上海星凱程鵬企業管理有限公司)	73,705,860.05	196,292,058.70	269,997,918.75	Non fixed term
Shanghai Jiajinsuo Investment Holding Company Limited (上海家金所投資控股有限公司)	72,135,000.00	(72,125,000.00)	10,000.00	Non fixed term

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XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(4) Loans and borrowings of the related parties (continued)

2020 (continued)

Related party	Opening balance of 2020	Lending amount	Closing balance of 2020	Other instructions
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)	74,647,386.82	21,058,352.91	95,705,739.73	Non fixed term
Shanghai Xingjia Home Decorating Material Company Limited (上海星家裝飾建材有限公司)	70,650,000.00	–	70,650,000.00	Non fixed term
Tianjin Red Star Macalline Home Fashion Plaza Company Limited (天津紅星美凱龍時尚家居廣場有限公司)	54,559,655.10	1,106,153.69	55,665,808.79	Non fixed term
Hefei Red Star Macalline Logistics Company Limited (合肥紅星美凱龍物流有限公司)	52,364,608.20	(40,571,162.91)	11,793,445.29	Non fixed term
Shanghai Red Star Macalline Assets Management Company Limited (上海紅星美凱龍資產管理有限公司)	51,116,666.66	(51,116,666.66)	–	Non fixed term
Shanghai Jisheng Wellborn Global Home Living Brand Management Company Limited (上海吉盛偉邦環球家居品牌管理有限公司)	50,772,259.43	(50,772,259.43)	–	Non fixed term
Nantong Longmei International Home Furnishing Plaza Co., Ltd. (南通龍美國際家居生活廣場有限公司)	49,126,005.09	(13,659,795.44)	35,466,209.65	Non fixed term
Shanghai Jianliu Enterprise Management Co., Ltd. (上海簡柳企業管理有限公司)	48,103,201.67	9,852,242.00	57,955,443.67	Non fixed term

XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(4) Loans and borrowings of the related parties (continued)

2020 (continued)

Related party	Opening balance of 2020	Lending amount	Closing balance of 2020	Other instructions
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)	46,484,693.28	(45,676,439.72)	808,253.56	Non fixed term
Shaanxi Red Star Macalline Logistics Company Limited (陝西紅星美凱龍物流有限公司)	45,348,755.28	1,114,629.83	46,463,385.11	Non fixed term
Shanghai Youmei Home Furnishing Company Limited (上海悠美家居有限公司)	44,395,456.79	(44,395,456.79)		Non fixed term
Jilin Red Star Macalline Logistics Company Limited (吉林紅星美凱龍物流有限公司)	42,037,230.00	(38,519,440.00)	3,517,790.00	Non fixed term
Nantong Hongmei Shibo Home Furnishing Plaza Company Limited (南通紅美世博家居廣場有限公司)	40,348,672.70	1,066,109.96	41,414,782.66	Non fixed term
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)	40,277,111.12	2,196,000.00	42,473,111.12	Non fixed term
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)	40,000,000.00	(25,000,000.00)	15,000,000.00	Non fixed term
Baotou Red Star Macalline Home Living Plaza Company Limited (包頭紅星美凱龍家居生活廣場有限責任公司)	38,324,779.63	10,000.00	38,334,779.63	Non fixed term

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XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(4) Loans and borrowings of the related parties (continued)

2020 (continued)

Related party	Opening balance of 2020	Lending amount	Closing balance of 2020	Other instructions
Baoxiang Red Star Macalline (Xiamen) Global Home Furnishing Plaza Company Limited (寶象紅星美凱龍(廈門)全球家居廣場有限公司)	35,500,000.00	(3,000,000.00)	32,500,000.00	Non fixed term
Shanghai Red Star Ogloria Brand Management Company Limited (上海紅星歐麗洛雅品牌管理有限公司)	32,385,216.66	19,930,922.09	52,316,138.75	Non fixed term
Shanghai enliu Enterprise Management Co., Ltd. (上海蔥柳企業管理有限公司)	31,580,567.33	6,887,760.34	38,468,327.67	Non fixed term
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)	31,019,817.49	22,067,055.63	53,086,873.12	Non fixed term
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)	30,991,751.11	15,130,248.89	46,122,000.00	Non fixed term
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)	28,284,764.80	10,925,332.74	39,210,097.54	Non fixed term
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)	23,448,962.79	45,812,022.00	69,260,984.79	Non fixed term
Shanghai Dingshi Enterprise Management Partnership (Limited Partnership) (上海鼎識企業管理合夥企業(有限合夥))	22,932,222.22	1,223,333.34	24,155,555.56	Non fixed term

XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(4) Loans and borrowings of the related parties (continued)

2020 (continued)

Related party	Opening balance of 2020	Lending amount	Closing balance of 2020	Other instructions
Shanghai BetterHome Industrial Limited (上海家倍得實業有限公司)	20,208,333.33	(8,224,333.34)	11,983,999.99	Non fixed term
Qianzhi (Shanghai) Home Furnishing Co., Ltd. (乾智(上海)家居有限公司)	14,401,166.66	13,338,743.33	27,739,909.99	Non fixed term
Zhengzhou Juankai Enterprise Management Consultation Company Limited (鄭州雋鑑企業管理諮詢有限公司)	12,536,279.70	(1,000,000.00)	11,536,279.70	Non fixed term
Shanghai Hongmei Network Technology Company Limited (上海紅美網絡科技有限公司)	10,900,000.00	–	10,900,000.00	Non fixed term
Xi'an Red Star Macalline Home Living Plaza Company Limited (西安紅星美凱龍家居生活廣場有限公司)	10,240,642.23	–	10,240,642.23	Non fixed term
Beijing Century Kailong Business Investment Company Limited (北京世紀凱隆商業投資有限公司)	9,688,155.04	418,785.86	10,106,940.90	Non fixed term
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)	8,972,748.84	387,670,000.00	396,642,748.84	Non fixed term
Chongqing Red Star Ogloria Home Furnishing Company Limited (重慶紅星歐麗洛雅家居有限公司)	7,839,730.75	571,971,995.51	579,811,726.26	Non fixed term

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XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(4) Loans and borrowings of the related parties (continued)

2020 (continued)

Related party	Opening balance of 2020	Lending amount	Closing balance of 2020	Other instructions
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)	7,422,683.33	-	7,422,683.33	Non fixed term
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)	6,355,215.13	10,792,660.95	17,147,876.08	Non fixed term
Changshu Red Star Macalline Global Home Furnishing Company Limited (常熟紅星美凱龍全球家居有限公司)	5,958,075.69	(648,975.69)	5,309,100.00	Non fixed term
Shanghai Red Star Macalline International Trading Company Limited (上海紅星美凱龍國際貿易有限公司)	5,775,611.11	(5,403,590.13)	372,020.98	Non fixed term
Guangzhou Red Star Macalline Home Furnishing Building Material Co., Ltd. (廣州紅星美凱龍家居建材有限公司)	5,712,916.67	(5,712,916.67)	-	Non fixed term
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)	5,220,520.83	(165,541.66)	5,054,979.17	Non fixed term
Shanghai Huaixing Culture Development Co., Ltd. (上海懷星文化發展有限公司)	5,075,525.00	(5,075,525.00)	-	Non fixed term
Shanghai Hezhu Enterprise Management Partnership (Limited Partnership) (上海合祝企業管理合夥企業(有限合夥))	4,405,555.55	244,000.00	4,649,555.55	Non fixed term

XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(4) Loans and borrowings of the related parties (continued)

2020 (continued)

Related party	Opening balance of 2020	Lending amount	Closing balance of 2020	Other instructions
Shanghai Juzun Enterprise Management Partnership (Limited Partnership) (上海聚尊企業管理合夥企業(有限合夥))	4,405,555.55	244,000.00	4,649,555.55	Non fixed term
Tibet Red Star Macalline Business Management Company Limited (西藏紅星美凱龍企業管理有限公司)	3,110,575.82	152,702,471.67	155,813,047.49	Non fixed term
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)	3,240,169.43	26,475,830.57	29,716,000.00	Non fixed term
Shanghai Red Star Macalline Commercial Factoring Company Limited (上海紅星美凱龍商業保理有限公司)	2,744,509.84	(2,744,509.84)	–	Non fixed term
Shanghai Red Star Macalline Brand Management Company Limited Liu'an Yingbin Branch (上海紅星美凱龍品牌管理有限公司六安迎賓分公司)	5,482.00	(5,482.00)	–	Non fixed term
Shanghai Ersai Enterprise Management Consultation Company Limited (上海邇賽企業管理有限公司)	5,023.56	197.56	5,221.12	Non fixed term
Changsha Red Star Macalline International Home Furnishing Art Expo Company Limited (長沙紅星美凱龍國際家居藝術博覽中心有限公司)	4,624.79	(4,624.79)	–	Non fixed term
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)	–	220,663,887.66	220,663,887.66	Non fixed term

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XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(4) Loans and borrowings of the related parties (continued)

2020 (continued)

Related party	Opening balance of 2020	Lending amount	Closing balance of 2020	Other instructions
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)	–	473,395,861.68	473,395,861.68	Non fixed term
Red Star Macalline Home Furnishing Mall Management Company Limited (紅星美凱龍家居商場管理有限公司)	–	590,403,522.53	590,403,522.53	Non fixed term
Shanghai Anjia Network Technology Company Limited (上海安家網絡科技有限公司)	–	9,230,333.33	9,230,333.33	Non fixed term
Shanghai Xinghe Zhaipei Home Furnishing Service Company Limited (上海星和宅配家居服務有限公司)	–	14,360.13	14,360.13	Non fixed term
Shanghai Red Star Macalline Xinglong Home Furnish Company Limited (上海紅星美凱龍星龍家居有限公司)	–	200,330,466.47	200,330,466.47	Non fixed term
Tianjin Red Star Macalline Logistics Company Limited (天津紅星美凱龍物流有限公司)	–	10,083,346.66	10,083,346.66	Non fixed term
Changsha Red Star Macalline Home Living Plaza Company Limited (長沙紅星美凱龍家居生活廣場有限公司)	–	31,508,340.56	31,508,340.56	Non fixed term
Khorgos Hongju Corporate Management Co., Ltd. (霍爾果斯紅居企業管理有限公司)	–	7,466.67	7,466.67	Non fixed term

XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(4) Loans and borrowings of the related parties (continued)

2020 (continued)

Related party	Opening balance of 2020	Lending amount	Closing balance of 2020	Other instructions
Shanghai Ozing Digital Technology Company Limited (上海好記星數碼科技有限公司)	–	4,500,472.56	4,500,472.56	Non fixed term
Shanghai Red Star Ogloria Brand Management Company Limited Zibo Branch (上海紅星歐麗洛雅品牌管理有限公司濰博分公司)	–	6,430,000.00	6,430,000.00	Non fixed term
Shijiazhuang Bochen Industrial Company Limited (石家莊博宸實業有限公司)	–	51,924,920.58	51,924,920.58	Non fixed term
Suzhou Xingtong Enterprise Management Consultation Company Limited (宿州星通企業管理諮詢有限公司)	–	300,000.00	300,000.00	Non fixed term
Shanghai Red Star Macalline Home Furnishing Company Limited (上海紅星美凱龍星家居用品有限公司)	–	11,400,977.86	11,400,977.86	Non fixed term
Hangzhou Weiliang Electromechanical Hardware Market Co., Ltd. (杭州偉量機電五金市場有限公司)	–	254,149,742.13	254,149,742.13	Non fixed term
Shanghai Macalline Wenshang Business Management Co., Ltd. (上海美凱龍文商商務企業管理有限公司)	–	3,954,391.58	3,954,391.58	Non fixed term
Wuhu Red Star Macalline World Trade Home Furnishing Plaza Company Limited Jinghu Branch (蕪湖紅星美凱龍世貿家居廣場有限公司鏡湖分公司)	–	1,000,000.00	1,000,000.00	Non fixed term

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XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(4) Loans and borrowings of the related parties (continued)

2020 (continued)

Related party	Opening balance of 2020	Lending amount	Closing balance of 2020	Other instructions
Shanghai Rongmei Industrial Co., Ltd. (上海榮美實業有限公司)	–	2,021.51	2,021.51	Non fixed term
Huaihua Xingxin Commercial Management Co., Ltd. (懷化星欣商業管理有限公司)	–	50,265,500.00	50,265,500.00	Non fixed term
Red Star Macalline Shibo Business Management Co., Ltd. (紅星美凱龍世博商業管理有限公司)	–	200,000.00	200,000.00	Non fixed term
Red Star Macalline Management Consulting Service Co., Ltd. (紅星美凱龍管理諮詢服務有限公司)	–	50,000.00	50,000.00	Non fixed term
Shanghai Red Star Macalline Brand Management Company Limited Wuhan Zhuyeshan Branch (上海紅星美凱龍品牌管理有限公司武漢竹葉山分公司)	–	39,676,842.59	39,676,842.59	Non fixed term
Shanghai Betterhome Decoration Engineering Company Limited (上海家倍得裝飾工程有限公司)	–	5,044,073.53	5,044,073.53	Non fixed term
Xiamen Baoxiang Red Star Macalline Home Furnishing Plaza Company Limited (廈門寶象紅星美凱龍家居生活廣場有限公司)	25,100,000.00	4,943,099.85	30,043,099.85	Repayable on demand and interest-free
Xiamen Baoxiang Red Star Macalline Home Furnishing Plaza Company Limited (廈門寶象紅星美凱龍家居生活廣場有限公司)	–	4,559,000.00	4,559,000.00	Interest rate: 8%

XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(4) Loans and borrowings of the related parties (continued)

2020 (continued)

Related party	Opening balance of 2020	Lending amount	Closing balance of 2020	Other instructions
Xiamen Baoxiang Red Star Macalline Home Furnishing Plaza Company Limited (廈門寶象紅星美凱龍家居生活廣場有限公司)	-	94,280,000.00	94,280,000.00	Interest rate: 8%
Shanghai Mingyi Enterprise Development Co., Ltd. (上海名藝商業企業發展有限公司)	131,600,000.50	12,600,000.00	144,200,000.50	Repayable on demand and interest-free
Shanghai Mingyi Enterprise Development Co., Ltd. (上海名藝商業企業發展有限公司)	-	5,760,000.00	5,760,000.00	2020/12/29-2021/12/28, interest rate: 8%
Kunming Diken Trading Company Limited (昆明迪肯商貿有限公司)	179,565,152.35	-	179,565,152.35	2019/7/9-2020/9/26, interest rate: 6.09%
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)	331,500,000.00	-	331,500,000.00	2017/11/14-2022/8/12, interest rate: 6.00%
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)	331,500,000.00	-	331,500,000.00	2017/11/14-2022/8/12, interest rate: 6.00%
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)	138,900,000.00	-	138,900,000.00	2017/11/14-2022/8/12, interest rate: 6.00%
	25,905,624,572.45	4,043,146,908.34	29,948,771,480.79	

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XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(4) Loans and borrowings of the related parties (continued)

2021

Related party	Opening	Lending amount	Closing	Other instructions
	balance of 2021		balance of 2021	
Borrowing				
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)	1,719,183,666.66	16,815,556.90	1,735,999,223.56	Non fixed term
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)	1,514,993,353.48	124,531,416.04	1,639,524,769.52	Non fixed term
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)	1,164,858,681.17	94,248,836.01	1,259,107,517.18	Non fixed term
Shanghai Xinwei Property Company Limited (上海新偉置業有限公司)	1,373,963,096.18	(179,469,850.93)	1,194,493,245.25	Non fixed term
Jiangsu Sunan Construction Company Limited (江蘇蘇南建築安裝工程有限公司)	1,263,005,303.19	(178,687,402.34)	1,084,317,900.85	Non fixed term
Hong Kong Red Star Macalline Global Home Furnishing Company Limited (香港紅星美凱龍全球家居有限公司)	987,883,139.57	37,755,289.74	1,025,638,429.31	Non fixed term
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)	833,209,811.79	52,917,151.91	886,126,963.70	Non fixed term
Shenyang Red Star Macalline Home Furnishing Company Limited (瀋陽紅星美凱龍家居有限公司)	1,102,856,627.85	(310,916,335.47)	791,940,292.38	Non fixed term

XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(4) Loans and borrowings of the related parties (continued)

2021 (continued)

Related party	Opening		Closing	
	balance of 2021	Lending amount	balance of 2021	Other instructions
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)	770,453,180.73	4,929,399.16	775,382,579.89	Non fixed term
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)	64,561,265.16	652,504,749.34	717,066,014.50	Non fixed term
Red Star Macalline Group Corporation Ltd. Jiangsu Branch (紅星美凱龍家居集團股份有限公司江蘇分公司)	-	715,690,329.61	715,690,329.61	Non fixed term
Zhengzhou Red Star Macalline International Home Furnishing Company Limited (鄭州紅星美凱龍國際家居有限公司)	685,300,000.00	(37,095,000.00)	648,205,000.00	Non fixed term
Red Star Macalline Group Corporation Ltd. Beijing East Fourth Ring Branch (紅星美凱龍家居集團股份有限公司北京東四環分公司)	-	644,300,000.00	644,300,000.00	Non fixed term
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)	573,193,559.98	(61,048,011.59)	512,145,548.39	Non fixed term
Red Star Macalline Chengdu Business Management Company Limited (紅星美凱龍成都商業管理有限公司)	538,584,774.56	(46,029,745.74)	492,555,028.82	Non fixed term
Red Star Xizhao Investment Company Limited (紅星喜兆投資有限公司)	606,315,826.11	(121,823,566.06)	484,492,260.05	Non fixed term
Red Star Macalline Group Corporation Ltd. North Fourth Ring Branch (紅星美凱龍家居集團股份有限公司北四環分公司)	-	431,250,000.00	431,250,000.00	Non fixed term

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For the year 2021

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XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(4) Loans and borrowings of the related parties (continued)

2021 (continued)

Related party	Opening		Closing	
	balance of 2021	Lending amount	balance of 2021	Other instructions
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)	1,634,446,624.60	(1,215,252,496.71)	419,194,127.89	Non fixed term
Shenyang Red Star Macalline Shibo Home Furnishing Company Limited (瀋陽紅星美凱龍世博家居有限公司)	373,992,415.78	2,774,919.59	376,767,335.37	Non fixed term
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)	404,802,386.11	(34,802,386.11)	370,000,000.00	Non fixed term
Shanghai Red Star Macalline Building Design Company Limited (上海紅星美凱龍建築設計有限公司)	270,069,719.46	90,766,146.50	360,835,865.96	Non fixed term
Red Star Macalline Group Corporation Ltd. Shenyang Tiexi Branch (紅星美凱龍家居集團股份有限公司瀋陽鐵西分公司)	-	353,500,000.00	353,500,000.00	Non fixed term
Red Star Macalline Group Corporation Ltd. Beijing West Fourth Ring Branch (紅星美凱龍家居集團股份有限公司北京西四環分公司)	-	347,600,000.00	347,600,000.00	Non fixed term
Red Star Macalline Group Corporation Ltd. Jinan Branch (紅星美凱龍家居集團股份有限公司濟南分公司)	-	319,250,000.00	319,250,000.00	Non fixed term
Hangzhou Red Star Macalline Shibo Furniture Plaza Company Limited (杭州紅星美凱龍世博家居有限公司)	88,211,566.67	229,433,132.66	317,644,699.33	Non fixed term
Red Star Macalline Enterprise Management Consulting Co., Ltd. (紅星美凱龍企業管理諮詢有限公司)	511,057,121.47	(196,927,741.12)	314,129,380.35	Non fixed term

XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(4) Loans and borrowings of the related parties (continued)

2021 (continued)

Related party	Opening		Closing	
	balance of 2021	Lending amount	balance of 2021	Other instructions
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)	145,185,344.24	164,596,161.28	309,781,505.52	Non fixed term
Red Star Macalline Business Management Company Limited (紅星美凱龍商業經營管理有限公司)	60,361,138.33	247,841,658.09	308,202,796.42	Non fixed term
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)	224,707,633.57	80,578,429.49	305,286,063.06	Non fixed term
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)	344,325,031.53	(54,472,221.22)	289,852,810.31	Non fixed term
Shanghai Shanhai Art Furniture Company Limited (上海山海藝術傢俱有限公司)	1,614,470,508.38	(1,342,032,413.32)	272,438,095.06	Non fixed term
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)	-	231,702,504.98	231,702,504.98	Non fixed term
Shanghai Xingkai Chengpeng Business Management Company Limited (上海星凱程鵬企業管理有限公司)	-	217,998,816.11	217,998,816.11	Non fixed term
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)	184,808,673.33	7,518,407.50	192,327,080.83	Non fixed term
Chongqing Liangjiang New Area Red Star Macalline Business Management Co., Ltd. (重慶兩江新區紅星美凱龍商業管理有限公司)	80,173,861.11	104,124,096.67	184,297,957.78	Non fixed term

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XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(4) Loans and borrowings of the related parties (continued)

2021 (continued)

Related party	Opening		Closing	
	balance of 2021	Lending amount	balance of 2021	Other instructions
Shanghai Red Star Macalline Brand Management Company Limited (上海紅星美凱龍品牌管理有限公司)	229,534,770.35	(45,554,112.65)	183,980,657.70	Non fixed term
Shanghai Red Star Macalline Business Consulting Company Limited (上海紅星美凱龍商務諮詢有限公司)	76,277,142.54	94,410,916.32	170,688,058.86	Non fixed term
Shanghai Xingyi Tonghui Business Service Company Limited (上海星易通匯商務服務有限公司)	155,900,889.18	12,991,717.69	168,892,606.87	Non fixed term
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)	86,297,366.67	64,344,686.97	150,642,053.64	Non fixed term
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)	-	144,784,809.38	144,784,809.38	Non fixed term
Chongqing Xingkaike Home Furnishing Company Limited (重慶星凱科家居有限公司)	93,897,098.09	33,900,478.47	127,797,576.56	Non fixed term
Red Star Macalline Group Corporation Ltd. Changsha Shaoshan Road Branch (紅星美凱龍家居集團股份有限公司長沙韶山路分公司)	-	118,000,000.00	118,000,000.00	Non fixed term
Changzhou Macalline International Computer and Electronics Furnishing Plaza Company Limited (常州美凱龍國際電腦家電裝飾城有限公司)	460,259,801.59	(355,757,564.02)	104,502,237.57	Non fixed term
Changzhou World Furniture and Home Plaza Co., Ltd. (常州世界傢俱家居廣場有限公司)	915,939,313.02	(828,477,309.19)	87,462,003.83	Non fixed term

XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(4) Loans and borrowings of the related parties (continued)

2021 (continued)

Related party	Opening		Closing	
	balance of 2021	Lending amount	balance of 2021	Other instructions
Red Star Macalline Group Corporation Ltd. Zhengzhou Shangdu Road Branch (紅星美凱龍家居集團股份有限公司鄭州商都路分公司)	-	87,430,000.00	87,430,000.00	Non fixed term
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)	42,937,022.22	34,769,860.31	77,706,882.53	Non fixed term
Red Star Macalline Home Furnishing Mall Management Company Limited (紅星美凱龍家居商場管理有限公司)	-	74,739,630.59	74,739,630.59	Non fixed term
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)	-	73,089,649.51	73,089,649.51	Non fixed term
Shanghai Jisheng Wellborn Global Home Living Brand Management Company Limited (上海吉盛偉邦環球家居品牌管理有限公司)	91,937,213.85	(20,144,942.12)	71,792,271.73	Non fixed term
Beijing Red Star Macalline Furnishing Market Company Limited (北京紅星美凱龍家居市場有限公司)	8,009,319.44	56,965,779.59	64,975,099.03	Non fixed term
Shanghai Xingyijia Business Management Company Limited (上海星藝佳商業管理有限公司)	55,693,041.67	8,217,694.83	63,910,736.50	Non fixed term
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)	64,324,065.29	(758,233.07)	63,565,832.22	Non fixed term
Yangzhou Red Star Macalline International Home Living Plaza Company Limited (揚州紅星美凱龍國際家居廣場有限公司)	43,390,761.76	18,656,269.80	62,047,031.56	Non fixed term

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XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(4) Loans and borrowings of the related parties (continued)

2021 (continued)

Related party	Opening	Lending amount	Closing	Other instructions
	balance of 2021		balance of 2021	
Chengdu Red Star Ogloria Brand Management Company Limited (成都紅星歐麗洛雅品牌管理有限公司)	63,464,031.79	(8,350,422.73)	55,113,609.06	Non fixed term
Shanghai Jiajinsuo Financial Technology Information Services Company Limited (上海家金所金融科技信息服務有限公司)	50,139,027.78	1,784,949.39	51,923,977.17	Non fixed term 2021/12/1- 2022/11/30, interest rate: 8.2%
Shandong Inzone Green Home Co., Ltd. (山東銀座家居有限公司)	-	50,341,666.67	50,341,666.67	interest rate: 8.2%
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)	-	48,184,972.43	48,184,972.43	Non fixed term
Shanghai Red Star Macalline Assets Management Company Limited (上海紅星美凱龍資產管理有限公司)	20,007,333.33	16,181,000.25	36,188,333.58	Non fixed term
Zhejiang Xingzhuo Decoration Company Limited (浙江星卓裝飾有限公司)		35,508,117.67	35,508,117.67	Non fixed term 2021/12/16- 2022/3/31, interest rate: 8.2%
Shandong Inzone Green Home Co., Ltd. (山東銀座家居有限公司)	-	30,120,722.22	30,120,722.22	interest rate: 8.2%
Xinsheng Property Management (Shanghai) Co., Ltd. (鑫笙物業管理(上海)有限公司)	30,167,750.00	(2,084,333.33)	28,083,416.67	Non fixed term
Nanjing Red Star International Home Furnishing Mall Company Limited (南京紅星國際傢俱裝飾城有限公司)	27,000,000.00	-	27,000,000.00	Non fixed term

XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(4) Loans and borrowings of the related parties (continued)

2021 (continued)

Related party	Opening		Closing	
	balance of 2021	Lending amount	balance of 2021	Other instructions
Red Star Ogloria Enterprise Management Company Limited (紅星歐麗洛雅企業管理有限公司)	82,197,792.32	(55,740,383.53)	26,457,408.79	Non fixed term
Red Star Macalline Shibo (Tianjin) Home Furnishing Plaza Company Limited (紅星美凱龍世博(天津)家居生活廣場有限公司)		21,335,534.52	21,335,534.52	Non fixed term
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)	16,000,000.00	4,100,000.00	20,100,000.00	Non fixed term 31 December 2020 to 31 December 2021, interest rate: 6.65%; 1 January 2021 to December 2022, interest rate: 5.15%
Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司)	19,379,218.91	193,079.67	19,572,298.58	5.15%
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)	7,000,000.00	10,950,000.00	17,950,000.00	Non fixed term
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)	-	17,250,000.00	17,250,000.00	Non fixed term
Lianyungang Red Star Macalline International Home Living Plaza Company Limited (連雲港紅星美凱龍國際家居廣場有限公司)	13,579,225.55	3,419,481.70	16,998,707.25	Non fixed term
Red Star Home (Shanghai) Technology Co., Ltd. (紅星到家(上海)科技有限公司)	-	15,545,879.17	15,545,879.17	Non fixed term
Shanghai Macalline Xinghe Asset Management Company Limited (上海美凱龍星荷資產管理有限公司)	15,049,625.00	(1,002,780.55)	14,046,844.45	Non fixed term

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XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(4) Loans and borrowings of the related parties (continued)

2021 (continued)

Related party	Opening	Lending amount	Closing	Other instructions
	balance of 2021		balance of 2021	
Shanghai Interface Marketing Planning Co., Ltd. (上海英太翡思營銷策劃有限公司)	-	14,045,911.19	14,045,911.19	Non fixed term
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)	4,000,000.00	8,900,000.00	12,900,000.00	Non fixed term
Shanghai Red Star Macalline Kaiheng Household Company Limited (上海紅星美凱龍楷恒家居有限公司)	9,626,693.33	3,204,840.00	12,831,533.33	Non fixed term
Shanghai Kaichun Investment Management Company Limited (上海凱淳投資管理有限公司)	-	11,030,586.11	11,030,586.11	Non fixed term
Beijing Macalline Home Furnishing Material Market Company Limited (北京美凱龍傢俱建材市場有限公司)	-	10,990,000.00	10,990,000.00	Non fixed term
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)	-	8,003,422.22	8,003,422.22	Non fixed term
Shanghai Hongmei E-commerce Company Limited (上海紅星美凱龍家品會電子商務有限公司)	12,037,338.89	(5,359,533.33)	6,677,805.56	Non fixed term
Longzhihui (Shanghai) Facility Management Services Company Limited (龍之惠(上海)設施管理服務有限公司)	7,013,963.89	(1,033,593.60)	5,980,370.29	Non fixed term
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)	-	5,590,000.00	5,590,000.00	Non fixed term

XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(4) Loans and borrowings of the related parties (continued)

2021 (continued)

Related party	Opening	Lending amount	Closing	
	balance of 2021		balance of 2021	Other instructions
Red Star Macalline Group Corporation Ltd. Nanjing Branch (紅星美凱龍家居集團股份有限公司南京分公司)	-	5,280,295.57	5,280,295.57	Non fixed term
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)	-	4,240,000.00	4,240,000.00	Non fixed term
Shanghai Beibang Logistics Company Limited (上海倍邦物流有限公司)	-	4,006,477.78	4,006,477.78	Non fixed term
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)	-	4,005,128.52	4,005,128.52	Non fixed term
Shanghai Red Star Macalline International Trading Company Limited (上海紅星美凱龍國際貿易有限公司)	-	3,671,222.22	3,671,222.22	Non fixed term
Langfang Kaihong Home Living Plaza Company Limited (廊坊市凱宏家居廣場有限公司)	4,132,133.70	(664,489.54)	3,467,644.16	Non fixed term
Shanghai Beimei Logistics Company Limited (上海倍美物流有限公司)	-	3,004,858.33	3,004,858.33	Non fixed term
Shanghai Red Star Macalline Brand Management Company Limited Kaili Branch (上海紅星美凱龍品牌管理有限公司凱裡分公司)	-	2,900,000.00	2,900,000.00	Non fixed term
Shanghai Xingyijia Business Management Co., Ltd. Yunyan Branch (上海星藝佳商業管理有限公司雲岩分公司)	-	2,607,229.44	2,607,229.44	Non fixed term

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XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(4) Loans and borrowings of the related parties (continued)

2021 (continued)

Related party	Opening		Closing	
	balance of 2021	Lending amount	balance of 2021	Other instructions
Shanghai Red Star Macalline Brand Management Company Limited Kunming Branch (上海紅星美凱龍品牌管理有限公司昆明分公司)	2,011,183.33	(5,622.22)	2,005,561.11	Non fixed term
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)	-	2,000,000.00	2,000,000.00	Non fixed term
Shanghai Mengsheng Industrial Company Limited (上海夢晟實業有限公司)	1,984,502.72	-	1,984,502.72	Non fixed term
Tongxiang Red Star Macalline Shibo Home Furnishing Plaza Management Company Limited (桐鄉紅星美凱龍世博家居廣場管理有限公司)	-	1,002,688.89	1,002,688.89	Non fixed term
Red Star Macalline Shibo Business Management Co., Ltd. (紅星美凱龍世博商業管理有限公司)	-	692,474.69	692,474.69	Non fixed term
Shanghai Red Star Macalline Brand Management Company Limited Baotou Branch (上海紅星美凱龍品牌管理有限公司包頭分公司)	500,000.00	-	500,000.00	Non fixed term
Shanghai Red Star Macalline Fanjia Information Service Company Limited (上海紅星美凱龍泛家信息服務有限公司)	-	48,644.44	48,644.44	Non fixed term
Shanghai Red Star Macalline Brand Management Company Limited Zhengzhou Erqi Branch (上海紅星美凱龍品牌管理有限公司鄭州二七分公司)	-	6,762.00	6,762.00	Non fixed term
Red Star Macalline Group Corporation Ltd. Nanjing Branch (紅星美凱龍家居集團股份有限公司南京分公司)	-	6,721.74	6,721.74	Non fixed term

XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(4) Loans and borrowings of the related parties (continued)

2021 (continued)

Related party	Opening		Closing	
	balance of 2021	Lending amount	balance of 2021	Other instructions
Shanghai Red Star Macalline Brand Management Company Limited Xinyang Branch (上海紅星美凱龍品牌管理有限公司信陽分公司)		2,842.00	2,842.00	Non fixed term
Shanghai Xinghe Zhaipei Home Furnishing Service Company Limited (上海星和宅配家居服務有限公司)		1,246.67	1,246.67	Non fixed term
Shanghai Red Star Macalline Global Home Furnishing Company Limited (上海紅星美凱龍全球家居有限公司)	880,414,803.91	(880,414,803.91)	-	Non fixed term
Shanghai Red Star Macalline Financial Leasing Company Limited (上海紅星美凱龍融資租賃有限公司)	591,808,583.33	(591,808,583.33)	-	Non fixed term
Shanghai Red Star Macalline Commercial Factoring Company Limited (上海紅星美凱龍商業保理有限公司)	29,970,463.89	(29,970,463.89)	-	Non fixed term
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)	21,116,372.67	(21,116,372.67)	-	Non fixed term
Shenyudao Cultural Tourism Holding Co., Ltd. (神玉島文化旅遊控股股份有限公司)	16,300,000.00	(16,300,000.00)	-	Non fixed term
Changsha Red Star Macalline International Home Furnishing Art Expo Company Limited (長沙紅星美凱龍國際家居藝術博覽中心有限公司)	773,404.66	(773,404.66)	-	Non fixed term
	23,385,045,565.68	(298,788,868.41)	23,086,256,697.27	

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XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(4) Loans and borrowings of the related parties (continued)

2020

Name of other related parties	Opening balance of 2020	Lending amount	Closing balance of 2020	Other instructions
Borrowing				
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)	1,736,539,571.12	(17,355,904.46)	1,719,183,666.66	Non fixed term
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)	1,747,619,546.16	(113,172,921.56)	1,634,446,624.60	Non fixed term
Shanghai Shanhai Art Furniture Company Limited (上海山海藝術傢俱有限公司)	735,856,128.37	878,614,380.01	1,614,470,508.38	Non fixed term
Beijing Red Star Macalline Shibo Home Furnishing Plaza Company Limited (北京紅星美凱龍世博傢俱廣場有限公司)	1,022,652,334.88	492,341,018.60	1,514,993,353.48	Non fixed term
Shanghai Xinwei Property Company Limited (上海新偉置業有限公司)	–	1,373,963,096.18	1,373,963,096.18	Non fixed term
Jiangsu Sunan Construction and Installation Engineering Co., Ltd. (江蘇蘇南建築安裝工程有限公司)	816,041,647.95	446,963,655.24	1,263,005,303.19	Non fixed term
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)	541,515,199.54	623,343,481.63	1,164,858,681.17	Non fixed term
Shenyang Red Star Macalline Home Living Company Limited (瀋陽紅星美凱龍家居有限公司)	1,016,557,487.84	86,299,140.01	1,102,856,627.85	Non fixed term

XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(4) Loans and borrowings of the related parties (continued)

2020 (continued)

Name of other related parties	Opening balance of 2020	Lending amount	Closing balance of 2020	Other instructions
Hong Kong Red Star Macalline Global Home Furnishing Company Limited (香港紅星美凱龍全球家居有限公司)	1,020,270,337.58	(32,387,198.01)	987,883,139.57	Non fixed term
Changzhou World Furniture and Home Plaza Co., Ltd. (常州世界傢俱家居廣場有限公司)	816,187,984.50	99,751,328.52	915,939,313.02	Non fixed term
Shanghai Red Star Macalline Global Home Furnishing Company Limited (上海紅星美凱龍全球家居有限公司)	131,425,441.67	748,989,362.24	880,414,803.91	Non fixed term
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)	279,750,135.34	553,459,676.45	833,209,811.79	Non fixed term
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)	583,592,083.34	186,861,097.39	770,453,180.73	Non fixed term
Zhengzhou Red Star Macalline International Home Furnishing Company Limited (鄭州紅星美凱龍國際家居有限公司)	608,916,862.38	76,383,137.62	685,300,000.00	Non fixed term
Red Star Xizhao Investment Company Limited (紅星喜兆投資有限公司)	266,671,680.55	339,644,145.56	606,315,826.11	Non fixed term
Shanghai Red Star Macalline Financial Leasing Company Limited (上海紅星美凱龍融資租賃有限公司)	899,855,883.33	(308,047,300.00)	591,808,583.33	Non fixed term
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)	639,610,861.02	(66,417,301.04)	573,193,559.98	Non fixed term

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XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(4) Loans and borrowings of the related parties (continued)

2020 (continued)

Name of other related parties	Opening balance of 2020	Lending amount	Closing balance of 2020	Other instructions
Red Star Macalline Chengdu Business Management Company Limited (紅星美凱龍成都商業管理有限公司)	718,138,910.48	(179,554,135.92)	538,584,774.56	Non fixed term
Red Star Macalline Enterprise Management Consulting Co., Ltd. (紅星美凱龍企業管理諮詢有限公司)	718,992,619.84	(207,935,498.37)	511,057,121.47	Non fixed term
Changzhou Macalline International Computer and Home Appliance City Company Limited (常州美凱龍國際電腦家電裝飾城有限公司)	434,026,657.39	26,233,144.20	460,259,801.59	Non fixed term
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)	–	404,802,386.11	404,802,386.11	Non fixed term
Shenyang Red Star Macalline Shibo Home Furnishing Company Limited (瀋陽紅星美凱龍世博家居有限公司)	390,498,065.90	(16,505,650.12)	373,992,415.78	Non fixed term
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)	325,714,061.32	18,610,970.21	344,325,031.53	Non fixed term
Shanghai Red Star Macalline Building Design Company Limited (上海紅星美凱龍建築設計有限公司)	122,503,409.12	147,566,310.34	270,069,719.46	Non fixed term
Shanghai Red Star Macalline Brand Management Company Limited (上海紅星美凱龍品牌管理有限公司)	271,053,188.28	(41,518,417.93)	229,534,770.35	Non fixed term
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)	102,572,393.00	122,135,240.57	224,707,633.57	Non fixed term

XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(4) Loans and borrowings of the related parties (continued)

2020 (continued)

Name of other related parties	Opening balance of 2020	Lending amount	Closing balance of 2020	Other instructions
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)	121,353,905.56	63,454,767.77	184,808,673.33	Non fixed term
Shanghai Xingyi Tonghui Business Service Company Limited (上海星易通匯商務服務有限公司)	144,006,653.22	11,894,235.96	155,900,889.18	Non fixed term
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)	–	145,185,344.24	145,185,344.24	Non fixed term
Chongqing Xingkaike Home Furnishing Company Limited (重慶星凱科家居有限公司)	47,804,429.86	46,092,668.23	93,897,098.09	Non fixed term
Shanghai Jisheng Wellborn Global Home Living Brand Management Company Limited (上海吉盛偉邦環球家居品牌管理有限公司)	–	91,937,213.85	91,937,213.85	Non fixed term
Hangzhou Red Star Macalline Shibo Home Living Company Limited (杭州紅星美凱龍世博家居有限公司)	38,446,477.78	49,765,088.89	88,211,566.67	Non fixed term
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)	54,281,538.89	32,015,827.78	86,297,366.67	Non fixed term
Red Star Ogloria Enterprise Management Company Limited (紅星歐麗洛雅企業管理有限公司)	50,653,461.14	31,544,331.18	82,197,792.32	Non fixed term
Chongqing Liangjiang New Area Red Star Macalline Business Management Co., Ltd. (重慶兩江新區紅星美凱龍商業管理有限公司)	–	80,173,861.11	80,173,861.11	Non fixed term

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XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(4) Loans and borrowings of the related parties (continued)

2020 (continued)

Name of other related parties	Opening balance of 2020	Lending amount	Closing balance of 2020	Other instructions
Shanghai Red Star Macalline Business Consulting Company Limited (上海紅星美凱龍商務諮詢有限公司)	25,302,739.29	50,974,403.25	76,277,142.54	Non fixed term
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)	–	64,561,265.16	64,561,265.16	Non fixed term
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)	97,663,424.15	(33,339,358.86)	64,324,065.29	Non fixed term
Chengdu Red Star Ogloria Brand Management Company Limited (成都紅星歐麗洛雅品牌管理有限公司)	78,993,975.99	(15,529,944.20)	63,464,031.79	Non fixed term
Red Star Macalline Commercial Management Co., Ltd. (紅星美凱龍商業經營管理有限公司)	–	60,361,138.33	60,361,138.33	Non fixed term
Shanghai Xingyijia Business Management Company Limited (上海星藝佳商業管理有限公司)	20,609,777.78	35,083,263.89	55,693,041.67	Non fixed term
Shanghai Jiajinsuo Financial Technology Information Services Company Limited (上海家金所金融科技信息服務有限公司)	–	50,139,027.78	50,139,027.78	Non fixed term
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)	17,561,573.89	25,829,187.87	43,390,761.76	Non fixed term
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)	18,050,750.00	24,886,272.22	42,937,022.22	Non fixed term

XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(4) Loans and borrowings of the related parties (continued)

2020 (continued)

Name of other related parties	Opening balance of 2020	Lending amount	Closing balance of 2020	Other instructions
Xinsheng Property Management (Shanghai) Co., Ltd. (鑫笙物業管理(上海)有限公司)	–	30,167,750.00	30,167,750.00	Non fixed term
Shanghai Red Star Macalline Commercial Factoring Company Limited (上海紅星美凱龍商業保理有限公司)	–	29,970,463.89	29,970,463.89	Non fixed term
Nanjing Red Star International Home Furnishing Mall Company Limited (南京紅星國際傢俱裝飾城有限公司)	27,000,000.00	–	27,000,000.00	Non fixed term
Nanjing Red Star Macalline International Home Living Company Limited (南京紅星美凱龍國際家居有限責任公司)	91,122,868.72	(70,006,496.05)	21,116,372.67	Non fixed term
Shanghai Red Star Macalline Assets Management Company Limited (上海紅星美凱龍資產管理有限公司)	–	20,007,333.33	20,007,333.33	Non fixed term
Shenyudao Cultural Tourism Holding Co., Ltd. (神玉島文化旅遊控股股份有限公司)	25,600,000.00	(9,300,000.00)	16,300,000.00	Non fixed term
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)	10,000,000.00	6,000,000.00	16,000,000.00	Non fixed term
Shanghai Macalline Xinghe Asset Management Company Limited (上海美凱龍星荷資產管理有限公司)	15,175,208.34	(125,583.34)	15,049,625.00	Non fixed term
Lianyungang Red Star International Home Furnishing Plaza Company Limited (連雲港紅星美凱龍國際家居廣場有限公司)	13,692,598.59	(113,373.04)	13,579,225.55	Non fixed term

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XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(4) Loans and borrowings of the related parties (continued)

2020 (continued)

Name of other related parties	Opening balance of 2020	Lending amount	Closing balance of 2020	Other instructions
Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司)	41,437,944.45	(22,058,725.54)	19,379,218.91	2019/5/21 -2020/12/31, May 2019-Sep 2019, interest rate: 4.75%; Oct 2019-Dec 2020, interest rate: 7.20%
Shanghai Hongmei E-commerce Company Limited (上海紅星美凱龍家居電子商務有限公司)	-	12,037,338.89	12,037,338.89	Non fixed term
Shanghai Red Star Macalline Kaiheng Household Company Limited (上海紅星美凱龍楷恒家居有限公司)	20,222,994.44	(10,596,301.11)	9,626,693.33	Non fixed term
Beijing Red Star Macalline Furnishing Market Company Limited (北京紅星美凱龍家居市場有限公司)	-	8,009,319.44	8,009,319.44	Non fixed term
Longzhihui (Shanghai) Facility Management Services Co., Ltd. (龍之惠(上海)設施管理服務有限公司)	-	7,013,963.89	7,013,963.89	Non fixed term
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)	-	7,000,000.00	7,000,000.00	Non fixed term
Langfang Kaihong Home Living Plaza Company Limited (廊坊市凱宏家居廣場有限公司)	3,933,575.71	198,557.99	4,132,133.70	Non fixed term
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)	-	4,000,000.00	4,000,000.00	Non fixed term
Shanghai Red Star Macalline Brand Management Company Limited Kunming Branch (上海紅星美凱龍品牌管理有限公司昆明分公司)	2,022,305.55	(11,122.22)	2,011,183.33	Non fixed term

XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(4) Loans and borrowings of the related parties (continued)

2020 (continued)

Name of other related parties	Opening balance of 2020	Lending amount	Closing balance of 2020	Other instructions
Shanghai Mengsheng Industrial Company Limited (上海夢晟實業有限公司)	2,406,885.89	(422,383.17)	1,984,502.72	Non fixed term
Changsha Red Star Macalline International Home Furnishing Art Expo Company Limited (長沙紅星美凱龍國際家居藝術博覽中心有限公司)	–	773,404.66	773,404.66	Non fixed term
Shanghai Red Star Macalline Brand Management Company Limited Baotou Branch (上海紅星美凱龍品牌管理有限公司包頭分公司)	500,000.00	–	500,000.00	Non fixed term
Shanghai Xingkai Chengpeng Business Management Company Limited (上海星凱程鵬企業管理有限公司)	–	–	–	Non fixed term
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)	–	–	–	Non fixed term
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)	180,343,724.09	(180,343,724.09)	–	Non fixed term
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)	116,467,423.29	(116,467,423.29)	–	Non fixed term
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)	1,478,248.38	(1,478,248.38)	–	Non fixed term
Beijing Macalline Home Furnishing Material Market Company Limited (北京美凱龍傢俱建材市場有限公司)	10,000,000.00	(10,000,000.00)	–	Non fixed term

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XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(4) Loans and borrowings of the related parties (continued)

2020 (continued)

Name of other related parties	Opening balance of 2020	Lending amount	Closing balance of 2020	Other instructions
Shanghai Betterhome Decoration Engineering Company Limited (上海家倍得裝飾工程有限公司)	44,907.45	(44,907.45)		- Non fixed term
Shanghai Red Star Macalline Labour Dispatch Company Limited (上海英太翡思營銷策劃有限公司)	2,021,298.65	(2,021,298.65)		- Non fixed term
Red Star Macalline Home Furnishing Mall Management Company Limited (紅星美凱龍家居商場管理有限公司)	34,584,620.88	(34,584,620.88)		- Non fixed term
Shanghai Anjia Network Technology Company Limited (上海安家網絡科技有限公司)	15,263,079.24	(15,263,079.24)		- Non fixed term
Shanghai Red Star Macalline Xinglong Home Furnish Company Limited (上海紅星美凱龍星龍家居有限公司)	45,818.99	(45,818.99)		- Non fixed term
Shanghai Xingyijia Business Management Co., Ltd. Yunyan Branch (上海星藝佳商業管理有限公司雲岩分公司)	3,972.22	(3,972.22)		- Non fixed term
	17,274,658,673.33	6,110,386,892.35	23,385,045,565.68	

XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

3. Amounts due from/to related parties

	2021		2020	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
Accounts receivable				
Shanghai Jiazhan Construction Engineering Company Limited (上海嘉展建築裝潢工程有限公司)	13,000,000.00	13,000,000.00	13,000,000.00	13,000,000.00
Shenzhen Huasheng Home Furnishing Group Co., Ltd. (深圳華生大家居集團有限公司)	3,999,999.99	3,999,999.99	3,999,999.99	3,999,999.99
Zhejiang Zhongguang Electric Appliances Co., Ltd. (浙江中廣電器股份有限公司)	3,499,999.97	3,499,999.97	3,499,999.97	3,499,999.97
Shanghai Hongmei E-Commerce Company Limited (上海紅美電子商務有限公司)	1,911,567.06	-	-	-
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)	112,292.13	18,168.87	112,292.13	37,696.47
Wuhu Minghui Business Management Co., Ltd. (蕪湖明輝商業管理有限公司)	-	-	1,632,453.42	548,014.61
Total	22,523,859.15	20,518,168.83	22,244,745.51	21,085,711.04

Note: Amounts due to or from related companies are interest-free, unsecured and have no fixed repayment terms.

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XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

3. Amounts due from/to related parties (continued)

	2021		2020	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
Other receivables				
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)	2,324,658,736.28	114,895,284.17	2,713,940,372.82	129,552,550.73
Hangzhou Red Star Macalline Global Furniture Co., Ltd. (杭州紅星美凱龍環球家居有限公司)	1,134,043,718.24	-	1,055,996,500.29	-
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)	1,066,679,866.38	-	1,375,346,571.06	-
Shanghai Red Star Macalline Industrial Company Limited (上海紅星美凱龍實業有限公司)	1,014,387,549.38	-	706,236,981.99	-
Shanghai Hongxin Oukai Home Furnishing Company Limited (上海虹欣歐凱家居有限公司)	850,731,708.01	-	381,316,352.94	-
Chongqing Red Star Ogloria Home Furnishing Company Limited (重慶紅星歐麗洛雅家居有限公司)	833,152,333.13	-	579,811,726.26	-
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)	826,753,664.94	-	609,237,067.23	-
Wuhan Red Star Macalline Global Home Living Plaza Development Company Limited (武漢紅星美凱龍環球家居廣場發展有限公司)	825,632,764.23	-	926,182,191.84	-
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)	696,835,448.87	100,000,000.00	701,375,719.19	100,000,000.00

XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

3. Amounts due from/to related parties (continued)

	2021		2020	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
Nanjing Mingdu Home Furnishing Plaza Company Limited (南京名都家居廣場有限公司)	694,000,805.11	-	780,017,872.29	-
Shanghai Yuxu Enterprise Management Company Limited (上海宇煦企業管理有限公司)	688,026,725.21	-	606,523,887.23	-
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)	587,543,062.40	-	560,185,548.08	-
Shanghai Yuxiao Enterprise Management Company Limited (上海宇霄企業管理有限公司)	562,966,352.53	-	453,494,594.82	-
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)	534,798,633.61	-	602,870,275.23	-
Shenyang Mingdu Home Furnishing Plaza Company Limited (瀋陽名都家居廣場有限公司)	522,871,494.38	-	784,719,505.06	-
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)	515,993,769.45	-	473,395,861.68	-
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)	503,549,845.55	-	498,987,474.75	-
Zhengzhou Red Star Macalline Shibo Home Living Company Limited (鄭州紅星美凱龍世博家居有限公司)	492,399,975.09	-	479,172,272.18	-
Shanghai Yuzhu Enterprise Management Company Limited (上海宇築企業管理有限公司)	491,853,728.71	-	431,971,213.45	-

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XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

3. Amounts due from/to related parties (continued)

	2021		2020	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
Shanghai Yumu Enterprise Management Company Limited (上海宇慕企業管理有限公司)	458,379,334.20	-	430,565,332.50	-
Changzhou Hongyang Home Furnishing Plaza Company Limited (常州紅陽家居生活廣場有限公司)	436,409,400.00	-	523,809,400.00	-
Lanzhou Red Star Macalline Shibo Home Living Plaza Company Limited (蘭州紅星美凱龍世博家居廣場有限公司)	416,683,141.54	-	437,339,961.62	-
Khorgos Red Star Yiming Venture Capital Company Limited (霍爾果斯紅星易鳴創業投資有限公司)	378,475,700.00	-	356,980,133.34	-
Red Star Macalline Management Consulting Service Co., Ltd. (紅星美凱龍管理諮詢服務有限公司)	371,809,555.13	-	50,000.00	-
Daqing Red Star Macalline Shibo Furniture Company Limited (大慶紅星美凱龍世博家居有限公司)	358,203,612.97	-	352,081,008.95	-
Liuzhou Red Star Macalline Home Furnishing Company Limited (柳州紅星美凱龍家居有限公司)	350,964,136.13	-	-	-
Haikou Red Star Macalline Global Home Furnishing Company Limited (海口紅星美凱龍全球家居有限公司) (Note 3)	291,671,469.04	-	414,701,783.42	-
Kunming Diken Trading Company Limited (昆明迪肯商貿有限公司)	288,114,720.15	-	210,977,805.61	-
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)	279,183,782.69	-	139,005,647.10	-

XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

3. Amounts due from/to related parties (continued)

	2021		2020	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
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)	278,247,097.11	-	386,407,097.11	-
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)	276,828,622.06	-	275,918,622.06	-
Changsha Yinhong Home Furnishing Company Limited (長沙市銀紅家居有限公司)	259,356,216.31	-	128,902,352.65	-
Hangzhou Weiliang Electromechanical Hardware Market Co., Ltd. (杭州偉量機電五金市場有限公司)	249,794,810.81	-	254,149,742.13	-
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)	248,484,409.75	-	265,933,085.38	-
Foshan Junda Enterprise Management Co., Ltd. (佛山郡達企業管理有限公司)	247,967,990.00	-	99,479,990.00	-
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)	247,002,008.56	-	227,242,353.15	-
Beijing Century Europe and America Business Investment Company Limited (北京世紀歐美商業投資有限公司)	243,471,918.49	-	223,664,573.49	-
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)	234,833,086.90	-	38,728,655.32	-
Shenyang Red Star Macalline Home Living Expo Company Limited (瀋陽紅星美凱龍博覽家居有限公司)	234,820,023.72	-	271,933,808.54	-

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XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

3. Amounts due from/to related parties (continued)

	2021		2020	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
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)	229,641,091.65	-	214,195,441.66	-
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)	229,028,907.04	-	168,224,664.48	-
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)	226,268,015.83	-	177,727,409.22	-
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)	224,110,194.11	-	522,444,560.84	-
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)	215,643,873.33	-	203,981,060.00	-
Red Star Zhongying Investment Company Limited (紅星眾盈投資有限公司)	215,527,451.67	-	331,817,906.67	-
Shanghai Red Star Macalline Xinglong Home Furnish Company Limited (上海紅星美凱龍星龍家居有限公司)	202,512,981.98	-	200,330,466.47	-
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)	172,734,739.70	-	220,663,887.66	-
Shanghai Hongmei E-Commerce Company Limited (上海紅美電子商務有限公司)	170,053,662.81	-	239,653,662.81	-
Shanghai Mingyi Enterprise Development Co., Ltd. (上海名藝商業企業發展有限公司)	163,000,000.50	8,150,000.03	149,960,000.50	7,498,000.03

XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

3. Amounts due from/to related parties (continued)

	2021		2020	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
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)	152,950,558.81	-	145,832,445.92	-
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)	151,486,245.92	-	69,260,984.79	-
Betterhome Construction Technology Company Limited (家倍得建築科技有限公司)	148,470,800.00	-	-	-
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)	147,130,417.05	-	145,705,758.65	-
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)	143,501,231.44	-	-	-
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)	138,043,968.39	84,800,000.00	30,907,333.46	-
Shanghai Red Star Macalline Brand Management Company Limited (上海紅星美凱龍品牌管理有限公司)	134,637,651.60	-	97,372,096.01	-
Shanghai Ozing Digital Technology Company Limited (上海好記星數碼科技有限公司)	130,668,256.04	-	4,500,472.56	-
Chongqing Red Star Macalline Expo Home Living Plaza Company Limited (重慶紅星美凱龍博覽家居生活廣場有限責任公司)	118,660,467.73	30,772,151.83	135,813,456.48	30,772,151.83
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)	115,308,264.54	-	140,228,264.54	-

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XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

3. Amounts due from/to related parties (continued)

	2021		2020	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
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)	112,885,066.45	-	95,705,739.73	-
Kunshan Red Star Macalline Decoration Materials Company Limited (昆山紅星美凱龍裝飾材料有限公司)	109,585,468.09	-	93,720,911.54	-
Beijing Xingkai Jingzhou Furniture Plaza Co., Ltd. (北京星凱京洲傢俱廣場有限公司)	106,267,867.93	17,874,886.21	130,636,717.93	17,874,886.21
Chengdu Red Star Macalline Global Home Furnishing Company Limited (成都紅星美凱龍全球家居有限公司)	100,664,515.61	-	-	-
Red Star Xizhao Investment Company Limited (紅星喜兆投資有限公司)	100,000,000.00	-	100,000,000.00	-
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)	95,875,650.97	-	438,123,376.21	-
Shanghai Jingdu Investment Company Limited (上海晶都投資有限公司)	95,042,597.39	-	120,390,868.24	-
Shanghai Xinwei Home Purchasing Company Limited (上海新偉置業有限公司)	91,000,000.00	-	91,000,000.00	-
Ganzhou Red Star Macalline Shibo Furniture Plaza Company Limited (贛州紅星美凱龍世博家居廣場有限公司)	89,763,012.10	-	145,706,180.68	-
Khorgos Yarui Venture Capital Company Limited (霍爾果斯雅睿創業投資有限公司)	88,625,929.18	-	88,188,855.00	-

XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

3. Amounts due from/to related parties (continued)

	2021		2020	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
Nanjing Red Star Macalline International Home Living Company Limited (南京紅星美凱龍國際家居有限責任公司)	80,703,293.40	-	7,611,975.66	-
Red Star Macalline Shibo (Tianjin) Home Furnishing Plaza Company Limited (紅星美凱龍世博(天津)家居生活廣場有限公司)	80,000,000.00	80,000,000.00	988,336,391.64	80,000,000.00
Shanghai Red Star Macalline Global Home Furnishing Company Limited (上海紅星美凱龍全球家居有限公司)	74,540,905.70	-	21,236,976.09	-
Hainan Hongju Enterprise Management Co., Ltd. (海南紅居企業管理有限公司) (Note 2)	71,900,000.00	-	7,466.67	-
Shanghai Xingjia Decoration and Building Materials Company Limited (上海星家裝飾建材有限公司)	70,650,000.00	61,811,558.73	70,650,000.00	61,811,558.73
Changsha Red Star Macalline Home Furnishing Plaza Company Limited (長沙紅星美凱龍家居生活廣場有限公司)	67,772,431.21	-	31,530,261.91	-
Shanghai Jianliu Enterprise Management Company Limited (上海簡柳企業管理有限公司)	67,623,070.76	-	57,955,443.67	-
Qianzhi (Shanghai) Home Furnishing Co., Ltd. (乾智(上海)家居有限公司)	66,679,160.00	-	27,739,909.99	-
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)	64,014,059.29	-	53,086,873.12	-
Tianjin Red Star Macalline Home Fashion Plaza Company Limited (天津紅星美凱龍時尚家居廣場有限公司)	63,609,980.00	63,609,980.00	55,665,808.79	50,219,635.10

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XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

3. Amounts due from/to related parties (continued)

	2021		2020	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
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)	62,246,931.12	-	251,914,727.79	-
Shanghai Red Star Ogloria Brand Management Company Limited (上海紅星歐麗洛雅品牌管理有限公司)	59,479,829.58	-	52,316,138.75	-
Shijiazhuang Bochen Industrial Company Limited (石家莊博宸實業有限公司)	54,131,011.00	-	51,924,920.58	-
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)	50,502,000.00	20,000,000.00	46,122,000.00	20,000,000.00
Huaihua Xingxin Commercial Management Co., Ltd. (懷化星欣商業管理有限公司)	50,265,500.00	-	50,265,500.00	-
Shanghai Macalline Smart Decoration Technology Co., Ltd. (上海美凱龍智裝科技有限公司)	47,647,192.24	-	5,097,373.53	-
Yantai Red Star Macalline Home Living Company Limited (煙台紅星美凱龍家居有限公司)	47,244,828.52	-	87,944,430.05	-
Shanghai Enliu Enterprise Management Co., Ltd. (上海蔥柳企業管理有限公司)	47,089,286.02	-	38,468,327.67	-
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)	44,663,111.12	-	42,473,111.12	-
Baoxiang Red Star Macalline (Xiamen) Global Home Furnishing Plaza Company Limited (寶象紅星美凱龍(廈門)全球家居廣場有限公司)	42,479,328.91	22,520,669.60	32,500,000.00	7,772,631.31

XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

3. Amounts due from/to related parties (continued)

	2021		2020	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
Baotou Red Star Macalline Home Living Plaza Company Limited (包頭紅星美凱龍家居生活廣場有限責任公司)	38,334,779.63	20,674,970.00	38,334,779.63	20,674,970.00
Shanghai Red Star Macalline Trading Company Limited (上海紅星美凱龍商貿有限公司)	37,647,228.00	-	136,723,151.31	-
Nantong Longmei International Home Furnishing Plaza Company Limited (南通龍美國際家居生活廣場有限公司)	36,895,449.61	-	35,466,209.65	-
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)	36,740,273.34	-	29,716,000.00	-
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)	34,247,824.20	-	13,226,368.40	-
Nantong Hongmei Shibo Home Furnishing Plaza Company Limited (南通紅美世博家居廣場有限公司)	27,372,398.91	-	41,414,782.66	-
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)	26,117,147.47	-	17,147,876.08	-
Shanghai Bencheng Enterprise Management Company Limited (上海賽程企業管理有限公司)	25,773,672.50	-	8,294,096.21	-
Shanghai Dingshi Enterprise Management Partnership (Limited Partnership) (上海鼎識企業管理合夥企業(有限合夥))	25,372,222.23	-	24,155,555.56	-
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)	21,512,748.84	-	396,642,748.84	-

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XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

3. Amounts due from/to related parties (continued)

	2021		2020	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
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)	21,276,644.20	-	39,210,097.54	-
Shanghai Anjia Network Technology Company Limited (上海安家網絡科技有限公司)	20,277,833.33	-	9,230,333.33	-
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)	18,404,586.87	-	14,576,526.01	-
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)	17,893,029.83	-	17,644,796.76	-
Shanghai Xingkai Chengpeng Business Management Company Limited (上海星凱程騰企業管理有限公司)	17,874,886.21	-	269,997,918.75	-
Suzhou Xingfeng Enterprise Management and Consultancy Company Limited (宿州市星豐企業管理諮詢有限公司)	17,442,000.00	-	-	-
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)	15,387,700.57	-	23,583,791.24	-
Beijing Red Star Macalline Shibo Home Furnishing Plaza Company Limited (北京紅星美凱龍世博家具廣場有限公司)	15,219,518.64	-	9,529,332.69	-
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)	15,000,000.00	-	-	-
Shanghai BetterHome Industrial Limited (上海家倍得實業有限公司)	13,711,333.32	-	11,983,999.99	-

XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

3. Amounts due from/to related parties (continued)

	2021		2020	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
Shanghai Red Star Macalline Home Furnishing Company Limited (上海紅星美凱龍星家居用品有限公司)	13,183,251.47	-	11,400,977.86	-
Shanghai Macalline Wenshang Business Management Co., Ltd. (上海美凱龍文商務企業管理有限公司)	12,692,493.76	-	3,954,391.58	-
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)	12,515,556.06	-	55,500,000.00	-
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)	12,478,125.00	-	12,478,125.00	-
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)	12,000,000.00	-	195,219,616.66	-
Shenyang Red Star Macalline Home Furnishing Company Limited (瀋陽紅星美凱龍家居有限公司)	11,170,165.46	-	7,519,147.06	-
Zhengzhou Juankai Enterprise Management Consultation Company Limited (鄭州雋鎧企業管理諮詢有限公司)	11,136,279.70	-	11,536,279.70	-
Shanghai Hongmei Network Technology Company Limited (上海紅美網絡科技有限公司)	10,900,000.00	-	10,900,000.00	-
Beijing Century Kailong Business Investment Company Limited (北京世紀凱隆商業投資有限公司)	10,580,079.11	-	10,106,940.90	-
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)	10,240,642.23	-	10,240,642.23	-

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XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

3. Amounts due from/to related parties (continued)

	2021		2020	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
Red Star Macalline Home Furnishing Mall Management Company Limited (紅星美凱龍家居商場管理有限公司)	10,085,902.08	-	590,403,522.53	-
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)	10,000,000.00	-	10,000,000.00	-
Langfang Kaihong Home Living Plaza Company Limited (廊坊市凱宏家居廣場有限公司)	9,332,544.05	-	9,327,529.51	-
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)	9,020,739.45	-	5,589,173.99	-
Red Star Macalline Enterprise Management and Consultancy Company Limited (紅星美凱龍企業管理諮詢有限公司)	8,500,000.00	-	75,500,000.00	-
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)	7,460,000.00	-	27,600,000.00	-
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)	7,422,683.33	7,350,000.00	7,422,683.33	7,350,000.00
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)	7,350,000.00	-	1,667,228.30	-
Shanghai Red Star Macalline Home Furnishing Trading Company Limited (上海紅星美凱龍美居商貿有限公司)	6,800,000.00	-	-	-
Jilin Red Star Macalline Logistics Company Limited (吉林紅星美凱龍物流有限公司)	6,732,061.66	-	3,517,790.00	-

XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

3. Amounts due from/to related parties (continued)

	2021		2020	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
Shanghai Red Star Ogloria Brand Management Company Limited Zibo Branch (上海紅星歐麗洛雅品牌管理有限公司濰博分公司)	6,630,000.00	-	6,430,000.00	-
Shanghai Red Star Macalline Exhibition Service Company Limited (上海紅星美凱龍展覽服務有限公司)	6,325,570.93	-	6,325,570.93	-
Suzhou Xingtong Enterprise Management Consultation Company Limited (宿州星通企業管理諮詢有限公司)	6,160,000.00	-	300,000.00	-
Changshu Red Star Macalline Global Home Furnishing Company Limited (常熟紅星美凱龍全球家居有限公司)	5,309,100.00	-	5,309,100.00	-
Shenzhen Red Star Macalline Century Center Home Living Plaza Co., Ltd. (深圳紅星美凱龍世紀中心家居生活廣場有限公司)	5,265,234.65	5,265,234.65	5,265,234.65	2,029,406.27
Shanghai Red Star Macalline Brand Management Company Limited Lanzhou High-tech Branch (上海紅星美凱龍品牌管理有限公司蘭州高新分公司)	5,000,000.00	-	-	-
Shanghai Hezhu Enterprise Management Partnership (Limited Partnership) (上海合祝企業管理合夥企業(有限合夥))	4,892,888.88	-	4,649,555.55	-
Shanghai Juzun Enterprise Management Partnership (Limited Partnership) (上海聚尊企業管理合夥企業(有限合夥))	4,892,888.88	-	4,649,555.55	-
Shanghai Lihao Creative Design Co., Ltd (上海麗浩創意設計有限公司)	4,141,966.66	-	2,841,966.66	-
Shanghai Macalline Xingshang Modular Decoration Technology Co., Ltd. (上海美凱龍星尚模數裝飾科技有限公司)	3,760,000.00	-	-	-

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XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

3. Amounts due from/to related parties (continued)

	2021		2020	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
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鏡湖分公司)	2,700,000.00	-	1,000,000.00	-
Shanghai Jiliang Enterprise Management Partnership (Limited Partnership) (上海集量企業管理合夥企業(有限合夥))	2,446,444.44	-	2,324,777.77	-
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)	2,139,300.00	-	-	-
Red Star Ogloria Enterprise Management Company Limited (紅星歐麗洛雅企業管理有限公司)	2,000,000.00	-	-	-
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)	1,866,453.69	-	6,080.00	-
Shanghai Xingyi Tonghui Business Service Company Limited (上海星易通匯商務服務有限公司)	1,600,847.13	-	1,652,519.60	-
Shanghai Red Star Macalline Brand Management Company Limited Guizhou Branch (上海紅星美凱龍品牌管理有限公司貴州分公司)	1,600,000.00	-	-	-
Shanghai Red Star Macalline Longmei Home Furnishing Market Management Company Limited (上海紅星美凱龍龍美家居市場經營管理有限公司)	1,412,583.33	-	5,054,979.17	-
Shanghai Yunshen Intelligent Technology Co., Ltd. (上海雲紳智能科技有限公司)	1,200,000.00	1,200.00	-	-
Chengdu Red Star Macalline Xinnan Business Management Company Limited Gaoxin Branch (成都紅星美凱龍新南商業管理有限公司高新分公司)	950,000.00	-	950,000.00	-

XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

3. Amounts due from/to related parties (continued)

	2021		2020	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
Shanghai Red Star Macalline Construction Management and Design Company Limited (上海紅星美凱龍建築設計有限公司)	854,884.80	-	854,635.32	-
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)	383,117.47	-	-	-
Shanghai Red Star Macalline International Trading Company Limited (上海紅星美凱龍國際貿易有限公司)	328,777.78	-	372,020.98	-
Shanghai Xingyijia Brand Management Company Limited (上海星藝佳品牌管理有限公司)	206,404.17	-	-	-
Shanghai Huojing Business Management Company Limited (上海或京商業管理有限公司)	169,870.23	169.87	169,870.23	169.87
Anhui Tenghui Investment Group Hefei Co., Ltd. (安徽騰輝投資集團合肥有限公司)	500,000.00	175,380.85	500,000.00	34,255.38
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)	20,525.00	-	11,276,350.00	-
Shanghai Red Star Macalline Brand Management Company Limited Xingxiang branch (上海紅星美凱龍品牌管理有限公司新鄉分公司)	11,075.00	-	-	-
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)	9,639.00	-	6,536.30	-
Red Star Macalline (Shanghai) Business Management Company Limited (紅星美凱龍(上海)企業管理有限公司)(Note 1)	N/A	N/A	216,549,448.29	-

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XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

3. Amounts due from/to related parties (continued)

	2021		2020	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
Chongqing Red Star Macalline Logistics Company Limited (重慶紅星美凱龍物流有限公司) (Note 1)	N/A	N/A	192,986,934.87	-
Tibet Red Star Macalline Business Management Company Limited (西藏紅星美凱龍企業管理有限公司) (Note 1)	N/A	N/A	155,813,047.49	-
Anhui Shengshi Dingtong Logistics Company Limited (安徽盛世鼎通物流有限公司) (Note 1)	N/A	N/A	131,081,271.66	-
Zhongshan Red Star Macalline Shibo Home Living Plaza Company Limited (中山紅星美凱龍世博家居廣場有限公司)	-	-	122,389,493.57	-
Shaanxi Red Star Macalline Logistics Company Limited (陝西紅星美凱龍物流有限公司) (Note 1)	N/A	N/A	46,463,385.11	-
Shanghai Red Star Macalline Business Consulting Company Limited (上海紅星美凱龍商務諮詢有限公司)	-	-	41,467,084.46	-
Shanghai Red Star Macalline Brand Management Company Limited Wuhan Zhuyeshan Branch (上海紅星美凱龍品牌管理有限公司武漢竹葉山分公司)	-	-	39,676,842.59	-
Zhengzhou Red Star Macalline International Home Furnishing Company Limited (鄭州紅星美凱龍國際家居有限公司)	-	-	39,000,000.00	-
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)	-	-	24,500,000.00	-
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)	-	-	15,000,000.00	-

XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

3. Amounts due from/to related parties (continued)

	2021		2020	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
Hefei Red Star Macalline Logistics Company Limited (合肥紅星美凱龍物流有限公司) (Note 1)	N/A	N/A	11,793,445.29	-
Tianjin Red Star Macalline Logistics Company Limited (天津紅星美凱龍物流有限公司) (Note 1)	N/A	N/A	10,083,346.66	-
Chengdu Red Star Ogloria Brand Management Company Limited (成都紅星歐麗洛雅品牌管理有限公司)	-	-	9,500,000.00	-
Red Star Macalline Chengdu Business Management Company Limited (紅星美凱龍成都商業管理有限公司)	-	-	5,000,000.00	-
Jiangsu Sunan Construction Company Limited (江蘇蘇南建築安裝工程有限公司)	-	-	4,601,242.80	-
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)	-	-	3,064,187.44	-
Guizhou Red Star Macalline Logistics Company Limited (貴州紅星美凱龍物流有限公司) (Note 1)	N/A	N/A	1,773,970.32	-
Red Star Macalline Shibo Business Management Co., Ltd. (紅星美凱龍世博商業管理有限公司)	-	-	200,000.00	-
Red Star Macalline Commercial Management Co., Ltd. (紅星美凱龍商業經營管理有限公司)	-	-	138,861.67	-
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)	-	-	20,707.67	-

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XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

3. Amounts due from/to related parties (continued)

	2021		2020	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
Shanghai Xinghe Zhaipei Home Furnishing Service Company Limited (上海星和宅配家居服務有限公司)	-	-	14,360.13	
Shanghai Red Star Macalline Brand Management Company Limited Anhui Branch (上海紅星美凱龍品牌管理有限公司安徽分公司)	-	-	11,423.01	
Shanghai Jiajinsuo Investment Holding Company Limited (上海家金所投資控股有限公司)	-	-	10,000.00	
Shanghai Ersai Enterprise Management Company Limited (上海邇賽企業管理有限公司) (Note 1)	N/A	N/A	5,221.12	
Shanghai Rongmei Industrial Co., Ltd. (上海榮美實業有限公司)	-	-	2,021.51	
Total	27,704,791,396.89	637,901,485.94	29,561,440,961.51	535,590,215.46

Note 1: In 2021, the Group disposed of Red Star Macalline (Shanghai) Business Management Company Limited (紅星美凱龍(上海)企業管理有限公司), Chongqing Red Star Macalline Logistics Company Limited (重慶紅星美凱龍物流有限公司), Tibet Red Star Macalline Business Management Company Limited (西藏紅星美凱龍企業管理有限公司), Anhui Shengshi Dingtong Logistics Company Limited (安徽盛世鼎通物流有限公司), Shaanxi Red Star Macalline Logistics Company Limited (陝西紅星美凱龍物流有限公司), Hefei Red Star Macalline Logistics Company Limited (合肥紅星美凱龍物流有限公司), Tianjin Red Star Macalline Logistics Company Limited (天津紅星美凱龍物流有限公司), Guizhou Red Star Macalline Logistics Company Limited (貴州紅星美凱龍物流有限公司), and Shanghai Ersai Enterprise Management Company Limited (上海邇賽企業管理有限公司). Therefore, the disclosure does not apply to the above companies in 2021.

Note 2: In 2021, Khorgos Hongju Corporate Management Co., Ltd. was renamed Hainan Hongju Enterprise Management Co., Ltd.

Note 3: In 2021, Haikou Tangong Industrial Company Limited was renamed Haikou Red Star Macalline Global Home Furnishing Company Limited.

XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

3. Amounts due from/to related parties (continued)

	2021		2020	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
Dividend receivables				
Red Star Macalline Home Furnishing Mall Management Company Limited (紅星美凱龍家居商場管理有限公司)	1,137,000,000.00	-	1,137,000,000.00	-
Red Star Xizhao Investment Company Limited (紅星喜兆投資有限公司)	900,000,000.00	-	-	-
Shanghai Xingkai Chengpeng Business Management Company Limited (上海星凱程鵬企業管理有限公司)	80,000,000.00	-	1,188,856,949.26	-
Nanjing Mingdu Home Furnishing Plaza Company Limited (南京名都家居廣場有限公司)	62,400,000.00	-	62,400,000.00	-
Chengdu Dongtai Shopping Mall Company Limited (成都東泰商場有限公司)	31,000,000.00	-	31,000,000.00	-
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)	5,421,972.63	-	-	-
Red Star Macalline Enterprise Management Consulting Co., Ltd. (紅星美凱龍企業管理諮詢有限公司)	-	-	150,000,000.00	-
Shanghai Red Star Macalline Global Home Furnishing Company Limited (上海紅星美凱龍全球家居有限公司)	-	-	352,000,000.00	-
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)	-	-	8,000,000.00	-
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)	-	-	6,000,000.00	-
Changsha Red Star Macalline International Home Furnishing Art Expo Company Limited (長沙紅星美凱龍國際家居藝術博覽中心有限公司)	-	-	3,000,000.00	-
Total	2,215,821,972.63	-	2,938,256,949.26	-

	2021		2020	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
Long-term receivables				
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) (Note)	-	-	30,043,099.85	300,431.00
	-	-	30,043,099.85	300,431.00

Note: In 2021, the Group acquired Xiamen Baoxiang Red Star Macalline Home Furnishing Plaza Company Limited, which changed from a joint venture to a subsidiary of a listed company and was renamed Xiamen Red Star Macalline Home Furnishing Plaza Company Limited.

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XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

3. Amounts due from/to related parties (continued)

	2021		2020	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
Other non-current assets				
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)	331,500,000.00	-	-	-
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)	331,500,000.00	-	-	-
Chengdu Red Star Macalline Real Estate Co., Ltd. (成都紅星美凱龍置業有限公司)	247,705,000.00	-	247,705,000.00	-
Kunming Diken Trading Company Limited (昆明迪肯商貿有限公司)	179,565,152.35	-	-	-
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)	138,900,000.00	-	-	-
Shenzhen Red Star Macalline Business Management Company Limited (深圳紅星美凱龍商業管理有限公司)	4,264,400.00	-	4,205,600.00	-
	1,233,434,552.35	-	251,910,600.00	-

	2021		2020	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
Other current assets				
Shanghai Mingyi Enterprise Development Co., Ltd. (上海名藝商業企業發展有限公司)	6,220,800.00	-	-	-
Wuhu Minghui Business Management Co., Ltd. (蕪湖明輝商業管理有限公司)	3,600,000.00	-	-	-
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)	N/A	N/A	98,839,000.00	-
	9,820,800.00	-	98,839,000.00	-

XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

3. Amounts due from/to related parties (continued)

	2021		2020	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
Prepayments				
Shanghai Xingyi Tonghui Business Service Company Limited (上海星易通匯商務服務有限公司)	1,491,950.00	–	–	–
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)	811,784.00	–	–	–
Shanghai Zhenyang Decoration Co., Ltd. (上海振洋建築裝潢工程有限公司)	23,157.15	–	–	–
Red Star Home (Shanghai) Technology Co., Ltd. (紅星到家(上海)科技有限公司)	20,000.00	–	–	–
Shanghai Hema Network Technology Co., Ltd. (上海盒馬網絡科技有限公司)	20,000.00	–	–	–
Qianzhi (Shanghai) Home Furnishing Co., Ltd. (乾智(上海)家居有限公司)	6,360.00	–	–	–
Alibaba Cloud Computing Co., Ltd. (阿里雲計算有限公司)	18.00	–	–	–
Shanghai Xingzhiyu Commercial Management Co., Ltd. (上海星之域商業經營管理有限公司)	–	–	3,351,717.60	–
	2,373,269.15	–	3,351,717.60	–

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XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

3. Amounts due from/to related parties (continued)

	2021	2020
Accounts Payable		
Shanghai Xingyi Tonghui Business Service Company Limited (上海星易通匯商務服務有限公司)	1,276,850.00	–
Shanghai Red Star Win-Win Cloud Computing Technology Co., Ltd.(上海紅星共贏雲計算科技有限公司)	1,070,754.72	–
Alibaba Cloud Computing Limited (阿里雲計算有限公司)	757,523.17	–
Shanghai Anjia Network Technology Company Limited (上海安家網絡科技有限公司)	668,920.91	–
Shanghai Fanju Network Technology Company Limited (上海 泛居網絡科技有限公司)	630,243.20	–
Shanghai Red Star Macalline Business Consulting Company Limited (上海紅星美凱龍商務諮詢有限公司)	305,881.23	–
Longzhihui (Shanghai) Facility Management Services Co., Ltd. (龍之惠(上海)設施管理服務有限公司)	49,000.00	–
Red Star Home (Shanghai) Technology Co., Ltd. (紅星到家 上海)科技有限公司)	20,000.00	–
	4,779,173.23	–
Other payables		
Beijing Red Star Macalline International Home Furnishing Plaza Company Limited (北京紅星美凱龍國際家具建材廣場 有限公司)	1,745,019,963.01	1,719,183,666.66
Beijing Red Star Macalline Shibo Home Furnishing Plaza Company Limited (北京紅星美凱龍世博家具廣場有限公司)	1,654,744,288.16	1,514,993,353.48
Shanghai Xinwei Property Company Limited (上海新偉置業有 限公司)	1,285,493,245.25	1,373,963,096.18
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)	1,274,107,517.18	1,164,858,681.17

XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

3. Amounts due from/to related parties (continued)

	2021	2020
Jiangsu SuNan Construction and Installation Engineering Co., Ltd (江蘇蘇南建築安裝工程有限公司)	1,084,317,900.85	1,263,005,303.19
Hong Kong Red Star Macalline Global Home Furnishing Company Limited (香港紅星美凱龍全球家居有限公司)	1,025,638,429.31	987,883,139.57
Wuxi Red Star Macalline International Home Furnishing Company Limited (無錫紅星美凱龍國際家具裝飾有限公司)	898,642,519.76	833,209,811.79
Shenyang Red Star Macalline Home Furnishing Company Limited (瀋陽紅星美凱龍家居有限公司)	803,110,457.84	1,102,856,627.85
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)	787,860,704.89	770,453,180.73
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)	732,451,780.71	64,561,265.16
Zhengzhou Red Star Macalline International Home Furnishing Company Limited (鄭州紅星美凱龍國際家居有限公司)	648,205,000.00	685,300,000.00
Red Star Xizhao Investment Company Limited (紅星喜兆投資有限公司)	584,492,260.05	606,315,826.11
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)	512,145,548.39	573,193,559.98
Red Star Macalline Chengdu Business Management Company Limited (紅星美凱龍成都商業管理有限公司)	492,555,028.82	538,584,774.56
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)	419,194,127.89	1,634,446,624.60
Shenyang Red Star Macalline Shibo Home Furnishing Company Limited (瀋陽紅星美凱龍世博家居有限公司)	376,767,335.37	373,992,415.78
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)	370,000,000.00	404,802,386.11
Shanghai Red Star Macalline Building Design Company Limited (上海紅星美凱龍建築設計有限公司)	361,690,750.76	–
Red Star Macalline Enterprise Management and Consultancy Company Limited (紅星美凱龍企業管理諮詢有限公司)	322,629,380.35	511,057,121.47
Shanghai Red Star Macalline Brand Management Company Limited (上海紅星美凱龍品牌管理有限公司)	318,618,309.30	229,534,770.35

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XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

3. Amounts due from/to related parties (continued)

	2021	2020
Hangzhou Red Star Macalline Shibo Furniture Plaza Company Limited (杭州紅星美凱龍世博家居有限公司)	317,644,699.33	88,211,566.67
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)	309,781,505.52	145,185,344.24
Red Star Macalline Commercial Management Co., Ltd. (紅星美凱龍商業經營管理有限公司)	308,202,796.42	60,361,138.33
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)	305,286,063.06	224,707,633.57
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)	289,852,810.31	344,325,031.53
Shanghai Shanhai Art Furniture Company Limited (上海山海藝術傢俱有限公司)	272,438,095.06	1,614,470,508.38
Shanghai Xingkai Chengpeng Business Management Company Limited (上海星凱程鵬企業管理有限公司)	235,873,702.32	–
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)	231,702,504.98	–
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)	202,327,080.83	184,808,673.33
Chongqing Liangjiang New Area Red Star Macalline Business Management Co., Ltd. (重慶兩江新區紅星美凱龍商業管理有限公司)	184,297,957.78	80,173,861.11
Shanghai Red Star Macalline Business Consulting Company Limited (上海紅星美凱龍商務諮詢有限公司)	170,688,058.86	76,277,142.54
Shanghai Xingyi Tonghui Business Service Company Limited (上海星易通匯商務服務有限公司)	170,492,606.87	155,900,889.18
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)	156,784,809.38	–
Kunming Red Star Macalline Shibo Furniture Plaza Company Limited (昆明紅星美凱龍世博家居廣場有限公司)	150,642,053.64	86,297,366.67

XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

3. Amounts due from/to related parties (continued)

	2021	2020
Chongqing Xingkaike Home Furnishing Company Limited (重慶星凱科家居有限公司)	127,797,576.56	–
Changzhou Macalline International Computer and Electronics Furnishing Plaza Company Limited (常州美凱龍國際電腦家電裝飾城有限公司)	104,502,237.57	460,259,801.59
Red Star Macalline Shibo (Tianjin) Home Furnishing Plaza Company Limited (紅星美凱龍世博(天津)家居生活廣場有限公司)	101,328,812.78	–
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)	91,494,236.38	–
Changzhou World Furniture and Home Plaza Co., Ltd. (常州世界傢俱家居廣場有限公司)	87,462,003.83	915,939,313.02
Red Star Macalline Home Furnishing Mall Management Company Limited (紅星美凱龍家居商場管理有限公司)	84,825,532.67	–
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)	81,458,862.05	64,324,065.29
Shandong Inzone Green Home Co., Ltd. (山東銀座家居有限公司)	80,462,388.89	–
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)	78,090,000.00	42,937,022.22
Shanghai Jisheng Wellborn Global Home Living Brand Management Company Limited (上海吉盛偉邦環球家居品牌管理有限公司)	71,812,796.73	91,937,213.85
Beijing Red Star Macalline Furnishing Market Company Limited (北京紅星美凱龍家居市場有限公司)	64,975,099.03	8,009,319.44
Shanghai Xingyijia Business Management Company Limited (上海星藝佳商業管理有限公司)	63,910,736.50	55,693,041.67
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)	62,056,670.56	43,390,761.76

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XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

3. Amounts due from/to related parties (continued)

	2021	2020
Chengdu Red Star Ogloria Brand Management Company Limited (成都紅星歐麗洛雅品牌管理有限公司)	55,113,609.06	63,464,031.79
Shanghai Jiajinsuo Financial Technology Information Services Company Limited (上海家金所金融科技信息服務有限公司)	51,923,977.17	50,139,027.78
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)	50,051,426.12	–
Red Star Macalline Management Consulting Service Co., Ltd. (紅星美凱龍管理諮詢服務有限公司)	38,000,000.00	–
Shanghai Red Star Macalline Assets Management Company Limited (上海紅星美凱龍資產管理有限公司)	36,188,333.58	20,007,333.33
Zhejiang Xingzhuo Decoration Company Limited (浙江星卓裝飾有限公司)	35,508,117.67	–
Red Star Ogloria Enterprise Management Company Limited (紅星歐麗洛雅企業管理有限公司)	28,457,408.79	82,197,792.32
Xinsheng property management (Shanghai) Co., Ltd (鑫笙物業管理(上海)有限公司)	28,083,416.67	30,167,750.00
Nanjing Red Star International Home Furnishing Mall Company Limited (南京紅星國際傢俱裝飾城有限公司)	27,000,000.00	27,000,000.00
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)	25,281,772.72	–
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)	20,100,000.00	16,000,000.00
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)	17,950,000.00	7,000,000.00
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)	17,250,000.00	–
Lianyungang Red Star International Home Furnishing Plaza Company Limited (連雲港紅星美凱龍國際家居廣場有限公司)	16,998,707.25	13,579,225.55

XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

3. Amounts due from/to related parties (continued)

	2021	2020
Red Star Home (Shanghai) Technology Co., Ltd. (紅星到家(上海)科技有限公司)	15,545,879.17	–
Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司)	15,000,000.00	–
Shanghai Macalline Xinghe Asset Management Company Limited (上海美凱龍星荷資產管理有限公司)	14,046,844.45	15,049,625.00
Shanghai Interface Marketing Planning Co., Ltd (上海英太翡思營銷策劃有限公司)	14,045,911.19	–
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)	12,900,000.00	4,773,404.66
Shanghai Red Star Macalline Kaiheng Household Company Limited (上海紅星美凱龍楷恒家居有限公司)	12,831,533.33	9,626,693.33
廊坊市凱宏家居廣場有限公司	12,800,188.21	4,132,133.70
Shanghai Kaichun Investment Management Company Limited (上海凱淳投資管理有限公司)	11,030,586.11	–
Beijing Macalline Home Furnishing Material Market Company Limited (北京美凱龍傢俱建材市場有限公司)	10,990,000.00	–
Yangzhou Red Star Macalline Global Expo Home Furnishing Company Limited(揚州紅星美凱龍全球博覽家居有限公司)	8,003,422.22	–
Shanghai Hongmei E-commerce Company Limited (上海紅星美凱龍家品會電子商務有限公司)	6,677,805.56	12,037,338.89
Longzhihui (Shanghai) Facility Management Services Co., Ltd. (龍之惠(上海)設施管理服務有限公司)	5,980,370.29	7,013,963.89
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)	5,590,000.00	–
Shanghai Red Star Macalline Brand Management Company Limited (上海紅星美凱龍品牌管理有限公司) and its branches	5,415,165.11	2,511,183.33
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)	4,240,000.00	–

Notes to the Financial Statements

For the year 2021

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XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

3. Amounts due from/to related parties (continued)

	2021	2020
Shanghai Beibang Logistics Company Limited (上海倍邦物流有限公司)	4,006,477.78	–
Shanghai Red Star Macalline International Trading Company Limited (上海紅星美凱龍國際貿易有限公司)	4,000,000.00	–
Shanghai Beimei Logistics Company Limited (上海倍美物流有限公司)	3,004,858.33	–
Shanghai Xingyijia Business Management Company Limited (上海星藝佳商業管理有限公司) and its branches	2,607,229.44	–
Red Star Macalline Group Finance Company Limited (紅星美凱龍家居集團財務有限責任公司)	2,108,333.33	–
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)	2,000,000.00	–
Shanghai Mengsheng Industrial Co., Ltd. (上海夢晟實業有限公司)	1,984,502.72	1,984,502.72
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)	1,126,920.06	–
Tongxiang Red Star Macalline Shibo Home Furnishing Plaza Management Company Limited (桐鄉紅星美凱龍世博家居廣場管理有限公司)	1,002,688.89	–
Red Star Macalline Shibo Business Management Co., Ltd. (紅星美凱龍世博商業管理有限公司)	692,474.69	–
Nanjing Mingdu Home Furnishing Plaza Company Limited (南京名都家居廣場有限公司)	532,304.55	–
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)	232,752.67	–
Chongqing Red Star Macalline Enterprise Development Co., Ltd. (重慶紅星美凱龍企業發展有限公司)	200,000.00	–

XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

3. Amounts due from/to related parties (continued)

	2021	2020
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)	91,942.89	–
Kunshan Red Star Macalline Decoration Materials Company Limited (昆山紅星美凱龍裝飾材料有限公司)	79,723.21	–
Shanghai Macalline Smart Decoration Technology Co., Ltd. (上海美凱龍智裝科技有限公司)	53,300.00	–
Shanghai Red Star Macalline Fanjia Information Service Company Limited (上海紅星美凱龍泛家信息服務有限公司)	48,644.44	–
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)	13,456.56	–
Nanjing Red Star Macalline International Home Living Company Limited (南京紅星美凱龍國際家居有限責任公司)	13,059.47	21,116,372.67
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)	2,900.31	–
Shanghai Anjia Network Technology Company Limited (上海安家網絡科技有限公司)	2,785.00	–
Shanghai Xinghe Zhaipei Home Furnishing Service Company Limited (上海星和宅配家居服務有限公司)	1,246.67	–
Shanghai Red Star Macalline Global Home Furnishing Company Limited (上海紅星美凱龍全球家居有限公司)	–	880,414,803.91
Shanghai Red Star Macalline Financial Leasing Company Limited (上海紅星美凱龍融資租賃有限公司)	–	591,808,583.33
Shanghai Red Star Macalline Commercial Factoring Company Limited (上海紅星美凱龍商業保理有限公司)	–	29,970,463.89
Changsha Red Star Macalline International Home Furnishing Art Expo Company Limited (長沙紅星美凱龍國際家居藝術博覽中心有限公司)	–	773,404.66
	20,730,686,321.48	22,986,172,933.88

Auditor's Report

Ernst & Young Hua Ming (2021) Shen Zi No. 60954737_B01
Red Star Macalline Group Corporation Ltd.

TO THE SHAREHOLDERS OF RED STAR MACALLINE GROUP CORPORATION LTD.,

1. OPINION

We have audited the financial statements of Red Star Macalline Group Corporation Ltd., which comprise the consolidated and the company's balance sheets as at 31 December 2020, the consolidated and the company's income statements, the consolidated and the company's statements of changes in shareholders' equity and the consolidated and the company's cash flow statements for the year then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements of the Company are prepared in all material respects in accordance with Accounting Standards for Business Enterprises ("ASBEs") and fairly present the consolidated and the Company's financial position as at 31 December 2020, and the consolidated and the Company's financial performance and cash flows for 2020.

2. BASIS FOR OPINION

We conducted our audit in accordance with China Standards on Auditing ("CSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with China Code of Ethics for Certified Public Accountants (the "Code"), and we have fulfilled our other ethical responsibilities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

3. KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

3. KEY AUDIT MATTERS (continued)

Key audit matter:	How our audit addressed the key audit matter:
<p>Measurement of investment properties at fair value</p> <p>As at 31 December 2020, the Group's investment properties at fair value were RMB93,150 million, accounting for about 71% of the Group's total book assets. Investment properties of the Group are subsequently measured using a fair value model.</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>For disclosure on the matter in the notes to the financial statements, please refer to Note III — 12. Investment Property, Note III — 32. Significant Accounting Judgments and Estimates, Note V — 15. Investment Property and Note V — 53. Gain on Fair Value Changes.</p>	<p>We performed the following audit procedures:</p> <ol style="list-style-type: none"> (1) Evaluating the objectivity, independence and professional competence of third-party appraisers engaged by the management; (2) Taking samples and inviting internal evaluation experts to assist us in evaluating the valuation methods, key estimates and assumptions such as discount rate, vacancy rate, etc., adopted by appraisers; testing the rationality of relevant key estimates and assumptions by examining historical information and public market data; (3) Reviewing the adequacy of disclosures related to the investment properties at fair value in the financial statements.

Auditor's Report

Ernst & Young Hua Ming (2021) Shen Zi No. 60954737_B01
Red Star Macalline Group Corporation Ltd.

3. KEY AUDIT MATTERS (continued)

Key audit matter:	How our audit addressed the key audit matter:
<p>The recognition of revenue from the brand consulting and management service for the early stage of the project (“Revenue for the Early Stage of the Project”) and construction revenue</p> <p>In 2020, revenue from the brand consulting and management service for the early stage of the project and construction revenue recognized by the Group were RMB7,88 million and RMB1,668 million, respectively. The Group recognized the above two revenues based on the progress of project performance and the progress of construction, respectively.</p> <p>The amount of revenue from the brand consulting and management service for the early stage of the project was relatively large, and the splitting of contract performance obligations, the allocation of transaction considerations, and the progress of project performance all involved major estimates and judgments of the management. The Group recognized the performance obligations included in the contract for revenue from the brand consulting and management service for the early stage of the project, and recognized the revenue based on the progress of the performance.</p> <p>In addition, the amount of construction and design revenue is relatively large too, the total budget cost of projects, and the progress of project performance all involved major estimates and judgments of the management. Therefore, we considered the recognition of the above two incomes as key audit matters.</p> <p>For disclosure on the matter in the notes to the financial statements, please refer to Note III — 24. Revenue from contracts with customers, Note III — 32. Significant Accounting Judgments and Estimates, Note V — 45. Revenue and Cost.</p>	<p>We performed the following audit procedures:</p> <ol style="list-style-type: none">(1) Reviewing the rationality of the revenue recognition method adopted by management for revenue for the early stage of the project and construction revenue and testing some key controls related to the processes of revenue for the early stage of the project and construction revenue;(2) Examining the services and engineering agreements and other materials signed by the Group and understanding the relevant terms and services;(3) Reviewing management’s performance obligation to identify and determine revenue for the early stage of the project and construction revenue, and examining the rationality of the basis and method of transaction consideration allocation;(4) Obtaining the evidence based on which the management evaluates the progress of the project performance, and analyzing and testing the budget cost, contract amount and progress of the project performance;(5) Reviewing the adequacy of disclosure on revenue for the early stage of the project and construction revenue this year in the financial statements.

3. KEY AUDIT MATTERS (continued)

Key audit matter:	How our audit addressed the key audit matter:
<p>Estimation of impairment allowance of accounts receivable, contract assets and other financial assets measured at amortized cost</p> <p>As at 31 December 2020, the original values of accounts receivable, other receivables, other current assets-entrusted loans and lending, financial lease receivables, factoring receivables, long-term receivables, non-current assets due within one year, non-current assets-entrusted loans and lending, and contract assets were RMB3,096 million, RMB1,813 million, RMB1,771 million, RMB543 million, RMB251 million, RMB1,857 million, and RMB1,634 million. The balance of impairment provision was RMB1,161 million, RMB289 million, RMB105 million, RMB11 million, RMB3 million, RMB72 million, and RMB277 million, respectively.</p> <p>According to the requirements of Accounting Standards for Business Enterprises No. 22 — Recognition and Measurement of Financial Instruments, when assessing the impairment allowance for receivables and contract assets, the Group made a judgment based on its expected credit losses.</p> <p>The management divided the receivables and contract assets into different credit risk characteristic combination categories based on the composition of receivables and contract assets and the different types of customer returns and credit in recent years. In terms of each credit risk characteristic combination category, the management estimated the expected credit loss rate of receivables and contract assets based on the actual loss rate of receivables and contract assets with similar credit risk characteristics in previous years and combined with prospective consideration. Different proportion of impairment allowance shall be made for different levels of risk, and impairment allowance shall be made accordingly.</p>	<p>We performed the following audit procedures:</p> <ol style="list-style-type: none"> (1) Understanding the policies of the Group's receivables and impairment allowance for contract assets and the method adopted by the management for assessing the amount of impairment, and performing cross-testing on the procedures and internal controls related to the processes of impairment of receivables and contract asset; (2) Reviewing and evaluating the rationality of the "expected credit loss model" used by the management to estimate the impairment allowance for receivables and contract assets, as well as the adequacy of impairment allowance; assessing key assumptions and parameters used for estimating expected credit loss, including the rationality of the selection of forward-looking coefficients based on industry conditions; (3) Discussing with management to evaluate receivables and contract assets with defaults and indication of impairment. Examining relevant supporting evidence, including post collection, evaluation of customer's credit history, operating conditions and loan repayment ability, etc., and judging the rationality of management's impairment allowance of the Group; (4) Reviewing the adequacy of management's disclosure of impairment allowance of receivables and contract assets.

Auditor's Report

Ernst & Young Hua Ming (2021) Shen Zi No. 60954737_B01
Red Star Macalline Group Corporation Ltd.

3. KEY AUDIT MATTERS (continued)

Key audit matter:	How our audit addressed the key audit matter:
<p>Estimation of impairment allowance of accounts receivable, contract assets and other financial assets measured at amortized cost (continued)</p>	
<p>The division of different credit risk characteristics combination categories for receivables, the expected credit loss rate and the estimation of forward-looking adjustments all involved major judgments and estimates of management, and there were great uncertainties in estimation. Moreover, the setting of various parameters needs to be based on the statistics and analysis of more complicated historical data. Therefore, we identified this matter as a key audit matter.</p>	
<p>For disclosure on the matter in the notes to the financial statements, please refer to Note III — 9. Financial Instruments, Note III — 25. Contract Assets and Contract Liabilities, Note V — 3. Accounts Receivable, Note V — 6. Other Receivables, Note V — 8. Contract Assets, Note V — 9. Noncurrent assets due within one year, Note V — 10. Other current assets, Note V — 11. Long-term Receivables, Note V — 24. Other non-current assets, Note V — 54. Impairment loss of credit, Note V — 55. Impairment losses of assets, Note VIII — 3. Risks of Financial Instruments.</p>	

Ernst & Young Hua Ming (2021) Shen Zi No. 60954737_B01
Red Star Macalline Group Corporation Ltd.

4. OTHER INFORMATION

The management of the Company is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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.

5. RESPONSIBILITIES OF THE MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

The management of the Company is responsible for the preparation and fair presentation of the financial statements in accordance with ASBEs, and for designing, implementing and maintaining such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing (as applicable) matters related to going concern and using the a going concern basis of accounting, unless the management either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so.

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

Auditor's Report

Ernst & Young Hua Ming (2021) Shen Zi No. 60954737_B01

Red Star Macalline Group Corporation Ltd.

6. AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with CSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are generally 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 financial statements.

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

- (1) Identify and assess the risks of material misstatement of the 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.
- (2) 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 internal control.
- (3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Ernst & Young Hua Ming (2021) Shen Zi No. 60954737_B01
Red Star Macalline Group Corporation Ltd.

6. AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (continued)

As part of an audit in accordance with CSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also: (continued)

- (4) Conclude on the appropriateness of the management's use of 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required by CSAs to draw attention in our auditor's report to the related disclosures in the 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- (5) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (6) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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, related safeguards.

Auditor's Report

Ernst & Young Hua Ming (2021) Shen Zi No. 60954737_B01

Red Star Macalline Group Corporation Ltd.

6. AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (continued)

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's 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.

Ernst & Young Hua Ming LLP

Chinese Certified Public Accountants: LIANG Hongbin
(The engagement partner)

Chinese Certified Public Accountants: WANG Huida

Beijing, China

30 March 2021

Consolidated Balance Sheet

As at 31 December 2020

RMB

Assets	Note V	31 December 2020	31 December 2019
Current Assets			
Cash and bank balances	1	6,511,092,198.09	7,229,239,369.35
Financial assets held for trading	2	247,611,072.73	233,385,470.05
Derivative financial assets	67	2,160,732.11	31,751,504.22
Accounts receivable	3	1,934,826,113.43	1,805,663,937.18
Receivables financing	4	5,872,800.00	41,040,000.00
Prepayments	5	323,626,340.62	340,717,638.07
Other receivables	6	1,524,654,743.28	710,012,095.26
Inventories	7	328,295,668.02	330,978,528.99
Contract assets	8	1,375,364,101.48	1,039,368,953.49
Non-current assets due within one year	9	248,704,377.99	555,066,245.64
Other current assets	10	2,634,575,271.37	1,637,221,709.44
Total Current Assets		15,136,783,419.12	13,954,445,451.69
Non-current Assets			
Long-term receivables	11	532,498,896.89	800,494,682.51
Long-term equity investments	12	3,703,895,492.49	3,654,279,035.20
Other equity instrument investment	13	4,206,678,046.54	3,999,157,825.44
Other non-current financial assets	14	396,924,540.60	368,774,540.60
Investment properties	15	93,150,000,000.00	85,107,000,000.00
Fixed assets	16	2,737,965,196.94	897,496,154.61
Construction in progress	17	80,629,155.83	2,329,221,258.37
Right-of-use assets	18	3,852,597,418.85	3,087,184,216.82
Intangible assets	19	343,768,582.72	449,262,332.89
Development expenditure	20	30,837,675.61	34,245,602.45
Goodwill	21	97,597,047.85	97,597,047.85
Long-term prepaid expenses	22	454,054,803.22	489,797,913.40
Deferred tax assets	23	1,541,067,156.39	1,174,578,160.89
Other non-current assets	24	5,282,621,202.44	5,850,884,335.94
Total non-current assets		116,411,135,216.37	108,339,973,106.97
Total assets		131,547,918,635.49	122,294,418,558.66

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

Consolidated Balance Sheet

As at 31 December 2020

RMB

Liabilities and equity	Note V	31 December 2020	31 December 2019
Current liabilities			
Short-term loans	25	3,448,371,909.45	3,387,894,541.95
Accounts payable	26	2,085,329,223.24	1,476,370,855.07
Advance from customers	27	960,787,153.16	1,159,059,013.47
Contract liabilities	28	2,287,548,874.89	2,221,835,457.96
Payroll payable	29	563,788,624.24	830,362,911.55
Taxes payable	30	671,338,917.19	739,393,813.25
Other payables	31	8,987,388,645.49	7,799,973,358.09
Non-current liabilities due within one year	32	11,897,443,643.72	9,804,740,633.43
Other current liabilities	33	736,850,395.29	348,314,909.66
Total current liabilities		31,638,847,386.67	27,767,945,494.43
Non-current liabilities			
Long-term loans	34	22,212,429,627.44	15,919,626,315.76
Bonds payable	35	4,432,634,711.35	6,592,440,970.73
Lease liabilities	36	4,082,933,276.21	3,321,817,733.91
Long-term payables	37	712,856,318.61	634,392,235.62
Deferred income	38	224,943,229.90	225,902,560.47
Deferred tax liabilities	23	12,517,571,618.93	11,989,277,103.64
Other non-current liabilities	39	4,627,859,670.75	6,858,165,749.37
Total non-current liabilities		48,811,228,453.19	45,541,622,669.50
Total liabilities		80,450,075,839.86	73,309,568,163.93

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

Consolidated Balance Sheet

As at 31 December 2020

RMB

Liabilities and equity	Note V	31 December 2020	31 December 2019
Equity			
Share capital	40	3,905,000,000.00	3,550,000,000.00
Capital reserve	41	3,648,120,125.82	4,239,976,571.04
Other comprehensive income	42	1,720,585,961.74	1,483,127,041.17
Surplus reserve	43	2,076,486,432.95	1,954,818,567.23
Retained earnings	44	36,213,026,423.36	34,486,715,762.57
Total equity attributable to shareholders of the Company		47,563,218,943.87	45,714,637,942.01
Non-controlling interests		3,534,623,851.76	3,270,212,452.72
Total equity		51,097,842,795.63	48,984,850,394.73
Total liabilities and equity		131,547,918,635.49	122,294,418,558.66

This financial statement is signed by the following persons:

Legal representative:

CHE Jianxing

Person in charge of accounting:

XI Shichang

Person in charge
of the accounting department:

CAI Weichun

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

Consolidated Income Statement

For the year 2020

RMB

	Note V	2020	2019
Revenue	45	14,236,460,098.98	16,469,237,788.92
Less: Cost of sales	45	5,480,170,024.86	5,735,611,011.50
Taxes and surcharges	46	377,414,782.27	429,040,601.76
Sale expenses	47	1,693,772,759.64	2,290,930,826.31
Management expenses	48	1,680,856,568.05	1,751,866,715.59
Research and development expenses	49	36,035,643.66	38,206,412.50
Financial expenses	50	2,464,418,667.68	2,260,079,805.40
Including: Interest expenses		2,548,719,302.83	2,411,290,093.44
Interest income		194,886,018.04	195,395,541.15
Add: Other income	51	184,249,900.19	104,900,495.94
Investment income	52	222,015,867.89	786,438,650.13
Including: Investment income from associates and joint ventures		44,959,080.07	137,729,826.00
Gain on fair value changes	53	494,132,525.69	1,632,073,263.93
Impairment loss of credit	54	(126,335,204.00)	(252,135,593.72)
Impairment losses of assets	55	(333,165,778.40)	(45,726,468.34)
Gain from disposal of assets	56	1,368,758.55	8,101,725.36
Operating profit		2,946,057,722.74	6,197,154,489.16
Add: Non-operating income	57	57,938,296.96	46,074,966.28
Less: Non-operating expenses	58	189,847,568.12	40,151,435.89
Total profit		2,814,148,451.58	6,203,078,019.55
Less: income tax expenses	61	750,071,048.61	1,516,836,338.46
Net profit		2,064,077,402.97	4,686,241,681.09
According to the classification of ownership			
Net profit attributable to owners of the Company		1,730,581,791.56	4,479,681,652.61
Non-controlling interests		333,495,611.41	206,560,028.48

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

Consolidated Income Statement

For the year 2020

RMB

	Note V	2020	2019
Other comprehensive income (after tax)			
Other comprehensive income (after tax) attributable to owners of the Company	42	1,261,871,486.11	1,004,835,312.35
Other comprehensive income that will not be reclassified to profit or loss		1,253,005,655.52	940,241,172.07
Changes in fair value of other equity instrument investments		1,081,989,482.82	964,367,163.82
Other comprehensive income/(loss) that will be reclassified to profit or loss			
Fair value hedge reserve (Effective part of fair value hedging)		92,080,050.37	(24,125,991.75)
Transfer from owner-occupied properties to investment properties measured at fair value		77,663,553.12	–
Exchange differences from translation of financial statements		1,272,569.21	–
Other comprehensive income (after tax) attributable to non-controlling interests		8,865,830.59	64,594,140.28
Total comprehensive income		3,325,948,889.08	5,691,076,993.44
Include:			
Total comprehensive income attributable to owners of the Company		2,983,587,447.08	5,419,922,824.68
Total comprehensive income attributable to non-controlling interests		342,361,442.00	271,154,168.76
Earnings per share	62		
Basic earnings per share		0.44	1.15
Diluted earnings per share		N/A	N/A

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

Consolidated Statement of Changes in Equity

For the year of 2020
RMB

2020

	Attributable to shareholders of the Company							Total equity
	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	Retained earnings	Sub-total	Non-controlling interest	
I. Prior year's closing balance	3,550,000,000.00	4,239,976,571.04	1,483,127,041.17	1,954,818,567.23	34,486,715,762.57	45,714,637,942.01	3,270,212,452.72	48,984,850,394.73
II. Changes in the current year	355,000,000.00	(591,856,445.22)	237,458,920.57	121,667,865.72	1,726,310,660.79	1,848,581,001.86	264,411,399.04	2,112,992,400.90
(I) Total comprehensive income	-	-	1,253,005,655.52	-	1,730,581,791.56	2,983,587,447.08	342,361,442.00	3,325,948,889.08
(II) Shareholders' contributions and reduction in capital								
1. Minority shareholders' increase in capital	-	-	-	-	-	-	32,757,233.76	32,757,233.76
2. Non-controlling interest arising from acquisition of subsidiaries	-	-	-	-	-	-	60,306,451.61	60,306,451.61
3. Acquisition of non-controlling interest	-	(254,276,569.03)	-	-	-	(254,276,569.03)	(4,874,823.20)	(259,151,392.23)
4. Disposal of subsidiaries	-	-	-	-	-	-	3,391,278.37	3,391,278.37
5. Amount of share payment included in equity	-	17,420,123.81	-	-	-	17,420,123.81	-	17,420,123.81
(III) Profit distribution								
1. Surplus reserve	-	-	-	121,667,865.72	(121,667,865.72)	-	-	-
2. Distributions to shareholders	-	-	-	-	(898,150,000.00)	(898,150,000.00)	(169,530,183.50)	(1,067,680,183.50)
(IV) Internal transfer of equity shareholders' equity								
1. Capitalization of capital reserves	355,000,000.00	(355,000,000.00)	-	-	-	-	-	-
2. Other comprehensive income converted to retained earnings	-	-	(1,015,546,734.95)	-	1,015,546,734.95	-	-	-
III. Balance at the end of the year	3,905,000,000.00	3,648,120,125.82	1,720,585,961.74	2,076,486,432.95	36,213,026,423.36	47,563,218,943.87	3,534,623,851.76	51,097,842,795.63

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

Consolidated Statement of Changes in Equity

For the year of 2020

RMB

2019

	Attributable to shareholders of the Company							Total equity
	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	Retained earnings	Sub-total	Non-controlling interest	
I. Prior year's closing balance	3,550,000,000.00	4,490,018,895.43	1,227,776,839.27	1,816,847,121.56	30,629,417,859.13	41,714,060,715.39	3,581,764,964.83	45,295,825,680.22
Add: Changes in accounting policies	-	-	-	-	(210,803,273.67)	(210,803,273.67)	(71,814,770.55)	(282,618,044.22)
II. Opening balance in the current year	3,550,000,000.00	4,490,018,895.43	1,227,776,839.27	1,816,847,121.56	30,418,614,585.46	41,503,257,441.72	3,509,950,194.28	45,013,207,636.00
III. Changes in the current year								
(I) Total comprehensive income	-	-	940,241,172.07	-	4,479,681,652.61	5,419,922,824.68	271,154,168.76	5,691,076,993.44
(II) Shareholders' contributions and reduction in capital								
1. Minority shareholders' reduction contribution in capital	-	-	-	-	-	-	(301,289,332.69)	(301,289,332.69)
2. Non-controlling interest arising from acquisition of subsidiaries	-	-	-	-	-	-	63,117,256.62	63,117,256.62
3. Acquisition of non-controlling interest	-	(262,824,513.14)	-	-	-	(262,824,513.14)	(49,482,128.63)	(312,306,641.77)
4. Disposal of subsidiaries	-	-	-	-	-	-	(233,509.49)	(233,509.49)
5. Amount of share payment included in equity	-	12,782,188.75	-	-	-	12,782,188.75	-	12,782,188.75
(III) Profit distribution								
1. Surplus reserve	-	-	-	137,971,445.67	(137,971,445.67)	-	-	-
2. Distributions to shareholders	-	-	-	-	(958,500,000.00)	(958,500,000.00)	(223,004,196.13)	(1,181,504,196.13)
(IV) Internal transfer of equity shareholders' equity								
Other comprehensive income converted to retained earnings	-	-	(684,890,970.17)	-	684,890,970.17	-	-	-
IV. Balance at the end of the year	3,550,000,000.00	4,239,976,571.04	1,483,127,041.17	1,954,818,567.23	34,486,715,762.57	45,714,637,942.01	3,270,212,452.72	48,984,850,394.73

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

Consolidated Cash Flow Statement

For the year of 2020

RMB

	Note V	2020	2019
I. Cash Flows from Operating Activities			
Cash received from the sales of goods and rendering of services		13,689,086,481.94	15,976,483,700.60
Other cash received relating to operating activities	63	1,103,050,559.56	513,089,771.81
Sub-total of cash inflow from operating activities		14,792,137,041.50	16,489,573,472.41
Cash payments for goods purchased and services received		2,526,024,923.73	2,438,524,528.45
Cash payments to and on behalf of employees		3,512,090,114.51	3,734,852,012.21
Payments of various types of taxes		2,056,853,550.87	2,141,155,342.25
Other cash payments relating to operating activities	63	2,537,436,010.80	4,081,060,558.90
Sub-total of cash outflow from operating activities		10,632,404,599.91	12,395,592,441.81
Net cash flows from operating activities	64	4,159,732,441.59	4,093,981,030.60
II. Cash Flows from Investing Activities:			
Cash received from disposal of investments		1,664,085,777.48	1,262,890,808.25
Cash received from investment income		58,257,357.43	158,223,578.75
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		12,293,793.12	11,336,105.62
Net cash paid for disposal of subsidiaries and other business units	64	1.00	1,603,859.25
Other cash received relating to investing activities	63	2,958,669,428.19	3,174,566,366.76
Sub-total of cash inflow from investing activities		4,693,306,357.22	4,608,620,718.63
Cash paid to purchase and construct fixed assets, intangible assets and other long-term assets		2,897,045,105.81	4,320,280,659.00
Cash paid for investments		821,691,902.94	1,015,105,552.64
Net cash paid for acquisition of subsidiaries and other business units	64	1,601,155,020.77	840,465,673.12
Other cash paid relating to investing activities	63	4,225,215,454.06	2,515,542,878.47
Sub-total of cash outflow from investing activities		9,545,107,483.58	8,691,394,763.23
Net cash flow from investing activities		(4,851,801,126.36)	(4,082,774,044.60)

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

Consolidated Cash Flow Statement

For the year of 2020

RMB

	Note V	2020	2019
III. Cash Flows from Financing Activities:			
Cash receipts from capital contributions		19,851,620.02	58,362,500.00
Including: Cash receipts from capital contributions from minority shareholders of subsidiaries		19,851,620.02	58,362,500.00
Cash received from borrowings		18,606,921,576.10	16,788,107,694.57
Other cash received relating to financing activities	63	1,027,475,244.93	250,234,500.54
Sub-total of cash inflow from financing activities		19,654,248,441.05	17,096,704,695.11
Cash repayments of borrowings		14,605,037,153.80	12,597,171,256.78
Cash payments for distribution of dividends or profits or settlement of interest expenses		3,790,180,349.49	3,400,640,301.94
Including: Payments for distribution of dividends or profits to minority shareholders of subsidiaries		206,450,575.50	146,789,832.60
Other cash paid relating to financing activities	63	1,440,929,047.32	1,948,574,038.86
Sub-total of cash outflow from financing activities		19,836,146,550.61	17,946,385,597.58
Net cash flow used in financing activities		(181,898,109.56)	(849,680,902.47)
IV. Effect of Exchange Rate Changes on Cash and Cash Equivalents			
		(1,064,656.34)	80,048.26
V. Net Increase in Cash and Cash Equivalents			
Add: Opening balance of cash and cash equivalents		6,776,093,360.48	7,614,487,228.69
VI. Closing Balance of Cash and Cash Equivalents	64	5,901,061,909.81	6,776,093,360.48

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

Company's Balance Sheet

31 December 2020

RMB

Assets	Note XIV	31 December 2020	31 December 2019
Current Assets			
Cash and bank balances		1,299,963,274.29	1,502,580,503.54
Accounts receivable	1	359,697,091.95	374,306,184.09
Receivables financing		1,000,000.00	–
Prepayments		36,345,965.67	14,042,379.45
Other receivables	2	32,459,976,718.24	27,799,335,169.97
Inventories		1,851,919.04	3,491,408.88
Contract assets		63,508,968.26	169,943,462.92
Non-current assets due within one year		47,074,500.00	59,571,919.34
Other current assets		184,119,809.78	92,655,842.80
Total current assets		34,453,538,247.23	30,015,926,870.99
Non-current assets			
Long-term receivables		261,383,468.63	603,405,420.76
Long-term equity investments	3	20,540,883,665.40	18,193,185,632.84
Other equity instrument investment		2,342,809,849.82	1,776,972,212.84
Other non-current financial assets		20,100,000.00	20,100,000.00
Fixed assets		28,332,687.63	28,606,895.74
Construction in progress		46,854,205.04	35,442,008.00
Intangible assets		276,668,672.03	384,703,190.10
Long-term prepaid expenses		21,338,386.32	14,533,500.89
Deferred tax assets		483,196,562.20	509,709,532.68
Other non-current assets		2,300,721,882.18	2,367,454,507.25
Total non-current assets		26,322,289,379.25	23,934,112,901.10
Total assets		60,775,827,626.48	53,950,039,772.09

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

Company's Balance Sheet

31 December 2020

RMB

Liabilities and equity	31 December 2020	31 December 2019
Current liabilities		
Short-term loans	5,012,438,306.13	4,237,377,875.28
Accounts payable	83,576,930.85	221,760,282.01
Advance from customers	41,012,002.24	54,101,614.24
Contract liabilities	848,611,175.36	618,427,748.99
Payroll payable	95,905,952.50	231,968,635.96
Taxes payable	–	121,007,223.65
Other payables	24,924,966,658.16	18,679,067,797.62
Non-current liabilities due within one year	6,223,833,969.14	4,162,825,656.09
Other current liabilities	114,419,192.48	13,933,962.28
Total current liabilities	37,344,764,186.86	28,340,470,796.12
Non-current liabilities		
Long-term loans	2,784,000,770.48	3,569,253,000.00
Bonds payable	2,489,414,936.19	4,522,713,663.49
Long-term payables	156,770,759.24	75,165,757.56
Deferred income	71,800.18	4,047,017.30
Other non-current liabilities	363,303,705.22	568,578,630.13
Total non-current liabilities	5,793,561,971.31	8,739,758,068.48
Total liabilities	43,138,326,158.17	37,080,228,864.60
Equity		
Share capital	3,905,000,000.00	3,550,000,000.00
Capital reserve	4,825,621,385.84	5,163,201,262.03
Surplus reserve	1,896,667,865.72	1,775,000,000.00
Other comprehensive income	789,631,598.82	357,819,908.70
Retained earnings	6,220,580,617.93	6,023,789,736.76
Total equity	17,637,501,468.31	16,869,810,907.49
Total liabilities and equity	60,775,827,626.48	53,950,039,772.09

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

Company's Income Statement

For the year of 2020

RMB

	Note XIV	2020	2019
Revenue	4	1,551,920,353.44	1,944,484,730.12
Less: Cost of sales	4	268,533,477.13	375,459,858.64
Taxes and surcharges		10,399,473.73	10,513,868.88
Sale expenses		119,579,492.09	512,257,603.02
Management expenses		766,337,863.48	720,933,268.35
Financial expenses		786,516,523.63	869,433,879.40
Including: Interest expenses		1,684,980,624.11	1,603,894,050.00
Interest income		917,075,966.42	917,499,114.58
Add: Other income		40,131,571.94	21,393,032.25
Investment income	5	1,653,505,575.18	3,101,818,926.58
Including: Investment income from associates and joint ventures		46,570,464.70	75,297,069.94
Credit impairment (losses)/gains		69,224,323.43	(200,248,801.69)
Impairment losses of assets		(195,174,790.28)	(45,726,468.34)
(Losses)/gains from disposal of assets		(1,575,513.62)	2,849,584.11
Operating profit		1,166,664,690.03	2,335,972,524.74
Add: Non-operating income		627,636.33	4,745,529.94
Less: Non-operating expenses		79,319,670.53	7,114,888.41
Total profit		1,087,972,655.83	2,333,603,166.27
Less: income tax expenses		(128,706,001.39)	(18,201,391.95)
Net profit		1,216,678,657.22	2,351,804,558.22
Other comprehensive income/(loss)(after tax)		431,741,779.79	278,194,945.64
Other comprehensive income that will not be reclassified to profit or loss			
Changes in fair value of other equity instrument investments		431,741,779.79	278,194,945.64
Total comprehensive income		1,648,420,437.01	2,629,999,503.86

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

Company's Statement of Changes in Equity

For the year of 2020
RMB

2020

	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	Retained earnings	Total equity
I. Opening balance in the current year	3,550,000,000.00	5,163,201,262.03	357,819,908.70	1,775,000,000.00	6,023,789,736.76	16,869,810,907.49
II. Changes in the current year						
(I) Total comprehensive income	-	-	431,741,779.79	-	1,216,678,657.22	1,648,420,437.01
(II) Shareholders' contributions and reduction in capital						
1. Amount of share payment included in equity	-	17,420,123.81	-	-	-	17,420,123.81
(III) Profit distribution						
1. Surplus reserve	-	-	-	121,667,865.72	(121,667,865.72)	-
2. Distributions to shareholders	-	-	-	-	(898,150,000.00)	(898,150,000.00)
(IV) Transfers within shareholders' equity						
1. Capitalization of capital reserve	355,000,000.00	(355,000,000.00)	-	-	-	-
2. Other comprehensive income carried forward to retained earnings	-	-	69,910.33	-	(69,910.33)	-
III. Balance at the end of the year	3,905,000,000.00	4,825,621,385.84	789,631,598.82	1,896,667,865.72	6,220,580,617.93	17,637,501,468.31

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

Company's Statement of Changes in Equity

For the year of 2020

RMB

2019

	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	Retained earnings	Total equity
I. Prior year's closing balance	3,550,000,000.00	5,150,419,073.28	79,624,963.06	1,637,028,554.33	4,768,456,624.21	15,185,529,214.88
II. Changes in the current year						
(I) Total comprehensive income	-	-	278,194,945.64	-	2,351,804,558.22	2,629,999,503.86
(II) Shareholders' contributions and reduction in capital						
1. Amount of share payment included in shareholders' equity	-	12,782,188.75	-	-	-	12,782,188.75
(III) Profit distribution						
1. Surplus reserve	-	-	-	137,971,445.67	(137,971,445.67)	-
2. Distributions to shareholders	-	-	-	-	(958,500,000.00)	(958,500,000.00)
III. Balance at the end of the year	3,550,000,000.00	5,163,201,262.03	357,819,908.70	1,775,000,000.00	6,023,789,736.76	16,869,810,907.49

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

Company's Cash Flow Statement

For the year of 2020
RMB

RMB

	2020	2019
I. Cash Flows from Operating Activities:		
Cash received from the sales of goods and rendering of services	1,765,783,013.30	1,961,285,493.03
Other cash received relating to operating activities	345,713,306.42	40,240,989.63
Sub-total of cash inflow from operating activities	2,111,496,319.72	2,001,526,482.66
Cash payments for goods purchased and services received	246,700,509.80	65,317,579.12
Cash payments to and on behalf of employees	634,080,637.15	787,762,194.50
Payments of various types of taxes	139,670,750.64	212,746,217.36
Other cash payments relating to operating activities	644,284,091.49	713,892,070.26
Sub-total of cash outflow from operating activities	1,664,735,989.08	1,779,718,061.24
Net cash flows from operating activities	446,760,330.64	221,808,421.42
II. Cash Flows from Investing Activities:		
Cash received from disposal of investments	55,781,394.59	1,281,390,000.00
Cash received from investment income	2,125,578,892.76	1,299,886,867.85
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	3,591,259.12	91,100.00
Net cash paid for disposal of subsidiaries and other business units	735,498,158.86	47,074,601.00
Other cash received relating to investing activities	4,468,886,284.65	18,358,142,154.50
Sub-total of cash inflow from investing activities	7,389,335,989.98	20,986,584,723.35
Cash paid to purchase and construct fixed assets, intangible assets and other long-term assets	376,599,623.89	247,304,021.45
Cash paid for investments	1,420,955,929.00	2,669,896,602.02
Net cash paid for acquisition of subsidiaries and other business units	1,732,409,618.94	933,459,443.50
Other cash paid relating to investing activities	7,563,026,900.00	21,081,219,645.67
Sub-total of cash outflow from investing activities	11,092,992,071.83	24,931,879,712.64
Net cash flow used in investing activities	(3,703,656,081.85)	(3,945,294,989.29)

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

Company's Cash Flow Statement

For the year of 2020

RMB

RMB

	2020	2019
III. Cash Flows from Financing Activities:		
Cash receipts from capital contributions	–	–
Cash received from borrowings	9,776,509,225.00	9,723,157,439.22
Other cash received relating to financing activities	8,247,222,081.70	23,205,930,050.19
Sub-total of cash inflow from financing activities	18,023,731,306.70	32,929,087,489.41
Cash repayments of borrowings	9,926,772,458.44	9,592,326,870.00
Cash payments for distribution of dividends or profits or settlement of interest expenses	1,819,770,909.25	1,811,379,802.36
Other cash paid relating to financing activities	3,460,879,184.09	17,571,835,558.68
Sub-total of cash outflow from financing activities	15,207,422,551.78	28,975,542,231.04
Net cash flow from financing activities	2,816,308,754.92	3,953,545,258.37
IV. Effect of Exchange Rate Changes on Cash and Cash Equivalents	16,469,767.04	555,111.24
V. Net Increase(decrease) in Cash and Cash Equivalents	(424,117,229.25)	230,613,801.74
Add: Opening balance of cash and cash equivalents	1,494,580,503.54	1,263,966,701.80
VI. Closing Balance of Cash and Cash Equivalents	1,070,463,274.29	1,494,580,503.54

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

Notes to the Financial Statements

For the year 2020
RMB

I. GENERAL INFORMATION OF THE COMPANY

Red Star Macalline Group Corporation Ltd. (formerly known as Shanghai Red Star Macalline Home Furnishing Company Limited** (上海紅星美凱龍家居傢飾品有限公司) and Shanghai Red Star Macalline Enterprise Management Company Limited** (上海紅星美凱龍企業管理有限公司), hereinafter referred to as “the Company”) is a limited liability company jointly established by Red Star Macalline Holding Group Company Limited** (紅星美凱龍控股集團有限公司) (Used name: Shanghai Red Star Macalline Investment Company Limited** (上海紅星美凱龍投資有限公司)) and Red Star Furniture Group Co., Ltd.** (紅星家具集團有限公司) on 18 June 2007 in Shanghai, the People’s Republic of China (the “PRC”), with a term of operation of 10 years and an original registered capital and paid-in capital of RMB120,000,000.00. The Company is headquartered in Lane 1466, Shenchang Road, Minhang District, Shanghai.

On 2 November 2007, Red Star Furniture Group Co., Ltd. transferred all the 90% equity held by it to Red Star Macalline Holding Group Company Limited, and completed the business registration for such change on 16 November 2007, after which, Red Star Macalline Holding Group Company Limited held 100% equity of the Company.

According to the resolution passed at the general meeting of the Company on 21 November 2008 and as approved by Shanghai Municipal Commission of Commerce in its document dated 12 December 2008 (Hu Shang Wai Zi Pi [2008] No.519), the Company decided to increase its registered capital by RMB24,578,313.00, which was contributed by Candlewood Investment SRL and Springwood Investment SRL, two new foreign shareholders. As such, the Company changed in nature from a domestic enterprise into a Sino-foreign joint venture, with its name changed from Shanghai Red Star Macalline Home Furnishing Company Limited to Shanghai Red Star Macalline Enterprise Management Company Limited. After such capital increase, the registered capital and paid-in capital of the Company amounted to RMB144,578,313.00.

Notes to the Financial Statements

For the year 2020

RMB

I. GENERAL INFORMATION OF THE COMPANY (continued)

According to the absorption and merger agreement of the Company dated 8 August 2009 and the provisions of the Articles of Association as amended, the Company applied to absorb and merge with Tianjin Red Star Macalline Home Decoration Co., Ltd.** (天津紅星美凱龍傢飾有限公司). Tianjin Red Star Macalline Home Decoration Co., Ltd. is a limited liability company established in Tianjin, the PRC on 1 June 2007, with a term of operation of 10 years and an original registered capital of RMB40,000,000.00, and is mainly engaged in the wholesale and retail of and investment management, investment consultation and commodity information consultation in relation to furniture and construction materials, as well as the provision of design planning and management services for the shopping malls under operation and other businesses. According to the resolution passed at the general meeting of Tianjin Red Star Macalline Home Decoration Co., Ltd. on 1 November 2007 and as approved by Tianjin Municipal Commission of Commerce in its document dated 24 December 2007 (Jin Shang Wu Zi Guan [2008] No. 680), Tianjin Red Star Macalline Home Decoration Co., Ltd. decided to increase its registered capital by RMB11,880,674.00, which was contributed by Candlewood Investment SRL and Springwood Investment SRL, two new foreign shareholders. As such, Tianjin Red Star Macalline Home Decoration Co., Ltd. changed in nature from a domestic enterprise into a Sino-foreign joint venture. After such capital increase, the registered capital and paid-in capital of Tianjin Red Star Macalline Home Decoration Co., Ltd. amounted to RMB51,880,674.00. The Company had paid its equity to the shareholders of Tianjin Red Star Macalline Home Decoration Co., Ltd. as the merger consideration upon the absorption and merger of Tianjin Red Star Macalline Home Decoration Co., Ltd., after which, the registered capital and paid-in capital of the Company amounted to RMB196,458,987.00.

According to the resolution passed at the Board meeting of the Company on 28 March 2010 and the provisions of the Articles of Association as amended, the Company applied to increase its registered capital by RMB25,960,651.00 to RMB222,419,638.00. Such increase in the registered capital had been contributed in full by the new shareholders, namely Beijing Ruibang Beite Entrepreneur Investment Center (Limited Partnership), WHWH Group Company Limited, Beijing Yaxiang Xingtai Investment Company Limited, Tianjin Jinkai Equity Investment Fund Partnership (Limited Partnership), Lianyungang Fairbay Infrastructure Construction Company Limited, Mianyang Science and Technology Park Industry Fund (Limited Partnership), Beijing Bainian Decheng Entrepreneur Investment Center (Limited Partnership), Shanghai Yinping Investment Management Company Limited, Shanghai Junyi Investment Consultancy Company Limited, Shanghai Ping'an Pharmacy Company Limited and Nantong Qianjun Construction Material Company Limited. After such capital increase, the registered capital and paid-in capital of the Company amounted to RMB222,419,638.00, and the Company completed the business registration in respect of such change on 1 June 2010.

I. GENERAL INFORMATION OF THE COMPANY (continued)

According to the resolution passed at the Board meeting of the Company on 22 June 2010 and the provisions of the Articles of Association as amended, the Company applied to increase its registered capital by RMB5,866,965.00 to RMB228,286,603.00. Such increase in the registered capital had been contributed in full by the new shareholders, namely Shanghai Meilong Assets Management Company Limited, Shanghai Xingkai Business Administration Company Limited and Shanghai Hongmei Investment Management Company Limited. After such capital increase, the registered capital and paid-in capital of the Company both amounted to RMB228,286,603.00, and the Company completed the business registration in respect of such change on 28 July 2010.

According to the approval of the Ministry of Commerce of the People's Republic of China dated 23 December 2010 (Shang Zi Pi [2010] No. 1266), the resolution of the Board meeting, and the provisions of the sponsor agreement and Articles of Association of the Company, the Company was converted into a foreign-invested joint stock limited company in accordance with laws and changed its name to Red Star Macalline Group Corporation Ltd. (紅星美凱龍家居集團股份有限公司). The Company converted RMB3,000,000,000.00 out of the audited net assets of RMB3,260,932,367.04 of Shanghai Red Star Macalline Enterprise Management Company Limited as at 30 June 2010 at a conversion rate of 1:1 into a registered capital of RMB3,000,000,000.00, divided into 3,000,000,000 shares in total with a par value of RMB1 each, and paid the registered capital of RMB3,000,000,000.00, representing 100% of the Company's registered capital. The Company completed the business registration in respect of such change on 6 January 2011.

According to the resolution at the second extraordinary general meeting of the Company in 2015, the Articles of Association as amended and the approval of Shanghai Municipal Commission of Commerce (Hu Shang Wai Zi Pi [2015] No. 398), the Company applied to increase its registered capital by RMB80,329,038.00 by way of capital contribution from Candlewood Investment SRL and Springwood Investment SRL of RMB60,917,952.00 and RMB19,411,086.00, respectively. After such capital increase, the registered capital and paid-in capital of the Company amounted to RMB3,080,329,038.00. In the meanwhile, Beijing Ruibang Beite Entrepreneur Investment Center (Limited Partnership), WHWH Group Company Limited, Beijing Yaxiang Xingtai Investment Company Limited, Tianjin Jinkai Equity Investment Fund Partnership (Limited Partnership), Lianyungang Fairbay Infrastructure Construction Company Limited, Mianyang Science and Technology Park Industry Fund (Limited Partnership), Beijing Bainian Decheng Entrepreneur Investment Center (Limited Partnership), Shanghai Yinping Investment Management Company Limited, Shanghai Junyi Investment Consultancy Company Limited and Nantong Qianjun Construction Material Company Limited, all being the original shareholders of the Company, transferred their shares in the Company to Red Star Macalline Holding Group Company Limited, the controlling shareholder of the Company. The Company completed the business registration in respect of such change on 6 February 2015.

Notes to the Financial Statements

For the year 2020

RMB

I. GENERAL INFORMATION OF THE COMPANY (continued)

Pursuant to the proposal of the Board, as approved at the fourth extraordinary general meeting of the Company in 2015, and as permitted by China Securities Regulatory Commission on 8 May 2015 via the Approval on the Issuance of Foreign Preference Shares by Red Star Macalline Group Corporation Ltd. (Zheng Jian Xu Ke [2015] No. 822), the Company publicly issued no more than 1,180,792,000 overseas-listed foreign shares (H Shares) to overseas investors and became listed on the Main Board of Hong Kong Stock Exchange. As of 26 June 2015, the Company completed the issuance of 543,588,000 overseas-listed foreign shares (H Shares) with a par value of RMB1.00 per share to overseas investors at a price of HK\$13.28 per share. After such issuance, the paid-in capital (share capital) of the Company amounted to RMB3,623,917,038.00, representing 3,623,917,038 ordinary shares of RMB1.00 per share, including 2,561,103,969 domestic shares with restrictive conditions for sale and 1,062,813,069 overseas-listed foreign shares (H Shares) with no restrictive conditions for sale. On 26 June 2015, such overseas-listed foreign shares (H Shares) publicly issued were listed and traded on the Hong Kong Stock Exchange. The Company completed the business registration in respect of such change on 7 September 2015.

Approved at the second extraordinary general meeting of 2016 and permitted on 22 December 2017 in Reply on Approval of Initial Public Offering of Shares by Red Star Macalline Group Corporation Ltd. Zheng Jian Xu Ke [2017] No. 2373 Document issued by the China Securities Regulatory Commission, the Company carried out public offering of no more than 315,000,000 RMB-denominated ordinary shares (A shares), which were listed and traded at the Shanghai Stock Exchange. As of 17 January 2018, the Company completed the public offering of RMB-denominated ordinary shares (A shares) totaling 315,000,000 shares with a nominal value of RMB1.00 per share, and the issue price per share amounted to RMB10.23. Upon completion of the offering, the paid-in capital (share capital) of the Company amounted to RMB3,938,917,038.00, among which, the amount of RMB-denominated shares (A shares) subject to trading moratorium was 2,561,103,969 shares; the amount of RMB-denominated shares (A shares) not subject to trading moratorium was 315,000,000 shares, and the amount of overseas listed foreign shares (H shares) not subject to trading moratorium was 1,062,813,069 shares. The Company completed the business registration in respect of such change on 20 March 2018.

I. GENERAL INFORMATION OF THE COMPANY (continued)

As considered and approved at the 2017 Annual General Meeting, A Share Shareholders' Class Meeting and H Share Shareholders' Class Meeting, the Company repurchased 388,917,038 overseas-listed foreign shares (H shares) at an offer price of HK\$11.78 per share by way of conditional voluntary cash offer. The Company has completed the offer and cancelled such H shares in July 2018, after which the paid-in capital (share capital) of the Company amounted to RMB3,550,000,000.00. The Company completed the business registration in respect of such change on 29 September 2018.

As considered and approved at the 2019 Annual General Meeting, A Share Shareholders' Class Meeting and H Share Shareholders' Class Meeting, the Company issued 0.1 bonus share per 1 share by way of conversion of capital reserve to all of its shareholders, based on the total share capital of 3,550,000,000 shares prior to the implementation of the profit distribution plan for 2019, which resulted in an increase of 355,000,000 shares in total. After the distribution, the share capital of the Company amounted to RMB3,905 million, representing an increase of RMB355 million, which decreased the capital reserve by RMB355 million. The additional tradable shares not subject to selling restrictions have been listed on 7 July 2020.

The business scope of the Company and its subsidiaries (hereinafter referred to as the "Group") mainly includes providing investees with management service, enterprise management and product information consulting; providing the home furnishing business stores with design planning and management services, wholesale of furniture, building materials (steel+- exclusive) and decoration materials, and relevant supporting services, exhibition and display services.

The parent company and ultimate parent company of the Group is Red Star Macalline Holding Group Company Limited incorporated in Shanghai, the People's Republic of China, and our actual controller is Che Jianxing.

These financial statements have been approved by the Board of the Company by resolutions on 30 March 2021. Pursuant to the Articles of Association of the Company, these financial statements will be proposed to the general meeting for consideration and approval.

The consolidation scope of these consolidated financial statements shall be determined on the basis of control. Refer to Note VI for the change of scope for the year.

Notes to the Financial Statements

For the year 2020

RMB

II. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements are prepared in accordance with Accounting Standards for Business Enterprises — Basic Standards issued by the Ministry of Finance and the specific accounting standards, application guide, interpretation and other relevant provisions promulgated and revised thereafter (the “Accounting Standards for Business Enterprises”).

As of 31 December 2020, the Group’s current liabilities in aggregate exceeded its current assets in aggregate with an amount of RMB16.502 billion. The management of the Group had assessed its ongoing operation for the 12 months starting from 1 January 2021, and after taking into account unutilized bank facilities as at 31 December 2020, expected net cash inflows from operating activities and financing arrangements, and the Group believes that the liquidity risk arising from the fact that its current assets is less than its current liabilities as at 31 December 2020 that the Group is exposed to falls within the range of control, and thus has no material effect on the ongoing operation and financial statements of the Group. Therefore, these financial statements have been prepared on a going concern basis.

When preparing the financial statements, except for certain financial instruments and investment properties, the financial statements have been carried at historical cost basis. If the assets are impaired, corresponding provisions for impairment shall be made according to relevant provisions.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

The Group formulated specific accounting policies and accounting estimates according to the characteristics of its actual production and operation, which is mainly embodied in the allowance for bad debts in relation to accounts receivable, the recognition and measurement of revenue and investment properties.

1. Declaration Following ASBEs (Accounting Standards for Business Enterprises)

The financial statements have been prepared in accordance with ASBEs, and presented truly and completely the Company’s and the Group’s financial position as at 31 December 2020, and the operating results and cash flows for 2020.

2. Accounting Period

The Group has adopted the calendar year as its accounting year, i.e. from 1 January to 31 December.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

3. Functional Currency

The Group adopts Renminbi (“RMB”) as its functional currency and to prepare its financial statements. Unless otherwise stated, the financial statements are all presented in RMB. The subsidiaries, Joint ventures, Associates of the Group determine their functional currencies according to the main economic environment where they operate and convert to RMB when preparing financial statements.

4. Business Combination

Business combinations are classified into business combinations involving enterprises under common control and business combinations involving enterprises not under common control.

Business combinations involving enterprises under common control

A business combination involving enterprises under common control is a business combination in which all of the combining enterprises are ultimately controlled by the same party or parties both before and after the combination, and that control is not transitory. In a business combination involving enterprises under common control, the party which obtains control of other combining enterprise(s) on the combination date is the merging party and the other combining enterprise(s) is (are) the merged party. The combination date refers to the date on which the merging party actually obtains control of the merged parties.

Assets and liabilities that are obtained in a business combination involving enterprises under common control, including goodwill arising from the acquisition of the merging party by the ultimate controller, shall be accounted for on the basis of the carrying amounts on the financial statements of the ultimate controller at the combination date. The difference between the carrying amount of the net assets obtained by the merging party and the carrying amount of the consideration paid for the combination (or the aggregate par value of shares issued) is adjusted to the share premium in capital reserve. If the share premium is not sufficient to absorb the difference, any excess is adjusted against retained earnings.

Business combinations involving enterprises not under common control

A business combination involving enterprises not under common control is a business combination in which all of the combining enterprises are not ultimately controlled by the same party or parties before and after the combination. In a business combination involving enterprises not under common control, the party which obtains control of other combining enterprise(s) on the acquisition date is the acquirer and the other combining enterprise(s) is (are) the acquiree(s). The acquisition date refers to the date on which the acquirer actually obtains control of the acquiree.

The acquiree’s identifiable assets, liabilities and contingent liabilities acquired in the business combination involving enterprises not under common control are measured at fair value at the acquisition date.

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

4. Business Combination (continued)

Business combinations involving enterprises not under common control (continued)

The excess of the fair value of the sum of the combination consideration paid (or the fair value of equity securities issued) and equity interests in the acquiree held prior to the acquisition date over the fair value of the acquiree's identifiable net assets acquired in combination, was recognized as goodwill, which is subsequently measured at cost less cumulative impairment losses. In case the fair value of the sum of the combination consideration paid (or the fair value of equity securities issued) and equity interests in the acquiree held prior to the acquisition date is less than the fair value of the acquiree's identifiable net assets acquired in combination, a review of the measurement of the fair values of the various identifiable assets, liabilities and contingent liabilities, the consideration paid for the combination of the acquiree (or the fair value of equity securities issued) and the equity interests in the acquiree held prior to the acquisition date is conducted. If the review indicates that the fair value of the sum of the consideration paid for the combination (or the fair value of equity securities issued) and equity interests in the acquiree held prior to the acquisition date is indeed less than the fair value of the acquiree's identifiable net assets acquired in combination, the difference is recognized in current profit or loss.

5. Consolidated Financial Statement

The consolidation scope of the consolidated financial statements is determined on the basis of control, including the financial statement of the Company and all of its subsidiaries, which represent the entities controlled by the Company (including separable parts of an enterprise or investee and structured entities controlled by the Company).

In preparation of consolidated financial statements, the subsidiaries use the same accounting period and accounting policies as those of the Company. All intra-group assets, liabilities, interests, income, expenses and cash flows are eliminated in full on consolidation.

Where the amount of losses of a subsidiary attributable to the minority shareholders in the current period exceeds their share of the opening balance of owner's equity of the subsidiary, the excess shall be allocated against minority interests.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

5. Consolidated Financial Statement (continued)

For a subsidiary acquired through a business combination not involving entities under common control, the operating results and cash flows of the acquiree shall be included in the consolidated financial statements, from the date on which the Group gains control till the Group ceases the control of it. While preparing the consolidated financial statements, the acquirer shall adjust the subsidiary's financial statements, on the basis of the fair values of the identifiable assets, liabilities and contingent liabilities recognized on the acquisition date.

For subsidiaries acquired through business combinations involving entities under common control, the operating results and cash flows of the acquiree shall be included in the consolidated financial statements from the beginning of the period in which the combination occurs. While preparing the comparative consolidated financial statements, adjustments are made to related items in the financial statements for the prior period as if the reporting entity established through combination has been existing since the ultimate controller begins to exercise control.

The Group's control over an investee is re-assessed if change in relevant facts and situations causes changes in one or more of the control substances.

Where there is no loss of control, the change in minority interests is accounted for as equity transaction.

6. Classification of Joint Arrangements and Joint Ventures

There are two types of joint arrangements – joint operations and joint ventures. A joint operation is a joint arrangement whereby the joint operators have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the joint operators only have rights to the net assets of the arrangement.

A joint operator recognizes the following items in relation to its interest in a joint operation: its solely-held assets, and its share of any assets held jointly; its solely-assumed liabilities, and its share of any liabilities incurred jointly; its revenue from the sale of its share of the output arising from the joint operation; its share of the revenue from the sale of the output by the joint operation; its solely-incurred expenses, and its share of any expenses incurred jointly.

7. Cash and Cash Equivalents

Cash comprises the Group's cash on hand and deposits that can be readily withdrawn on demand. Cash equivalents are the Group's short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

8. Translation of Transactions and Financial Statements Denominated in Foreign Currencies

The Group translates the amount of foreign currency transactions occurred into its functional currency.

Foreign currency transactions are recorded, on initial recognition, in the functional currency, by applying the foreign currency amount the spot exchange rate prevailing on the transaction dates. At the balance sheet date, foreign currency monetary items are translated using the spot exchange rate prevailing on the balance sheet date. All the resulting differences on settlement and monetary item translation are taken to profit or loss for the current period, except for those relating to foreign currency borrowings specifically for construction and acquisition of qualifying assets, which are capitalised in accordance with the principle of capitalisation of borrowing costs. Non-monetary foreign currency items measured at historical cost shall still be translated at the spot exchange rate prevailing on the transaction date, and the amount denominated in the functional currency is not changed. Non-monetary foreign currency items measured at fair value are translated at the spot exchange rate prevailing at the date on which the fair values are determined. The difference thus resulted are recognised in profit or loss for the current period or as other comprehensive income based on the nature of the non-monetary items.

Foreign currency cash flows and cash flows of overseas subsidiaries are translated using the spot exchange rate at the date when the cash flows occur. The effect of exchange rate changes on cash is separately presented as an adjustment item in the cash flow statement.

9. Financial Instrument

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Recognition and derecognition of financial instruments

A financial asset or financial liability is recognized when the Group becomes a party to the contractual provisions of the financial instrument.

The Group derecognizes a financial asset (or part of a financial asset, or part of a group of similar financial assets), i.e. writes off the financial asset from the account and balance sheet, when the following conditions are met:

- (1) the rights to receive cash flows from the financial asset expire;
- (2) the Group has transferred its rights to receive cash flows from the financial asset, or has assumed an obligation to pay them in full without material delay to a third party under a “pass-through” arrangement; and either (a) has transferred substantially all the risks and rewards of ownership of the financial asset, or (b) has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset, but has not retained control of the financial asset.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

9. Financial Instrument (continued)

Recognition and derecognition of financial instruments (continued)

If the underlying obligation of a financial liability has been discharged or cancelled or has expired, the financial liability is derecognized. If an existing financial liability is replaced by the same creditor with a new financial liability that has substantially different terms, or if the terms of an existing financial liability are substantially revised, such replacement or revision is accounted for as the derecognition of the original liability and the recognition of a new liability, and the resulting difference is recognized in profit or loss for the current period.

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales of financial assets refer to that the financial assets are delivered to or by the Group under the terms of a contract within a period as specified by law or general practice. The trade date is the date on which the Group undertakes to buy or sell a financial asset.

Classification and measurement of financial assets

On initial recognition, the Group's financial assets are classified based on the business model of the Group's financial asset management and the characteristics of the financial assets' contractual cash flows as: financial assets at fair value through profit or loss, financial assets at amortized cost and financial assets at fair value through other comprehensive income. Only if the Group changes its business model for managing financial assets, all affected related financial assets can be reclassified.

Financial assets are initially recognized at fair value. However, if the initial recognition of accounts receivable or notes receivable arising from sale of goods or provision of services does not include significant financing components or does not consider financing components not exceeding one year, it shall be initially recognized as the transaction price.

For the financial assets at fair value through profit or loss, related transaction expenses are directly charged to profit or loss for the current period; for other financial assets, related transaction expenses are included in the initial recognized amount.

Notes to the Financial Statements

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

9. Financial Instrument (continued)

Classification and measurement of financial assets (continued)

The subsequent measurement of a financial asset is determined by its category:

Debt instrument investment measured at amortized cost

A financial asset shall be measured at amortized cost if both of the following conditions are met: the financial asset is held within a business model whose objective is to collect contractual cash flows; and the contractual terms of the financial asset set that the cash flows on specified dates are solely payments of principal and the interest based on the outstanding amount of principal. The interest income from such financial asset is recognized using the effective interest method, and gains or losses arising from its derecognition, revision or impairment is recognized in profit or loss for the current period.

Debt instrument investment at fair value through other comprehensive income

A financial asset shall be measured at fair value through other comprehensive income if both of the following conditions are met: the financial asset is held by the Group within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and the contractual terms of the financial asset set that the cash flows on specified dates are solely payments of principal and interest on the outstanding amount of principal. The interest income from such financial asset is recognized using the effective interest method. The change in fair value of such financial asset shall be recognized in other comprehensive income, except for interest income, impairment losses and exchange differences recognized in profit or loss for the current period. When the financial asset is derecognized, the cumulative gains or losses previously recognized in other comprehensive income is reclassified from other comprehensive income to profit or loss for the current period.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

9. Financial Instrument (continued)

Classification and measurement of financial assets (continued)

Equity instrument investment at fair value through other comprehensive income

The Group irrevocably opts to assign some of the investments in non-tradable equity instruments to financial assets at fair value through other comprehensive income, and only recognizes relevant dividend incomes (excluding dividend incomes taken back clearly as part of investment cost) in profit or loss for the current period, while subsequent changes in fair value is recognized as other comprehensive income, without needing to withdraw impairment allowance. When the financial assets are derecognized, the cumulative gains or losses previously recognized in other comprehensive income are reclassified from other comprehensive income to retained earnings.

Financial assets at fair value through profit or loss

The financial assets other than those measured at amortized cost and at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. For such financial assets, fair value is used for subsequent measurement, except those related to hedge accounting, and all changes in fair value are recognized in profit or loss for the current period.

Neither a certain financial asset designated as the financial asset at fair value through profit or loss by an enterprise at the time of initial recognition can be reclassified as other financial assets nor can other financial assets be redesignated as financial assets at fair value through profit or loss after initial recognition.

Based on the above condition, such financial assets designated by the Group mainly include derivatives, stocks and funds purchased from the secondary market for the purpose of earning price spread.

Classification and measurement of financial liabilities

The Group's financial liabilities are, on initial recognition, classified as other financial liabilities. Transaction expenses relating to other financial liabilities are included in the initial recognized amount.

Notes to the Financial Statements

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

9. Financial Instrument (continued)

Classification and measurement of financial liabilities (continued)

The subsequent measurement of financial liability is determined by its category:

Other financial liabilities

Such financial liabilities are subsequently measured at amortized cost by using the effective interest method.

Impairment of financial instrument

On the basis of expected credit losses, the Group performs the impairment treatment on financial assets measured at amortized cost, debt instrument investments measured at fair value through other comprehensive income, lease receivables, and contract assets and recognizes the loss provision.

For receivables and contract assets that do not contain significant financing components, the Group uses a simplified measurement method to measure loss provision based on the amount of expected credit losses for the entire duration of the life.

For lease receivables, the Group uses a simplified measurement method to measure loss provision based on the amount of expected credit losses for the entire duration of the life.

For financial assets other than those measured by the aforesaid simplified measurement method, the Group assesses whether its credit risk has increased significantly since the initial recognition on each balance sheet date. If the credit risk has not increased significantly since the initial recognition (at the first phase), the Group measures the loss provision based on the amount of expected credit loss over the next 12 months and calculates the interest income based on the book balance and effective interest rate; if the credit risk has increased significantly but the financial assets have not yet been credit-impaired since the initial recognition (at the second phase), the Group measures the loss provision based on the amount of expected credit losses for the entire duration of the life and calculates the interest income based on the book balance and effective interest rate; if the financial assets have been credit-impaired since the initial recognition (at the third phase), the Group measures the loss provision based on the amount of expected credit losses for the entire duration of the life and calculates the interest income based on the amortized cost and effective interest rate. For financial instruments that have lower credit risk on the balance sheet date, the Group assumes that its credit risk has not increased significantly since the initial recognition.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

9. Financial Instrument (continued)

Impairment of financial instrument (continued)

Expected credit losses of financial instruments are assessed on an individual basis and group basis by the Group. The Group assesses expected credit losses of financial instruments including accounts receivable, other receivables, contract assets and long-term receivables based on grouping by age and in light of credit risk characteristics of different customers.

Refer to Note VIII. 3 for disclosures including the Group's criteria for judging the significant increase of credit risk, definition of credit-impaired assets and assumption of expected credit loss measurement.

When the Group no longer reasonably expects to be able to fully or partially recover the contractual cash flows of financial assets, the Group directly writes down the book balance of the financial assets.

Elimination of financial instruments

The net amount after eliminating financial assets and financial liabilities is presented in the balance sheet if the following conditions are satisfied: a lawful right exists for eliminating recognized amounts, and such lawful right is currently enforceable; it is planned that the financial assets and financial liabilities are to be netted against each other, or that they are to be realized and settled simultaneously.

Derivative financial instruments

The Group uses derivative financial instruments such as foreign exchange forward contracts to hedge exchange rate risk. Derivative financial instruments are initially measured at the fair value of the day when the derivative transaction contract is signed, and subsequently measured at their fair value. Derivative financial instruments with a positive fair value are recognized as an asset, and those with a negative fair value are recognized as a liability.

Except for hedging accounting, gains or losses arising from changes in fair value of derivative instruments are directly included in the current profit and loss.

Notes to the Financial Statements

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

9. Financial Instrument (continued)

Transfer of financial assets

If the Group transfers substantially all the risks and rewards of ownership of the financial asset to the transferee, it derecognizes the financial asset; if the Group retains substantially all the risks and rewards of ownership of the financial asset, it does not derecognize the financial asset.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership of a financial asset, it is accounted for as follows: if the Group has not retained control of the financial asset, it derecognizes the financial asset and recognizes any resulting assets or liabilities; if the Group has retained control of the financial asset, it recognizes the financial asset to the extent of its continuing involvement in the transferred financial asset and recognizes an associated liability.

For continuing involvement by providing financial guarantee in respect of the transferred financial assets, the assets arising from such involvement is recognized as the lower of the book value of the financial assets and the amount of the financial guarantee. Amount of financial guarantee refers to the maximum amount to be repayable on demand among the considerations received.

10. Inventory

Inventories mainly include goods in inventory and low-value consumables, etc.

Inventories are initially measured at cost. Cost of inventories comprises costs of purchase and other cost. When the inventories are delivered, the actual costs of the delivered inventories are determined by using the method of weighted average. Low-value consumables are amortized by using the one-time writing-off method.

The inventory system is a perpetual inventory system.

On the balance sheet date, the inventories shall be measured at the lower of cost and net realizable value. When the cost is higher than the net realizable value, inventory impairment allowance shall be provided and included in current profit or loss. In case the factors impacting the previous providing of the inventory impairment allowance are eliminated, making the net realizable value of the inventory be higher than its book value, the write-down amount should be recovered from the amount of inventory impairment allowance previously provided and the corresponding amount shall be reversed to current profit or loss.

The net realizable value represents the amount derived by deducting the potential cost, estimated sale expenses and related taxes to the completion date from the estimated selling price of the inventory in daily activities. When providing the inventory impairment allowance, the finished products shall be provided by categories.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

11. Long-term Equity Investments

Long-term equity investments include equity investments in subsidiaries, joint ventures and associates.

A long-term equity investment is initially recorded at its initial investment cost on acquisition. For a long-term equity investment acquired under business combination involving entities under common control, the initial investment cost is the share of the book value of the owner's equity of the party being combined on the date of business combination in the consolidated financial statements of the ultimate controller. The difference between the initial investment cost and the book value of the consideration for combination is adjusted to capital reserve (or charged against retained earnings if there is any shortfall). Other comprehensive income held prior to the date of business combination is accounted for on the same basis as where the relevant assets or liabilities are directly disposed of by the investee in disposal of such investment. Shareholders' equity recognized as a result of changes in other shareholders' equity of the investee other than net profit or loss, other comprehensive income and profit appropriation is taken to profit or loss for the current period upon disposal of such investment. In particular, those which remain as long-term equity investments upon disposal are carried forward in proportion, and those which are converted to financial instruments upon disposal are carried forward in full. For a long-term equity investment acquired through a business combination not involving entities under common control, the initial investment cost is the cost of business combination (Business combination not involving entities under common control which is achieved after multiple transactions, the initial investment cost is the sum of book value of equity investments of the acquiree held prior to the date of acquisition and the addition to investment cost on the date of acquisition). Cost of business combination includes the sum of fair values of the assets given, liabilities incurred or assumed, and equity securities issued by the acquirer. Other comprehensive income recognized on equity method held prior to the date of acquisition is accounted for on the same basis as where the relevant assets or liabilities are directly disposed of by the investee in disposal of such investment. Shareholders' equity recognized as a result of changes in other shareholders' equity of the investee other than net profit or loss, other comprehensive income and profit appropriation is taken to profit or loss for the current period upon the disposal of such investment. In particular, those which remain as long-term equity investments upon disposal are carried forward in proportion, and those which are converted to financial instruments upon disposal are carried forward in full. Accumulated fair value change of equity investments held prior to the date of acquisition being taken to other comprehensive income as other equity instrument investments is taken to retained earnings in full under cost method. For a long-term equity investment acquired by means other than business combination, the initial investment cost is determined as follows: for a long-term equity investment acquired by paying cash, the initial investment cost is the actual purchase price paid and those costs, taxes and other necessary expenditures directly attributable to the acquisition of the long-term equity investment; for a long-term equity investment acquired by the issue of equity securities, the initial investment cost is the fair value of the equity securities issued; for a long-term equity investment acquired by the swap of non-monetary assets, the initial investment cost is determined based on Accounting Standard for Business Enterprises No. 7 – Swap of Non-monetary Assets.

For a long-term equity investment where the Company can exercise control over the investee, the Company uses the cost method in the Company's separate financial statements. Control refers to the power over an investee, and exposure, or rights, to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect the amount of the investor's returns.

Under the cost method, the long-term equity investment is measured at its initial investment cost. For addition or recovery of investments, the cost of long-term equity investments is adjusted accordingly. Cash dividend or profit declared to be distributed by an investee is recognized as profit or loss for the current period.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

11. Long-term Equity Investments (continued)

The equity method is adopted for a long-term equity investment when the Group holds joint control, or exercises significant influence on the investee. Joint control refers to the contractually-agreed shared control over an arrangement and related activities under such arrangement shall be decided on with the unanimous consent of the parties sharing control. Significant influence is the power to participate in the financial and operating policy decisions of the investee rather than to control or jointly control with other parties over the formulation of those policies.

Under the equity method, where the initial investment cost of a long-term equity investment is more than the share of the fair value of the investee's identifiable net assets when the investment is made, the cost is included in the initial investment cost of the long-term equity investment. Where the initial investment cost is less than the share of the fair value of the investee's identifiable net assets when the investment is made, the difference is recognized in profit or loss for the current period and the cost of the long-term equity investment is adjusted accordingly.

Under the equity method, the Group recognizes its share in the net profit or loss and other comprehensive income made by the investee as investment income or losses and other comprehensive income after the acquisition of the long-term equity investment, and adjusts the book value of the long-term equity investment accordingly. When recognizing the Group's share in the net profit or loss of the investee, the Group recognizes the net profit of the investee after making appropriate adjustments based on the fair values of the identifiable assets of the investee when the investment is acquired and in accordance with the Group's accounting policies and periods, after eliminating the portion of the profits or losses, arising from internal transactions with its joint ventures and associates, attributable to the investor according to its share ratio (but losses arising from internal transactions that belong to impairment losses on assets should be recognized in full), save for business formed by assets invested or disposed. The book value of the long-term equity investment is reduced accordingly based on the Group's share of profit or cash dividends declared to be distributed by the investee. The Group's share in net loss of the investee is recognized to the extent that the book value of the long-term equity investment and other long-term equity substantively forming net investments of the investee are written down to zero, except that the Group has incurred obligations to assume additional losses. The Group adjusts the book value of the long-term equity investment for other changes in shareholders' equity of the investee (other than net profit or loss, other comprehensive income and profit appropriation of the investee) and includes the corresponding adjustments in the shareholders' equity.

On disposal of the long-term equity investment, the difference between its book value and consideration actually received is recognized in profit or loss for the current period. For long-term equity investments under equity method, when the use of the equity method is discontinued because of disposal, other comprehensive income previously accounted for under the equity method shall be accounted for on the same basis as where the relevant assets or liabilities are disposed of directly by the investee. Shareholders' equity recognized as a result of changes in other shareholders' equity of the investee (other than net profit or loss, other comprehensive income and profit distribution) shall be taken in full to the profit or loss for the current period. If the equity method remains in use, other comprehensive income previously accounted for under the equity method shall be accounted for on the same basis as where the relevant assets or liabilities are disposed of directly by the investee and taken to the profit or loss for the current period in proportion. Shareholders' equity recognized as a result of changes in other shareholders' equity of the investee (other than net profit or loss, other comprehensive income and profit distribution) shall be taken to the profit or loss for the current period on a pro-rata basis.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

12. Investment Property

Investment property is any property held for rental earnings or capital appreciation or both. It includes buildings being leased out, etc.

An investment property is measured initially at cost. Expenditure subsequently incurred for such investment property is recognized in its cost if the economic benefits associated with such asset are probable to flow in and relevant costs can be measured reliably, otherwise, recognized in profit or loss for the current period in which they are incurred.

There exists an active property trading market at the place of the investment properties of the Group and the market price of and other information relating to identical or similar properties are available to the Group in the property trading market, which makes it possible to estimate the fair value of investment properties in a reasonable manner. As such, the Group subsequently measures investment properties by adopting the fair value model and adjusts its book value based on investment properties' fair value at balance sheet date with the difference between fair value and original book value recognized in profit or loss for the current period.

Where an investment property is sold, transferred, retired or damaged, the income from its disposal net of the book value and related taxes is recognized in profit or loss for the current period.

13. Fixed Assets

A fixed asset is recognized only when the economic benefits associated with the asset are probable to flow into the Group and the cost of the asset can be measured reliably. Subsequent expenditures incurred for the fixed asset are included in the cost of the fixed asset when the above confirming condition is met, and the book value of the replaced part is derecognized; otherwise the expenditures are recognized in profit or loss in the current period in which they are incurred.

Fixed assets are initially measured at cost. The cost of a purchased fixed asset consists of the acquisition price, relevant taxes, and other directly attributable expenditure for bringing the asset to its working condition for its intended use.

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

13. Fixed Assets (continued)

A fixed asset is depreciated using the straight-line method. The useful life, estimated net residual value rate and annual depreciation rate of each category of fixed assets are as follows:

	Useful life	Estimated net residual value rate	Annual depreciation rate
Buildings	40 years	5%	2.38%
Dedicated equipment	10 years	5%	9.5%
Electronic equipment, appliances and furniture	3-5 years	5%	19-31.67%
Transportation equipment	5 years	5%	19%

If a fixed asset is upon disposal or no economic benefits are expected to be generated from its use or disposal, the fixed asset is derecognized. When a fixed asset is sold, transferred, retired or damaged, the amount of any proceeds on disposal of the asset net of the book value and related taxes is recognized in profit or loss for the current period.

The Group reviews the useful life and estimated net residual value of a fixed asset and the depreciation method applied at least once at each year-end, and adjusts them when necessary.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

14. Construction in Progress

Construction in progress is recognized at its actual costs. The actual costs include various necessary construction expenditures during the construction period, borrowing costs capitalized before it is ready for intended use and other relevant costs.

Construction in progress is transferred to a fixed asset when it is ready for intended use.

15. Borrowing Costs

Borrowing costs are interests and other related cost arising from Group's borrowing, including borrowing interests, amortization of discounts or premiums, ancillary expenses and exchange differences arising from foreign currency lending etc.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying asset are capitalized, and other borrowing costs are recognized in profit or loss for the current period. Qualifying assets are fixed assets, investment property and inventory that necessarily to be acquired constructed or produced through a substantial period of time to get ready for its intended use or sale.

Borrowing costs may be capitalised only when:

- (1) Expenditures for such asset are incurred;
- (2) Borrowing costs are incurred;
- (3) The acquisition, construction or production activities which are necessary to prepare the asset for its intended use or sale have started.

Capitalization of borrowing costs ceases when the qualifying asset being acquired, constructed or produced becomes ready for its intended use or sale. Borrowing costs incurred subsequently are recognized in profit or loss for the current period.

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

15. Borrowing Costs (continued)

During the period of capitalisation, the amount of capitalised interests in each accounting period is determined by the following methods:

- (1) For dedicated borrowings, the amount of capitalised interests is the interest expenses actually incurred in the current period less the interest income earned on temporary deposits or investment income.
- (2) For general borrowings utilised, the amount of capitalised interests is the weighted average asset expenditures of the excess of accumulative asset expenditure over the dedicated borrowings multiplying the weighted average interest rate of the general borrowings utilised.

Where the acquisition and construction or production of a qualified asset is interrupted abnormally and the interruption period lasts for more than 3 consecutive months, other than those necessary to prepare the asset for its intended use or sale, the capitalization of the borrowing costs shall be suspended. Borrowing costs incurred during the interruption period are recognised as cost in profit or loss for the current period, until those acquisition and construction or production is resumed.

16. Right-of-use assets

The Group's right-of-use assets mainly include buildings and constructions, machines and equipment.

On the commencement date of the lease term, the Group recognizes its right to use the leased asset during the lease period as right-of-use assets, including: the initial measured amount of lease liabilities; lease payments made at or before the commencement date of lease term less any incentives already received (if there is a lease incentive); the initial direct costs incurred by the lessee; an estimate of costs to be incurred by the lessee in dismantling and removing the lease assets, restoring the site on which they are located or restoring the leased assets to the condition required by the terms and conditions of the lease. The Group subsequently uses the straight line method to depreciate the right-of-use assets. If it is reasonable to determine the ownership of the leased asset can be obtained when the lease term expires, the Group will depreciate over the remaining useful life of the leased assets. If it cannot be reasonably determined that the ownership of the leased asset can be obtained at the end of the lease period, the Group depreciates during the shorter period between the lease term and the remaining useful life of the lease assets.

When the Group re-measures lease liabilities according to the present value of the changed lease payment and adjusts the book value of the right-of-use asset accordingly, if the book value of the right-of-use asset has been reduced to zero while lease liabilities still needs to be further reduced, the Group accounts for the remaining amount in the current profit and loss.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

17. Intangible Assets

Intangible assets may be recognized and initially measured at cost only when economic benefits relating to it are likely to flow into the Group as well as its cost can be measured reliably. However, for intangible assets acquired from business combination involving enterprises not under common control, if their fair value can be measured reliably, they are recognized separately as intangible assets and measured at fair value.

The useful life of an intangible asset shall be determined based on the term in which it can generate economic benefits for the Group. An intangible asset is regarded as having an indefinite useful life when there is no foreseeable term in which it can generate economic benefits for the Group.

The useful life of each category of intangible assets is as follows:

	Useful life
Trademark use rights	30 years
Softwares	2-10 years
Others	3 years

An intangible asset with finite useful life is amortised over its useful life period by using the straight-line method. The useful life and amortization method of an intangible asset with finite useful life shall be reviewed at least once at each year-end, and adjusted when necessary.

The Group's expenditures for its internal research and development projects are classified into expenditures on the research stage and expenditures on the development stage. Expenditures on the research stage are recognized in profit or loss for the current period when incurred. Expenditures on the development stage are to be capitalized if the Group can satisfy all of the following criteria simultaneously: the technical feasibility to complete the intangible asset so that it will be available for use or sale; the intention to complete the intangible asset, and to use or sell it; how the intangible asset will generate economic benefits. Among other things, the Group can demonstrate that there is an existing market for products produced by the intangible asset or there is an existing market for the intangible asset itself, and the usage of it, if the intangible asset is to be used internally; the availability of adequate technical, financial and other resources to complete the development of the intangible asset and the ability to use or sell it; the ability to measure reliably the expenditure attributable to the intangible asset during its development stage. The development expenditure that do not meet the above conditions are recognized in profit or loss for the current period when incurred.

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

18. Impairment of Assets

The Group determines impairment of assets excluding inventory, investment property measured at fair value model, deferred income taxes, financial assets and contract assets by below method:

The Group determines whether there is any indication that assets have suffered impairment at balance sheet date. If an impairment indication exists, the recoverable amount is estimated and impairment test is carried out. The impairment test should be carried out for the intangible assets with indefinite useful life and the goodwill arising from business combination at least once at each year-end whether an impairment indication exists. As for intangible assets that have not been ready for intended use, an impairment test also should be carried out each year.

The recoverable amount of an asset is the higher of the net of its fair value less costs of disposal and the present value of the future cash flows expected to be derived from the asset. Recoverable amount is estimated on individual asset basis. If it is not practical to estimate the recoverable amount of an individual asset, the recoverable amount of the asset group to which the asset belongs will be determined. The asset group is determined according to whether the main cash inflows generated from the asset group are independent from cash inflows from other assets or asset group.

If such recoverable amount of an asset or asset group is less than its book value, book value is reduced to its recoverable amount, the reduction amount is recognized in profit or loss for the current period and a provision for impairment of such assets has been prepared.

For the purpose of impairment test of goodwill, the book value of goodwill arising from business combination is reasonably allocated to the related assets group since the purchasing date, those difficulty allocated to the related assets group will be allocated to the related sets of assets groups. The related assets group or sets of assets groups are those expected to benefit from the synergies of the business combination and less than the reportable segment determined by the Group.

If there exists impairment indication for assets group or sets of assets groups related to goodwill when an impairment test is carried out for the related assets group or sets of assets groups including goodwill, an impairment test should be firstly carried out for assets group or sets of assets groups excluding goodwill to calculate the recoverable amount and recognize the corresponding impairment losses. An impairment test then should be carried out for assets group or sets of assets groups including goodwill, comparing its book value and the recoverable amount, if the recoverable amount is less than the book value, the impairment losses amount is deducted and amortized to the book value of the goodwill of assets group or sets of assets groups firstly and then deducted the book value of other assets on a pro rata basis according to the proportion of the book value of other assets of assets group or sets of assets groups excluding goodwill.

Once an impairment loss is recognized for above-mentioned assets, it will not be reversed in subsequent accounting period.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

19. Long-term Prepaid Expenses

Long-term prepaid expenses are amortized using the straight-line method, and their amortized periods are as follow:

	Amortized periods
Improvement of fixed assets rented	3-10 years
Others	3-5 years

20. Employee Remuneration

Employee remuneration is all kinds of reward or compensation for service rendered by employees or the termination of employment given by the Group. Employee remuneration includes short-term remuneration, post-employment benefits, termination benefits and other long-term employee benefits. Benefits the Group provided to employees' spouses, children, dependents, families of the deceased employees and other beneficiaries also belong to employee remuneration.

Short-term remuneration

Actually occurred short-term remuneration is recognized as liabilities and charged to the profit or loss for the current period or to the costs of relevant assets in the accounting period during which employees provide services.

Post-employment benefits (Defined contribution plans)

Our employee participated in pension insurance and unemployment insurance managed by local government and corresponding expenses are recognized in costs of related assets or profit or loss for the current period when occurred.

Termination benefits

When the Group provides termination benefits to employees, employee remuneration liabilities are recognized for termination benefits, with a corresponding charge to the profit or loss for the current period at the earlier of the following dates: when the Group cannot unilaterally withdraw the offer of termination benefits because of the termination plan or a curtailment proposal; and when the Group recognizes costs or expenses related to restructuring that involves the payment of termination benefits.

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

21. Lease liabilities

On the commencement date of the lease term, the Group recognized the present value of the lease payments that have not been paid as lease liabilities, except for short-term leases and low-value asset leases. In calculating the present value of the lease payments, the Group uses the interest rate of the lease as the discount rate; if the interest rate of the lease cannot be determined, the lessee's incremental borrowing rate is used as the discount rate. The Group calculates the interest expense of the lease liability for each period of the lease term based on the fixed periodic interest rate and recognises it in profit or loss for the current period, unless otherwise required to be included in relevant costs of assets. The variable lease payments that are not included in the measurement of the lease liabilities are recognised in profit or loss for the current period when incurred, unless otherwise required to be included in relevant costs of assets.

After the commencement date of the lease term, when the actual fixed payment amount changes, the expected amount of the guarantee residual value changes, the index or ratio used to determine the lease payment changes, or the assessment results or actual exercise of the purchase option, the renewal option or the termination option change, the Group re-measures the lease liability based on the present value of the changed lease payments.

22. Provisions

Except for contingent consideration and contingent liability assumed in a business combination not under common control, the Group recognizes an obligation related to a contingency as a provision when all the following conditions are satisfied:

- (1) the obligation is a present obligation assumed by the Group;
- (2) it is probable that an outflow of economic benefits from the Group will be required to settle the obligation;
- (3) the amount of the obligation can be measured reliably.

A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation, with comprehensive consideration of factors such as the risks, uncertainty and time value of money relating to a contingency. The carrying amount of a provision is reviewed at each balance sheet date. If there is clear evidence that the carrying amount does not reflect the current best estimate, the carrying amount is adjusted according to the current best estimate.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

23. Share-based payment

Share-based payment is divided into equity-settled share-based payment and cash-settled share-based payment. Equity-settled share-based payment refers to transactions in which the Group uses shares or other equity instruments as consideration for obtaining services.

Where equity-settled share-based payments are exchanged for employees to provide services, they are measured at the fair value of the equity instruments granted to employees. If the right is exercised immediately after the grant, it is included in the relevant cost or expense at fair value on the grant date, and the capital reserve is increased accordingly; if the right can be exercised only after the service within the waiting period is completed, on every balance sheet date during the waiting period, the Group makes the best estimate of the number of exercisable equity instruments based on the latest information such as changes in the number of employees with the right, and based on which, the Group includes the services acquired in the current period into the relevant costs or expenses according to the fair value at the grant date, meanwhile capital reserve is increased accordingly and fair value of equity instruments are determined using a binomial model.

No cost or expense will be recognized for the share payment that ultimately fail to exercise due to failing to meet non-market conditions and/or service period conditions. If market conditions or non-exercisable rights conditions are stipulated in the share payment agreement, regardless of whether market conditions or non-exercisable rights conditions are met, as long as all other performance conditions and/or service period conditions are met, they are regarded as exercisable rights.

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

24. Revenue from contracts with customers

The Group recognizes revenue when it performs the performance obligations in the contract, namely, when the customer obtains control over relevant goods or services. Control over the relevant goods and services refers to the ability to direct the use of goods or services and obtain substantially all of the economic benefits from them.

Revenue relating to Managed Shopping Malls

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, and from the provision of consultation, tenant sourcing and other services to partners of or project companies under the Managed Shopping Malls. The revenue arising therefrom is recognized by the Group in the period that the consulting and management services are provided in accordance with the progress of performance.

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 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 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 recognized 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.

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 there from is recognized 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.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

24. Revenue from contracts with customers (continued)

Revenue relating to Managed Shopping Malls (continued)

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 realities of the project. The revenue is recognized 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 constructed and reached operational status, and relevant service confirmation issued by the builder is obtained.

Revenue from commercial consultation fees

It refers 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/JV/associate Portfolio Shopping Malls and Managed Shopping Malls. The revenue arising therefrom is recognized 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 contracts.

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 recognizes relevant revenue according to performance schedule, except that relevant 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 Group recognizes the revenue according to the amount of costs incurred until the performance schedule can be reasonably determined.

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

24. Revenue from contracts with customers (continued)

Revenue from home decoration and sales of merchandises

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 recognized when the Group fulfilled the performance obligations under relevant contracts and customers obtained the right of control of relevant goods or services.

The revenue from home improvement is derived from the home design and decoration engineering services provided by the Group. The Group recognizes revenue based on the progress of contract performance during the period in which relevant services are provided.

Other revenues

Revenue from strategic consultation fees

It refers 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 on the terms and within the validity period of the agreement entered into between the Group and home decoration companies and furniture manufacturers. The revenue is recognized by the Group at the amount agreed in the agreement according to the performance schedule within the validity period of the agreement.

Joint marketing income

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 is recognized when the Group fulfilled the performance obligations under the relevant contracts and customers obtained the right of control of relevant goods or services.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

25. Contract Assets and Contract Liabilities

The Group presents contract assets or contract liabilities in the balance sheet based on the relationship between the Group's fulfilment of performance obligations and customers' payment. A contract asset and a contract liability relating to a contract are accounted for and presented on a net basis.

Contract assets

The Group presents its right to receive considerations for goods already transferred to customers (depending on other factors other than time).

See Note III.9 for methods determining the expected credit loss of the Group's contract assets and relevant accounting methods.

Contract liabilities

A contract liability is the obligation to transfer goods or services to customers in connection with customer consideration received or receivable, for example, amounts received prior to the transfer of the promised goods or services.

26. Government Grants

Government grant is recognized when the Group can comply with the conditions attached to it and it can be received. If a government grant is in the form of monetary asset, it is measured at the amount received or receivable. If a government grant is in the form of non-monetary asset, it is measured at fair value; in the event that fair value is not reliably determinable, it is measured at a nominal amount.

Government grants for purchasing, building or forming long-term assets in other methods regulated in government documents are recognized as asset-related government grants. Judgments should be made based on the necessary basic conditions for obtaining the government grants when government documents are unclearly stated. Government grants with purchasing, building or forming long-term assets in other methods as basic conditions, are recognized as asset-related government grants, whereas the rest as income-related government grants.

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

26. Government Grants (continued)

Income-related government grants are used to recover related costs or losses in the subsequent period are recognized as deferred income, and are taken into the current profit or loss or used to offset related costs of the period in which the related costs or losses are recognized; those used to recover related costs or losses incurred are directly recognized in the current profit or loss or used to offset related costs.

Asset-related government grants are used to offset the book value of related assets; or recognized as deferred income, and arbitrarily and systematically included in profit or loss within the useful life of the related assets (however, government grants measured at nominal amounts are directly recognized in profit or loss for the current period); if the related assets are sold, transferred, discarded as useless or damaged before the end of their useful life, the balance of the relevant deferred income that has not been allocated shall be carried into the profit or loss of the period when the assets are disposed of.

27. Income Tax

Income tax comprises current and deferred income tax. Income tax is recognized as income or an expense in profit or loss for the current period, or recognized directly in shareholders' equity if it arises from a business combination or relates to a transaction or event which is recognized directly in shareholders' equity.

The Group measures a current income tax asset or liability arising from the current and prior period based on the amount of income tax expected to be paid by the Group or returned by tax authority calculated by related tax laws.

For temporary differences on the balance sheet date between the tax bases of assets and liabilities and their book value, and temporary differences between the book value and the tax bases of items, the tax bases of which can be determined for tax purposes, but which have not been recognized as assets and liabilities according to the tax laws, deferred income taxes are provided using the balance sheet liability method.

A deferred tax liability is recognized for all taxable temporary differences, except:

- (1) Where the taxable temporary differences arise from the initial recognition of goodwill, or the initial recognition of an asset or liability in a transaction which contains both of the following characteristics: the transaction is not a business combination; and at the time of the transaction, it affects neither accounting profit nor taxable income or deductible loss.
- (2) In respect of taxable temporary differences associated with investments in subsidiaries, joint ventures and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not be reversed in the foreseeable future.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

27. Income Tax (continued)

A deferred tax asset is recognized for deductible temporary differences, carry forward of deductible tax losses from subsequent years and tax credits, to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, and deductible tax losses and tax credits can be utilized, except:

- (1) Where the deductible temporary differences arise from a transaction that is not a business combination and, at the time of the transaction, neither the accounting profit nor taxable income or deductible loss is affected.
- (2) In respect of the deductible temporary differences associated with investments in subsidiaries, joint ventures and associates, a deferred tax asset is only recognized to the extent that it is probable that the temporary differences will be reversed in the foreseeable future and taxable income will be available against which the deductible temporary differences can be utilized in the future.

At the balance sheet date, deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, according to the requirements of tax laws. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Group expects at the balance sheet date, to recover the assets or settle the liabilities.

The book value of deferred tax assets is reviewed at the balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable income will be available in future periods to allow the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at the balance sheet date and are recognized to the extent that it has become probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be recovered.

Where all of the following conditions are satisfied, deferred tax assets and deferred tax liabilities are presented on a net basis after offsetting: With the legal rights of net settlement of current income tax assets and current income tax liabilities granted, and deferred tax assets and deferred tax liabilities are related to income tax to be paid by the same entity liable to pay tax to the same tax collection and management authority or related to different entities liable to pay tax, but the relevant entity liable to pay tax is intended to apply net settlement of current income tax assets and liabilities or, at the same time, acquire assets or repay debt whenever every significant deferred tax assets and liabilities would be reversed in the future.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

28. Lease

Identification of leases

On the commencement date of the contract, the Group assesses whether the contract is a lease or contains a lease. If one party under the contract transfers one or more of the rights to control the use of identified assets for a certain period of time in exchange for consideration, the contract shall be considered as a lease or containing lease. In order to determine whether the contract has transferred the right to control the use of the identified assets within a certain period of time, the Group assesses whether the customers in the contract are entitled to substantially all of the economic benefits arising from the use of the identified assets during the period of use and have the right to lead the use of identified assets during this period of use.

Identification of separate leases

Where the contract contains multiple separate leases, the Group will split the contract and separate the leases for accounting treatment. The right to use the identified asset constitutes a separate lease in the contract if the following conditions are met:

- (1) The lessee can profit from using the asset alone or in conjunction with other resources that are readily available;
- (2) The asset does not have a high degree of dependency or a high degree of association with other assets in the contract.

Assessment of lease term

The lease term is the non-cancellable period during which the Group has the right to use the lease asset. The Group has the option to renew the lease, that is, it has the right to choose to renew the lease of the asset, and if it is reasonable to determine that the option will be exercised, the lease term also includes the period covered by an option to renew the lease. The Group has the option to terminate the lease, that is, it has the right to choose to terminate the lease of the asset, but if it is reasonable to determine that the option will not be exercised, the lease term includes the period covered by the termination of the lease option. In the event of a major event or change within the Group's controllable range, and affecting whether the Group reasonably determines that the corresponding option will be exercised, the Group reassesses whether it is reasonable to determine to exercise the option to renew the lease, purchase option or terminate the lease option.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

28. Lease (continued)

As a lessee

For the general accounting treatment of the Group as a lessee, please refer to Note III. 16 and Note III. 21.

Lease modifications

The lease modifications refer to change of lease scope, lease consideration, and lease term outside the original contract terms, including the increase or termination of the use rights of one or more leased assets, and the extension or shortening of the lease term stipulated in the contract.

If the lease modifications have met the following conditions simultaneously, the Group will account for the lease modifications as a separate lease:

- (1) The lease modifications expand the scope of the lease by adding the rights of use of one or more leased assets;
- (2) 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 by discounting the revised lease payments using a revised discount rate at the effective date of the lease modification. When calculating the present value of the lease payments after the modification, revised discount rate is determined as the interest rate implicit in the lease for the remainder of the lease term, if that rate can be readily determined, or the lessee's incremental borrowing rate at the effective date of the modification, if the interest rate implicit in the lease cannot be readily determined.

Regarding the impact of the above adjustment of lease liabilities, the Group distinguishes between the following circumstances for accounting treatment:

- (1) If the lease modifications result in a narrower lease scope or a shorter lease term, decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease. The lessee shall recognise in profit or loss any gain or loss relating to the partial or full termination of the lease;
- (2) Making a corresponding adjustment to the book value of right-of-use asset for all other lease modifications.

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

28. Lease (continued)

Lease modifications (continued)

Short-term lease and low-value asset lease

The Group recognises the lease which has a term of not more than 12 months and does not include the purchase option on the commencement date of the lease term as a short-term lease; the lease with a value of not more than RMB40,000 when the single leased asset is a new asset is recognised as a low-value asset lease. If the Group subleases or expects to sublease the leased assets, the original lease is not recognised as a low-value asset lease. The Group does not recognise the right-of-use assets and lease liabilities for short-term leases and low-value asset leases. During each period of the lease term, the related asset costs or profit or loss for the current period are included by using the straight-line method.

Rent concessions caused by the COVID-19

For the rent concessions directly caused by the COVID-19 and agreed by the Group and the Lessor under the existing leasing contracts and the rent deduction such as deferred payments, if it meets the following conditions at the same time, the Group will adopt simplified method for the leases of shopping malls:

- (1) the lease consideration after the concession is reduced or basically unchanged compared with that before the concession;
- (2) the concession is only for lease payables before 30 June 2021;
- (3) after considering the qualitative and quantitative factors, it is determined that there is no significant change in other terms and conditions of the leases.

The Group will not assess whether there has been a change in the lease, and will continue to calculate the interest expenses of the lease liabilities based on the discount rate consistent with that before the concession and recognized in profit or loss for the current period; and continue to make provision for the depreciation of the right-of-use assets based on the method consistent with that before the concession. For the recognized rent concessions, the rent concessions shall be treated as variable lease payments by the Group. If original rent payment obligation released when the concession agreement has been fulfilled, the relevant assets costs or expenses shall be offset by the undiscounted amounts/discounted amounts at the discount rate before concession and the lease liabilities shall be adjusted accordingly. For the deferred rental payment, the previously recognized lease liabilities will be offset by the Group when the actual payment occurs.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

28. Lease (continued)

As a lessor

At the lease commencement date, leases that substantially transfer almost all the risks and rewards related to the ownership of leased assets are classified as finance leases. Otherwise, all other leases are classified as operating leases. When the Group is an intermediate lessor, the sublease is classified as a finance lease or an operating lease by reference to the right-of-use assets arising from the head lease.

As a financial leases lessor

At the lease commencement date, the Group recognises financial leases as financial lease receivables and derecognises the underlying assets. When the financial lease receivables are initially measured, the Group shall account for the net lease investment as the value of the financial lease receivables. Net investment in the lease is the sum of present value of unguaranteed residual value and the lease payments receivable at the lease commencement date, discounted at the interest rate implicit in the lease.

The Group calculates and recognises interest income in each period during the lease term, based on a constant periodic rate of interest. Variable lease payments received by the Group, and not included in the measurement of the net investment in the lease shall be included into profit or loss for the current period when actually incurred.

Where the Group is deemed as a lessor of a producer or dealer of financial leases, at the lease commencement date, the Group will recognize the lower of the fair value of the leased assets and the present value of lease payments discounted at market interest rate as the revenue, and carry forward the balance of the carrying amount of the lease assets after deduction of the present value of the unguaranteed residual value as the cost of sales. The costs incurred for obtaining the financial leases by the Group, will be included into profit or loss for the current period at the lease commencement date.

If the financial leases changes and meets the following conditions simultaneously, the Group will account for the change as a separate lease:

- (1) The modifications expand the scope of the lease by adding the rights of use of one or more leased assets;
- (2) 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.

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

28. Lease (continued)

As a lessor (continued)

As a financial leases lessor (continued)

Financial lease changes, which are not accounted as a separate lease, for the changed leases, the Group distinguishes between the following cases for accounting treatment:

- (1) where the changes of a lease come into effect on the lease commencement date, and this lease would be classified as an operating lease, the Group will account for the operating lease as a new lease from the effective date of the lease modifications. The carrying amount of the lease assets equals to the net investment in the lease before the effective date of the lease modifications; or
- (2) where the changes of a lease come into effect on the lease commencement date, and this lease would be classified as a financial lease, the Group will carry out the accounting treatments for the financial lease in accordance with Note III.16 the requirements relating to the modified or renegotiated contract.

As a lessor under operating leases

Rental income from operating leases is recognized in profit or loss for the current period on the straight-line basis over the lease terms. A variable lease payment that is not included in lease receipt is included in profit or loss for the current period when it actually occurs.

In case of modification of an operating lease changes, the Group shall treat it as a new lease from the effective date of the modification, and the amount of the advance receipt or receivable related to the lease before the modification shall be regarded as the collection amount of the new lease.

Sale-Leaseback Transactions

The Group evaluates whether the transfer of assets in the sale-leaseback transaction is a sale in accordance with Note III. 23.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

28. Lease (continued)

As a lessee

Where the asset transfer in a sale-leaseback transaction is a sale, the Group, as a lessee, measures the right-of-use asset formed by the sale-leaseback based on the portion of the original asset's book value related to the right of use obtained from the leaseback, and only recognizes the relevant gains or losses on the right transferred to the lessor; if the asset transfer in the sale-leaseback transaction is not part of the sale, the Group as a lessee continues to recognize the transferred asset and at the same time recognizes a financial liability equal to the transfer income, and accounts for the financial liabilities in accordance with Note III. 9.

As a lessor

If the asset transfer in a sale-leaseback transaction is a sale, the Group act as a lessor to account for asset purchases and account for asset leases in accordance with the foregoing provisions; if the asset transfer in a sale-leaseback transaction is not part of the sale, the Group as a lessor does not recognize the transferred assets, but recognizes a financial asset equal to the transfer income, and accounts for the financial assets in accordance with Note III. 9.

29. Hedge Accounting

For the purpose of the methods of hedge accounting, hedges of the Group are classified as:

- (1) Fair value hedges refer to the hedging against the risk of fair value change in respect of definite commitments which are not yet recognized (other than exchange rate risks) of assets or liabilities already recognized.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship, as well as related risk management objectives and strategies. The documentation included identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group assessed the hedging effectiveness. Hedge effectiveness is the extent to which the changes in fair value or cash flows of the hedging instruments can offset changes in the fair value or cash flow of hedged items caused by hedged risk. Such hedges are assessed on an ongoing basis as complying with the effectiveness requirements of a hedge as at the initial designated date and in subsequent periods.

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

29. Hedge Accounting (continued)

If the hedging instrument expires or is sold, terminated or exercised (but the replacement or rollover of part of a hedging instruments are not treated as expired or terminated), or there is a change in risk management objective, which makes the hedging relationship no longer meet the risk management objective, or the hedging no longer meets other qualifying criteria for hedge accounting, the Group discontinued the application of hedge accounting.

Where the hedge relationship no longer satisfies the validity requirements due to the hedging ratio, and the objective of risk management designated for the hedge relationship does not change, the hedge relationship will be re-balanced by the Group.

For details of the Group's assessment method of hedging effectiveness, risk management strategy and how to apply the strategy to manage risks, please refer to Note V. 67.

Hedges which meet the strict criteria for hedge accounting are accounted for as follows:

Fair value hedging

Gains or losses arising from a hedging instrument are recognized in profit or loss for the current period. Gains or losses in respect of the hedged item attributable to hedged risk exposure are recognized in profit or loss for the current period and the book value of the hedged item not at fair value is adjusted at the same time.

For fair value hedging relating to debt instruments carried at amortized cost, the adjustments to the book value of the hedged items are amortized to profit or loss for the current period over the remaining term of the hedge using the effective interest rate method. Amortization at effective interest rate may begin upon the adjustment of the book value but no later than the time when the hedged item ceases to be adjusted for changes in its fair value attributable to the hedge risk. If the hedged item is derecognized, the unamortized fair value is recognized in profit or loss for the current period.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

29. Hedge Accounting (continued)

Cost of hedging

The Group separates the intrinsic value and time value of an option contract and designates as the hedging instrument only the change in intrinsic value of an option; or separates the forward element from the spot element of a forward contract and designates as the hedging instrument only the change in the value of the spot element; or separates the foreign currency basis spread of the financial instruments and designates as the hedging instrument only the financial instruments which foreign currency basis spread is separated, the Group recognises the time value of an option, forward element of a forward contract and the part of the hedged items that are relevant to the fair value changes of foreign currency basis spread of the financial instrument into other comprehensive income. If the characteristics of the hedged items are related to the transaction, the same accounting treatment with the cash flow hedge reserve shall be applied. If the characteristics of the hedged items are related to the period of time, the above fair value change shall be amortised on a systematic and reasonable basis over the time when the hedged item affects the profit or loss or other comprehensive income, transferred from other comprehensive income to profit or loss for the current period.

30. Profit Distribution

The Company's cash dividends are recognized as liabilities upon approval by the shareholders' general meeting. Since the Board is authorized to approve the interim cash dividends under the Articles of Association of the Company, the interim cash dividends shall be recognized as liabilities upon approval by the Board.

31. Fair Value Measurement

The Group measures its investment properties, other equity instruments, other non-current financial assets and financial assets held for trading at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal market must be accessible by the Group at the measurement date. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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.

Notes to the Financial Statements

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

31. Fair Value Measurement (continued)

The Group uses valuation techniques that are appropriate in the current circumstances and supported by sufficient available data and other information, maximising the use of relevant observable inputs and use unobservable inputs only under the circumstances where observable inputs cannot be obtained or practicably obtained.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy described as follows, based on the lowest level input that is significant to the fair value measurement as a whole: Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities accessible at the measurement date; Level 2 – based on directly or indirectly observable inputs for the asset or liability other than inputs within Level 1; Level 3 – based on unobservable inputs for the asset or liability.

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Group re-assesses them at each balance sheet date to determine whether transfers have occurred between levels in the hierarchy.

32. Significant Accounting Judgments and Estimates

The preparation of the financial statements requires the management to make judgments, estimates and assumptions that will affect the reported amounts and disclosure of revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities at the balance sheet date. However, uncertainty about these estimates and assumptions could result in outcomes that could lead to a material adjustment to the book value of the assets or liabilities affected in the future.

Judgments

In the process of applying the Group's accounting policies, the management has made the following judgments which have significant effect on the amounts recognized in the 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 all material risks and rewards of the ownership of these properties, and thus they are regarded as operating lease.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

32. Significant Accounting Judgments and Estimates (continued)

Judgments (continued)

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 three service commitments constitutes a 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.

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 construction 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 Group determines the performance schedule according to the percentage of cumulative actual construction costs in the estimated total costs, and recognizes revenues accordingly. The brand consulting and management service and construction service contracts for the project may span several 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.

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For the year 2020

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

32. Significant Accounting Judgments and Estimates (continued)

Judgments (continued)

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.

Contractual cash flow characteristics

The classification of financial assets at initial recognition depends on the contractual cash flow characteristics of the financial assets. When it is necessary to judge whether the contractual cash flow is only for the payment of the principal and the interest based on the outstanding principal, including the assessment of the correction of the time value of money, it is necessary to judge whether there is a significant difference compared with the benchmark cash flow, and to judge whether the fair value of financial assets with prepayment characteristics is insignificant.

Division of investment properties and fixed assets

The Group will exercise its discretion to classify investment properties and fixed assets. Investment property is any property held to 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.

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.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

32. Significant Accounting Judgments and Estimates (continued)

Judgments (continued)

Judgment of significant influence on invested company

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 recognizes equity investments that the Group has a significant impact on the investee as long-term equity investments.

Hedging validity judgment

The Group believes that there is an economic relationship between the hedged item and the hedging instrument. This economic relationship causes the value of the hedged item and the hedged item to change in opposite directions due to the same hedged risk; among the changes in the value arising from the economic relationship between the hedged items and the hedging instrument, the impact of credit risk is not dominant; the hedge ratio of the hedging relationship is equal to the ratio of the actual number of hedged items to the actual number of hedging instruments that hedge it. The Group continuously evaluates the effectiveness of the hedging relationship in accordance with the hedging relationship on and after the hedging start date.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that may cause a material adjustment to the book value of assets and liabilities within the future accounting periods, are discussed below.

Impairment of financial instruments and contract assets

The Group uses the expected credit loss model to assess the impairment of financial instruments and contract assets. The application of the expected credit loss model requires significant judgments and estimations, and all reasonable and evidenced information, including forward-looking information, should be considered. In making such judgments and estimations, the Group infers the expected changes in the debtor's credit risk based on the historical repayment data in combination with economic policies, macroeconomic indicators, and industry risks. Different estimates may affect the provision for impairment losses. The provision for impairment losses may not be equal to the actual amount of future impairment losses.

Notes to the Financial Statements

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

32. Significant Accounting Judgments and Estimates (continued)

Estimation uncertainty (continued)

Fair value of unlisted equity investments

The valuation of unlisted equity investments is the estimated future cash flows discounted on the basis of the current discount rate of other financial instruments with similar contractual terms and risk characteristics. This requires the Group to estimate future cash flows, credit risks, fluctuations and discount rates, so the valuation of unlisted equity investments is uncertain.

Investment property fair value measurement

The Group adopts the fair value model with changes in fair value recognized in profit or loss for the current period for conducting follow-up measurement of its investment properties. The assessment of the fair value of investment properties requires the management to make reasonable estimates of such parameters as rental growth rate, rate of return during the lease term, rate of return beyond the lease term, and vacancy rate.

Impairment of non-current assets other than financial assets (other than goodwill)

The Group assesses whether there are any indications of impairment for all non-current assets other than financial assets at the balance sheet date. For non-current assets other than financial assets, which are tested for impairment when there are indicators that the carrying amount may not be recoverable. Impairment exists when the carrying amount of an asset or asset group exceeds its recoverable amount, which is the higher of its fair value less disposal costs and the present value of the future cash flows. The calculation of the fair value less disposal costs is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When present value of future cash flows calculations are undertaken, the management must estimate the expected future cash flows from the asset or asset group and choose a suitable discount rate in order to calculate the present value of those cash flows. For details, please refer to Note V. 19.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

32. Significant Accounting Judgments and Estimates (continued)

Estimation uncertainty (continued)

Impairment of goodwill

The Group carries out tests for impairment of goodwill on an annual basis, which entails estimation of the present value of future cash flows of the asset groups or asset portfolios to which goodwill is allocated. When estimating the present value of future cash flows, the Group needs to estimate the cash flows generated by the future asset groups or asset portfolios, and select the appropriate discount rate to determine the present value of future cash flows.

Deferred tax assets

Deferred tax assets shall be recognised for all deductible losses not used to the extent that there is likely sufficient taxable income available for deduction of deductible losses. It requires the management to determine the value of the to-be-recognized deferred tax assets by using adequate discretion to estimate the time and amount of taxable income to be obtained in the future in combination with tax planning strategies.

Lessee's incremental borrowing rate

For leases where the interest rate within the lease cannot be determined, the Group adopts the lessee'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 Financial Statements

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

33. Changes in Accounting Policies and Accounting Estimates

Changes in accounting policies

Accounting for COVID-19-Related Rent Concessions

In accordance with the Rules on Accounting for COVID-19-Related Rent Concessions, the simplified method can be adopted for the COVID-19-related rent concessions. As the lessee, the Group adopted the simplified method specified in the Rules for relevant rent concessions incurred from 1 January 2020 (see Note III.27). Relevant rent concessions included in the profit before tax of the year were RMB25,534,672.80.

Determination of a business

According to the requirements of the Accounting Standards for Business Enterprises – Interpretation No. 13, since 1 January 2020, “a portfolio obtained shall have at least one investment and one substantial processing procedure, and the combination of both shall contribute significantly to the production capacity” shall be taken as the judgement condition for whether the portfolio constitutes a business, and “a portfolio with two elements of investment and processing procedures” shall no longer be the judgement condition, and an optional concentration test has been introduced to simplify judgment. Such change in accounting policies has affected the determination of whether a transaction constitutes a business merger, and no retrospective adjustment to comparative data is required according to the transitional provisions.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

33. Changes in Accounting Policies and Accounting Estimates (continued)

Changes in accounting policies (continued)

Changes in presentation of financial statements

According to the Questions and Answers on the Implementation of Accounting Standards for Business Enterprises published by the Ministry of Finance in December 2020, the impairment losses of contract assets originally included in the “impairment losses of credit” in the income statement have been reclassified by the Group to the “impairment losses of assets”, with the comparative data retrospectively adjusted. The change in the accounting policy has no impact on the consolidated net profits and total equity, and the net profits and total equity of the Company.

The Group

2020

	Before changes of accounting policies Amount for the current year	Changes of accounting policies Other effects of changes in presenting methods of financial statements	After changes of accounting policies Amount for the current year
Impairment losses of credit	(351,104,675.13)	224,769,471.13	(126,335,204.00)
Impairment losses of assets	(108,396,307.27)	(224,769,471.13)	(333,165,778.40)

Notes to the Financial Statements

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

33. Changes in Accounting Policies and Accounting Estimates (continued)

Changes in accounting policies (continued)

Changes in presentation of financial statements (continued)

2019

	Before changes of accounting policies Amount for the current year	Changes of accounting policies Other effects of changes in presenting methods of financial statements	After changes of accounting policies Amount for the current year
Impairment losses of credit	(297,862,062.06)	45,726,468.34	(252,135,593.72)
Impairment losses of assets	–	(45,726,468.34)	(45,726,468.34)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

33. Changes in Accounting Policies and Accounting Estimates (continued)

Changes in accounting policies (continued)

Changes in presentation of financial statements (continued)

The Company

2020

	Before changes of accounting policies Amount for the current year	Changes of accounting policies Other effects of changes in presenting methods of financial statements	After changes of accounting policies Amount for the current year
Impairment losses of credit	(30,950,466.85)	100,174,790.28	69,224,323.43
Impairment losses of assets	(95,000,000.00)	(100,174,790.28)	(195,174,790.28)

2019

	Before changes of accounting policies Amount for the current year	Changes of accounting policies Other effects of changes in presenting methods of financial statements	After changes of accounting policies Amount for the current year
Impairment losses of credit	(245,975,270.03)	45,726,468.34	(200,248,801.69)
Impairment losses of assets	–	(45,726,468.34)	(45,726,468.34)

Notes to the Financial Statements

For the year 2020

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IV. TAXATION

1. Major Categories of Tax and Tax Rate

Value-added tax (VAT) – Rental income: output VAT was calculated as per 5% (simple taxation conditions should be met) or 9% of the taxable income;

Income from modern service industry (including entrusted management service and project management and consulting): output VAT is calculated as per 6% of the taxable income;

Income from construction services: output VAT was calculated as per 9% of the taxable income;

Revenue from sales of goods: output VAT was calculated as per 13% of the taxable income;

For the output VAT calculated above, the Group may pay VAT after deducting deductible input VAT for the current period apart from simple calculation and payment.

Small-scale taxpayers should pay VAT as per 3% of the taxable income.

Urban maintenance and construction tax – It is levied as per the turnover taxes actually paid: For city urban area, tax rate is 7%; for counties and towns, tax rate is 5%; for other areas, tax rate is 1%.

Enterprise income tax – It is levied at 25% of the taxable income, except for the subsidiaries subject to tax preference.

Property tax – For properties subject to price-based taxation, tax should be paid based on the residual value of the property approved by the tax authorities at a rate of 1.2%; for properties subject to taxation based on rental income, tax should be paid based on the rental income at a rate of 12%. Property tax is declared and paid by the Company and its subsidiaries on their own as required.

Land use tax – Paid as actual tax rate.

Stamp duty – Paid as actual tax rate.

All the overseas subsidiaries of the Company (including Hong Kong Special Administrative Region of the PRC) should calculate and pay taxes as per the applicable categories of tax and tax rate required by local tax laws.

IV. TAXATION (continued)

2. Tax Preference

Pursuant to Cai Shui [2011] No. 58 Notice on the Taxation Policies for Deepening the Implementation of the Western Development Strategy 《關於深入實施西部大開發戰略有關稅收政策問題的通知》 and Announcement of Taxation on Issues concerning Enterprise Income Tax in Deepening the Implementation of the Western Development Strategy 《關於深入實施西部大開發戰略有關企業所得稅問題的公告》 (SAT [2012] No. 12), 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 Co., Ltd. (重慶兩江新區紅星美凱龍商業管理有限公司), Chengdu Red Star Ogloria Brand Management Company Limited, Red Star Macalline Chengdu Business Management Company Limited, and Red Star Macalline Chengdu Enterprise Management and Consultancy Company Limited under the Company are entitled to the enterprise income tax preference policy, and the above companies, were subject to a tax rate of 15% for the year upon approval by competent tax authorities as they met relevant conditions.

Red Star Xizhao Investment Company Limited, Red Star Macalline Home Furnishing Mall Management Company Limited, Red Star Zhongying Investment Company Limited (紅星眾盈投資有限公司) and Tibet Red Star Macalline Enterprise Management Company Limited (西藏紅星美凱龍企業管理有限公司) under the Company are entitled to enterprise income tax preference policy and are subject to a tax rate of 15% for the year pursuant to Zangzhengfa [2014] No. 51 Notice Issued by the People's Government of the Tibet Autonomous Region Regarding the Publication of Implementation Rules of Enterprise Income Tax Policy of the Tibet Autonomous Region 《西藏自治區人民政府關於印發〈西藏自治區企業所得稅政策實施辦法〉的通知》.

Notes to the Financial Statements

For the year 2020

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IV. TAXATION (continued)

2. Tax Preference (continued)

Red Star Macalline Enterprise Management and Consultancy Company Limited (紅星美凱龍企業管理諮詢有限公司), Red Star Ogloria Enterprise Management Company Limited (紅星歐麗洛雅企業管理有限公司), 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), Khorgos Hongju Corporate Management Co., Ltd. (霍爾果斯紅居企業管理有限公司) and Red Star Macalline Expo Business Management Company Limited(紅星美凱龍世博商業管理有限公司) under the Company are temporarily exempted from enterprise income tax for the year pursuant to the Cai Shui [2011] No. 112 Notice on Corporate Income Tax Preferential Policy in the Kashi and Khorgos Special Economic Development Zones in Xinjiang 《(關於新疆喀什霍爾果斯兩個特殊經濟開發區企業所得稅優惠政策的通知)》 and Cai Shui [2016] No. 85 Notice on Improving Xinjiang Depressed Region and Encouraged Development Industries Enterprise Income Tax Incentives Directory 《(關於完善新疆困難地區重點鼓勵發展產業企業所得稅優惠目錄的通知)》.

On December 2019, Shanghai Red Star Macalline Building Design Company Limited (上海紅星美凱龍建築設計有限公司) under the Company obtained the Certificate for Hi-tech Enterprise, whose certificate number was GR201931003212 with a validity of three years, and was subject to a tax rate of 15% for the year.

V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

1. Cash and Bank Balances

	2020	2019
Cash on hand	8,615,723.97	10,745,522.74
Bank deposits	5,918,419,429.26	6,947,110,542.57
Other cash and bank balances	584,057,044.86	271,383,304.04
	6,511,092,198.09	7,229,239,369.35

As at 31 December 2020, the Group's cash and bank balances deposited overseas was equivalent to RMB42,686,514.22 (31 December 2019: equivalent to RMB58,757,995.45).

As at 31 December 2020, the Group's time deposits with maturity of more than three months amounted to RMB25,973,243.42 (31 December 2019: RMB181,762,704.83).

Interest income earned on the Bank's current deposits is calculated by using its current deposit interest rate. The deposit periods for term time deposits vary from 7 days to 60 months depending on the cash requirements of the Group and the Group earned interest income according to the respective time deposit rates of the Bank..

As at 31 December 2020, in the Group's other cash and bank balances, RMB320,515,556.83 of certificates of deposit was used as deposits for borrowings (31 December 2019: RMB5,000,000.00 was used as deposits for long-term borrowing); RMB30,343,913.91 (31 December 2019: RMB448,837.00) was frozen; RMB119,156,554.03 (31 December 2019: RMB164,245,962.21) was deposit reserve placed with the People's Bank of China by the Group; RMB20,273,548.18 (31 December 2019: RMB10,141,501.53) was deposited investment fund placed with securities accounts; and RMB93,767,471.91 (31 December 2019: RMB91,547,003.30) was deposits.

When preparing the cash flow statement, the aforesaid restricted other cash and bank balances and time deposits with maturity of more than three months were excluded from cash and cash equivalents.

Notes to the Financial Statements

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V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. Financial Assets Held for Trading

	2020	2019
Financial assets at fair value through profit or loss		
Equity instrument investments	175,575,264.98	108,027,022.00
Debt instrument investments	72,035,807.75	125,358,448.05
	247,611,072.73	233,385,470.05

3. Accounts Receivable

Aging analysis of the accounts receivable is as follows:

	2020	2019
Within 1 year	1,268,780,662.38	1,171,286,266.34
1 to 2 years	500,460,774.30	505,520,280.07
2 to 3 years	382,305,782.14	348,682,994.18
Over 3 years	944,105,876.69	949,161,913.33
	3,095,653,095.51	2,974,651,453.92
Less: Allowance for bad debts in relation to accounts receivable	1,160,826,982.08	1,168,987,516.74
	1,934,826,113.43	1,805,663,937.18

V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. Accounts Receivable (continued)

	2020			
	Book balance		Bad debt allowance	
	Amount	Percentage (%)	Amount	Proportion (%)
Accounts receivable for which bad debt allowance is provided individually	814,054,233.01	26.30	794,579,233.01	97.61
Accounts receivable for which bad debt allowance is provided by portfolio of credit risk characteristics	2,281,598,862.50	73.70	366,247,749.07	16.05
	3,095,653,095.51	100.00	1,160,826,982.08	37.50

	2019			
	Book balance		Bad debt allowance	
	Amount	Percentage (%)	Amount	Proportion (%)
Accounts receivable for which bad debt allowance is provided individually	861,591,858.42	28.96	855,591,858.42	99.30
Accounts receivable for which bad debt allowance is provided by portfolio of credit risk characteristics	2,113,059,595.50	71.04	313,395,658.32	14.83
	2,974,651,453.92	100.00	1,168,987,516.74	39.30

Notes to the Financial Statements

For the year 2020

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V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. Accounts Receivable (continued)

As at 31 December 2020, the top five amount of accounts receivable collected by debtors for which bad debt allowance is provided individually are as follows:

	Book balance	Bad debt allowance	Expected credit loss rate (%)	Reason for provision
Changzhou Wujin Construction Engineering Co., Ltd. (常州市武進建設工程有限公司)	55,000,000.00	55,000,000.00	100.00	Accounts receivable are expected to be unrecoverable
Jiangsu Construction Group Co., Ltd. (江蘇省建築工程集團有限公司)	31,000,000.00	31,000,000.00	100.00	Accounts receivable are expected to be unrecoverable
Beijing Haiyu Apartment Management Co., Ltd. (北京海寓公寓管理有限公司)	28,089,136.34	28,089,136.34	100.00	Accounts receivable are expected to be unrecoverable
Guangxi Shengli Decoration Engineering Co. Ltd. (廣西晟力裝飾工程有限公司)	24,000,000.00	24,000,000.00	100.00	Accounts receivable are expected to be unrecoverable
Shenzhen Tianyi Hengye Investment Development Co., Ltd. (深圳市天意恒業投資發展有限公司)	23,600,000.00	23,600,000.00	100.00	Accounts receivable are expected to be unrecoverable

V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. Accounts Receivable (continued)

As at 31 December 2019, the top five amount of accounts receivable collected by debtors for which bad debt allowance is provided individually are as follows:

	Book balance	Bad debt allowance	Expected credit loss rate (%)	Reason for provision
Changzhou Wujin Construction Engineering Co., Ltd. (常州市武進建設工程有限公司)	55,000,000.00	55,000,000.00	100.00	Accounts receivable are expected to be unrecoverable
Jiangsu Construction Group Co., Ltd. (江蘇省建築工程集團有限公司)	31,000,000.00	28,000,000.00	90.32	Part of the accounts receivable are expected to be unrecoverable
Guangxi Shengli Decoration Engineering Co. Ltd. (廣西晟力裝飾工程有限公司)	24,000,000.00	24,000,000.00	100.00	Accounts receivable are expected to be unrecoverable
Guizhou Jinyuan Huafu Property Co., Ltd. (貴州金源華府置業有限公司)	23,000,000.00	23,000,000.00	100.00	Accounts receivable are expected to be unrecoverable
Xuanwei Xintiandi Real Estate Development Co., Ltd. (宣威市新天地房地產開發有限公司)	20,000,000.00	20,000,000.00	100.00	Accounts receivable are expected to be unrecoverable

Notes to the Financial Statements

For the year 2020

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V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. Accounts Receivable (continued)

The accounts receivable for which bad debt allowance is provided by portfolio of credit risk characteristics are as follows:

	Book balance expected to incur credit loss	2020 Expected credit Loss rates (%)	Lifetime expected credit loss
Portfolio One: Brand consulting and management services for the early stage of project			
Within 1 year	214,405,555.56	10.15	21,762,163.87
1 to 2 years	273,303,986.37	15.59	42,608,091.48
2 to 3 years	236,200,000.00	21.24	50,168,880.00
3 to 4 years	155,266,619.10	29.52	45,834,705.96
4 to 5 years	73,290,000.00	51.72	37,905,588.00
5 to 6 years	22,500,000.00	63.07	14,190,750.00
Over 6 years	19,250,000.00	100.00	19,250,000.00
	994,216,161.03		231,720,179.31

V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. Accounts Receivable (continued)

The accounts receivable for which bad debt allowance is provided by portfolio of credit risk characteristics are as follows: (continued)

	Book balance expected to incur credit loss	2020 Expected credit Loss rates (%)	Lifetime expected credit loss
Portfolio Two: Construction and design services			
Within 1 year	633,420,008.67	4.75	30,087,450.41
1 to 2 years	73,615,966.48	9.00	6,625,436.98
2 to 3 years	22,915,575.84	15.00	3,437,336.38
	729,951,550.99		40,150,223.77

	Book balance expected to incur credit loss	2020 Expected credit Loss rates (%)	Lifetime expected credit loss
Portfolio Three: Other consulting services			
Within 1 year	136,386,293.79	15.82	21,576,311.68
1 to 2 years	68,536,760.53	33.57	23,007,790.51
2 to 3 years	9,132,590.94	56.89	5,195,530.99
Over 3 years	30,519,178.08	100.00	30,519,178.08
	244,574,823.34		80,298,811.26

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For the year 2020

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V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. Accounts Receivable (continued)

The accounts receivable for which bad debt allowance is provided by portfolio of credit risk characteristics are as follows: (continued)

	Book balance expected to incur credit loss	2020 Expected credit Loss rates (%)	Lifetime expected credit loss
Portfolio Four: Rental and related income	110,899,863.74	4.50	4,990,493.87

	Book balance expected to incur credit loss	2020 Expected credit Loss rates (%)	Lifetime expected credit loss
Portfolio Five: Others	201,956,463.40	4.50	9,088,040.86

V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. Accounts Receivable (continued)

The accounts receivable for which bad debt allowance is provided by portfolio of credit risk characteristics are as follows: (continued)

	Book balance expected to incur credit loss	2019 Expected credit Loss rates (%)	Lifetime expected credit loss
Portfolio One: Brand consulting and management services for the early stage of project			
Within 1 year	374,080,000.00	8.96	33,517,568.00
1 to 2 years	374,020,000.00	13.99	52,325,398.00
2 to 3 years	218,970,218.09	19.57	42,852,471.68
3 to 4 years	141,490,000.00	26.83	37,961,767.00
4 to 5 years	37,050,000.00	53.11	19,677,255.00
5 to 6 years	41,540,000.00	69.67	28,940,918.00
Over 6 years	5,000,000.00	100.00	5,000,000.00
	1,192,150,218.09		220,275,377.68

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V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. Accounts Receivable (continued)

The accounts receivable for which bad debt allowance is provided by portfolio of credit risk characteristics are as follows: (continued)

	Book balance expected to incur credit loss	2019 Expected credit Loss rates (%)	Lifetime expected credit loss
Portfolio Two: Construction and design services			
Within 1 year	397,355,788.49	4.75	18,874,399.94
1 to 2 years	4,451,837.10	9.00	400,665.34
	401,807,625.59		19,275,065.28
Portfolio Three: Other consulting services			
Within 1 year	123,742,911.25	13.76	17,027,024.59
1 to 2 years	21,018,243.75	22.44	4,716,493.90
2 to 3 years	35,681,598.63	32.65	11,650,041.95
Over 3 years	26,400,000.00	100.00	26,400,000.00
	206,842,753.63		59,793,560.44

V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. Accounts Receivable (continued)

	Book balance expected to incur credit loss	2019 Expected credit Loss rates (%)	Lifetime expected credit loss
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Portfolio Four: Rental and related income	78,981,647.87	4.50	3,554,174.15
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	Book balance expected to incur credit loss	2019 Expected credit Loss rates (%)	Lifetime expected credit loss
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Portfolio Five: Others	233,277,350.32	4.50	10,497,480.77
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The movements on the allowance for bad debts in relation to accounts receivable are as follows:

	Opening balance	Provision for the current year	Reversal for the current year	Write-off for the current year	Closing balance
2020	1,168,987,516.74	212,041,980.32	(144,180,630.64)	(76,021,884.34)	1,160,826,982.08
2019	1,150,748,350.73	184,638,030.85	(27,119,499.36)	(139,279,365.48)	1,168,987,516.74

Notes to the Financial Statements

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V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. Accounts Receivable (continued)

In 2020, the actual write-off account receivables is RMB76,021,884.34, of which, the important written-off account includes receivables from Dalian Yongle Hongye Group Co., Ltd. (大連永樂宏業集團有限公司) amount to RMB13,500,000.00 for brand consulting and management services for the early stage of project, receivables from Zhejiang Huaxia Real Estate Co., Ltd. (浙江華夏置業有限公司) amount to RMB9,250,000.00 for brand consulting and management services for the early stage of project, and receivables from Jinzhong Tianhe Real Estate Development Co., Ltd. (晉中市天河房地產開發有限公司) amount to RMB6,000,000.00 for brand consulting and management services for the early stage of project. The above accounts receivable were written off after management's approval because they could not be recovered.

As at 31 December 2020, the top five amount of accounts receivable are as follows:

	Closing balance	Proportion to total balance of accounts receivable (%)	Bad debt allowance Closing balance
Changzhou Wujin Construction Engineering Co., Ltd. (常州市武進建設工程有限公司)	55,000,000.00	1.78	55,000,000.00
Fengyang Zhongzhi Construction Development Co., Ltd. (鳳陽中置建設發展有限公司)	42,000,000.00	1.36	8,626,200.00
Jiangsu Provincial Construction Group Co., Ltd. (江蘇省建築工程集團有限公司)	34,152,855.60	1.10	28,816,603.65
Tai'an Hengdi Yudou Real Estate Development Co., Ltd. (泰安恒地玉都房地產開發有限公司)	33,415,154.88	1.08	1,587,063.61
China Construction Eighth Engineering Division Corp., Ltd. (中國建築第八工程局有限公司)	31,759,312.59	1.03	1,508,567.35

V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. Accounts Receivable (continued)

As at 31 December 2019, the top five amount of accounts receivable are as follows:

	Closing balance	Proportion to total balance of accounts receivable (%)	Bad debt allowance Closing balance
Zhejiang Provincial Directly-Governed Construction Designing Institute (浙江省省直建築設計院)	87,137,140.30	2.93	4,139,014.16
Changzhou Red Star Plaza Business Management Co., Ltd. (常州紅星廣場商業管理有限公司)	77,610,354.40	2.61	3,686,491.83
Changzhou Wujin Construction Engineering Co., Ltd. (常州市武進建設工程有限公司)	55,000,000.00	1.85	55,000,000.00
Fengyang Zhongzhi Construction Development Co., Ltd. (鳳陽中置建設發展有限公司)	48,000,000.00	1.61	5,562,000.00
Chongqing Jinke Zhongjun Real Estate Development Co., Ltd. (重慶金科中俊房地產開發有限公司)	42,803,981.87	1.44	2,033,189.14

Notes to the Financial Statements

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V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. Receivables financing

	2020	2019
Bank acceptance bill	5,872,800.00	41,040,000.00

The notes receivable that have been endorsed or discounted but have not yet expired on the balance sheet date are as follows:

	2020		2019	
	Terminated recognition	unterminated recognition	Terminated recognition	unterminated recognition
Bank acceptance bill	26,500,000.00	–	9,430,000.00	–
Commercial acceptance bill	5,000,000.00	–	3,543,807.93	–
	31,500,000.00	–	12,973,807.93	–

V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. Prepayments

Aging analysis of prepayments is as follows:

	2020		2019	
	Book balance	Percentage (%)	Book balance	Percentage (%)
Within 1 year	287,698,948.69	88.90	319,453,894.61	93.76
1 to 2 years	22,432,541.88	6.93	17,090,684.39	5.02
2 to 3 years	9,850,680.60	3.04	1,978,363.17	0.58
Over 3 years	3,644,169.45	1.13	2,194,695.90	0.64
	323,626,340.62	100.00	340,717,638.07	100.00

As at 31 December 2020, none of the Group's significant prepayments aged more than one year.

As at 31 December 2020, top five prepayments are as follows:

	Closing balance	Percentage to the total amount of prepayments (%)
Eastern Charm Limited	16,171,250.00	5.00
Beijing Zhongzhan Weihong Investment Management Company (北京中展偉宏投資管理公司)	10,000,000.00	3.09
Nanchang Wuse Metal Products Co., Ltd. (南昌五色金屬製品有限公司)	7,348,516.12	2.27
Wanhe Bauhinia Group Co., Ltd. (萬和紫荊集團有限公司)	5,000,000.00	1.54
Gozcso Limited	4,979,285.55	1.54

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V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. Prepayments (continued)

As at 31 December 2019, top five prepayments are as follows:

	Closing balance	Percentage to the total amount of prepayments (%)
Industrial and Commercial Bank of China Limited (中國工商銀行股份有限公司)	10,600,000.00	3.11
Beijing Zhongzhan Weihong Investment Management Company (北京中展偉宏投資管理公司)	10,463,423.89	3.07
Schindler (China) Elevator Co., Ltd. (迅達(中國)電梯有限公司)	8,494,794.53	2.49
Otis Electromechanical Elevator Co., Ltd. (奧的斯機電電梯有限公司)	8,334,300.00	2.45
IPE S.R.L	8,066,615.68	2.37

6. Other Receivables

	2020	2019
Interests receivable	44,648,521.46	31,717,766.99
Dividends receivable	31,000,000.00	31,000,000.00
Other receivables	1,449,006,221.82	647,294,328.27
	1,524,654,743.28	710,012,095.26

V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

6. Other Receivables (continued)

Interests receivable

	2020	2019
Interests receivable	44,648,521.46	31,717,766.99

Dividends receivable

	2020	2019
Chengdu Dongtai Mall Co., Ltd.	31,000,000.00	31,000,000.00

Other receivables

Aging analysis of other receivables is as follows:

	2020	2019
Within 1 year	1,217,275,281.24	396,969,716.30
1 to 2 years	93,885,092.39	156,957,329.59
2 to 3 years	107,751,690.89	55,646,762.91
Over 3 years	318,618,495.53	293,793,276.53
	1,737,530,560.05	903,367,085.33
Less: Bad debt allowance for other receivables	288,524,338.23	256,072,757.06
	1,449,006,221.82	647,294,328.27

Notes to the Financial Statements

For the year 2020

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V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

6. Other Receivables (continued)

Other receivables (continued)

Other receivables classified by nature are as follows:

	2020	2019
Loan and advances	871,981,239.12	417,486,046.46
Sales proceeds collected and paid on behalf of the tenants	395,455,585.15	93,108,529.97
Deposits	107,860,274.61	58,350,162.76
Others	73,709,122.94	78,349,589.08
	1,449,006,221.82	647,294,328.27

V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

6. Other Receivables (continued)

Other receivables (continued)

The movement of bad debt provision for other receivables based on 12-month expected credit losses and the lifetime expected credit losses is as follows:

2020

	Stage 1 Expected credit losses in the next 12 months	Stage 2 Lifetime expected credit losses	Stage 3 Credit-impaired financial assets (Lifetime expected credit losses)	Total
Opening balance	101,184,008.04	-	154,888,749.02	256,072,757.06
Opening balance in current year				
- Transfer to stage 2	-	-	-	-
- Transfer to stage 3	(24,260,000.00)	-	24,260,000.00	-
- Reverse to stage 2	-	-	-	-
- Reverse to stage 1	-	-	-	-
Provision during this year	41,976,398.51	-	1,394,490.00	43,370,888.51
Reversal during this year	-	-	-	-
Write-off during this year	(54,539.35)	-	(10,864,767.99)	(10,919,307.34)
Closing balance	118,845,867.20	-	169,678,471.03	288,524,338.23

Notes to the Financial Statements

For the year 2020

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V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

6. Other Receivables (continued)

Other receivables (continued)

The movement of bad debt provision for other receivables based on 12-month expected credit losses and the lifetime expected credit losses is as follows: (continued)

2019

	Stage 1 Expected credit losses in the next 12 months	Stage 2 Lifetime expected credit losses	Stage 3 Credit-impaired financial assets (Lifetime expected credit losses)	Total
Opening balance				
Opening balance in current year	125,758,428.17	–	159,047,506.67	284,805,934.84
– Transfer to stage 2	–	–	–	–
– Transfer to stage 3	(8,000,000.00)	–	8,000,000.00	–
– Reverse to stage 2	–	–	–	–
– Reverse to stage 1	–	–	–	–
Provision during this year	53,974,117.30	–	10,000,000.00	63,974,117.30
Reversal during this year	–	–	(1,711,902.92)	(1,711,902.92)
Write-off during this year	(1,800,847.77)	–	(8,446,854.73)	(10,247,702.50)
Reclassification during this year (note)	(68,747,689.66)	–	(12,000,000.00)	(80,747,689.66)
Closing balance	101,184,008.04	–	154,888,749.02	256,072,757.06

Note: In 2019, loans were reclassified from other receivables to other current assets, of which the original value was RMB486,107,998.63 in total, and the corresponding expected credit losses of RMB80,747,689.66 was also reclassified to other current assets. Please refer to Note V.10.

V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

6. Other Receivables (continued)

Other receivables (continued)

2020

Significant changes on book balance of other receivables that affected the change in bad debt allowance this year include: The increase of RMB454,495,192.66 in loan and advances and the increase of RMB302,347,055.18 in sales proceeds collected on behalf of the tenants receivables led to an overall rise in the book balance, and correspondingly led to increase expected credit losses in the next 12 months; the details are as follows:

Original balance of 2020

	Stage 1 Expected credit losses in the next 12 months	Stage 2 Lifetime expected credit losses	Stage 3 Credit-impaired financial assets (Lifetime expected credit losses)	Total
Opening balance	744,208,423.38	-	159,158,661.95	903,367,085.33
Opening balance in current year				
- Transfer to stage 2	-	-	-	-
- Transfer to stage 3	(24,260,000.00)	-	24,260,000.00	-
- Reverse to stage 2	-	-	-	-
- Reverse to stage 1	-	-	-	-
Increase during this year	845,082,782.06	-	-	845,082,782.06
Reversal during this year	-	-	-	-
Write-off during this year	(54,539.35)	-	(10,864,767.99)	(10,919,307.34)
Closing balance	1,564,976,666.09	-	172,553,893.96	1,737,530,560.05

Notes to the Financial Statements

For the year 2020

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V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

6. Other Receivables (continued)

Other receivables (continued)

Original balance of 2019

	Stage 1 Expected credit losses in the next 12 months	Stage 2 Lifetime expected credit losses	Stage 3 Credit-impaired financial assets (Lifetime expected credit losses)	Total
Opening balance	2,027,455,487.35	–	176,605,516.68	2,204,061,004.03
Opening balance in current year				
– Transfer to stage 2	–	–	–	–
– Transfer to stage 3	(8,000,000.00)	–	8,000,000.00	–
– Reverse to stage 2	–	–	–	–
– Reverse to stage 1	–	–	–	–
Decrease during this year	(799,338,217.57)	–	(5,000,000.00)	(804,338,217.57)
Write-off during this year	(1,800,847.77)	–	(8,446,854.73)	(10,247,702.50)
Reclassification during this year	(474,107,998.63)	–	(12,000,000.00)	(486,107,998.63)
Closing balance	744,208,423.38	–	159,158,661.95	903,367,085.33

V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

6. Other Receivables (continued)

Other receivables (continued)

The movements on the allowance for bad debts in relation to other receivables are as follows:

	Opening balance	Provision for the current year	Recovery or reversal for the current year	Write-off for the current year	Reclassification for the current year	Closing balance
2020	256,072,757.06	43,370,888.51	-	(10,919,307.34)	-	288,524,338.23
2019	284,805,934.84	63,974,117.30	(1,711,902.92)	(10,247,702.50)	(80,747,689.66)	256,072,757.06

As at 31 December 2020, the top five entities with the largest amounts of other receivables are as follows:

	Closing balance	Proportion to the total amount of other receivables (%)	Nature	Aging	Bad debt allowance Closing balance
Liuzhou Red Star Macalline Home Furnishing Company Limited (柳州紅星美凱龍家居有限公司)	349,165,000.00	20.10	Loan and advances	Within 1 year	-
Shanghai Mingyi Enterprise Development Co., Ltd. (上海名藝商業企業發展有限公司)	149,960,000.50	8.63	Loan and advances	Over 5 years	7,498,000.03
Baoxiang Red Star Macalline (Xiamen) Global Home Plaza Co., Ltd. (寶象紅星美凱龍(廈門) 全球家居廣場有限公司)	42,827,237.50	2.46	Loan and advances	1 to 2 years	10,511,344.89
Liu Peng (劉鵬)	41,000,000.00	2.36	Loan and advances	Over 5 years	41,000,000.00
Shanghai Nikai Property Development Co., Ltd. (上海尼凱置業發展有限公司)	40,000,000.00	2.30	Loan and advances	Within 1 year	40,000.00
	622,952,238.00	35.85			59,049,344.92

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V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

6. Other Receivables (continued)

Other receivables (continued)

As at 31 December 2019, the top five entities with the largest amounts of other receivables are as follows:

	Closing balance	Proportion to the total amount of other receivables (%)	Nature	Aging	Bad debt allowance Closing balance
Shanghai Mingyi Enterprise Development Co., Ltd. (上海名藝商業企業發展有限公司)	131,600,000.50	14.57	Loan and advances	Over 5 years	6,580,000.03
Baoxiang Red Star Macalline (Xiamen) Global Home Plaza Co., Ltd. (寶象紅星美凱龍(廈門) 全球家居廣場有限公司)	47,858,125.00	5.30	Loan and advances	Within 1 year	3,212,295.04
Liu Peng (劉鵬)	41,000,000.00	4.54	Loan and advances	Over 5 years	41,000,000.00
Anhui Tianhui Real Estate Co., Ltd. (安徽天徽置業有限公司)	30,000,000.00	3.32	Loan and advances	1 to 2 years	7,852,464.93
Ningbo Longkai Home Living Shopping Company Limited (寧波隆凱家居生活購物有限公司)	25,045,635.85	2.77	Loan and advances	Over 5 years	25,045,635.85
	275,503,761.35	30.50			83,690,395.85

V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

7. Inventories

	2020			2019		
	Book balance	Impairment allowance	Book value	Book balance	Impairment allowance	Book value
Commodities in inventory	273,469,402.96	-	273,469,402.96	282,732,321.01	-	282,732,321.01
Low-value consumables	54,826,265.06	-	54,826,265.06	48,246,207.98	-	48,246,207.98
	328,295,668.02	-	328,295,668.02	330,978,528.99	-	330,978,528.99

As at the current year and the previous year, the Group has made no provision for inventory impairment.

8. Contract Assets

	2020			2019		
	Book balance	Impairment allowance	Book value	Book balance	Impairment allowance	Book value
Construction and design	953,234,676.14	(5,431,765.55)	947,802,910.59	436,148,818.58	(1,345,306.39)	434,803,512.19
The brand consulting and management service for the early stage of the project	699,327,038.00	(271,765,847.11)	427,561,190.89	676,113,269.93	(71,547,828.63)	604,565,441.30
	1,652,561,714.14	(277,197,612.66)	1,375,364,101.48	1,112,262,088.51	(72,893,135.02)	1,039,368,953.49

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V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

8. Contract Assets (continued)

The amount and reason for the significant change in the book value of contract assets this year:

	Change amount	Change reason
Construction and design	512,999,398.40	New projects and the further progress of original projects
The brand consulting and management service for the early stage of the project of original projects	(177,004,250.41)	New projects and the further progress of original projects
	335,995,147.99	

The Group provides construction and design services/the brand consulting and management service for the early stage of the project services to customers, and recognizes 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.

Change in impairment allowance of contract asset is as follows:

	Opening balance	Provision for the current year	Reversal for the current year	Written-off for the current year	Closing balance
2020	72,893,135.02	224,769,471.13	–	(20,464,993.49)	277,197,612.66
2019	48,291,666.68	45,726,468.34	–	(21,125,000.00)	72,893,135.02

Significant changes in the book balance of contract asset that affected changes in impairment allowance during the year include: (1) New projects led to increase in book balance and correspondingly led to increase in expected credit losses throughout the duration; (2) Longer aging of contract asset causes expected credit losses increase.

V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

8. Contract Assets (continued)

Contract asset for which impairment allowance is made are as follows:

	2020			2019		
	Book balance expected to incur credit loss	Expected credit Loss rates (%)	Lifetime expected credit loss	Book balance expected to incur credit loss	Expected credit Loss rates (%)	Lifetime expected credit loss
Construction and design	953,234,676.14	0.57	5,431,765.55	436,148,818.58	0.31	1,345,306.39
The brand consulting and management service for the early stage of the project	699,327,038.00	38.86	271,765,847.11	676,113,269.93	10.58	71,547,828.63
	1,652,561,714.14	16.77	277,197,612.66	1,112,262,088.51	6.55	72,893,135.02

9. Non-current Assets Due within One Year

	2020	2019
Entrusted loans and lending	235,375,000.00	560,672,975.39
Financial lease receivables	15,841,543.42	–
Less: bad debt allowance for non-current assets due within one year	(2,512,165.43)	(5,606,729.75)
	248,704,377.99	555,066,245.64

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V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

9. Non-current Assets Due within One Year (continued)

As at 31 December 2020, the top five amounts of other non-current assets due within one year are as follows:

	Closing balance	Proportion of non-current assets due within one year (%)	Expiry date
Hancheng Xinding Real Estate Development Co., Ltd. (韓城市鑫鼎房地產開發有限責任公司)	89,367,300.00	35.93	May 2021
Anhui Tenghui Investment Group Co., Ltd. (安徽騰輝投資集團有限公司) (Note 1)	64,350,000.00	25.87	Overdue
Henan Zhongheng Construction Development Co., Ltd. (河南中亨建設開發有限公司) (Note 2)	47,074,500.00	18.93	Overdue
Zhejiang Mingdu Investment Company Limited (浙江名都投資有限公司)	20,448,450.00	8.22	January 2021
Yibin Huahope Real Estate Co., Ltd. (宜賓華泓置業有限公司)	8,140,797.07	3.27	September 2021
	229,381,047.07	92.22	

V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

9. Non-current Assets Due within One Year (continued)

As at December 31, 2019, the top five amounts of other non-current assets due within one year are as follows:

	Closing balance	Proportion of non-current assets due within one year (%)	Expiry date
Shanxi Chongkang Real Estate Development Co., Ltd. (山西崇康房地產開發有限公司)	191,877,015.47	34.57	December, 2020
Zhoukou Railway Engineering Co., Ltd. (周口鐵路工程有限公司)	118,800,000.00	21.40	June, 2020
Shangqiu Hualian Real Estate Co., Ltd. (商丘華聯置業有限公司)	99,000,000.00	17.84	February, 2020
Anhui Tenghui Investment Group Co., Ltd. (安徽騰輝投資集團有限公司) (Note 1)	64,350,000.00	11.59	Overdue
Henan Zhongheng Construction Development Co., Ltd. (河南中亨建設開發有限公司) (Note 2)	47,074,500.00	8.48	August, 2020
	521,101,515.47	93.88	

Note 1: As at December 31, 2020, the entrusted loan principal RMB65,000,000.00 of the Group to Anhui Tenghui Investment Group Co., Ltd. (hereinafter referred to as "Anhui Tenghui") has expired. The entrusted loan was pledged with 30% of Anhui Tenghui's shares. The Group has signed the "Commercial Housing Trading Framework Agreement" with Suzhou Huitong Shengzhou Real Estate Co., Ltd., a subsidiary of Anhui Tenghui, so the management of the Group believes that the entrusted loan is expected to be recovered.

Note 2: As of 31 December 2020, the Group's entrusted loan of RMB47,550,000.00 to Henan Zhongheng Construction Development Co., Ltd. (河南中亨建設開發有限公司) (hereinafter referred to as "Henan Zhongheng") was expired. The entrusted loan was a result of the entrusted loan contract signed between the Group and Henan Zhongheng in November 2018. The loan maturity date is 24 August 2020, and the land of Henan Derun Real Estate Company Limited (河南德潤置業有限公司) is used as collateral. The management believes that there is no special impairment risk for this loan.

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For the year 2020

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V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

9. Non-current Assets Due within One Year (continued)

The movement of impairment allowance for non-current assets due within one year is as follows:

	Opening balance	Provision for the current year	Reversal for the current year	Reclassify for the current year	Closing balance
2020	5,606,729.75	1,282,765.43	(4,377,329.75)	–	2,512,165.43
2019	50,000.00	4,377,770.86	–	1,178,958.89	5,606,729.75

The movement of bad debt provision for non-current assets due within one year based on 12-month expected credit losses and the lifetime expected credit losses is as follows:

2020

	Stage 1 Expected credit losses in the next 12 months	Stage 2 Lifetime expected credit losses	Stage 3 Credit-impaired financial assets (Lifetime expected credit losses)	Total
Opening balance	4,956,729.75	650,000.00	–	5,606,729.75
– Transfer to stage 2	(475,500.00)	475,500.00	–	–
Provision during this year	1,282,765.43	–	–	1,282,765.43
Reversal during this year	(4,377,329.75)	–	–	(4,377,329.75)
Closing balance	1,386,665.43	1,125,500.00	–	2,512,165.43

V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

9. Non-current Assets Due within One Year (continued)

The movement of bad debt provision for non-current assets due within one year based on 12-month expected credit losses and the lifetime expected credit losses is as follows: (continued)

2019

	Stage 1 Expected credit losses in the next 12 months	Stage 2 Lifetime expected credit losses	Stage 3 Credit-impaired financial assets (Lifetime expected credit losses)	Total
Opening balance	50,000.00	–	–	50,000.00
Provision during this year	3,727,770.86	650,000.00	–	4,377,770.86
Reclassification during this year (note)	1,178,958.89	–	–	1,178,958.89
Closing balance	4,956,729.75	650,000.00	–	5,606,729.75

Note: Loans were reclassified from long-term receivables to non-current assets due within one year in 2019.

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V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

10. Other Current Assets

	2020	2019
Tax prepaid (Note 1)	967,502,970.87	719,119,392.12
Factoring receivables (Note 2)	181,117,083.33	209,145,833.34
Financial lease receivables	1,028,387.00	69,717,778.19
Entrusted loans and lending	1,589,735,767.27	731,207,998.63
	2,739,384,208.47	1,729,191,002.28
Less: impairment allowance of other current assets	104,808,937.10	91,969,292.84
	2,634,575,271.37	1,637,221,709.44

Note 1: The Group's tax prepaid is mainly VAT to be deducted, which is expected to be deductible within the next year.

Note 2: The Group established a commercial factoring company as approved by the Shanghai Municipal Commission of Commerce and it started to conduct commercial factoring business since 2018.

V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

10. Other Current Assets (continued)

The movement of impairment allowance for other current assets is as follows:

	Opening balance	Provision for the current year	Reversal for the current year	Reclassify for the current year	Closing balance
2020	91,969,292.84	55,978,432.20	(43,138,787.94)	–	104,808,937.10
2019	13,500,000.00	8,459,025.40	(10,737,422.22)	80,747,689.66	91,969,292.84

The movement of bad debt provision for other current assets based on 12-month expected credit losses and the lifetime expected credit losses is as follows:

2020

	Stage 1 Expected credit losses in the next 12 months	Stage 2 Lifetime expected credit losses	Stage 3 Credit-impaired financial assets (Lifetime expected credit losses)	Total
Opening balance	82,275,767.44	9,693,525.40	–	91,969,292.84
– Transfer to stage 3	(25,140,645.13)	–	25,140,645.13	–
Provision for the current year	40,417,801.78	–	15,560,630.42	55,978,432.20
Reversal for the current year	(33,445,262.54)	(9,693,525.40)	–	(43,138,787.94)
Closing balance	64,107,661.55	–	40,701,275.55	104,808,937.10

Notes to the Financial Statements

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V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

10. Other Current Assets (continued)

The movement of bad debt provision for other current assets based on 12-month expected credit losses and the lifetime expected credit losses is as follows: (continued)

2019

	Stage 1 Expected credit losses in the next 12 months	Stage 2 Lifetime expected credit losses	Stage 3 Credit-impaired financial assets (Lifetime expected credit losses)	Total
Opening balance	13,500,000.00	–	–	13,500,000.00
– Transfer to stage 2	(6,600,000.00)	6,600,000.00	–	–
Provision during this year	5,365,500.00	3,093,525.40	–	8,459,025.40
Reversal during this year	(10,737,422.22)	–	–	(10,737,422.22)
Reclassification during this year (note)	80,747,689.66	–	–	80,747,689.66
Closing balance	82,275,767.44	9,693,525.40	–	91,969,292.84

Note: Borrowings were reclassified from other receivables to other current assets in this year.

V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

10. Other Current Assets (continued)

As at 31 December 2020, the top five amounts of other current assets are as follows:

	Closing balance	Percentage of other current assets (%)	Nature	Closing balance of bad debt	Expiry date
Dezhou Dexin Tangong Real Estate Co., Ltd. (德州德鑫檀宮置業有限公司)	284,047,945.21	10.37	Lending	4,025,479.45	2021/12
Dezhou Wanxing Real Estate Development Co., Ltd. (德州萬星房地產開發有限公司)	215,907,123.30	7.88	Lending	2,159,071.23	2021/5
Jinan Dexin Tangong Real Estate Co., Ltd. (濟南德鑫檀宮置業有限公司)	202,909,589.04	7.41	Lending	2,029,095.89	2021/11
Handan Xingtanhui Real Estate Development Co., Ltd. (邯鄲市星檀惠房地產開發有限公司)	202,547,945.21	7.39	Lending	2,025,479.45	2021/5
Jiangsu Chengdong Construction Engineering Co., Ltd. (江蘇城東建設工程有限公司)	145,389,083.33	5.31	Factoring	1,453,890.83	2021/6
	1,050,801,686.09	38.36		11,693,016.85	

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V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

10. Other Current Assets (continued)

As at December 31, 2019, the top five original balance amounts of other current assets are as follows:

	Closing balance	Percentage of other current assets (%)	Nature	Closing balance of bad debt	Expiry date
Chongqing Lifan Automobile Sales Co., Ltd. (重慶力帆汽車銷售有限 公司)	206,145,833.34	11.92	Factoring	8,593,525.40	2019/4
Xingtai Tongxin Real Estate Development Co., Ltd. (邢台同信房地產開發有限公司)	151,291,666.67	8.75	Lending	6,436,810.69	2020/9
Wuhan Zhuyeshan Group Co., Ltd. (武漢竹葉山集團股份有限公司)	135,000,000.00	7.81	Loan	1,350,000.00	2020/12
Zhejiang Borui Holding Group Co., Ltd. (浙江博瑞控股集團 有限公司)	110,000,000.00	6.36	Loan	1,100,000.00	2019/11
Hebei Zhuohang Real Estate Development Co., Ltd. (河北卓航 房地產開發有限公司)	60,146,666.69	3.48	Lending	4,546,754.33	2020/6
	662,584,166.70	38.32		22,027,090.42	

V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

11. Long-term Receivables

	December 31 2020		
	Book balance	Impairment allowance	Book value
Deposits	215,110,000.00	(215,110.00)	214,894,890.00
Project loan	229,949,719.40	(10,219,497.19)	219,730,222.21
Lease deposit	85,787,990.26	(85,788.00)	85,702,202.26
Finance lease payment	12,294,527.69	(122,945.27)	12,171,582.42
	543,142,237.35	(10,643,340.46)	532,498,896.89

	December 31 2019		
	Book balance	Impairment allowance	Book value
Deposits	233,060,000.00	(233,060.00)	232,826,940.00
Project loan	426,332,962.28	(4,263,329.62)	422,069,632.66
Lease deposit	117,407,410.26	(117,407.41)	117,290,002.85
Finance lease payment	28,594,047.47	(285,940.47)	28,308,107.00
	805,394,420.01	(4,899,737.50)	800,494,682.51

Notes to the Financial Statements

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V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

11. Long-term Receivables (continued)

As at 31 December 2020, the top five amounts of long-term receivables are as follows:

	Closing balance	Percentage of long-term receivables (%)	Nature	Aging	Closing balance of bad debt
Huaihua Xingqi Real Estate Development Construction Co., Ltd. (懷化星旗房地產開發建設有限公司)	110,200,500.00	20.29	Project loan	Over 3 years	1,102,005.00
Chongqing Gezhouba Rongchuang Shenda Real Estate Co., Ltd. (重慶葛洲壩融創深達置業有限公司)	50,000,000.00	9.21	Deposits	1 to 2 years	50,000.00
Beijing Urban Construction Chengdu Properties Co., Ltd. (北京城建成都置業有限公司)	40,000,000.00	7.36	Deposits	1 to 2 years	40,000.00
Shenzhen Renheng Star City Investment Management Co., Ltd. (深圳仁恆星城投資管理有限公司)	36,000,000.00	6.63	Deposits	Over 3 years	36,000.00
Fujian Shengshi Federal Property Development Co., Ltd. (福建盛世聯邦置業發展有限公司)	32,760,000.00	6.03	Deposits	1 to 2 years	32,760.00
	268,960,500.00	49.52			1,260,765.00

V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

11. Long-term Receivables (continued)

As at 31 December 2019, the top five amounts of long-term receivables are as follows:

	Closing balance	Percentage of long-term receivables (%)	Nature	Aging	Closing balance of bad debt
Hangzhou Red Star Macalline Global Furniture Co., Ltd. (杭州紅星美凱龍環球家居有限公司)	332,148,745.00	41.24	Project loan	Over 3 years	3,321,487.45
Chongqing Gezhouba Rongchuang Shenda Real Estate Co., Ltd. (重慶葛洲壩融創深達置業有限公司)	50,000,000.00	6.21	Deposits	Within 1 year	50,000.00
Doria Holdings LTD	38,051,996.83	4.72	Project loan	1 to 2 years	380,519.97
Shenzhen Renheng Star City Investment Management Co., Ltd. (深圳仁恒星城投資管理有限公司)	36,000,000.00	4.47	Deposits	Over 3 years	36,000.00
Fujian Shengshi Federal Property Development Co., Ltd. (福建盛世聯邦置業發展有限公司)	32,760,000.00	4.07	Deposits	Within 1 year	32,760.00
	488,960,741.83	60.71			3,820,767.42

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V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

11. Long-term Receivables (continued)

The movement of bad debt provision for long-term receivables based on 12-month expected credit losses and the lifetime expected credit losses is as follows:

2020

	Stage 1 Expected credit losses in the next 12 months	Stage 2 Lifetime expected credit losses	Stage 3 Credit-impaired financial assets (Lifetime expected credit losses)	Total
Opening balance	4,899,737.50	–	–	4,899,737.50
Opening balance in current year				
– Transfer to stage 3	(80,000.00)	–	80,000.00	–
Provision during this year	482,716.28	1,102,005.00	7,920,000.00	9,504,721.28
Reversal during this year	(3,761,118.32)	–	–	(3,761,118.32)
Closing balance	1,541,335.46	1,102,005.00	8,000,000.00	10,643,340.46

V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

11. Long-term Receivables (continued)

2019

	Stage 1 Expected credit losses in the next 12 months	Stage 2 Lifetime expected credit losses	Stage 3 Credit-impaired financial assets (Lifetime expected credit losses)	Total
Opening balance	15,468,406.07	–	–	15,468,406.07
Provision during this year	1,866,499.10	–	–	1,866,499.10
Reversal during this year	(5,715,804.32)	–	–	(5,715,804.32)
Reclassification during this year (note)	(6,719,363.35)	–	–	(6,719,363.35)
Closing balance	4,899,737.50	–	–	4,899,737.50

Note: Loans were reclassified from long-term receivables to non-current assets due within one year and other non-current assets in 2019. For details, please refer to Note V.9 and Note V.24.

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V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

12. Long-term Equity Investments

2020

	Movement during the year									Closing balance of impairment allowance
	Opening balance	Increase in investment	Decrease in investment	Investment gain/loss under equity method	Other comprehensive income	Other changes	Cash dividend declared	Provision made for impairment allowance	Closing balance	
Joint ventures										
Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司)	792,828,772.46	-	-	15,432,439.29	-	-	-	-	808,261,211.75	-
Shanghai CTME Economy & Trade Development Co., Ltd. (上海中貿美凱龍經貿發展有限公司)	100,762,144.50	-	-	205,916.43	-	-	(2,600,000.00)	-	98,368,060.93	-
Shanghai Mingyi Enterprise Development Co., Ltd. (上海名藝商業企業發展有限公司)	59,792,554.09	-	-	5,080,612.18	-	-	-	-	64,873,166.27	-
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)	9,742,396.17	-	-	1,270,913.71	-	-	-	-	11,013,309.88	-
Baoxiang Red Star Macalline (Xiamen) Global Home Furnishing Plaza Company Limited (寶象紅星美凱龍(廈門)全球家居廣場有限公司)	9,632,034.92	-	-	(232,830.76)	-	-	-	-	9,399,204.16	-
SLEEP MAKER (HONGKONG) COMPANY LIMITED	5,178,705.00	-	-	(48,854.45)	-	-	-	-	5,129,850.55	-
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)	1,528,388.04	-	-	(981,891.21)	-	-	-	-	546,496.83	-
Shenzhen Red Star Macalline Business Management Company Limited (深圳紅星美凱龍商業管理有限公司)	1,224,716.68	4,620,000.00	-	(2,733,078.66)	-	-	-	-	3,111,638.02	-
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)	214,147.64	11,000,000.00	-	(3,126,860.95)	-	-	-	-	8,087,286.69	-

V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

12. Long-term Equity Investments (continued)

2020 (continued)

	Movement during the year									
	Opening balance	Increase in investment	Decrease in investment	Investment	Other	Other changes	Cash dividend declared	Provision	Closing balance	Closing balance of impairment allowance
				gain/loss under equity method	comprehensive income			made for impairment allowance		
Joint ventures (continued)										
Xiamen Baoxiang Red Star Macalline Home Furnishing Plaza Company Limited (廈門寶象紅星美凱龍家居生活廣場有限公司)	-	-	-	-	-	-	-	-	-	-
Associates										
Haier Consume Financing Company Limited (海爾消費金融有限公司)	358,898,925.67	-	-	30,717,271.95	-	-	-	-	389,616,197.62	-
Shandong Inzone Green Home Co., Ltd. (山東銀座家居有限公司)	348,464,343.58	-	-	38,166,772.51	-	-	(7,520,550.59)	-	379,110,565.50	-
Shenyudao Cultural Tourism Holding Co., Ltd. (神玉島文化旅遊控股股份有限公司)	185,636,621.29	-	-	(4,641,188.52)	-	-	-	-	180,995,432.77	-
Yaxiya Building Materials Co., Ltd. (亞細亞建築材料股份有限公司)	168,845,194.79	150,000,000.00	-	5,829,139.85	-	-	-	-	324,674,334.64	-
Guangdong Sanweijia Information Technology Co., Ltd. (廣東三維家信息科技有限公司)	144,801,482.91	-	-	(26,114,610.29)	-	-	-	-	118,686,872.62	-
SUNSEAPARKING INC	144,031,972.83	-	-	(5,996,131.36)	-	-	-	-	138,035,841.47	-

Notes to the Financial Statements

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V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

12. Long-term Equity Investments (continued)

2020 (continued)

	Movement during the year									Closing balance of impairment allowance
	Opening balance	Increase in investment	Decrease in investment	Investment gain/loss under equity method	Other comprehensive income	Other changes	Cash dividend declared	Provision made for impairment allowance	Closing balance	
Associates (continued)										
Wuhan Zhengkai Logistics Co., Ltd. (武漢市正凱物流有限公司)	129,892,159.18	-	-	783,542.56	-	-	(3,600,000.00)	-	127,075,701.74	-
Hangzhou Red Star Macalline Global Home Living Company Limited (杭州紅星美凱龍環球家居有限公司)	94,378,784.70	-	(91,723,981.35)	(2,654,803.35)	-	-	-	-	-	-
Guangdong VIFA Customized Home Furnishings Co., Ltd. (廣東威法定制家居股份有限公司)*	90,576,230.40	-	(40,000,000.00)	6,707,772.14	-	-	(2,925,000.50)	-	54,359,002.04	-
Weifang Binxing Properties Co., Ltd. (濰坊濱星置業有限公司)	89,847,896.52	-	-	(326,124.43)	-	-	-	-	89,521,772.09	-
Zhejiang Zhongguang Electric Appliances Co., Ltd. (浙江中廣電器股份有限公司)	87,523,050.01	-	-	4,487,009.09	-	-	-	-	92,010,059.10	-
Klas International Home Living Company Limited (克拉斯國際家居有限公司)	79,249,208.32	-	(65,271,386.22)	(13,977,822.10)	-	-	-	-	-	-
Shanghai Xincheng'an Construction Co., Ltd. (上海鑫誠安建設有限公司)	69,121,511.58	-	-	7,485,397.02	-	-	-	-	76,606,908.60	-
Shanghai Tianhe Smart Home Technology Company Ltd. (上海天合智能科技股份有限公司)	65,588,151.69	-	-	1,856,255.97	-	-	-	-	67,444,407.66	-
LEAWOD Door and Window Profiles Company (四川良木道門窗型材有限公司)	63,960,679.60	-	-	913,746.32	-	-	-	-	64,874,425.92	-
Suzhou Supin Home Culture Co., Ltd. (蘇州市蘇品宅配文化有限公司)*	61,811,051.20	-	-	(1,933,012.98)	-	-	-	-	59,878,038.22	-

V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

12. Long-term Equity Investments (continued)

2020 (continued)

	Movement during the year									Closing balance of impairment allowance
	Opening balance	Increase in investment	Decrease in investment	Investment gain/loss under equity method	Other comprehensive income	Other changes	Cash dividend declared	Provision made for impairment allowance	Closing balance	
Associates (continued)										
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)	46,645,850.91	-	-	(1,322,177.89)	-	-	-	-	45,323,673.02	-
Ant live (Tianjin) Network Technology Co., Ltd. (樓安居(天津)網絡技術有限公司)	43,446,999.80	-	-	(1,516,766.14)	-	-	-	-	41,930,233.66	-
Beijing Bilin Hongke Technology Co., Ltd. (北京比鄰弘科技有限公司)	40,720,002.31	-	-	(608,469.27)	-	-	-	-	40,111,533.04	-
Shanghai Qiangshang Environmental Technology Company Limited (上海牆尚環保科技有限公司)	36,130,798.25	-	-	2,162,349.70	-	-	-	-	38,293,147.95	-
Shanghai CONJOINT Construction Technology Co., Ltd. (上海開裝建築科技有限公司)	34,341,952.62	1,292,130.07	-	(430,258.51)	-	-	-	-	35,203,824.18	-
ICOLOR PRIVATE LIMITED	34,236,320.87	7,904,899.13	-	(2,783,299.30)	-	-	-	-	39,357,920.70	-
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)	33,807,572.48	-	-	2,662,008.94	-	-	-	-	36,469,581.42	-
Chengdu Rhine Etam Furniture Co., Ltd. (成都艾格家具有限公司)	31,918,184.28	-	-	(1,503,942.23)	-	-	-	-	30,414,242.05	-
Jiangsu Balli Aijia Home Technology Co., Ltd. (江蘇佰麗愛家居科技有限公司)	31,290,567.38	-	-	(2,245,680.25)	-	-	-	-	29,044,887.13	-
Shanghai Jinjiang United Purchasing Supply Chain Co., Ltd. (上海錦江聯採供應鏈有限公司)	29,999,889.03	-	-	139,014.72	-	-	-	-	30,138,903.75	-

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V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

12. Long-term Equity Investments (continued)

2020 (continued)

	Movement during the year									
	Opening balance	Increase in investment	Decrease in investment	Investment gain/loss under equity method	Other comprehensive income	Other changes	Cash dividend declared	Provision made for impairment allowance	Closing balance	Closing balance of impairment allowance
Associates (continued)										
BigZone Information Technology (Shanghai) Company Limited (大域信息科技(上海)有限公司)	19,125,711.28	-	-	(828.85)	-	-	-	-	19,124,882.43	-
Shanghai Harbour Home Investment Management Co., Ltd. (上海灣寓投資管理有限公司)	17,518,018.12	-	(17,518,018.12)	-	-	-	-	-	-	-
Meiwu 365 (Tianjin) Technology Company Limited (美屋三六五(天津)科技有限公司)	15,268,421.15	-	(14,844,225.94)	(424,195.21)	-	-	-	-	-	-
ArtPollo Network Technology (Beijing) Company Limited (愛菠蘿網絡科技(北京)有限公司)	13,480,433.70	-	-	(84,126.43)	-	-	-	(13,396,307.27)	-	(13,396,307.27)
Shengbao (Shanghai) Furniture Co., Ltd. (晟葆(上海)家具有限公司)	13,141,921.57	-	-	4,999.99	-	-	-	-	13,146,921.56	-
Beijing Canny-Robot Technology Co., Ltd. (北京康力優藍機器人科技有限公司)	12,454,221.36	-	-	693,353.13	-	-	-	-	13,147,574.49	-
Shenzhen Yatai Macalline Life Space Technology Co., Ltd. (深圳市亞泰美凱龍空間科技有限公司)	10,353,869.40	-	-	(1,012,158.22)	-	-	-	-	9,341,711.18	-
Shanghai Jiazhan Construction Engineering Company Limited (上海嘉辰建築裝潢工程有限公司)	7,824,586.00	-	-	79,241.39	-	-	(2,551,239.00)	-	5,352,588.39	-
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)	5,207,920.29	-	(3,795,016.62)	(1,412,903.67)	-	-	-	-	-	-

V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

12. Long-term Equity Investments (continued)

2020 (continued)

	Movement during the year									
	Opening balance	Increase in investment	Decrease in investment	Investment gain/loss under equity method	Other comprehensive income	Other changes	Cash dividend declared	Provision made for impairment allowance	Closing balance	Closing balance of impairment allowance
Associates (continued)										
Guangzhou Huoshu Yinhua Information Technology Co., Ltd. (廣州火數銀花信息科技有限公司)	4,746,336.80	-	-	(343,509.59)	-	-	-	-	4,402,827.21	-
Shenzhen Huasheng Home Furnishing Group Co., Ltd. (深圳華生大家居集團有限公司)	3,617,858.52	-	-	67,218.45	-	-	-	-	3,685,076.97	-
Yimeijisi Optoelectronics Technology (Fujian) Co., Ltd. (詠美吉斯光電科技(福建)有限公司)	2,475,000.00	-	-	87,615.88	-	-	-	-	2,562,615.88	-
Anka Household Products (Shanghai) Co., Ltd. (安咖家居用品(上海)有限公司)	1,922,408.97	-	-	1,001,577.22	-	-	-	-	2,923,986.19	-
Shenzhen Long Life Basics Sleep Science and Technology Co., Ltd. (深圳市朗樂福睡眠科技有限公司)	1,073,066.34	-	-	679,484.02	-	-	(367,000.00)	-	1,385,550.36	-
Development Company Limited (鄧州市峰嶺區皇室房地產開發有限公司)	-	-	-	-	-	-	-	-	-	-
Handan Red Star Royal Properties Co., Ltd. (鄧州市紅星皇室置業有限公司)	-	-	-	-	-	-	-	-	-	-

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V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

12. Long-term Equity Investments (continued)

2020 (continued)

	Movement during the year									Closing balance of impairment allowance
	Opening balance	Increase in investment	Decrease in investment	Investment gain/loss under equity method	Other comprehensive income	Other changes	Cash dividend declared	Provision made for impairment allowance	Closing balance	
Associates (continued)										
Wuhu Meihe Asset Management Company Limited (芜湖美和資產管理有限公司)	-	-	-	606,800.33	-	-	-	-	606,800.33	-
Shanghai AI Pure Intelligent Technology Co., Ltd. (上海智識智能科技有限公司)	-	-	-	-	-	-	-	-	-	-
Shanghai Zhenyang Decoration Co., Ltd. (上海振洋建築裝潢工程有限公司)	-	20,003,073.63	-	1,282,440.15	-	-	-	-	21,285,513.78	-
Meishang (Guangzhou) Cosmetics Co., Ltd. (美尚(廣州)化妝品股份有限公司)	-	58,500,000.00	-	(4,020,977.06)	-	-	-	-	54,479,022.94	-
Shanghai Weilaishi Decoration Technology Co., Ltd. (上海威來適裝飾科技有限公司)	-	4,000,000.00	-	(214,012.92)	-	-	-	-	3,785,987.08	-
Shanghai Shimao Macalline Home Technology Co., Ltd. (上海世茂美凱龍家居科技有限公司)	-	2,450,000.00	-	(2,450,000.00)	-	-	-	-	-	-
Zhongzhuang Central Purchasing (Beijing) Information Technology Co., Ltd. (中裝集採(北京)信息技術有限公司)	-	1,000,000.00	-	(293,298.27)	-	-	-	-	706,701.73	-
Aibbe Inc.	-	10,000,000.00	-	-	-	-	-	-	10,000,000.00	-
	3,654,279,035.20	270,770,102.83	(233,152,628.25)	44,959,080.07	-	-	(19,563,790.09)	(13,396,307.27)	3,703,895,492.49	(13,396,307.27)

* The associates renamed in 2020 is as follows: Liaoning Cheng'an Construction Co., Ltd. was renamed Shanghai Xincheng'an Construction Co., Ltd.

V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

12. Long-term Equity Investments (continued)

2019

	Movement during the period									
	Opening balance	Increase in investment	Decrease in investment	Investment gain/loss under equity method	Other comprehensive income	Other changes	Cash dividend declared	Provision made for impairment allowance	Closing balance	Closing balance of impairment allowance
Joint ventures										
Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司)	898,298,330.42	—	—	27,764,145.77	—	—	(133,233,703.73)	—	792,828,772.46	—
Shanghai CTME Economy & Trade Development Co., Ltd. (上海中貿美凱龍經貿發展有限公司)	61,462,800.23	28,341,200.10	—	10,958,144.17	—	—	—	—	100,762,144.50	—
Shanghai Mingyi Enterprise Development Co., Ltd. (上海名藝商業企業發展有限公司)	41,011,996.63	—	—	18,780,557.46	—	—	—	—	59,792,554.09	—
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)	9,781,445.02	—	—	(39,048.85)	—	—	—	—	9,742,396.17	—
Baoxiang Red Star Macalline (Xiamen) Global Home Furnishing Plaza Company Limited (寶象紅星美凱龍(廈門)全球家居廣場有限公司)	—	15,000,000.00	—	(5,367,965.08)	—	—	—	—	9,632,034.92	—
SLEEP MAKER (HONGKONG) COMPANY LIMITED	—	5,146,800.00	—	31,905.00	—	—	—	—	5,178,705.00	—
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)	—	4,300,000.00	—	(2,771,611.96)	—	—	—	—	1,528,388.04	—
Shenzhen Red Star Macalline Business Management Company Limited (深圳紅星美凱龍商業管理有限公司)	174,031.72	1,200,000.00	—	(149,315.04)	—	—	—	—	1,224,716.68	—
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)	—	1,000,000.00	—	(785,852.36)	—	—	—	—	214,147.64	—

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V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

12. Long-term Equity Investments (continued)

2019 (continued)

	Movement during the period									
	Opening balance	Increase in investment	Decrease in investment	Investment	Other comprehensive income	Other changes	Cash dividend declared	Provision	Closing balance	Closing balance of impairment allowance
				gain/loss under equity method				made for impairment allowance		
Joint ventures (continued)										
Yongqing Yintai Future Land Construction And Development Co., Ltd. (永清銀泰新城建設開發有限公司)	29,697,621.58	—	(29,688,046.35)	(9,575.23)	—	—	—	—	—	—
Nanchang Red Star Macalline Global Home Expo Center Co., Ltd. (南昌紅星美凱龍環球家居博覽中心有限責任公司)	17,986,574.32	—	(17,986,574.32)	—	—	—	—	—	—	—
Yongqing Yintong Construction And Development Co., Ltd. (永清銀通建設開發有限公司)	15,000,000.00	—	(15,000,000.00)	—	—	—	—	—	—	—
Xiamen Baoxiang Red Star Macalline Home Furnishing Plaza Company Limited (廈門寶象紅星美凱龍家居生活廣場有限公司)	723,947.41	—	—	(723,947.41)	—	—	—	—	—	—
Associates										
Haier Consume Financing Company Limited (海爾消費金融有限公司)	307,746,162.44	—	—	51,152,763.23	—	—	—	—	358,898,925.67	—
Shandong Inzone Green Home Co., Ltd. (山東銀座家居有限公司)	—	348,916,600.00	—	(452,256.42)	—	—	—	—	348,464,343.58	—
Shenyudao Cultural Tourism Holding Co., Ltd. (神玉島文化旅游控股股份有限公司)	194,763,453.51	—	—	(9,126,832.22)	—	—	—	—	185,636,621.29	—
Yaxiya Building Materials Co., Ltd. (亞細亞建築材料股份有限公司)	—	150,000,000.00	—	18,845,194.79	—	—	—	—	168,845,194.79	—
Guangdong Sanweijia Information Technology Co., Ltd. (廣東三維家信息科技有限公司)	166,003,895.66	—	—	(21,202,412.75)	—	—	—	—	144,801,482.91	—
SUNSEAPARKING INC	145,625,975.69	—	—	(1,594,002.86)	—	—	—	—	144,031,972.83	—

V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

12. Long-term Equity Investments (continued)

2019 (continued)

	Movement during the period									
	Opening balance	Increase in investment	Decrease in investment	Investment gain/loss under equity method	Other comprehensive income	Other changes	Cash dividend declared	Provision made for impairment allowance	Closing balance	Closing balance of impairment allowance
Associates (continued)										
Wuhan Zhengkai Logistics Co., Ltd. (武漢市正凱物流有限公司)	126,983,174.58	3,528,501.56	—	1,216,483.04	—	—	(1,836,000.00)	—	129,892,159.18	—
Hangzhou Red Star Macalline Global Home Living Company Limited (杭州紅星美凱龍環球家居有限公司)	63,856,231.01	—	—	43,133,366.55	—	12,610,812.86	—	—	94,378,784.70	—
Guangdong VIFA Customized Home Furnishings Co., Ltd. (廣東威法定制家居股份有限公司)*	85,491,488.31	—	—	11,584,742.09	—	—	(6,500,000.00)	—	90,576,230.40	—
Weifang Binxing Properties Co., Ltd. (濰坊濱星置業有限公司)	90,000,000.00	—	—	(152,103.48)	—	—	—	—	89,847,896.52	—
Zhejiang Zhongguang Electric Appliances Co., Ltd. (浙江中廣電器股份有限公司)	80,924,647.56	—	—	6,598,402.45	—	—	—	—	87,523,050.01	—
Klas International Home Living Company Limited (克拉斯國際家居有限公司)	68,135,170.31	—	—	11,114,038.01	—	—	—	—	79,249,208.32	—
Liaoning Cheng'an Construction Co., Ltd. (遼寧誠安建設有限公司)	62,031,744.40	—	—	8,889,767.18	—	—	(1,800,000.00)	—	69,121,511.58	—
Shanghai Tianhe Smart Home Technology Company Ltd. (上海天合智能科技股份有限公司)	63,781,313.54	—	—	3,056,492.71	—	—	(1,249,654.56)	—	65,588,151.69	—
LEAWOD Door and Window Profiles Company (四川良木道門窗型材有限公司)	62,127,865.88	—	—	1,832,813.72	—	—	—	—	63,960,679.60	—
Suzhou Supin Home Culture Co., Ltd. (蘇州市蘇品宅配文化有限公司)*	62,218,118.86	—	—	(407,067.66)	—	—	—	—	61,811,051.20	—

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V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

12. Long-term Equity Investments (continued)

2019 (continued)

	Movement during the period									
	Opening balance	Increase in investment	Decrease in investment	Investment gain/loss under equity method	Other comprehensive income	Other changes	Cash dividend declared	Provision made for impairment allowance	Closing balance	Closing balance of impairment allowance
Associates (continued)										
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)	17,211,841.58	—	—	29,434,009.33	—	—	—	—	46,645,850.91	—
Ant live (Tianjin) Network Technology Co., Ltd. (樓安居(天津)網絡技術有限公司)	45,202,038.45	—	—	(1,755,038.65)	—	—	—	—	43,446,999.80	—
Beijing Bilin Hongke Technology Co., Ltd. (北京比鄰弘科科技有限公司)	—	40,000,000.00	—	720,002.31	—	—	—	—	40,720,002.31	—
Shanghai Qiangshang Environmental Technology Company Limited (上海尚環保科技有限公司)	30,985,316.61	—	—	5,145,481.64	—	—	—	—	36,130,798.25	—
Shanghai CONJOINT Construction Technology Co., Ltd. (上海開裝建築科技有限公司)	—	35,064,000.00	—	(722,047.38)	—	—	—	—	34,341,952.62	—
ICOLOR PRIVATE LIMITED	—	35,573,360.87	—	(1,337,040.00)	—	—	—	—	34,236,320.87	—
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)	25,839,470.45	—	—	8,168,102.03	—	—	—	—	33,807,572.48	—
Chengdu Rhine Etam Furniture Co., Ltd. (成都艾格傢俱有限公司)	—	34,000,000.00	—	(2,081,815.72)	—	—	—	—	31,918,184.28	—
Jiangsu Balli Aijia Home Technology Co., Ltd. (江蘇佰麗愛家居科技有限公司)	30,683,610.39	—	—	606,956.99	—	—	—	—	31,290,567.38	—
Shanghai Jinjiang United Purchasing Supply Chain Co., Ltd. (上海錦江聯採供應鏈有限公司)	—	30,000,000.00	—	(110.97)	—	—	—	—	29,999,889.03	—

V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

12. Long-term Equity Investments (continued)

2019 (continued)

	Movement during the period									
	Opening balance	Increase in investment	Decrease in investment	Investment	Other	Other	Cash	Provision	Closing	Closing
				gain/loss under equity method	compreh- ensive income					
Associates (continued)										
BigZone Information Technology										
(Shanghai) Company Limited (大域 信息科技(上海)有限公司)	19,652,912.82	—	—	(527,201.54)	—	—	—	—	19,125,711.28	—
Shanghai Harbour Home Investment										
Management Co., Ltd. (上海灣寓 投資管理有限公司)	23,066,408.08	—	—	(5,548,389.96)	—	—	—	—	17,518,018.12	—
Meiwu 365 (Tianjin) Technology										
Company Limited (美屋三六五(天 津)科技有限公司)	17,116,874.25	—	—	(1,848,453.10)	—	—	—	—	15,268,421.15	—
ArtPollo Network Technology (Beijing)										
Company Limited (愛菠蘿網絡科技 (北京)有限公司)	13,599,994.54	—	—	(119,560.84)	—	—	—	—	13,480,433.70	—
Shengbao (Shanghai) Furniture Co.,										
Ltd. (晟葆(上海)傢俱有限公司)	—	13,000,000.00	—	141,921.57	—	—	—	—	13,141,921.57	—
Beijing Canny-Robot Technology Co.,										
Ltd. (北京康力優藍機器人科技有 限公司)	13,216,093.81	—	—	(761,872.45)	—	—	—	—	12,454,221.36	—
Shenzhen Yatai Macalline Life Space										
Technology Co., Ltd. (深圳市亞泰 美凱龍空間科技有限公司)	—	9,800,000.00	—	553,869.40	—	—	—	—	10,353,869.40	—
Shanghai Jiazhan Construction										
Engineering Company Limited (上 海嘉展建築裝潢工程有限公司)	7,634,822.89	—	—	189,763.11	—	—	—	—	7,824,586.00	—
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)	4,500,000.00	—	—	1,327,764.83	—	(619,844.54)	—	—	5,207,920.29	—

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V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

12. Long-term Equity Investments (continued)

2019 (continued)

	Movement during the period									
	Opening balance	Increase in investment	Decrease in investment	Investment gain/loss under equity method	Other comprehensive income	Other changes	Cash dividend declared	Provision made for impairment allowance	Closing balance	Closing balance of impairment allowance
Associates (continued)										
Guangzhou Hurshu Yinhua Information Technology Co., Ltd. (廣州火數銀花信息科技有限公司)	4,875,268.70	—	—	(128,931.90)	—	—	—	—	4,746,336.80	—
Shenzhen Huasheng Home Furnishing Group Co., Ltd. (深圳華生大家居集團有限公司)	3,571,428.00	—	—	46,430.52	—	—	—	—	3,617,858.52	—
Yimeijisi Optoelectronics Technology (Fujian) Co., Ltd. (詠美吉斯光電科技(福建)有限公司)	—	2,475,000.00	—	—	—	—	—	—	2,475,000.00	—
Anka Household Products (Shanghai) Co., Ltd. (安咖家居用品(上海)有限公司)	—	3,500,000.00	—	(1,577,591.03)	—	—	—	—	1,922,408.97	—
Shenzhen Long Life Basics Sleep Science and Technology Co., Ltd. (深圳市朗樂福睡眠科技有限公司)	—	909,000.00	—	164,066.34	—	—	—	—	1,073,066.34	—
Shanghai Yibaimi Network Technology Company Limited (上海壹佰米網絡科技有限公司)	62,354,643.49	—	(16,781,213.37)	(45,573,430.12)	—	—	—	—	—	—
Chengdu Jujiatong Engineering Consultant Inc (成都居家通物流有限責任公司)	36,974,415.36	—	(35,482,532.10)	(1,491,883.26)	—	—	—	—	—	—
Development Company Limited (鄆州市峰嶺區皇室房地產開發有限公司)	10,000,000.00	—	—	(10,000,000.00)	—	—	—	—	—	—
Handan Red Star Royal Properties Co., Ltd. (鄆州市紅星皇室置業有限公司)	4,000,000.00	—	—	(4,000,000.00)	—	—	—	—	—	—
Qianzhi (Shanghai) Home Furnishing Co., Ltd. (乾智(上海)家居有限公司)	1,500,000.00	—	(1,500,000.00)	—	—	—	—	—	—	—

V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

12. Long-term Equity Investments (continued)

2019 (continued)

	Movement during the period									
	Opening balance	Increase in investment	Decrease in investment	Investment gain/loss under equity method	Other comprehensive income	Other changes	Cash dividend declared	Provision made for impairment allowance	Closing balance	Closing balance of impairment allowance
Associates (continued)										
Wuhu Meihe Asset Management Company Limited (芜湖美和資產管理有限公司)	490,000.00	—	—	(490,000.00)	—	—	—	—	—	—
Shanghai AI Pure Intelligent Technology Co., Ltd. (上海智譜智能科技有限公司)	—	3,000,000.00	—	(2,982,000.00)	—	(18,000.00)	—	—	—	—
Shenzhen Red Star Macalline Century Center Home Living Plaza Co., Ltd. (深圳紅星美凱龍世紀中心家居生活廣場有限公司)	—	—	—	—	—	—	—	—	—	—
	3,026,101,128.50	764,754,462.53	(116,438,366.14)	137,729,826.00	—	(13,248,657.40)	(144,619,358.29)	—	3,654,279,035.20	—

* The associates renamed in 2019 is as follows: Zhongshan Weifa Household Products Co., Ltd. was renamed Guangdong VIFA Customized Home Furnishing Co., Ltd.; Suzhou Supin Furniture Co., Ltd. was renamed Suzhou Supin Home Culture Co., Ltd.; Shanghai UIOT Technology Company Limited was renamed UIOT Super Smart Home (Shanghai) Internet and Technology Co., Ltd.

Provision for impairment of the long-term equity investments:

2020

	Opening balance	Addition in the current year	Decrease in the current year	Closing balance
Artpollo Network Technology (Beijing) Co., Ltd. (愛波羅網路科技(北京)有限公司)	—	(13,396,307.27)	—	(13,396,307.27)

In 2019, the Group did not make provision for impairment of long-term equity investments.

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V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

13. Other Equity Instrument Investments

2020

	Changes in fair value accumulated in other comprehensive income		Dividend income in the year Equity instruments derecognized during the year		Equity instruments held
		Fair value			
Ningbo Meishan Bonded Port Area Qijun Equity Investment Partnership (LIMITED PARTNERSHIP) (寧波梅山保稅港區奇君股權投資合夥企業(有限合夥))	974,454,153.25	1,174,454,153.25	-	-	1,132,150.24
Dingdong (Cayman) Limited	358,087,953.93	619,983,773.00	-	-	-
Chengdu Xinchao Media Group Co., Ltd. (成都新潮傳媒集團有限公司)	48,200,000.00	248,200,000.00	-	-	-
AUPU Home Co., Ltd. (奧普家居股份有限公司)	(13,110,627.01)	227,416,847.59	-	-	5,034,251.70
Oriental Standard Human Resources Holdings Limited	129,669,970.30	185,173,630.96	-	-	-
Beijing Bayi Space LCD Technology Co., Ltd. (北京八億時空液晶科技股份有限公司)	87,380,048.00	172,817,400.00	-	-	1,159,200.00
Jinan Caijin Fosun Weishi Equity Investment Fund Joint Venture (LIMITED PARTNERSHIP) (濟南財金復星惟實股權投資基金合夥企業(有限合夥))	36,188,383.78	171,188,383.78	-	-	15,146,189.37
Keeson Technology Corporation Limited (麒盛科技股份有限公司)	92,300,223.81	167,731,098.81	-	-	5,028,725.00
Zhejiang Entive Intellectual Kitchen Electricity Co., Ltd. (浙江億田智能廚電股份有限公司)	87,300,000.00	150,300,000.00	-	-	-
De Rucci Bedding Co., Ltd. (慕思健康睡眠股份有限公司)	-	130,500,000.00	-	-	-
Sinostone (Guangdong) Co. Ltd. (廣東中旗新材料股份有限公司)	89,052,981.86	122,032,981.86	-	-	2,473,500.00
Shenzhen Yuanchao Smart Life Co., Ltd. (深圳遠超智慧生活股份有限公司)	-	101,219,000.00	-	-	-
Guangzhou Snimay Home Furnishing Co., Ltd. (廣州市詩尼曼家居有限公司)	45,482,562.97	79,092,562.97	-	-	709,030.60
Shanghai Scholar Home Enterprise Management Consulting Centre (LIMITED PARTNERSHIP) (上海檀欒企業管理諮詢中心(有限合夥))	56,009,915.56	75,969,915.56	-	-	713,968.26
ARROW Home Group Co., Ltd. (箭牌家居集團股份有限公司)	-	54,106,600.00	-	-	-
YunDing Network Technology (Beijing) Co., Ltd. (雲丁網絡技術(北京)有限公司)	40,509,535.43	52,357,455.79	-	-	-
DESSMANN (China) Machinery & Electronic Co., Ltd. (德施曼機電(中國)有限公司)	28,406,947.38	50,106,947.38	-	-	-
Zhejiang Xingyue Electric Equipment Co., Ltd. (浙江星月電器有限公司)	20,037,433.07	48,979,433.07	-	-	-
Harbin Sayyas Windows Stock Co., Ltd. (哈爾濱森鷹窗業股份有限公司)	26,416,022.39	48,788,372.39	-	-	-

V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

13. Other Equity Instrument Investments (continued)

2020 (continued)

	Changes in fair value accumulated in other comprehensive income		Dividend income in the year	
	Fair value	Fair value	Equity instruments derecognized during the year	Equity instruments held
Zhejiang Xierkang Smart Home Co., Ltd. (浙江喜爾康智能家居有限公司)	5,750,800.00	47,050,800.00	-	-
Qingdao Yeelight Smart Technology Co., Ltd. (青島易來智慧科技股份有限公司)*	25,361,909.25	40,061,909.25	-	-
Shenzhen Angstrong Technology Co., Ltd. (深圳市安思疆科技有限公司)	4,898,128.73	24,898,128.73	-	-
Guangdong Huangpai Custom Home Furnishing Group Co., Ltd. (廣東皇派定制家居集團股份有限公司)	-	24,205,696.00	-	-
Beijing Parking Easy Information Technology Co. Ltd. (北京停車易信息技術有限公司)	(20,449,876.50)	22,050,123.50	-	-
Hangzhou Water Show Culture GROUP Co., Ltd. (杭州水秀文化集團有限公司)	6,497,498.39	19,970,498.39	-	-
Zhejiang Mingdu Intelligent Control Technology Co., Ltd. (浙江明度智控科技有限公司)	4,000,237.00	19,000,237.00	-	-
Meicai (Wuhan) Technology Co., Ltd. (美材(武漢)科技有限公司)	(6,088,178.11)	15,911,821.89	-	-
Gold Medal Kitchen Cabinet Home Technology Co., Ltd. (金牌廚櫃家居科技股份有限公司)	1,495,569.32	15,842,741.40	-	-
Soford (Shanghai) Sports Development Co., Ltd. (索福德(上海)體育發展有限公司)	(18,732,207.52)	8,267,792.48	-	-
Beijing Bluepower Technology Co., Ltd. (北京藍海華業科技股份有限公司)	(40,919,658.89)	3,231,562.40	-	-
Others	(56,721,483.76)	85,768,179.09	5,465,790.83	1,390,724.13
	2,011,478,242.63	4,206,678,046.54	5,465,790.83	32,787,739.30

* Other equity instrument investment company renamed in 2020 is as follows: Qingdao Yeelink Information Technology Co., Ltd. was renamed Qingdao Yeelight Smart Technology Co., Ltd.

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V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

13. Other Equity Instrument Investments (continued)

2019

	Changes in fair value accumulated in other comprehensive income		Dividend income in the year	
		Fair value	Equity instruments derecognized during the year	Equity instruments held
Oppein Home Group Inc. (歐派家居集團股份有限公司)	1,078,916,227.10	1,162,925,361.00	-	10,535,949.00
Ningbo Meishan Bonded Port Area Qijun Equity Investment Partnership (LIMITED PARTNERSHIP) (寧波梅山保稅港區奇君股權投資合夥企業(有限合夥))	324,766,670.29	524,766,670.29	-	2,830,375.59
Chengdu Xinchao Media Group Co., Ltd. (成都新潮傳媒集團有限公司)	73,582,903.00	273,582,903.00	-	-
Dingdong (Cayman)Limited	-	261,895,819.07	-	-
AUPU Home Co., Ltd. (奧普家居股份有限公司)	(8,534,835.41)	231,992,639.19	-	3,355,545.60
Keeson Technology Corporation Limited (麒盛科技股份有限公司)	155,488,177.00	230,919,052.00	-	3,017,235.00
Jinan Caijin Fosun Weishi Equity Investment Fund Joint Venture (LIMITED PARTNERSHIP) (濟南財金復星惟實股權投資基金合夥企業(有限合夥))	45,175,339.60	180,175,339.60	-	-
Beijing Bayi Space LCD Technology Co., Ltd. (北京八德時空液晶科技股份有限公司)	56,178,248.00	141,615,600.00	-	3,220,000.00
Sleemon Furniture Co., Ltd. (喜臨門家具股份有限公司)	33,743,277.22	119,171,598.00	-	-
Sinostone (Guangdong) Co. Ltd. (廣東中旗新材料股份有限公司)	59,286,684.04	92,266,684.04	-	1,649,000.00
Oriental Standard Human Resources Holdings Limited	29,267,001.14	84,770,661.80	-	-
Guangzhou Snimay Home Furnishing Co., Ltd. (廣州市詩尼曼家居有限公司)	35,532,902.57	69,142,902.57	-	1,063,545.90
Plus Space (Shanghai) International Corp. Ltd. (璞勒仕建築工程(上海)股份有限公司)	48,888,510.57	68,888,510.57	-	-
Zhejiang Entive Intellectual Kitchen Electricity Co., Ltd. (浙江億田智能廚電股份有限公司)	5,826,085.92	68,826,085.92	-	-
YunDing Network Technology (Beijing) Co., Ltd. (雲丁網絡技術(北京)有限公司)	36,231,680.22	48,079,600.58	-	-
Shanghai Scholar Home Enterprise Management Consulting Centre (LIMITED PARTNERSHIP) (上海權銳企業管理諮詢中心(有限合夥))	26,033,246.66	45,993,246.66	-	-

V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

13. Other Equity Instrument Investments (continued)

2019 (continued)

	Changes in fair value accumulated in other comprehensive income		Dividend income in the year	
	Fair value	Fair value	Equity instruments derecognized during the year	Equity instruments held
Harbin Sayyas Windows Stock Co., Ltd. (哈爾濱森鷹窗業股份有限公司)	14,877,650.00	37,250,000.00	-	-
Beijing Parking Easy Information Technology Co. Ltd. (北京停車易信息技術有限公司)	(11,132,873.57)	31,367,126.43	-	-
Zhejiang Xingyue Electric Equipment Co., Ltd. (浙江星月電器有限公司)	2,211,338.51	31,153,338.51	-	-
DESSMANN (China) Machinery & Electronic Co., Ltd. (德施曼機電(中國)有限公司)	3,467,490.62	25,167,490.62	-	-
Pathfinder Holdings Group Co., Ltd. (探路者控股集團股份有限公司)	1,906,975.03	25,013,372.28	-	-
Meicai (Wuhan) Technology Co., Ltd. (美材(武漢)科技有限公司)	-	22,000,000.00	-	-
Hangzhou Water Show Culture GROUP Co., Ltd. (杭州水秀文化集團有限公司)	7,336,641.29	20,809,641.29	-	1,097,800.00
Weride Inc	-	20,200,471.65	-	-
Qingdao Yeelink Information Technology Co., Ltd. (青島億聯客信息技術有限公司)	5,437,319.75	20,137,319.75	-	728,080.00
Beijing Haozu Technology Development Co., Ltd. (北京好租科技發展有限公司)	(642,502.34)	19,357,497.66	-	-
Beijing Bluepower Technology Co., Ltd. (北京藍海華業科技股份有限公司)	(27,993,409.29)	16,157,812.00	-	-
Black Sesame International Holding Limited	-	12,493,744.08	-	-
Zhejiang Mingdu Intelligent Control Technology Co., Ltd. (浙江明度智控科技有限公司)	(2,555,858.20)	12,444,141.80	-	-
Xi'an Jiahexing Home Furnishing Co., Ltd. (西安佳和興家居有限責任公司)	-	11,400,000.00	-	-

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V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

13. Other Equity Instrument Investments (continued)

2019 (continued)

	Changes in fair value accumulated in other comprehensive income	Fair value	Dividend income in the year Equity instruments derecognized during the year	Equity instruments held
Guangzhou Animation Cartoon Game Life Technology Co, Ltd. (廣州酷漫居動漫科技有限公司)	(13,416,708.08)	11,323,291.92	-	-
Shenzhen ORVIBO Technology Co., Ltd. (深圳市歐瑞博科技有限公司)	-	10,000,000.00	-	-
Others	(19,881,492.36)	67,869,903.16	1,080,000.00	1,209,667.75
	1,959,996,689.28	3,999,157,825.44	1,080,000.00	28,707,198.84

As the Group held the above investments not for the purpose of trading, thus the Group will appoint them as investments at FVTOCI.

The Group disposed other equity instrument investments of RMB1,463,597,379.68 (2019:RMB892,152,950.99), and accumulated profit and loss totaling RMB1,015,546,734.95 were carried forward from other comprehensive income to retained earning (2019:RMB684,890,970.17).

As at December 31, 2020, the Group's other equity instrument investments with value of RMB183,573,840.21 were used as pledge guarantees to obtain loans of RMB65,000,000.00, See Note V. 65. Assets with restricted ownership or use rights.

V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

14. Other Non-Current Financial Assets

	2020	2019
Financial assets at FVTPL	396,924,540.60	368,774,540.60

15. Investment Property

Subsequent measurement by adopting the fair value model:

2020

	Houses and buildings	Properties under construction	Total
Opening balance	75,574,000,000.00	9,533,000,000.00	85,107,000,000.00
Purchase	2,057,201,474.02	1,548,763,987.95	3,605,965,461.97
Transfer from projects under construction			
Completion of properties under construction	821,000,000.00	-	821,000,000.00
Business combinations not involving enterprises under common control	2,782,000,000.00	(2,782,000,000.00)	-
Assets acquisition	206,227,107.71	3,020,104,494.63	3,226,331,602.34
Assets disposal	(107,000,000.00)	-	(107,000,000.00)
Changes in fair value	148,571,418.27	348,131,517.42	496,702,935.69
Closing balance	81,482,000,000.00	11,668,000,000.00	93,150,000,000.00

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V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

15. Investment Property (continued)

Subsequent measurement by adopting the fair value model: (continued)

2019

	Houses and buildings	Properties under construction	Total
Opening balance	71,804,000,000.00	6,729,000,000.00	78,533,000,000.00
Purchase	476,635,161.11	2,665,066,058.74	3,141,701,219.85
Completion of properties under construction	2,039,000,000.00	(2,039,000,000.00)	-
Business combinations not involving enterprises under common control	669,000,000.00	-	669,000,000.00
Assets acquisition	-	1,592,605,288.15	1,592,605,288.15
Assets disposal	(430,000,000.00)	-	(430,000,000.00)
Changes in fair value	1,015,364,838.89	585,328,653.11	1,600,693,492.00
Closing balance	75,574,000,000.00	9,533,000,000.00	85,107,000,000.00

Such investment properties are rented to the third party under operating lease.

The amount of interest capitalization included in investment properties this year was RMB365,745,604.27.

As at 31 December 2020, the investment properties valued RMB79,865,000,000.00 was held by the Group as security to acquire borrowings and commercial mortgage-backed securities of RMB32,299,507,997.37. Please refer to Note V 65. Assets with Restricted Ownership or Use Right.

As at 31 December 2020, the investment properties at fair value of RMB1,911,000,000.00 held by the Group was located in the land with the use rights owned by project partners, which was used for scientific research and designs and whose type of use rights was for allocation use. Pursuant to relevant agreement entered into with project partners, the Group recognized the investment properties as investment properties leased by financial lease. The Group held no ownership certificate for such investment properties.

V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

15. Investment Property (continued)

In this year, the Group leased out part of the Hongqiao office building, which was converted from construction in progress to investment real estate measured by fair value. The difference between the fair value and book value of the leased portion on the conversion date is RMB77,663,553.11, which is included in other comprehensive income;

The Group disposed of a property this year, with an affected loss amount of RMB21,496,017.78.

As at 31 December 2020, the investment properties with ownership certificate not settled are as follows:

	Book value	Reason for not yet settling
Nanjing International Home Living Plaza (南京國際家居廣場)	1,258,000,000.00	Application for ownership certificate is in progress
Chongqing Ogloria Home Furnishing Mall (重慶歐麗洛雅家居商場)	993,000,000.00	Application for ownership certificate is in progress
Leasing Portion of Hongqiao Office Building for Lease	855,000,000.00	Application for ownership certificate is in progress
Taiyuan International Home Furnishing Plaza (太原全球家居廣場)	561,000,000.00	Application for ownership certificate is in progress
Lanzhou Shibo Home Furnishing Plaza (蘭州世博家居商場)	452,000,000.00	Application for ownership certificate is in progress
Hangzhou Shibo Furniture Plaza (杭州世博家居商場)	280,000,000.00	Application for ownership certificate is in progress
	4,399,000,000.00	

Notes to the Financial Statements

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V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

16. Fixed Assets

2020

	Houses and buildings	Special equipment	Transportation equipment	Electronic equipment, appliances	Total
Original value					
Opening balance	549,918,707.57	138,090,150.38	161,881,716.10	369,989,814.27	1,219,880,388.32
Purchase	278,530,328.25	40,081,592.22	12,465,103.61	95,159,531.79	426,236,555.87
Transfer from construction in progress	1,579,009,839.63	-	-	-	1,579,009,839.63
Disposal or retirement	-	2,306,886.52	37,424,634.49	25,200,087.71	64,931,608.72
Closing balance	2,407,458,875.45	175,864,856.08	136,922,185.22	439,949,258.35	3,160,195,175.10
Accumulated depreciation					
Opening balance	-	16,223,754.35	109,665,816.46	196,494,662.90	322,384,233.71
Provision	53,472,298.75	12,844,115.16	15,900,392.94	65,141,244.30	147,358,051.15
Disposal or retirement	-	4,505.33	30,446,649.94	17,061,151.43	47,512,306.70
Closing balance	53,472,298.75	29,063,364.18	95,119,559.46	244,574,755.77	422,229,978.16
Book value					
Closing	2,353,986,576.70	146,801,491.90	41,802,625.76	195,374,502.58	2,737,965,196.94
Opening	549,918,707.57	121,866,396.03	52,215,899.64	173,495,151.37	897,496,154.61

V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

16. Fixed Assets (continued)

2019

	Houses and buildings	Special equipment	Transportation equipment	Electronic equipment, appliances	Total
Original value					
Opening balance	-	26,501,687.19	151,730,251.08	281,343,778.28	459,575,716.55
Purchase	-	112,553,434.12	17,695,538.88	97,064,868.55	227,313,841.55
Transfer from construction in progress	549,918,707.57	-	-	2,666,784.92	552,585,492.49
Business combinations involving enterprises not under common control	-	-	-	674,600.10	674,600.10
Disposal or retirement	-	964,970.93	7,544,073.86	11,760,217.58	20,269,262.37
Closing balance	549,918,707.57	138,090,150.38	161,881,716.10	369,989,814.27	1,219,880,388.32
Accumulated depreciation					
Opening balance	-	2,783,242.61	98,492,986.51	165,881,444.93	267,157,674.05
Provision	-	13,468,246.76	18,054,069.08	40,739,125.93	72,261,441.77
Disposal or retirement	-	27,735.02	6,881,239.13	10,125,907.96	17,034,882.11
Closing balance	-	16,223,754.35	109,665,816.46	196,494,662.90	322,384,233.71
Book value					
Closing	549,918,707.57	121,866,396.03	52,215,899.64	173,495,151.37	897,496,154.61
Opening	-	23,718,444.58	53,237,264.57	115,462,333.35	192,418,042.50

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V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

16. Fixed Assets (continued)

As at 31 December 2020, the houses and buildings with ownership certificate not settled are as follows:

	Book value	Reason for not yet settling
Hongqiao office building 2 and building 5	1,812,427,783.61	Application for ownership certificate is in progress

As of December 31, 2020, the Group's fixed assets with value of RMB2,353,986,576.70 were used as mortgaged collateral to obtain loans of RMB981,916,500.00. Please refer to Note V. 65. Assets with restricted ownership or use rights.

As at the end of this year, the Group held no temporarily vacant fixed assets or fixed assets rented in under finance lease.

As at the end of this year, the management of the Group assessed fixed assets and considered no provision for impairment is necessary.

V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

16. Fixed Assets (continued)

Fixed assets rented out under operating lease are as follows:

	Special equipment 2020	Special equipment 2019
Original value		
Opening balance	107,017,606.42	–
Purchase	40,014,778.91	107,017,606.42
Disposal or retirement	120,365.00	–
Closing balance	146,912,020.33	107,017,606.42
Accumulated depreciation		
Opening balance	1,135,304.25	–
Provision	12,471,702.38	1,135,304.25
Disposal or retirement	1,750.33	–
Closing balance	13,605,256.30	1,135,304.25
Closing	133,306,764.03	105,882,302.17
Opening	105,882,302.17	–

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V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

17. Construction in Progress

	Book balance	2020 Impairment allowance	Book value	Book balance	2019 Impairment allowance	Book value
Construction in Progress	80,629,155.83	-	80,629,155.83	2,329,221,258.37	-	2,329,221,258.37

Significant changes of construction in progress in 2020 are as follows:

	Budget	Opening balance	Addition in the current year	Transfer in the current year	Transfer to fixed assets in the current year	Other decreases Investment Properties	Closing balance of budget (%)	Fund sources	Construction investment
Office building	2,923,029,780.84	2,310,501,272.84	12,948,837.69	1,579,009,839.63	744,440,270.90	-	-	Own funds and loans	98%

Significant changes of construction in progress in 2019 are as follows:

	Budget	Opening balance	Addition in the current year	Transfer in the current year	Other decrease fixed assets	Closing balance of budget (%)	fund sources	construction investment
Office building	2,517,518,777.95	22,815,121.20	2,432,093,856.32	549,918,707.57	-	1,904,990,269.95	Own funds and loans	98%

As at the end of the year, the management of the Group assessed construction in progress and considered no provision for impairment was necessary.

V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

18. Right-of-Use Assets

2020

	Houses and buildings	Other equipments	Total
Cost			
Opening balance	5,353,184,766.99	24,321,055.16	5,377,505,822.15
Addition	1,382,309,339.29	–	1,382,309,339.29
Decrease	127,535,541.65	–	127,535,541.65
Closing balance	6,607,958,564.63	24,321,055.16	6,632,279,619.79
Accumulated depreciation			
Opening balance	2,277,958,402.29	12,363,203.04	2,290,321,605.33
Provision	564,665,867.84	1,216,052.76	565,881,920.60
Decrease	76,521,324.99	–	76,521,324.99
Closing balance	2,766,102,945.14	13,579,255.80	2,779,682,200.94
Book value			
Closing	3,841,855,619.49	10,741,799.36	3,852,597,418.85
Opening	3,075,226,364.70	11,957,852.12	3,087,184,216.82

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V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

18. Right-of-Use Assets (continued)

2019

	Houses and buildings	Other equipments	Total
Cost			
Opening balance	4,572,609,477.51	24,321,055.16	4,596,930,532.67
Addition	780,575,289.48	–	780,575,289.48
Closing balance	5,353,184,766.99	24,321,055.16	5,377,505,822.15
Accumulated depreciation			
Opening balance	1,844,030,338.77	11,147,150.28	1,855,177,489.05
Provision	433,928,063.52	1,216,052.76	435,144,116.28
Closing balance	2,277,958,402.29	12,363,203.04	2,290,321,605.33
Book value			
Closing	3,075,226,364.70	11,957,852.12	3,087,184,216.82
Opening	2,728,579,138.74	13,173,904.88	2,741,753,043.62

V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

19. Intangible Assets

2020

	Software	Trademark use right (Note)	Others	Total
Original value				
Opening balance	185,991,243.68	525,000,000.00	12,725,691.68	723,716,935.36
Purchase	5,568,361.08	–	27,722.77	5,596,083.85
Internal research and development	14,209,302.25	–	–	14,209,302.25
Transfer from construction in progress	11,170,510.01	–	118,279.47	11,288,789.48
Disposal	587,131.91	–	–	587,131.91
Closing balance	216,352,285.11	525,000,000.00	12,871,693.92	754,223,979.03
Accumulated amortization				
Opening balance	77,711,231.31	86,794,682.97	9,948,688.19	174,454,602.47
Provision	26,349,852.06	13,852,583.58	896,471.10	41,098,906.74
Disposal	98,112.90	–	–	98,112.90
Closing balance	103,962,970.47	100,647,266.55	10,845,159.29	215,455,396.31
Impairment allowance				
Opening balance	–	100,000,000.00	–	100,000,000.00
Provision	–	95,000,000.00	–	95,000,000.00
Closing balance	–	195,000,000.00	–	195,000,000.00
Book value				
Closing	112,389,314.64	229,352,733.45	2,026,534.63	343,768,582.72
Opening	108,280,012.37	338,205,317.03	2,777,003.49	449,262,332.89

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V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

19. Intangible Assets (continued)

2019

	Software	Trademark use right	Others	Total
Original value				
Opening balance	163,554,516.53	525,000,000.00	10,617,578.51	699,172,095.04
Purchase	22,340,015.57	–	49,557.52	22,389,573.09
Business combinations				
involving enterprises not under common control	96,711.58	–	–	96,711.58
Transfer from construction in progress	–	–	2,058,555.65	2,058,555.65
Closing balance	185,991,243.68	525,000,000.00	12,725,691.68	723,716,935.36
Accumulated amortization				
Opening balance	56,166,367.30	72,942,099.39	9,232,696.84	138,341,163.53
Provision	21,544,864.01	13,852,583.58	715,991.35	36,113,438.94
Closing balance	77,711,231.31	86,794,682.97	9,948,688.19	174,454,602.47
Impairment allowance				
Opening and closing balance	–	100,000,000.00	–	100,000,000.00
Book value				
Closing	108,280,012.37	338,205,317.03	2,777,003.49	449,262,332.89
Opening	107,388,149.23	352,057,900.61	1,384,881.67	460,830,931.51

As at 31 December 2020, intangible assets formed through internal research and development accounted for 4.13% of the book value of intangible assets as at the end of the year (31 December 2019: 4.31%).

V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

19. Intangible Assets (continued)

Note: RMB525,000,000.00 in the initial carrying amount of the right to use the trademarks is 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 authorizes the Company to use eight of its registered trademarks (the "licensed trademarks") on an exclusive basis, and the Company 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 Company has the right to authorize any third parties to use the licensed trademarks within the properties of the shopping malls from 1 June 2014 to 30 May 2044.

The Company shall pay an annual fee in standard for establishing shopping malls to use the licensed trademarks in addition to the nonrecurring trademark licensing fee of RMB525,000,000.00, the period for payment is the period from the opening date of the shopping mall to the day when the shopping mall ceases to use the licensing trademarks. The right to use the trademark was amortized on a straight-line basis within 30 years of the licensed period contracted by the Group since June 2014. The Group recognized an impairment loss of RMB95,000,000.00 for intangible assets this year, which was due to the provision for impairment of the trademark use rights of JSWB. The recoverable amount was determined based on the present value of the expected future cash flow of the asset group. This asset group consists of the right to use the trademark of JSWB. When determining the present value of the expected future cash flows of the asset group, a discount rate of 16% was used. As of the end of the year, the balance of impairment reserves for the use of JSWB trademark was RMB195,000,000.00.

20. Development Expenditure

2020

	Increase in the current year		Decrease in the current year		Closing balance
	Opening balance	Internal research and development	Capitalized as intangible assets	Recognized in profit or loss	
Home improvement and data platform	34,245,602.45	10,801,375.41	14,209,302.25	-	30,837,675.61

Notes to the Financial Statements

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V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

20. Development Expenditure (continued)

2019

	Opening balance	Increase in the current year Internal research and development	Decrease in the current year		Closing balance
			Capitalized as intangible assets	Recognized in profit or loss	
Home improvement and data platform	-	34,245,602.45	-	-	34,245,602.45

The Group started to develop an application platform for online sale in 2016 to capitalize the expenses qualified to be capitalized in the development stage.

21. Goodwill

2020

	Opening balance	Increase in the current year Business combinations not involving enterprises under common control	Decrease in the current year Disposal group/ disposal allocated to held for sale	Closing balance
Xinsheng Property Management (Shanghai) Co., Ltd. (鑫笙物業管理(上海)有限公司)	81,004,690.44	-	-	81,004,690.44
	97,597,047.85	-	-	97,597,047.85

V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

21. Goodwill (continued)

2019

	Opening balance	Increase in the current year Business combinations not involving enterprises under common control	Decrease in the current year Disposal group/ disposal allocated to held for sale	Closing balance
Suzhou Industry Park Zhongxiang Meitong Storage Company Limited (蘇州工業園區中翔美通倉儲銷售有限公司)	16,592,357.41	–	–	16,592,357.41
Xinsheng Property Management (Shanghai) Co., Ltd. (鑫笙物業管理(上海)有限公司)	–	81,004,690.44	–	81,004,690.44
	16,592,357.41	81,004,690.44	–	97,597,047.85

The main cash flows generated from the aforementioned subsidiaries acquired are independent from those of the other subsidiaries of the Group and the Group managed the producing activity of the aforementioned subsidiaries independently, therefore, each of these acquired subsidiaries is an asset portfolio. and in performing the impairment test, the goodwill generated from each acquisition is allocated to the corresponding subsidiary acquired. The asset portfolios are consistent with the prior years' and those as acquired.

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V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

21. Goodwill (continued)

Assumptions were used in the value-in-use calculation of all the cash-generating units for 31 December 2020 and 31 December 2019. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

- 1) The Company under evaluation continues to operate and there are no major changes affecting the key aspects of production and operations and the current situation in terms of business scope, sales model, channels and management;
- 2) The socio-economic environment in which the company under evaluation is located does not cause major changes and there are no major changes in relevant laws, regulations, policies and regulations;
- 3) The business scope, operating mode, and management mode of the company under evaluation are consistent and continuously improve with the development of the economy;
- 4) The interest rate, exchange rate, tax base and tax rate fell within the normal range prescribed by the state and had had not changed significantly, etc..

Estimated gross profit margin determined by increasing the average gross profit margin achieved in the previous year to an extent that duly reflects the estimated efficiency improvement and estimated market conditions.

Discount rate a pre-tax discount rate that reflects the specific risks of the relevant asset groups or portfolios of asset groups.

The amount assigned to key assumptions on each asset group was consistent with the Group's historical experience and external information sources.

V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

21. Goodwill (continued)

Suzhou Industry Park Zhongxiang Meitong Storage Company Limited (“Suzhou Zhongxiang”)

The subsidiary to which goodwill belongs is deemed as an asset group when being tested for goodwill impairments. The recoverable amount of an asset group to which goodwill belongs is determined based on the present value of the estimated future cash flows of the asset group which are determined based on the financial budget for the forecast period (2021–2025) approved by the management. The pre-tax discount rate used to forecast the cash flows of the asset group during the forecast period was 6.5%, and the growth rate used to extrapolate the cash flows beyond the forecast period is 0%. Since, after calculation, the present value of the estimated future cash flows of Suzhou Zhongxiang was higher than the carrying amount of the portfolios of asset groups, the Group believed that there were no impairments of goodwill arising from the acquisition of Suzhou Zhongxiang.

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 an asset group when being tested for goodwill impairments. The recoverable amount of an asset group to which goodwill belongs is determined based on the net amount of fair value of an asset group after deducting costs of disposal, and the carrying amount of Shanghai Xinsheng’s assets group 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 equal to 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.

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V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

22. Long-term Prepaid Expenses

2020

	Opening balance	Increase in the current year	Amortized in the current year	Closing balance
Improvement expenditures for fixed assets rented (Note)	328,902,726.05	19,565,921.33	121,818,504.99	226,650,142.39
Others	160,895,187.35	129,210,556.22	62,701,082.74	227,404,660.83
	489,797,913.40	148,776,477.55	184,519,587.73	454,054,803.22

2019

	Opening balance	Increase in the current year	Amortized in the current year	Closing balance
Improvement expenditures for fixed assets rented (Note)	302,233,682.81	133,136,564.64	106,467,521.40	328,902,726.05
Others	98,498,257.72	107,468,560.11	45,071,630.48	160,895,187.35
	400,731,940.53	240,605,124.75	151,539,151.88	489,797,913.40

Note: Improvement expenditures for fixed assets rented represents improvement expenditures for Leased Portfolio Shopping Malls, which may be evenly amortized by the Group in stages during the shorter of an estimated beneficial period of 10 years and the lease term of Leased Portfolio Shopping Malls.

V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

23. Deferred Tax Assets/Liabilities

Deferred tax assets and deferred income tax liabilities that are not offset:

	2020		2019	
	Deductible temporary difference	Deferred tax assets	Deductible temporary difference	Deferred tax assets
Deferred tax assets				
Provision for impairment of assets	2,227,639,729.59	512,485,268.83	1,852,105,223.01	442,995,107.89
Deductible loss	3,170,200,028.44	789,008,202.63	1,595,772,514.14	398,072,306.19
Provision for unpaid expenses	1,404,482,483.51	348,840,824.81	1,365,643,156.99	311,791,221.75
Asset-related deferred income	200,067,948.24	50,016,987.06	206,266,686.48	51,566,671.62
Cost overruns for advertising expenses	474,494,060.39	115,473,746.04	501,281,736.97	123,495,312.88
Long-term assets capitalized in Group's internal transaction	301,282,830.56	75,320,707.64	258,543,175.84	64,635,793.96
	7,778,167,080.73	1,891,145,737.01	5,779,612,493.43	1,392,556,414.29

	2020		2019	
	Taxable temporary differences	Deferred income tax liabilities	Taxable temporary differences	Deferred income tax liabilities
Deferred tax liabilities				
Change in fair value of other equity instrument investments	2,161,396,379.42	448,527,870.87	2,223,390,803.09	384,033,088.42
Changes in fair value of investment properties	47,468,635,085.08	11,867,158,771.27	45,085,034,844.84	11,271,258,711.21
Adjustment to the fair value arising from business combination	2,207,854,229.64	551,963,557.41	2,207,854,229.64	551,963,557.41
	51,837,885,694.14	12,867,650,199.55	49,516,279,877.57	12,207,255,357.04

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V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

23. Deferred Tax Assets/Liabilities (continued)

Offsetting of balances of Deferred tax assets and Deferred tax liabilities:

	2020		2019	
	Offset amount	Balance after offset	Offset amount	Balance after offset
Deferred tax assets	350,078,580.62	1,541,067,156.39	217,978,253.40	1,174,578,160.89
Deferred tax liabilities	350,078,580.62	12,517,571,618.93	217,978,253.40	11,989,277,103.64

Deductible temporary difference and deductible loss, for which Deferred tax assets are not recognized, are as follows:

	2020	2019
Deductible temporary difference	130,912,171.79	113,328,222.95
Deductible loss	5,195,494,528.08	4,418,853,167.03
	5,326,406,699.87	4,532,181,389.98

Deductible temporary difference and deductible loss, for which Deferred tax assets are not recognized, will expire in the following years:

	2020	2019
2020	–	590,599,367.55
2021	313,262,425.16	504,987,710.68
2022	697,344,643.06	880,688,302.72
2023	987,331,882.97	1,114,328,364.37
2024	1,420,405,450.42	1,328,249,421.71
2025	1,777,150,126.47	–
	5,195,494,528.08	4,418,853,167.03

V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

24. Other Non-Current Assets

	2020	2019
Prepayments for construction and advance payment for land compensation	1,388,067,804.18	1,178,095,042.62
Earning right related to land consolidation (Note 1)	1,835,867,940.18	1,835,867,940.18
Prepayments for purchasing properties (Note 2)	401,627,213.28	1,126,150,960.96
Entrusted loans and lending (Note 3)	1,012,483,677.15	1,233,494,852.24
Prepayments for equity transfer (Note 4)	318,600,000.00	230,549,000.00
Prepayments for repurchase	247,705,000.00	247,705,000.00
Prepayments for land (Note 5)	132,664,000.00	32,923,170.75
Deposits	17,221,481.37	38,100,000.00
	5,354,237,116.16	5,922,885,966.75
Less: impairment allowance of other non-current assets	71,615,913.72	72,001,630.81
	5,282,621,202.44	5,850,884,335.94

Note 1: 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.

Note 2: As of December 31, 2020, prepayments for purchasing properties were mainly prepayments paid by the Group for the purchase of several commercial properties and office buildings this year;

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V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

24. Other Non-Current Assets (continued)

Note 3: As of 31 December 2020, the entrusted loans and lending mainly include the following:

The Group provided funds to Xi'an Jiahexing Home Furnishing Co., Ltd. (西安佳和興家居有限責任公司) with an interest rate of 11%, which was used for land construction supporting costs and costs at the early stage. The balance of principal and interest at the end of the year was RMB410,756,313.73, which was all listed as other non-current assets at the end of the year;

The borrowing granted by the Group to Shanxi Chongkang Real Estate Development Co., Ltd. (山西崇康房地產開發有限公司) had an interest rate of 9% and a balance amounting to RMB205,403,063.42, with the term of the entrusted loan from December 2020 to March 2022, which was accounted as other non-current assets as at the end of the year;

The borrowing granted by the Group to Zhejiang Mingdu Investment Company Limited (浙江名都投資有限公司) had an interest rate of 5.78% and a balance amounting to RMB137,700,000.00 as at the end of the year, with a term from September 2020 to January 2030. According to the repayment plan stipulated in the contract, RMB117,045,000.00 was accounted as other non-current assets as at the end of the year;

Note 4: As of 31 December 2020, the prepaid equity transfer payments mainly include:

The Group has signed an agreement with Aibi (Beijing) Intelligent Technology Co., Ltd. (愛筆(北京)智能科技有限公司) to subscribe for 3,918,671 preferred shares. As of 31 December 2020, the Group prepaid equity transfer payment of RMB100,000,000.00 according to the contract;

The Group has signed an agreement with Shanghai Hongjun Investment Company Limited (上海弘郡投資有限公司), to acquire 100% of the equity of Liuzhou Red Star Macalline Home Furnishing Company Limited (柳州紅星美凱龍家居有限公司). As of 31 December 2020, the Group prepaid equity transfer payment of RMB23,000,000.00 according to the contract;

The Group signed an agreement with Shaanxi Jiaxin Weiye Industrial Development Co., Ltd. (陝西佳鑫偉業實業發展有限責任公司) to acquire 18.6% shares of Xi'an Jiahexing Home Furnishing Co., Ltd. (西安佳和興家居有限責任公司) held by Shaanxi Jiaxin Weiye Industrial Development Co., Ltd. (陝西佳鑫偉業實業發展有限責任公司). As of 31 December 2020, the Group prepaid equity transfer amount of RMB18,600,000.00 according to the contract;

The Group increased capital and purchased a total of 8.88% of the equity in Belan Information Technology (Shanghai) Co., Ltd. (斑瀾信息科技(上海)有限公司) held by shareholder Zhang Hanfu. As of 31 December 2020, the Group prepaid equity transfer payment of RMB10,000,000 according to the contract;

The Group signed a share purchase agreement with Shanghai Zhenghui Kangju Environmental Protection Technology Co., Ltd. (上海正輝康居環保科技股份有限公司) to acquire the 5.26% shares that it plans to issue. As of 31 December 2020, the Group prepaid equity transfer payment of RMB5,000,000.00 according to the contract.

Note 5: Prepayments for land is because the land certificate of the purchased land is still being processed. This part of the land payment is included in other non-current assets. After obtaining the land certificate, the prepayments for land will be transferred to investment properties.

V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

24. Other Non-Current Assets (continued)

The movement of impairment allowance of other non-current assets is as follows:

	Opening balance	Provision for the current year	Reversal for the current year	Reclassify for the current year (note 1)	Closing balance
2020	72,001,630.81	7,327,646.43	(7,713,363.52)	–	71,615,913.72
2019	32,356,447.32	34,800,279.03	(695,500.00)	5,540,404.46	72,001,630.81

The movements of bad debt allowance for advance payment for land compensation and entrusted loans and lending included in non-current assets based on 12-month expected credit loss and the lifetime expected credit loss, respectively, are as follows:

2020

	Stage 1 Expected credit losses in the next 12 months	Stage 2 Lifetime expected credit losses	Stage 3 Credit-impaired financial assets (Lifetime expected credit losses)	Total
Opening balance	71,251,630.81	750,000.00	–	72,001,630.81
Opening balance in current year				
– Transfer to stage 2	–	–	–	–
Provision during this year	7,327,646.43	–	–	7,327,646.43
Reversal during this year	(7,513,363.52)	(200,000.00)	–	(7,713,363.52)
Closing balance	71,065,913.72	550,000.00	–	71,615,913.72

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V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

24. Other Non-Current Assets (continued)

2019

	Stage 1 Expected credit losses in the next 12 months	Stage 2 Lifetime expected credit losses	Stage 3 Credit-impaired financial assets (Lifetime expected credit losses)	Total
Opening balance	32,356,447.32	–	–	32,356,447.32
Opening balance in current year				
– Transfer to stage 2	(50,000.00)	50,000.00	–	–
Provision during this year	34,800,279.03	–	–	34,800,279.03
Reversal during this year	(695,500.00)	–	–	(695,500.00)
Reclassification during this year (note)	4,840,404.46	700,000.00	–	5,540,404.46
Closing balance	71,251,630.81	750,000.00	–	72,001,630.81

Note: Loans were reclassified from long-term receivables to non-current assets in 2019.

V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

25. Short-term Loans

	2020	2019
Mortgage loans	2,948,438,306.13	2,434,380,441.26
Pledge loans	153,978,641.66	–
Credit loans	250,563,239.75	350,568,684.02
Guaranteed loans	30,000,000.00	302,428,750.00
Pledge and guaranteed loans	65,391,721.91	300,516,666.67
	3,448,371,909.45	3,387,894,541.95

As at 31 December 2020, the aforesaid borrowings carried interest at 3.00% to 6.50% (31 December 2019: 2.78% to 6.20%).

As at 31 December 2020, there were no overdue (31 December 2019: nil).

26. Accounts Payable

Accounts payable bear no interests, and generally be liquidated within one year

	2020	2019
Amounts payable for construction	1,565,661,468.95	945,247,859.30
Amounts payable for goods for construction or advertisements	519,667,754.29	531,122,995.77
	2,085,329,223.24	1,476,370,855.07

As at 31 December 2020, the Group had no significant accounts payable aged over one year.

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V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

27. Advance from Customers

	2020	2019
Rental and relevant payments	960,787,153.16	1,159,059,013.47

As at 31 December 2020, the Group had no significant advance from customers aged more than 1 year (31 December 2019: nil).

28. Contract Liabilities

	2020	2019
Charges for the brand consulting and management service for the early stage of the project	755,247,615.66	1,079,808,561.64
Charges for annual brand consulting and management service for the project	193,732,370.47	182,152,701.27
Charges for commercial management and consultation service for construction project	–	95,283,018.87
Commercial consultation fees and tenant sourcing commissions	282,693,224.81	302,550,032.20
Construction and design service	149,778,072.89	162,578,534.73
Marketing service and others	906,097,591.06	399,462,609.25
	2,287,548,874.89	2,221,835,457.96

The amount and reasons for the significant change in the book value of contract liabilities in 2020:

	Movement	Main reason for movement
The brand consulting and management service for the early stage of the project	(324,560,945.98)	Due to the further progress of the project
Charges for commercial management and consultation service for construction project	(95,283,018.87)	Due to the further progress of the project
Marketing service and others	506,634,981.81	New marketing service contract in this year

The amount received or receivable by the Group before providing services forms contract liabilities, which is transferred to revenue when having performed performance obligations.

V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

29. Payroll Payable

2020

	Opening balance	Increase in the current year	Decrease in the current year	Closing balance
Short-term compensation	814,175,023.67	3,134,330,529.43	3,395,490,689.85	553,014,863.25
Retirement benefits (defined contribution plans)	14,209,355.88	76,606,517.87	83,297,560.00	7,518,313.75
Termination benefits	1,978,532.00	34,578,779.90	33,301,864.66	3,255,447.24
	830,362,911.55	3,245,515,827.20	3,512,090,114.51	563,788,624.24

2019

	Opening balance	Increase in the current year	Decrease in the current year	Closing balance
Short-term compensation	897,453,746.01	3,345,263,962.44	3,428,542,684.78	814,175,023.67
Retirement benefits (defined contribution plans)	14,761,515.61	289,757,115.15	290,309,274.88	14,209,355.88
Termination benefits	1,770,761.90	16,207,822.65	16,000,052.55	1,978,532.00
	913,986,023.52	3,651,228,900.24	3,734,852,012.21	830,362,911.55

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V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

29. Payroll Payable (continued)

Details of short-term compensation are as follows:

2020

	Opening balance	Increase in the current year	Decrease in the current year	Closing balance
Wages or salaries, bonuses, allowances and subsidies	793,311,238.44	2,640,018,126.59	2,904,468,933.97	528,860,431.06
Staff welfare	7,349.00	165,914,776.59	165,609,337.07	312,788.52
Social insurance	8,151,228.10	130,096,939.64	127,395,770.47	10,852,397.27
Including: Medical insurance	7,158,573.55	121,599,839.91	118,469,507.01	10,288,906.45
Work injury insurance	438,815.80	2,810,133.25	3,132,072.98	116,876.07
Maternity insurance	553,838.75	5,686,966.48	5,794,190.48	446,614.75
Housing fund	9,726,323.00	151,924,858.38	151,697,292.29	9,953,889.09
Labour union and staff education fund	2,978,885.13	46,375,828.23	46,319,356.05	3,035,357.31
	814,175,023.67	3,134,330,529.43	3,395,490,689.85	553,014,863.25

2019

	Opening balance	Increase in the current year	Decrease in the current year	Closing balance
Wages or salaries, bonuses, allowances and subsidies	879,743,136.91	2,795,424,109.87	2,881,856,008.34	793,311,238.44
Staff welfare	1,393,049.90	197,377,678.34	198,763,379.24	7,349.00
Social insurance	6,715,340.01	157,572,497.09	156,136,609.00	8,151,228.10
Including: Medical insurance	5,972,559.98	138,941,985.03	137,755,971.46	7,158,573.55
Work injury insurance	213,008.18	6,779,425.95	6,553,618.33	438,815.80
Maternity insurance	529,771.85	11,851,086.11	11,827,019.21	553,838.75
Housing fund	6,878,925.12	144,360,769.00	141,513,371.12	9,726,323.00
Labour union and staff education fund	2,723,294.07	50,528,908.14	50,273,317.08	2,978,885.13
	897,453,746.01	3,345,263,962.44	3,428,542,684.78	814,175,023.67

V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

29. Payroll Payable (continued)

Details of defined contribution plans are as follows:

2020

	Opening balance	Increase in the current year	Decrease in the current year	Closing balance
Basic pension insurance premium	13,669,951.43	73,986,625.76	80,477,434.43	7,179,142.76
Unemployment insurance premium	539,404.45	2,619,892.11	2,820,125.57	339,170.99
	14,209,355.88	76,606,517.87	83,297,560.00	7,518,313.75

2019

	Opening balance	Increase in the current year	Decrease in the current year	Closing balance
Basic pension insurance premium	13,964,509.88	281,063,651.08	281,358,209.53	13,669,951.43
Unemployment insurance premium	797,005.73	8,693,464.07	8,951,065.35	539,404.45
	14,761,515.61	289,757,115.15	290,309,274.88	14,209,355.88

The Group participates in pension insurance and unemployment insurance plans established by government institutions as required. According to such plans, the Group makes contribution to such plans based on the staff's basic wage and the percentage specified by local governments, respectively. Besides above monthly contributions, the Group will not undertake further payment obligation. The corresponding cost charges to the profit or loss for the current period or the cost of a relevant asset when occurs.

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V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

30. Taxes Payable

	2020	2019
Enterprise income tax	472,026,330.75	479,574,541.33
VAT	113,288,129.30	187,446,869.35
Property tax	54,133,784.23	40,924,519.90
Others	31,890,672.91	31,447,882.67
	671,338,917.19	739,393,813.25

31. Other Payables

	2020	2019
Dividends payable	11,079,608.27	48,000,000.00
Other payables	8,976,309,037.22	7,751,973,358.09
	8,987,388,645.49	7,799,973,358.09

Dividends payable

	2020	2019
WU Yetian (吳業添)	–	48,000,000.00
Shanghai Liaoman Enterprise Management Consulting Service Center (LIMITED PARTNERSHIP) (上海燎曼企業管理諮詢服務中心(有限合夥))	156,566.15	–
Shanghai Liaokai Enterprise Management Consulting Service Center (LIMITED PARTNERSHIP) (上海燎凱企業管理諮詢服務中心(有限合夥))	234,849.22	–
Shanghai Chusen Business Consulting Center (LIMITED PARTNERSHIP) (上海楚森商務諮詢中心(有限合夥))	10,688,192.90	–
	11,079,608.27	48,000,000.00

V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

31. Other Payables (continued)

Other payables

	2020	2019
Amounts due to partners	2,633,408,701.43	1,907,521,251.46
Deposits from tenants	2,394,737,162.29	2,226,343,504.62
Proceeds collected on behalf of the tenants	1,176,979,759.01	703,358,452.32
Amounts payable to construction contractors	839,211,748.32	902,975,131.35
Rental deposits from tenants	580,980,073.12	681,454,337.68
Amounts payable for property purchase	371,429,592.85	–
Accrued expenses	346,424,787.39	330,712,588.52
Amounts payable to equity transfer	142,937,133.94	756,899,618.95
Amounts payable to prepaid cards	14,705,587.76	9,996,855.95
Others	475,494,491.11	232,711,617.24
	8,976,309,037.22	7,751,973,358.09

As at December 31, 2020, significant other payables aged over 1 year are as follows:

	Amount of payables	Reasons for non-payment
Zhengzhou Huashanghui Holding Co., Ltd. (鄭州華商匯控股有限公司)	105,717,326.87	Not yet paid
Daqing Xusheng Real Estate Development Co., Ltd. (大慶旭生房地產開發有限公司)	84,645,637.43	Not yet paid
	190,362,964.30	

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V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

32. Non-current Liabilities Due Within One Year

	2020	2019
Long-term loans due within one year – principal	4,258,554,857.19	3,407,200,952.18
Long-term loans due within one year – interest	51,864,659.11	38,733,650.00
Bonds payable due within one year – principal	4,033,264,470.43	3,157,772,715.57
Bonds payable due within one year – interest	213,894,153.03	171,858,690.41
Commercial mortgage backed securities due within one year – principal	2,451,753,879.27	2,426,270,000.00
Commercial mortgage backed securities due within one year – interest	–	54,507,456.43
Financial lease payables due within one year	192,084,555.22	–
Lease liabilities due within one year	696,027,069.47	548,397,168.84
	11,897,443,643.72	9,804,740,633.43

33. Other Current Liabilities

	2020	2019
Output VAT to be transferred	297,567,165.99	204,086,142.79
Asset-backed securities (Note)	439,283,229.30	144,228,766.87
	736,850,395.29	348,314,909.66

Note: On 6 March 2020, the Group issued the "Ping An-Lian Yirong-Red Star Macalline Home Supply Chain Finance No. 3 Asset-backed Special Plan" through the Shanghai Stock Exchange's fixed-income securities integrated electronic platform. The No. 3 asset-backed special plan issued asset-backed securities of approximately RMB410 million, with a maturity date of 25 February 2021, and a fixed interest rate of 5.90%.

V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

34. Long-term Loans

	2020	2019
Mortgage loans	8,654,687,256.72	7,219,210,000.03
Pledge loans	–	602,350,000.00
Mortgage and pledge loans	5,757,725,594.28	5,176,096,029.92
Mortgage and guaranteed loans	5,592,041,776.44	2,777,970,285.81
Credit loans	97,000,000.00	–
Mortgage, pledge and guaranteed loans	2,110,975,000.00	144,000,000.00
	22,212,429,627.44	15,919,626,315.76

As at 31 December 2020, the aforesaid borrowings carried interest rates at 4.28% to 7.36% per annum (31 December 2019: 4.28% to 7.00%).

As at the end of this year, there were no long-term loans that were overdue.

* The analysis of the maturity date of long-term loans is as follows:

	2020	2019
Expires within 1 year or requires payment at any time	–	–
Expires within 2 years	3,143,196,262.54	3,398,638,508.53
Expires within 3 to 5 years (including 3 and 5 years)	8,377,401,265.12	5,961,543,426.80
Over 5 years	10,691,832,099.78	6,559,444,380.43
	22,212,429,627.44	15,919,626,315.76

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V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

34. Long-term Loans (continued)

Description of the classification of long-term loans:

Pledge loans:	Represent the loans obtained by pledging all of the operating revenue of the shopping malls and the equity of our Group during the loan period.
Mortgage loans:	Represent the loans obtained by securing with the investment properties.
Credit loans:	Represent the loans obtained by providing guarantees by the companies within the Group or loans obtained by the Group from banks with its own reputation.
Mortgage and pledge loans:	Represent the loans obtained by securing with the investment properties and pledging with all of the operating revenue of the shopping malls during the loan period.
Mortgage and guaranteed loans:	Represent the loans obtained by securing with the investment properties and provided guarantee by the related parties.
Mortgage, pledge and guaranteed loans:	Represent the loans obtained by securing with the investment properties, pledging with cash and bank balances and all of the operating revenue of the shopping malls during the loan period.

V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

35. Bonds Payable

	2020	2019
USD Bonds of 2017 of Hong Kong Red Star Macalline (5-year)	1,943,219,775.16	2,069,727,307.24
Medium-term notes of 2019 of Red Star Macalline Group Corporation Ltd. (First tranche)	499,052,038.99	498,226,329.56
Public offering of Corporate Bonds of 2020 of Red Star Macalline Group Corporation Ltd. (First tranche)	498,108,717.15	–
Medium-term notes of 2020 of Red Star Macalline Group Corporation Ltd. (First tranche)	498,227,243.10	–
Public offering of Corporate Bonds of 2020 of Red Star Macalline Group Corporation Ltd. (Second tranche)	497,655,522.60	–
Public offering to professional investors of Corporate Bonds of 2020 of Red Star Macalline Group Corporation Ltd. (First tranche)	496,371,414.35	–
Corporate Bonds of 2019 of Red Star Macalline Group Corporation Ltd. (First tranche)	–	1,989,378,280.09
Corporate Bonds of 2016 of Red Star Macalline Group Corporation Ltd. (First tranche) (7-year)	–	1,491,578,398.86
Medium-term notes of 2018 of Red Star Macalline Group Corporation Ltd. (First tranche)	–	496,730,654.98
Corporate Bonds of 2016 of Red Star Macalline Group Corporation Ltd. (First tranche) (5-year)	–	46,800,000.00
	4,432,634,711.35	6,592,440,970.73

Notes to the Financial Statements

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V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

35. Bonds Payable (continued)

As at 31 December 2020, balances of bonds payable present as follows:

	Par value	Issue date	Maturity	Issue amount	Opening balance	Issued in the year	Accrued interest in the year	Amortization of premium and for discount	Repayments of principal in the year	Repayments in the year interests in the year	Exchange gains and losses	Closing balance
Corporate Bonds of 2015 of Red Star Macalline Group Corporation Ltd. (First tranche) (Note: 1)	5,000,000,000.00	10 November 2015	5 years	4,958,670,000.00	168,002,000.00	-	9,912,118.00	-	(168,002,000.00)	(9,912,118.00)	-	-
Public offering of Corporate Bonds of 2016 of Red Star Macalline Group Corporation Ltd. (First tranche) (7-year) (Note: 2)	1,500,000,000.00	13 July 2016	7 years	1,476,127,853.48	1,491,678,398.86	-	79,350,000.00	4,104,725.18	-	(79,350,000.00)	-	1,495,883,124.04
Medium-term notes of 2018 of Red Star Macalline Group Corporation Ltd. (First tranche) (Note: 3)	500,000,000.00	24 October 2018	3 years	494,828,801.89	498,730,654.98	-	30,900,000.00	1,740,428.60	-	(30,900,000.00)	-	498,471,083.58
Public offering of Corporate Bonds of 2018 of Red Star Macalline Group Corporation Ltd. (First tranche) (Type 1) (Note: 4)	3,000,000,000.00	6 November 2018	3 years	2,976,394,150.94	2,988,770,715.57	-	188,000,000.00	10,229,284.43	(3,000,000,000.00)	(188,000,000.00)	-	-
Medium-term notes of 2019 of Red Star Macalline Group Corporation Ltd. (First tranche) (Note: 5)	500,000,000.00	25 January 2019	3 years	497,508,460.57	498,226,328.56	-	28,750,000.00	825,789.43	-	(28,750,000.00)	-	498,682,088.99
Public offering of Corporate Bonds of 2019 of Red Star Macalline Group Corporation Ltd. (First tranche) (Type 2) (Note: 6)	2,000,000,000.00	10 June 2019	4 years	1,987,756,792.45	1,988,878,280.09	-	107,000,000.00	2,931,932.72	-	(107,000,000.00)	-	1,992,310,282.81
Public offering of Corporate Bonds of 2016 of Red Star Macalline Group Corporation Ltd. (First tranche) (5-year) (Note: 2)	1,500,000,000.00	13 July 2016	5 years	1,483,022,800.19	46,800,000.00	-	2,527,200.00	-	-	(2,527,200.00)	-	46,800,000.00
Medium-term notes of 2020 of Red Star Macalline Group Corporation Ltd. (First tranche) (Note: 7)	500,000,000.00	20 January 2020	3 years	497,414,150.94	-	497,414,150.94	28,125,000.00	813,032.16	-	(28,125,000.00)	-	498,227,243.10
Public offering of Corporate Bonds of 2020 of Red Star Macalline Group Corporation Ltd. (First tranche) (Note: 8)	500,000,000.00	10 March 2020	3 years	496,793,801.89	-	496,793,801.89	20,625,000.00	1,315,415.26	-	(20,625,000.00)	-	498,087,717.15
Public offering of Corporate Bonds of 2020 of Red Star Macalline Group Corporation Ltd. (Second tranche) (Note: 9)	500,000,000.00	3 June 2020	3 years	496,726,320.75	-	496,726,320.75	15,050,000.00	929,201.85	-	(15,050,000.00)	-	497,655,522.60
Public offering of Corporate Bonds of 2020 of Red Star Macalline Group Corporation Ltd. (First tranche) (Type 1) (10 professional investors) (Note: 10)	500,000,000.00	30 October 2020	3 years	498,033,863.27	-	498,033,863.27	5,168,666.67	318,351.08	-	(5,168,666.67)	-	498,571,444.35
USD Bonds of 2017 of Hong Kong Red Star Macalline (5-year) (Note: 3)	USD 300,000,000.00	21 September 2017	5 years	1,937,316,885.63	2,089,727,307.24	-	66,064,612.50	8,882,467.92	-	(66,064,612.50)	(135,390,000.00)	1,943,219,175.16
Total				17,798,691,657.00	9,750,213,686.30	1,886,986,836.85	588,470,597.17	32,090,658.63	(3,188,002,000.00)	(80,470,597.17)	(135,390,000.00)	8,465,893,181.78
Less: Bonds payable due within one year					3,157,772,715.57							4,033,264,470.43
Bonds payable due after one year					6,592,440,970.73							4,432,634,711.35

V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

35. Bonds Payable (continued)

As at 31 December 2019, balances of bonds payable present as follows:

	Par value	Issue date	Maturity	Issue amount	Opening balance	Issued in the year	Accrued interest in the year	Amortization of premium and for discount	Repayments of principal in the year	Repayments of interests in the year	Exchange gains and losses	Closing balance
Corporate Bonds of 2015 of Red Star Macalline Group Corporation Ltd. (First tranche) (Note: 1)	5,000,000,000.00	10 November 2015	5 years	4,588,670,000.00	188,002,000.00	-	1,652,019.66	-	-	-	-	188,002,000.00
Public offering of Corporate Bonds of 2016 of Red Star Macalline Group Corporation Ltd. (First tranche) (5-year) (16 Hongres) (1) (Note: 2)	1,500,000,000.00	13 July 2016	5 years	1,453,202,830.18	1,436,573,720.79	-	27,098,500.00	3,426,279.21	(1,453,200,000.00)	(62,500,000.00)	-	46,800,000.00
Public offering of Corporate Bonds of 2016 of Red Star Macalline Group Corporation Ltd. (First tranche) (7-year) (16 Hongres) (2) (Note: 2)	1,500,000,000.00	13 July 2016	7 years	1,476,127,858.48	1,486,702,860.36	-	64,300,000.00	4,875,538.50	-	(6,630,000.00)	-	1,491,578,398.86
USD Bonds of 2017 of Hong Kong Red Star Macalline (5-year) (Note: 3)	USD300,000,000	21 September 2017	5 years	1,957,306,865.63	2,028,377,647.84	-	75,668,265.92	7,728,154.33	-	(69,958,181.25)	33,621,535.07	2,089,727,307.24
Corporate Bonds of 2018 of Red Star Macalline Group Corporation Ltd. (First tranche) (Note: 4)	3,000,000,000.00	6 November 2018	3 years	2,976,304,150.94	2,978,214,472.44	-	188,000,000.00	11,556,249.13	-	(188,000,000.00)	-	2,989,770,715.57
Medium-term notes of 2018 of Red Star Macalline Group Corporation Ltd. (First tranche) (Note: 5)	500,000,000.00	24 October 2018	3 years	494,828,301.89	495,037,638.32	-	30,900,000.00	1,633,115.66	-	(30,900,000.00)	-	496,730,654.98
Medium-term notes of 2019 of Red Star Macalline Group Corporation Ltd. (First tranche) (Note: 5)	500,000,000.00	25 January 2019	3 years	497,508,480.57	-	497,508,480.57	26,354,166.63	717,838.99	-	-	-	498,226,329.55
Corporate Bonds of 2019 of Red Star Macalline Group Corporation Ltd. (First tranche) (Note: 6)	2,000,000,000.00	10 June 2019	4 years	1,987,756,792.45	-	1,987,756,792.45	62,416,666.62	1,621,487.64	-	-	-	1,989,378,280.09
Total				15,611,704,620.15	8,652,866,240.75	2,465,265,263.02	477,429,618.83	31,558,657.46	(1,453,200,000.00)	(406,708,181.25)	33,621,535.07	97,501,213,666.30
Less: Bonds payable due within one year					1,496,673,720.79							3,157,772,715.57
Bonds payable due after one year					7,156,394,519.96							6,592,440,970.73

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V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

35. Bonds Payable (continued)

Others:

Note 1: The Company issued Corporate Bonds of 2015 of Red Star Macalline Group Corporation Ltd. (First tranche) totally RMB5 billion in November 2015, which referred as “15 Hongmei 01” (the bond code: 136032), with the issuance price of RMB100 par value with a fixed rate of interest, at a coupon rate of 4.5%. The maturity of the bond is five years, and shall be paid annually. And the bond is attached with the Company’s option to adjust the coupon rate and the investors’ option to sell back at the end of the third year. The valid number of declaring for selling back in the year for 15 Hongmei 01 was 48,319,980, the amount of selling back was RMB4,831,998,000.00 (excluding interest) and the remaining custodian number was 1,680,020, par value is RMB168,002,000.00. During the final two years of the maturity of the bond (from 10 November 2018 to 9 November 2020), the coupon rates of the bonds is adjusted to 5.90%. The remaining bonds mentioned above will expire and repay in 2020.

Note 2: The Company issued Corporate Bonds of 2016 of Red Star Macalline Group Corporation Ltd. (First tranche) in July 2016. The above- mentioned bonds are composed of two types. Among them, the first type of bonds is abbreviated as “16 Hongmei 01”. The issue price is RMB100/100 face value. The interest rate is fixed interest rate, the coupon rate is 3.5%, and the bond duration is 5 years, interest is paid annually, with the option to adjust the coupon rate and investors’ resale option at the end of the third year. The effective number of resale declarations of 16 Hongmei 01 for the year is 14,532,000, the resale amount is RMB1,453,200,000 (excluding interest), the remaining custodial amount is 468,000, and the face value is RMB46,800,000.00. During the final two years of the maturity of the bond (from 13 July 2019 to 12 July 2021), the coupon rates of the bonds is adjusted to 5.40%, which will expire in July 2020 and has been reclassified to non-current liabilities due within one year RMB46,800,000.00.

The second type of bond is abbreviated as “16 Hongmei 02”, the issue price is RMB100/100 face value, interest is calculated by interest- bearing fixed interest rate, the coupon rate is 4.29%, the bond duration is 7 years, and the interest is paid annually, with the option to adjust the coupon rate and investors’ resale option at the end of the fifth year.

Note 3: Hong Kong Red Star Macalline Global Home Furnishing Company Limited, a subsidiary of the Group, issued the US\$-denominated bonds totally US\$300 million in 2017, the bond code: B2022(5278), with a fixed rate of interest, at a coupon rate of 3.375%. The maturity of the bond is five years, and shall be paid semi-annually.

Note 4: The Group publicly issued Corporate Bonds of 2018 of Red Star Macalline Group Corporation Ltd. (First tranche), which classified into two types. The total issuance scale was RMB1 billion and established the over-allotment option, of which the quota of over-allotment was no more than RMB2 billion (including RMB2 billion). The issuance was made by adopting a form of book-building for qualified investors through offline, with an issuance price of RMB100 per piece. The maturity of the type 1 of the Bonds is three years and was attached with the issuers’ option to adjust the coupon rate and the bondholders’ option to sell back at the end of the second year; the maturity of the type 2 is five years and was attached with the issuers’ option to adjust the coupon rate and the bondholders’ option to sell back at the end of the third year. The actual issuance scale of Corporate Bonds type 1 was RMB3 billion, with a coupon rate of 6.30%; the type 2 was not issued. The remaining bonds mentioned above will expire and repay in 2020.

Note 5: On 12 September 2018, the Company received the Notice for Acceptance of Registration (Zhong Shi Xie Zhu [2018] No. MTN506) issued by National Association of Financial Market Institutional Investors (hereafter “NAFMII”), which indicating its consent for acceptance of the registration for the issuance of the medium-term notes by the Company, with the registered amount of RMB5 billion, and the registered quota would be effective within the two years since the date of the issuance of the Notice for Acceptance of Registration by “NAFMII”. On May 22, 2019, in order to better play the role of non-financial enterprise debt financing instruments in the company’s overall fund utilization, after the company reassessed its debt financing instrument structure, the Company applied to the NAFMII to reduce the amount of registration of medium-term notes under the aforementioned “Notice for Acceptance of Registration” (Zhong Shi Xie Zhu [2018] MTN506). On June 6, 2019, the Group received “Zhongshi Xiezhuzhu (2019) No. 567-Letter on Reducing the Registration Amount of Medium-Term Notes of Red Star Macalline Group Co., Ltd.”, which reduced the amount of registration of medium-term notes of the Group is RMB3 billion, and the remaining effective registration amount is RMB2 billion. In 2018, the Company had successfully issued the first tranche of the medium-term notes of 2018, which referred as “18 Red Star Home Furnishing MTN001” (bond code:101801197), with the issuance price of RMB100 par value, at an issuance rate of 6.18%. The bonds shall be payable annually in three years. The amount reclassified to non-current liabilities due within one year was RMB498,471,083.58.

In 2019, the Group issued the “2019 First Tranche Medium-Term Notes”, the bond abbreviation “19 Macalline MTN001”, bond code 101900126, the issue price is RMB100/100 face value, with face value US\$300 million, the issue rate is 5.75%, and the bond duration is 3 year.

V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

35. Bonds Payable (continued)

Others: (continued)

Note 6: 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 100 yuan/sheet, 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 RMB2.0 billion, and the coupon rate was 5.35%; the type 1 was not issued. The Type 1 of the Bonds has not been issued. On 11 June 2021, the sell back registration has started, and RMB1,992,310,262.81 has been reclassified as non-current liabilities of due within one year.

Note 7: 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 NAFMI, 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 is 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)", referred to as "20 Macalline MN001", which has a duration of 3 years, and the value date is 20 January 2020, and the redemption date is 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.

Note 8: The Group issued the "Public offering of Corporate Bonds of 2020 of Red Star Macalline Group Corporation Ltd. (First tranche)" in March 2020. The Bond was abbreviated as "20 Hongmei 01" with the issue price of RMB100 par value. The Bond has 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 4.95%.

Note 9: The Group issued the "Public offering of Corporate Bonds of 2020 of Red Star Macalline Group Corporation Ltd. (Second tranche)" in June 2020. The Bond was abbreviated as "20 Hongmei 02" with the issue price of RMB100 par value. The Bond has 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 5.16%.

Note 10: 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%.

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V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

36. Lease Liabilities

	2020	2019
Lease Liabilities	4,778,960,345.68	3,870,214,902.75
Less: lease Liabilities due within one year	696,027,069.47	548,397,168.84
	4,082,933,276.21	3,321,817,733.91

37. Long-term Payables

Long-term payables

	2020	2019
Amounts due to partners (Note 1)	569,846,252.96	634,392,235.62
Financial lease payables	335,094,620.87	-
Less: financial lease payables due within one year	192,084,555.22	-
	712,856,318.61	634,392,235.62

Note 1: Amounts due to partners are 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 shall be recorded as long-term payables.

* The analysis of the maturity date of long-term payables is as follows:

	2020	2019
Expires within 1 year or requires payment at any time	-	-
Expires within 2 years	187,427,970.14	30,565,292.91
Expires within 3 to 5 years (including 3 and 5 years)	71,075,939.63	62,513,763.84
Over 5 years	454,352,408.84	541,313,178.87
	712,856,318.61	634,392,235.62

V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

38. Deferred Income

2020

	Opening balance	Increase in the current year	Decrease in the current year	Closing balance
Government grant	206,268,250.13	–	6,198,738.24	200,069,511.89
VAT additional deduction (Note 1)	19,634,310.34	26,876,182.49	21,636,774.82	24,873,718.01
	225,902,560.47	26,876,182.49	27,835,513.06	224,943,229.90

2019

	Opening balance	Increase in the current year	Decrease in the current year	Closing balance
Government grant	212,456,044.43	–	6,187,794.30	206,268,250.13
VAT additional deduction	–	26,374,864.99	6,740,554.65	19,634,310.34
	212,456,044.43	26,374,864.99	12,928,348.95	225,902,560.47

Note 1: 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 recognized as deferred income. The deferred income can be used from 1 April 2019 to 31 December 2021.

Notes to the Financial Statements

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V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

38. Deferred Income (continued)

As at December 31, 2020, the liabilities related to government grants are as follows:

	Opening balance	Increase in the current year	Recognized in other income in the current year	Closing balance	Related to assets/profit
Subsidy for land supporting expenses	206,268,250.13	-	6,198,738.24	200,069,511.89	Related to assets

As at December 31, 2019, the liabilities related to government grants are as follows:

	Opening balance	Increase in the current year	Recognized in other income in the current year	Closing balance	Related to assets/profit
Subsidy for land supporting expenses	212,456,044.43	-	6,187,794.30	206,268,250.13	Related to assets

39. Other Non-current Liabilities

	2020	2019
the brand consulting and management service for the early stage of the project (Note 1)	794,760,971.72	1,111,057,378.24
Commercial mortgage-backed securities (Note 2)	3,833,098,699.03	5,747,108,371.13
	4,627,859,670.75	6,858,165,749.37

V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

39. Other Non-current Liabilities (continued)

Note 1: Representing the contract liabilities of the Company recognized based on management service contract, as the management expected that it would be more than 1 year to recognize the corresponding revenue, these amounts were included in other non-current liabilities.

Note 2: 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 Ci", securities code: 156488). 18 Hongmei A1 had an issuance size of RMB2,289 million, with an annualized 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 annualized 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 Ci, subscribed RMB100 million with no annualized return and a maturity of 18 years. RMB2,413,151,879.27 of 18 Hongmei A1 and 18 Hongmei A2 due within one year have been included in the non-current liabilities due within one year.

The Company issued the first tranche of asset-backed notes of 2019 of Red Star Macalline Group Corporation Ltd. on 7 May 2019. The asset-backed notes were pledged with the assets of two shopping malls of the Group in Changzhou and their rental income rights, which included priority notes (securities abbreviation: "19 Macalline ABN001 Youxian", securities code: 081900208) and subordinated notes (securities abbreviation: "19 Macalline ABN001 Ci", securities code: 081900209). 19 Macalline ABN001 Youxian had an issuance size of RMB1,290 million, with an annualized return of 6.30% and a maturity of 18 years, the principal and interest of which shall be repaid annually. The Group, as a posterior investor of 19 Macalline ABN001 Ci, subscribed RMB10 million with no annualized return and a maturity of 18 years. RMB17,000,000.00 of 19 Macalline ABN001 Preferred due within one year have been included in the non-current liabilities due within one year.

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 Ci", securities code: 159559). 19 Hongmei A had an issuance size of RMB1.7 billion, with an annualized 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 annualized 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 Ci, subscribed RMB150 million with no annualized return and a maturity of 21 years. RMB14,210,000.00 of 19 Hongmei A and 19 Hongmei B due within one year have been included in the non-current liabilities due within one year.

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 annualized 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 annualized return of 6% and a maturity of 18 years, the principal of which shall be repaid in a one-off manner upon maturity. RMB7,392,000 of Class A Preferred Securities due within one year have been included in the non-current liabilities due within one year.

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V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

40. Share Capital

2020

	Opening amount	Changes during the year			Sub-total	Closing amount
		Issue of new shares	Capital reserve transferred note 1	Others		
I. Restricted shares						
1. State ownership	-	-	-	-	-	-
2. State-owned corporate shares	-	-	-	-	-	-
3. Other domestic shares	2,480,315,772.00	-	248,031,577.00	-	248,031,577.00	2,728,347,349.00
Include: Domestic non-stated-owned corporate shares	2,480,315,772.00	-	248,031,577.00	-	248,031,577.00	2,728,347,349.00
Domestic natural person shares	-	-	-	-	-	-
Total restricted shares	2,480,315,772.00	-	248,031,577.00	-	248,031,577.00	2,728,347,349.00
II. Unrestricted shares						
1. RMB-denominated ordinary shares	395,788,197.00	-	39,578,820.00	-	39,578,820.00	435,367,017.00
2. Overseas listed foreign shares	673,896,031.00	-	67,389,603.00	-	67,389,603.00	741,285,634.00
Total unrestricted shares	1,069,684,228.00	-	106,968,423.00	-	106,968,423.00	1,176,652,651.00
Total	3,550,000,000.00	-	355,000,000.00	-	355,000,000.00	3,905,000,000.00

Note 1: The Company issued 0.1 bonus share per 1 share by way of conversion of capital reserve to all of its shareholders, based on the total share capital of 3,550,000,000 shares prior to the implementation of the profit distribution plan for 2019, which resulted in an increase of 355,000,000 shares in total.

V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

40. Share Capital (continued)

2019

	Opening amount	Issue of new shares	Changes during the period		Sub-total	Closing amount
			Capital reserve transferred	Others		
I. Restricted shares						
1. State ownership	-	-	-	-	-	-
2. State-owned corporate shares	-	-	-	-	-	-
3. Other domestic shares	2,561,103,969.00	-	-	(80,788,197.00)	(80,788,197.00)	2,480,315,772.00
Include: Domestic non-stated-owned corporate shares	2,561,103,969.00	-	-	(80,788,197.00)	(80,788,197.00)	2,480,315,772.00
Domestic natural person shares	-	-	-	-	-	-
Total restricted shares	2,561,103,969.00	-	-	(80,788,197.00)	(80,788,197.00)	2,480,315,772.00
II. Unrestricted shares						
1. RMB-denominated ordinary shares	315,000,000.00	-	-	80,788,197.00	80,788,197.00	395,788,197.00
2. Overseas listed foreign shares	673,896,031.00	-	-	-	-	673,896,031.00
Total unrestricted shares	988,896,031.00	-	-	80,788,197.00	80,788,197.00	1,069,684,228.00
Total	3,550,000,000.00	-	-	-	-	3,550,000,000.00

Notes to the Financial Statements

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V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

41. Capital Reserve

2020

	Opening balance	Increase in the current year	Decrease in the current year	Closing balance
Share premium	4,293,381,742.02	–	609,276,569.03	3,684,105,172.99
Including:				
Capital invested by investors	5,786,331,727.05	–	–	5,786,331,727.05
A Shares offering	2,735,007,849.63	–	–	2,735,007,849.63
H Shares repurchase	(3,523,954,372.77)	–	–	(3,523,954,372.77)
Acquisition of non-controlling interests	(523,425,388.73)	–	254,276,569.03	(777,701,957.76)
The difference arising from business combination under common control	(180,578,073.16)	–	–	(180,578,073.16)
Capitalization of capital reserve	–	–	355,000,000.00	(355,000,000.00)
Others	(53,405,170.98)	17,420,123.81	–	(35,985,047.17)
	4,239,976,571.04	17,420,123.81	609,276,569.03	3,648,120,125.82

2019

	Opening balance	Increase in the current year	Decrease in the current year	Closing balance
Share premium	4,556,206,255.16	–	262,824,513.14	4,293,381,742.02
Including:				
Capital invested by investors	5,786,331,727.05	–	–	5,786,331,727.05
A Shares offering	2,735,007,849.63	–	–	2,735,007,849.63
H Shares repurchase	(3,523,954,372.77)	–	–	(3,523,954,372.77)
Acquisition of non-controlling interests	(260,600,875.59)	–	262,824,513.14	(523,425,388.73)
The difference arising from business combination under common control	(180,578,073.16)	–	–	(180,578,073.16)
Others	(66,187,359.73)	12,782,188.75	–	(53,405,170.98)
	4,490,018,895.43	12,782,188.75	262,824,513.14	4,239,976,571.04

V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

42. Other Comprehensive Income

The accumulated balance of other comprehensive income in the consolidated balance sheet attributable to the Company's shareholders :

2020

	1 January 2020	Changes in the current period	31 December 2020
Changes in fair value of other equity instrument investments	1,507,253,032.92	66,442,747.87	1,573,695,780.79
Time value of the options, forward elements of forward contracts or amortization of foreign exchange basis of financial instruments	(24,125,991.75)	92,080,050.37	67,954,058.62
Transfer from owner-occupied properties to investment properties measured at fair value	–	77,663,553.12	77,663,553.12
Exchange differences from translation of financial statements	–	1,272,569.21	1,272,569.21
	1,483,127,041.17	237,458,920.57	1,720,585,961.74

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V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

42. Other Comprehensive Income (continued)

2019

	1 January 2019	Changes in the current period	31 December 2019
Changes in fair value of other equity instrument investments	1,227,776,839.27	279,476,193.65	1,507,253,032.92
Time value of the options, forward elements of forward contracts or amortization of foreign exchange basis of financial instruments	–	(24,125,991.75)	(24,125,991.75)
	1,227,776,839.27	255,350,201.90	1,483,127,041.17

V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

42. Other Comprehensive Income (continued)

2020

	The amount before tax	Less: previously included in other comprehensive income converted to current retained earnings	Less: income tax	Attributable to the shareholders of the Company	Attributable to non-controlling interests
Other comprehensive income that will not be reclassified to profit or loss					
Changes in fair value of other equity instrument investments	1,273,988,736.39	1,015,546,734.95	183,133,422.98	66,442,747.87	8,865,830.59
Other comprehensive income that will be reclassified to profit or loss					
Changes in fair value of hedging	92,080,050.37	-	-	92,080,050.37	-
Transfer from owner-occupied properties to investment properties measured at fair value	103,551,404.16	-	25,887,851.04	77,663,553.12	-
Exchange differences from translation of financial statements	1,272,569.21	-	-	1,272,569.21	-
	1,470,892,760.13	1,015,546,734.95	209,021,274.02	237,458,920.57	8,865,830.59

Notes to the Financial Statements

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V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

42. Other Comprehensive Income (continued)

2019

	The amount before tax	Less: previously included in other comprehensive income converted to current retained earnings	Less: income tax	Attributable to the shareholders of the Company	Attributable to non-controlling interests
Other comprehensive income that will not be reclassified to profit or loss					
Changes in fair value of other equity instrument investments	1,228,896,827.29	684,890,970.17	199,935,523.19	279,476,193.65	64,594,140.28
Other comprehensive income that will be reclassified to profit or loss					
Changes in fair value of hedging	(24,125,991.75)	-	-	(24,125,991.75)	-
	1,204,770,835.54	684,890,970.17	199,935,523.19	255,350,201.90	64,594,140.28

V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

43. Surplus Reserve

2020

	Opening balance	Increase in the current year	Decrease in the current year	Closing balance
Statutory surplus reserve	1,954,818,567.23	121,667,865.72	-	2,076,486,432.95

2019

	Opening balance	Increase in the current year	Decrease in the current year	Closing balance
Statutory surplus reserve	1,816,847,121.56	137,971,445.67	-	1,954,818,567.23

The Company is required to appropriate 10% of its profit pursuant to the Company Law and the Articles of Association of the Company to the statutory surplus reserve until the reserve balance reaches 50% of its registered capital.

After appropriating the statutory surplus reserve, the Company could appropriate any surplus reserve. After approved, any surplus reserve could be used to cover the loss of the Company for previous years or increase the share capital.

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V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

44. Retained Earnings

	2020	2019
Closing balance of retained earnings for last year before adjustment	34,486,715,762.57	30,629,417,859.13
Retroactive adjustment of change in accounting policy (Note III, 33)	–	(210,803,273.67)
Opening balance of retained earnings after adjustment	34,486,715,762.57	30,418,614,585.46
Other comprehensive income converted to retained earnings	1,015,546,734.95	684,890,970.17
Net profits attributable to shareholders of the Company	1,730,581,791.56	4,479,681,652.61
Less: Appropriation to statutory surplus reserve	121,667,865.72	137,971,445.67
Cash dividend payable for ordinary shares (Note 1)	898,150,000.00	958,500,000.00
Closing balance of retained earnings	36,213,026,423.36	34,486,715,762.57

Note 1: On 18 June 2020, as approved by the 2019 Annual General Meeting of the Company and based on 3,550,000,000 issued shares, the Company paid cash dividend RMB0.253 to all shareholders per share, and at the same time, issued one share per 10 shares by way of conversion of capital reserve to all of its shareholders, that is, it was proposed to distribute a cash dividend of RMB898,150,000.00 (inclusive of tax) for the year 2019, and additional 355,000,000 Shares were proposed to be issued. On 21 June 2019, as approved by the 2018 Annual General Meeting of the Company and based on 3,550,000,000 issued shares, the Company paid cash dividend RMB0.27 to all shareholders per share.

V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

45. Revenue and Costs of Sales

	2020		2019	
	Revenue	Cost	Revenue	Cost
Principal business	13,786,398,901.41	5,344,684,426.43	16,174,655,103.66	5,505,195,120.22
Other business	450,061,197.57	135,485,598.43	294,582,685.26	230,415,891.28
	14,236,460,098.98	5,480,170,024.86	16,469,237,788.92	5,735,611,011.50

The revenue and costs of sales set out as follows:

	2020	2019
Revenue from contracts with customers	7,554,046,650.21	8,670,477,130.80
Rental and related revenue	6,682,413,448.77	7,798,760,658.12
	14,236,460,098.98	16,469,237,788.92

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V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

45. Revenue and Costs of Sales (continued)

The breakdown of operating income from contracts with customers is as follows:

2020

Reporting segments	Entrusted Management related	Construction and design	Sales of good and home decoration	Others	Total
Principal operating region					
Mainland China	3,580,465,132.95	1,668,238,075.14	1,224,005,416.99	1,081,338,025.13	7,554,046,650.21
Time of recognizing revenue					
Recognizing revenue at certain point					
Revenue from commercial management and consultation service for construction project	126,415,095.61	-	-	-	126,415,095.61
Revenue from sales of goods	-	-	378,414,325.79	-	378,414,325.79
Other revenues	-	-	-	334,196,101.33	334,196,101.33
Recognize revenue within a period of time					
Revenue from the brand consulting and management service for the early stage of the project	788,446,410.37	-	-	-	788,446,410.37
Revenue from annual brand consulting and management service for the project	2,061,485,740.21	-	-	-	2,061,485,740.21
Revenue from commercial consultation fees and tenant sourcing commissions	604,117,886.76	-	-	-	604,117,886.76
Revenue from construction and design service	-	1,668,238,075.14	-	-	1,668,238,075.14
Revenue from decoration	-	-	845,591,091.20	-	845,591,091.20
Other revenues	-	-	-	747,141,923.80	747,141,923.80
	3,580,465,132.95	1,668,238,075.14	1,224,005,416.99	1,081,338,025.13	7,554,046,650.21

V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

45. Revenue and Costs of Sales (continued)

The breakdown of operating income from contracts with customers is as follows: (continued)

2019

Reporting segments	Entrusted Management related	Construction and design	Sales of good and home decoration	Others	Total
Principal operating region					
Mainland China	4,702,248,186.58	2,250,505,124.04	568,999,157.09	1,148,724,663.09	8,670,477,130.80
Time of recognizing revenue					
Recognizing revenue at certain point					
Revenue from commercial management and consultation service for construction project	97,169,811.33	-	-	-	97,169,811.33
Revenue from sales of goods	-	-	224,962,498.79	-	224,962,498.79
Other revenues	-	-	-	325,369,213.44	325,369,213.44
Recognize revenue within a period of time					
Revenue from the brand consulting and management service for the early stage of the project	1,309,885,306.76	-	-	-	1,309,885,306.76
Revenue from annual brand consulting and management service for the project	2,189,581,485.87	-	-	-	2,189,581,485.87
Revenue from commercial consultation fees and tenant sourcing commissions	1,105,611,582.62	-	-	-	1,105,611,582.62
Revenue from construction and design service	-	2,250,505,124.04	-	-	2,250,505,124.04
Revenue from home decoration	-	-	344,036,658.30	-	344,036,658.30
Other revenues	-	-	-	823,355,449.65	823,355,449.65
	4,702,248,186.58	2,250,505,124.04	568,999,157.09	1,148,724,663.09	8,670,477,130.80

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V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

45. Revenue and Costs of Sales (continued)

The revenue recognized in the current year included in the book value of contract liabilities at the beginning of this year is as follows:

	2020	2019
Revenue from the brand consulting and management service for the early stage of the project	385,515,939.78	482,654,843.69
Revenue from annual brand consulting and management service for the project	144,365,644.58	157,796,541.78
Revenue from commercial management and consultation service for construction project	95,283,018.87	7,547,169.81
Revenue from commercial consultation fees and tenant sourcing commissions	33,186,822.61	419,479,658.46
Revenue from construction and design service	162,578,534.73	139,146,183.52
Other revenues	399,462,609.25	416,514,233.09
	1,220,392,569.82	1,623,138,630.35

Information in relation to the Group's performance obligations is as follows:

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

The Group performs the performance obligations when providing relevant service. The contract consideration is generally paid in a way as agreed in the contract and part of it generally needs to be paid before the performance obligations of the contract take place.

Revenue from annual brand consulting and management service for the project

The Group performs the performance obligations when providing relevant service. The contract consideration is generally paid in a way as agreed in the contract and part of it generally needs to be paid before the performance obligations of the contract take place.

V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

45. Revenue and Costs of Sales (continued)

Information in relation to the Group's performance obligations is as follows:(continued)

Revenue from commercial management and consultation service for construction project

The Group fulfills the performance obligations when providing relevant service and obtaining the confirmation letter for relevant services issued by customers. The contract consideration is generally paid in a way as agreed in the contract and part of it generally needs to be paid before the performance obligations of the contract take place.

Revenue from commercial consultation fees

The Group performs the performance obligations when providing relevant service. The contract consideration is generally paid in a way as agreed in the contract and part of it generally needs to be paid before the performance obligations of the contract take place.

Revenue from tenant sourcing commissions

The Group performs the performance obligations when providing relevant service. The contract consideration is generally paid in a way as agreed in the contract and part of it generally needs to be paid before the performance obligations of the contract take place.

Revenue from construction and design service

The Group performs the performance obligations when providing relevant service. Part of the contract consideration generally needs to be paid before the performance obligations of the contract take place and the remaining is paid in accordance with the contract terms after the project is settled. Customer generally withholds a certain percentage of retention money which is generally paid upon the expiration of retention period.

Notes to the Financial Statements

For the year 2020

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V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

45. Revenue and Costs of Sales (continued)

Information in relation to the Group's performance obligations is as follows:(continued)

Revenue from sales of goods

The Group performs performance obligations when delivering goods to customers. The contract consideration generally needs to be pre-paid.

Revenue from decoration

The Group performs the performance obligations when providing relevant service. Part of the contract consideration generally needs to be paid before the performance obligations of the contract take place and the remaining is paid in accordance with the contract terms after the project is settled.

Revenue from strategic consultation fees

The Group performs the performance obligations when providing relevant service. The contract consideration is generally paid in a way as agreed in the contract and part of it generally needs to be paid before the performance obligations of the contract take place.

Joint marketing income

The Group performs the performance obligations when providing relevant service. The contract consideration is generally paid in a way as agreed in the contract and part of it generally needs to be paid before the performance obligations of the contract take place.

The total transaction price of the performance obligations amortised to the end of the year which remained outstanding or partly outstanding was RMB18,490,026,738.86, of which RMB4,010,929,612.40 was estimated to be recognised as revenue in 2021.

V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

46. Taxes and Surcharges

	2020	2019
Property tax	246,382,435.21	290,133,122.41
Urban maintenance and construction tax	41,448,545.51	45,397,485.94
Education surcharge	22,762,175.30	37,803,733.37
Land use tax	22,835,651.40	26,982,731.21
Stamp duty	12,370,905.34	13,561,816.70
Others	31,615,069.51	15,161,712.13
	377,414,782.27	429,040,601.76

47. Sale Expenses

	2020	2019
Advertising and promotional expenses	953,948,821.11	1,599,900,465.91
Energy and maintenance expenses	478,987,583.59	458,457,126.20
Salary, bonus and benefits	126,610,432.31	73,609,099.43
After-sales service expenses	43,557,632.21	54,116,114.43
Depreciation and amortization	17,822,601.66	38,446,684.21
Office and administrative expenses	38,205,086.49	28,284,770.57
Others	34,640,602.27	38,116,565.56
	1,693,772,759.64	2,290,930,826.31

Notes to the Financial Statements

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V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

48. Management Expenses

	2020	2019
Salary, bonus and benefits	854,698,037.03	990,808,570.15
Office and administrative expenses	394,343,198.11	431,822,807.54
Other professional services expenses	143,584,512.71	143,858,698.41
Depreciation and amortization	148,167,974.44	65,109,886.61
Auditing expenses	18,348,251.47	15,493,248.61
Network communications fees	95,275,353.19	63,464,453.78
Others	26,439,241.10	41,309,050.49
	1,680,856,568.05	1,751,866,715.59

* In 2020, the remuneration for the auditor of the Group was RMB7,500,000.00 (2019: RMB7,500,000.00).

49. Research and Development Costs

	2020	2019
Research and Development Costs	32,847,160.63	33,474,544.63
Depreciation and amortization	991,214.27	923,936.26
Others	2,197,268.76	3,807,931.61
	36,035,643.66	38,206,412.50

V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

50. Financial Expenses

	2020	2019
Interest expenses	2,914,464,907.10	2,677,320,391.98
Less: Interest income	194,886,018.04	195,395,541.15
Less: Amounts to interest capitalization	365,745,604.27	266,030,298.54
Exchange gains and losses	66,960,466.83	15,630,888.33
Others	43,624,916.06	28,554,364.78
	2,464,418,667.68	2,260,079,805.40

The amounts to interest expenses capitalization have been included in investment properties.

51. Other Income

	2020	2019
Subsidy for land supporting expenses and subsidy for gas-fired air conditioning equipment	6,198,738.24	6,187,794.30
Other government grants relating to daily operational activities	178,051,161.95	98,712,701.64
	184,249,900.19	104,900,495.94

Notes to the Financial Statements

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V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

51. Other Income (continued)

Other government grants relating to daily activities are as follows:

	2020	2019	Related to assets/profit
Subsidies (Note 1)	92,028,673.09	27,741,639.59	Related to profit
Special government grants (Note 2)	82,603,176.84	33,873,327.48	Related to profit
Reward support (Note 3)	3,419,312.02	37,097,734.57	Related to profit
	178,051,161.95	98,712,701.64	

Note 1: Subsidy mainly refers to the tax refund and subsidies received from the government.

Note 2: Special government grants mainly refer to the special industry-supporting fund received from the government.

Note 3: Reward support mainly refer to other policy reward support funds received from the government.

52. Investment Income

	2020	2019
Investment income from joint venture and associates transferred to other equity instrument investments	–	251,948,143.37
Long-term equity interest investment income calculated by equity method	44,959,080.07	137,729,826.00
Income from acquisition of joint venture and associates to become subsidiaries	126,196,808.81	126,390,153.07
Investment (loss)/gain on disposal of subsidiaries	(529,358.18)	149,065,813.49
Investment gain from disposal of associates	24,917,078.30	49,509,818.23
(Loss)/gain from disposal of financial assets held for trading	(12,221,307.95)	37,010,675.51
Bonuses received from other equity instruments	38,253,530.13	29,787,198.84
Bonuses received from other non-current financial assets	440,036.71	4,997,021.62
	222,015,867.89	786,438,650.13

V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

53. Gains on Fair Value Changes

	2020	2019
Financial assets held for trading	(7,207,210.00)	16,355,231.33
Include: equity instrument investment held for trading	(7,207,210.00)	16,355,231.33
Investment properties at FVTPL	496,702,935.69	1,600,693,492.00
Other non-current financial assets	4,636,800.00	15,024,540.60
	494,132,525.69	1,632,073,263.93

54. Impairment Losses of Credit

	2020	2019
Bad debt losses of accounts receivable	67,861,349.68	157,518,531.49
Bad debt losses of other receivables	43,370,888.51	62,262,214.38
Impairment losses of other current assets	12,839,644.26	(2,278,396.82)
Impairment losses of other non-current assets due within one year	(3,094,564.32)	4,377,770.86
Bad debt losses of long-term receivables	5,743,602.96	(3,849,305.22)
Impairment losses of other non-current assets	(385,717.09)	34,104,779.03
	126,335,204.00	252,135,593.72

55. Impairment losses of assets

	2020	2019
Impairment losses of contract assets	224,769,471.13	45,726,468.34
Impairment losses of long-term equity investments	13,396,307.27	–
Impairment losses of intangible assets (Note)	95,000,000.00	–
	333,165,778.40	45,726,468.34

Note: Refer to Notes V.19 Intangible Assets for details.

Notes to the Financial Statements

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V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

56. Gains from Disposal of Assets

	2020	2019
Gains (losses) from disposal of fixed assets	1,368,758.55	8,101,725.36

57. Non-operating Income

	2020	2019	Amount included in nonrecurring profit or loss for 2020
Income from default compensation	10,877,503.91	2,435,068.44	10,877,503.91
Income from project termination	3,018,867.96	6,886,792.44	3,018,867.96
Others (Note)	44,041,925.09	36,753,105.40	44,041,925.09
	57,938,296.96	46,074,966.28	57,938,296.96

Note: Others mainly refer to other income not relating to ordinary operation such as accounts without payment.

V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

58. Non-Operating Expenses

	2020	2019	Amount included in nonrecurring profit or loss for 2020
Compensation expenses (Note 1)	123,687,842.36	18,829,460.94	123,687,842.36
Charitable donations (Note 2)	32,147,040.00	5,759,200.00	32,147,040.00
Others	34,012,685.76	15,562,774.95	34,012,685.76
	189,847,568.12	40,151,435.89	189,847,568.12

Note 1: Compensation expenses were mainly due to the "Home Improvement Loan" compensation of RMB23,000,000 paid to the bank during the year; the compensation of RMB36,282,100.00 for deferred payment of equity acquisitions; the compensation of RMB15,000,000 paid to the lessor of the leased shopping mall due to early withdrawal of the lease; and the compensation of RMB47,700,000.00 paid to the partner due to contract disputes.

Note 2: Charitable donations were mainly due to donation of RMB26,000,000 by Aijia Foundation (愛家基金會) founded by the parent company Red Star Macalline Group (紅星家居集團) to Soong Ching Ling Foundation to fight the COVID-19 pandemic.

59. Government Grants

The Group does not have government grants calculated on a net basis.

For the rest of government grants, please see Note V. 51.

Category	Amount	Presented item	Amount included in profit and loss
Related to profit	3,419,312.02	Reward support fund	3,419,312.02
Related to profit	82,603,176.84	Special government grants	82,603,176.84
Related to profit	92,028,673.09	Subsidies	92,028,673.09
Related to assets	200,069,511.89	Land matching grants	6,198,738.24

Notes to the Financial Statements

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V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

60. Expenses by Nature

The supplementary information on the Group's operating costs, sale expenses, management expenses and research and development costs classified by nature is as follows:

	2020	2019
Salary	3,256,192,734.36	3,651,228,900.24
Construction contracts	2,073,253,455.09	2,072,944,552.23
Advertising and promotional expenses	1,142,067,814.10	1,841,718,877.83
Rent not included in lease liabilities	35,109,865.55	60,140,750.02
Energy and maintenance expenses	503,126,338.39	523,781,499.20
Office and administrative expenses	499,100,540.06	551,560,323.00
Other professional services expenses	196,003,871.48	242,851,110.10
Depreciation and amortization	884,307,051.87	695,058,148.86
disposal of investment properties	107,000,000.00	–
After-sales service expenses	45,289,055.86	62,488,512.82
Others	149,384,269.45	114,842,291.60
	8,890,834,996.21	9,816,614,965.90

V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

61. Income Tax Expenses

	2020	2019
Current income tax expenses	678,648,161.51	997,629,354.82
Deferred income tax expenses	71,422,887.10	519,206,983.64
	750,071,048.61	1,516,836,338.46

The relationship between income tax expenses and total profit is as follows:

	2020	2019
Total profit	2,814,148,451.58	6,203,078,019.55
Income tax expenses calculated based on statutory tax rate	703,537,112.90	1,550,769,504.89
Impact of different tax rates applicable to subsidiaries	(204,066,655.47)	(357,046,310.51)
Adjustments on the income tax of previous periods	(12,153,978.01)	20,645,890.54
Profits and losses attributable to joint ventures and associates	(11,239,770.13)	(37,286,748.57)
Impact of non-taxable income	(41,222,593.93)	(32,737,433.26)
Non-deductible costs	23,244,967.48	41,841,331.49
Tax impact of deductible temporary difference and deductible loss previously not recognized	(163,951,226.65)	(161,777,678.60)
Effects of unrecognized deductible temporary differences and deductible losses	455,923,192.42	383,711,464.77
Tax impact of disposal of subsidiaries	–	108,716,317.71
Income tax expense calculated based on the effective tax rate of the Group	750,071,048.61	1,516,836,338.46

Notes to the Financial Statements

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V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

62. Earnings per Share

	2020 RMB/Share	2019 RMB/Share
Basic earnings per share continuing operations	0.44	1.15
Diluted earnings per share continuing operations	N/A	N/A

The basic earnings per share is calculated by dividing the net profit of the current period attributable to the ordinary shareholders of the Company by the weighted average number of outstanding ordinary shares. Due to conversion of capital reserve into shares this year, the earnings per share for each reporting period shall be recalculated with the adjusted number of shares.

The calculation of basic earnings per share is detailed as follows:

	2020	2019
Earnings		
Net profit of the current period attributable to ordinary shareholders of the Company	1,730,581,791.56	4,479,681,652.61

	2020	2019
Shares		
Weighted average number of the ordinary shares outstanding of the Company	3,905,000,000.00	3,905,000,000.00

V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

63. Notes to the Cash Flow Statements

	2020	2019
Other cash received in connection with operating activities		
Deposits received	231,112,087.58	231,382,368.48
Net proceeds collected and paid on behalf of others	554,160,045.64	–
Non-operating income and government grants	183,290,569.62	161,481,759.05
Interest income	89,398,448.54	78,046,648.94
Reserves with central bank	45,089,408.18	42,178,995.34
	1,103,050,559.56	513,089,771.81
Other cash paid in connection with operating activities		
Payment of expenses and other proceeds	2,367,813,099.41	2,870,495,184.62
Bank charges and other expenses	26,945,343.27	11,597,815.32
Non-operating expenses	142,677,568.12	40,151,435.89
Net proceeds collected and paid on behalf of others	–	1,158,816,123.07
	2,537,436,010.80	4,081,060,558.90
Other cash received in connection with investing activities		
Current account in connection with projects	1,164,574,805.97	1,856,759,735.80
Recovery of the entrusted loan in connection with projects	1,232,720,872.63	423,600,000.00
Interest income from loans	185,557,027.72	180,427,153.81
Redemption of the wealth management products	164,739,626.85	52,225,200.00
Recovery of restricted funds	29,314,390.19	397,324,277.15
Redemption of fixed bank deposits due after over 3 months	181,762,704.83	264,230,000.00
	2,958,669,428.19	3,174,566,366.76

Notes to the Financial Statements

For the year 2020

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V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

63. Notes to the Cash Flow Statements (continued)

	2020	2019
Other cash paid in connection with investing activities		
Project-related current account	3,160,416,360.28	1,413,775,885.29
Granting the project-related entrusted loan	705,442,536.62	732,650,000.00
Purchase of wealth management products	71,305,774.55	125,358,448.05
Restricted cash payment	267,077,539.19	75,995,840.30
Fixed bank deposits with maturity of over 3 months	20,973,243.42	167,762,704.83
	4,225,215,454.06	2,515,542,878.47
Other cash received in connection with financing activities		
Project-related current account	1,027,475,244.93	95,850,000.00
Compensation promised by shareholders (Note 1)	–	154,384,500.54
	1,027,475,244.93	250,234,500.54
Other cash paid in connection with financing activities		
Project-related current account	707,899,793.24	834,721,988.46
Loan charges	–	16,201,832.48
Acquisition of non-controlling interests	189,380,872.36	351,349,001.00
Rental paid for leased Portfolio Shopping Malls	543,648,381.72	726,776,480.92
Hedge	–	19,524,736.00
	1,440,929,047.32	1,948,574,038.86

Note 1: RMB154,384,500.54 was received in 2019 from the actual controller Mr. CHE Jianxing who promised such payment as compensation for the case with Changsha Ideal.

V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

64. Supplementary Information of Cash Flow Statements

(1) Supplementary information of cash flow statements

Reconciliation of net profits to cash flow from operating activities:

	2020	2019
Net profits	2,064,077,402.97	4,686,241,681.09
Add: Impairment allowance of assets	459,500,982.40	297,862,062.06
Depreciation of right-of-use assets	565,881,920.60	435,144,116.27
Depreciation of fixed assets	147,358,051.15	72,261,441.77
Amortization of intangible assets	41,098,906.74	36,113,438.94
Amortization of long-term prepaid expenses	184,519,587.73	151,539,151.88
Gains on disposal of fixed assets, intangible assets and other long-term assets	(1,368,758.55)	(8,101,725.36)
Gains from changes in fair value	(494,132,525.69)	(1,632,073,263.93)
Financial expense	2,365,683,494.16	2,147,302,563.99
Investment income	(222,015,867.89)	(786,438,650.13)
Increase in deferred tax assets	(366,488,995.50)	(262,821,911.31)
Increase in deferred tax liabilities	319,299,415.03	686,003,134.77
Increase in inventories	2,682,860.97	(79,626,026.08)
Increase in operating receivables	(732,089,027.53)	(37,640,962.63)
Increase/(Decrease) in operating payables	(174,275,005.00)	(1,611,784,020.73)
Net cash flows from operating activities	4,159,732,441.59	4,093,981,030.60

Net change in cash and cash equivalents:

	2020	2019
Closing balance of cash	5,901,061,909.81	6,776,093,360.48
Less: Opening balance of cash	6,776,093,360.48	7,614,487,228.69
Net increase in cash and cash equivalents	(875,031,450.67)	(838,393,868.21)

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V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

64. Supplementary Information of Cash Flow Statements (continued)

(2) Information for acquisition or disposal of subsidiaries and other business units

Information for acquisition of subsidiaries and other business units

	2020	2019
Price of acquisition of subsidiaries and other business units	908,906,850.12	1,399,077,678.16
Cash and cash equivalents paid for acquisition of subsidiaries and other business units in the current period	908,906,850.12	920,294,210.96
Less: Cash and cash equivalents held for acquisition of subsidiaries and other business units	27,651,448.30	79,828,537.84
Add: Cash or cash equivalents paid in the current period for business combinations occurred in the previous periods	719,899,618.95	–
Net cash paid for acquisition of subsidiaries and other business units	1,601,155,020.77	840,465,673.12

Information of disposal of subsidiaries and other business units

	2020	2019
Price of disposal of subsidiaries and other business units	1.00	6,500,002.00
Cash and cash equivalents paid for disposal of subsidiaries and other business units	1.00	6,500,002.00
Less: Cash and cash equivalents held for disposal of subsidiaries and other business units	–	4,896,142.75
Net cash received from disposal of subsidiaries and other business units	1.00	1,603,859.25

V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

64. Supplementary Information of Cash Flow Statements (continued)

(3) Cash and cash equivalents

	2020	2019
Cash	5,901,061,909.81	6,776,093,360.48
Including: Cash on hand	8,615,723.97	10,745,522.74
Bank deposits readily to be withdrawn on demand	5,892,446,185.84	6,765,347,837.74
Cash and cash equivalents balance at the end of the year	5,901,061,909.81	6,776,093,360.48

65. Assets with Restricted Ownership or use Right

	2020	2019	Reasons for limitation
Cash and bank	320,515,556.83	5,000,000.00	Long-term Loan pledge
Cash and bank	3,430,500.00	1,005,097.99	Engineering deposit
Cash and bank	30,343,913.91	448,837.00	Court freezing
Cash and bank	20,273,548.18	10,141,501.53	Deposited investment fund
Cash and bank	119,156,554.03	164,245,962.21	Reserves deposited in the Central Bank
Cash and bank	52,400,000.00	52,400,000.00	Hedging deposit
Cash and bank	13,063,674.47	23,948,811.85	Guarantee deposit
Cash and bank	24,873,297.44	14,193,093.46	Migrant worker deposit
Other equity instrument investments	183,573,840.21	702,000,000.00	Loan pledge
Investment properties	79,865,000,000.00	68,633,000,000.00	Loans, CMBS, Trust pledge/mortgage
Fixed assets	2,353,986,576.70	549,918,707.57	Loan mortgage/mortgage
Construction in progress	-	2,310,501,272.84	Loan mortgage/mortgage
	82,986,617,461.77	72,466,803,284.45	

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V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

65. Assets with Restricted Ownership or use Right (continued)

Others:

The revenue of operations from Shanghai Zhenbei Shopping Mall, Shanghai Wuzhonglu Shopping Mall, Jinan Red Star Shopping Mall, Zhengzhou Shangdulu Shopping Mall, Shanghai Jinqiao Shopping Mall, Nanjing Pukou Shopping Mall, Nanjing Mingdu Shopping Mall, Harbin West Railway Station Shopping Mall, Hefei Silihe Shopping Mall, Jinshan Hangzhou Bay Shopping Mall, Tianjin Hedong, Shanghai Pujiang, Xi'an Chanba, and Shanghai Jinshan during relevant loan periods was used for loan pledge. The revenue of property operation from Beijing East Four Ring, Yantai Red Star, Wuhan Etouwan, Beijing West Four Ring, Changzhou Home World, Changzhou Macalline, and Wuxi Red Star during relevant periods was used for CMBS pledge.

66. Monetary Items Denominated in Foreign Currency

	2020			2019		
	Original currencies	Exchange rate	RMB equivalent	Original currencies	Exchange rate	RMB equivalent
Cash and bank balances						
USD	5,174,366.50	6.5249	33,762,223.98	2,338,925.22	6.9762	16,316,810.12
HKD	766,624.47	0.8416	645,191.15	331,953.20	0.8958	297,363.68
EUR	20,799.05	8.0250	166,912.38	6,200,000.00	7.8155	48,456,100.00
Bonds payable						
USD	297,816,024.02	6.5249	1,943,219,775.16	296,684,055.39	6.9762	2,069,727,307.24
Short-term loan						
EUR	166,044,763.24	8.0250	1,332,509,225.00	-	-	-
HKD	-	-	-	965,000,000.00	0.8958	864,447,700.00

V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

67. Hedging

Fair value hedging

Hong Kong Red Star Macalline Global Home Furnishing Company Limited (香港紅星美凱龍全球家居有限公司)(hereinafter referred to as "Hong Kong Red Star Macalline"), a subsidiary of the Group (whose functional currency is RMB), issued USD300,000,000.00 long-term bonds on 21 September 2017, which will mature on 21 September 2022 and has interest rate of 3.375% per annum payable semi-annually on March 21 and September 21 of each year commencing on 21 March 2018. In response to this part of long-term bonds facing the exchange rate risk exposure caused by changes in RMB against USD. On April 2, 2019, the Group purchased a structured currency swap (can cancel the range forward), against USD150,000,000 of the USD-dominated loan of Hong Kong Red Star. On May 9, 2019, the Group purchased an option portfolio product consisting of the signed options and the purchased options to hedge the USD100,000,000 of the USD-dominated loan of Hong Kong Red Star. Through qualitative analysis, the Group determined that the ratio of the number of hedging instruments to hedged items was 1: 1. The invalid part of the hedge mainly comes from the foreign exchange basis. The invalid part of the fair value hedging this year is not significant.

Book value and fair value movement of hedging instruments are as follows:

2020

	Nominal amount of hedging instruments	Book value of hedging instruments Assets	Items listed on the balance sheet with hedging instruments	Changes in the fair value of hedging instruments used as the basis for confirming the invalid part of the hedge in 2020
Structured currency swaps	USD150,000,000	(5,371,397.29)	Derivative financial instruments	-
Option portfolio	USD100,000,000	7,532,129.40	Derivative financial instruments	-
		2,160,732.11		-

Notes to the Financial Statements

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V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

67. Hedging (continued)

2019

	Nominal amount of hedging instruments	Book value of hedging instruments Assets	Items listed on the balance sheet with hedging instruments	Changes in the fair value of hedging instruments used as the basis for confirming the invalid part of the hedge in 2019
Structured currency swaps	USD150,000,000	15,464,953.56	Derivative financial instruments	–
Option portfolio	USD100,000,000	16,286,550.66	Derivative financial instruments	–
		31,751,504.22		–

V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

67. Hedging (continued)

Book value of the hedged items and the related adjustments are as follows:

2020

	Book value of hedged items Liabilities	Cumulative amount of fair value hedging adjustment of the hedged item (included in the book value of the hedged item) Liabilities	Listed items in the balance sheet including hedged items	Changes in the fair value of hedged items used as the basis for confirming the invalid part of the hedge in 2019
USD-dominated bonds	1,744,050,000.00	114,125,000.00	Bonds payable	6,810,000.00

2019年

	Book value of hedged items Liabilities	Cumulative amount of fair value hedging adjustment of the hedged item (included in the book value of the hedged item) Liabilities	Listed items in the balance sheet including hedged items	Changes in the fair value of hedged items used as the basis for confirming the invalid part of the hedge in 2019
USD-dominated bonds	1,744,050,000.00	(40,125,000.00)	Bonds payable	5,510,000.00

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VI. CHANGES IN CONSOLIDATION SCOPE

1. Disposal of subsidiaries

	Place of incorporation	Business nature	The Group's total shareholding percentage (%)	Proportion of voting rights enjoyed by the Group in total (%)	The reason for not being a subsidiary
Shanghai Xingju Supply Chain Management Company Limited (上海星聚供應鏈管理有限公司) (Note 1)	Shanghai	Supply chain management	60	60	Note 1
Shanghai Weilaishi Decoration Technology Company Limited (上海威來適裝飾科技有限公司) (Note 2)	Shanghai	Construction decoration	67	67	Note 2

Note 1: Shanghai Hongmei Network Technology Company Limited, a subsidiary of the Group, and Zhao Jiang (趙江), a third-party individual, signed an equity transfer agreement in March 2020 to sell 60% of its shares in Shanghai Xingju Supply Chain Management Company Limited for RMB1. The disposal date is 20 March 2020. Since 20 March 2020, the Group no longer incorporates Shanghai Xingju Supply Chain Management Company Limited into the scope of consolidation.

Note 2: Through the acquisition of non-controlling interests (see Note VII. 2. Transactions which changed equity of subsidiaries without affecting right of control), the Group's shares in Shanghai Red Star Macalline Yuejia Network Technology Company Limited ("Yuejia") increased from 67% to 100%. Meanwhile, Yuejia signed an equity transfer agreement with Shanghai Longwei Enterprise Management Partnership (Limited Partnership) (上海龍蔚企業管理合夥企業(有限合夥)) and Shanghai Jushi Enterprise Management Partnership (Limited Partnership) (上海聚適企業管理合夥企業(有限合夥)) on 1 April 2020, to sell its 25% equity in Shanghai Weilaishi Decoration Technology Company Limited to Shanghai Longwei Enterprise Management Partnership (Limited Partnership) for RMB0, and sold its 35% equity in Shanghai Weilaishi Decoration Technology Company Limited to Shanghai Jushi Enterprise Management Partnership (Limited Partnership) for RMB0. The disposal date is 26 May 2020. As of 26 May 2020, the Group no longer incorporates Shanghai Weilaishi Decoration Technology Company Limited into the scope of consolidation.

VI. CHANGES IN CONSOLIDATION SCOPE (continued)

2. Changes in consolidation scope for other reasons

Assets Acquisition

Asset acquisitions completed by the Group this year are as follows:

In January 2020, the Group entered into an equity transfer agreement with Shanghai Hongjun Investment Company Limited (上海弘郡投資有限公司) (“Hongjun Investment”), the original shareholder of Hangzhou Red Star Macalline Global Furniture Co., Ltd. (“Hangzhou Global”), and transferred 81% of the equity of the target company Hangzhou Global. After the acquisition, the Group holds 100% shares of Hangzhou Global.

In June 2020, the Group and other shareholders of Shaanxi Red Star Heji Home Shopping Plaza Company Limited (“Shaanxi Heji”) passed a resolution to amend the Articles of Association of the Company. The Articles of Association stipulated that the Group increases the capital by RMB95,500,000.00 to Shaanxi Heji. Upon completion of the capital increase, the Group’s shareholding ratio in Shaanxi Heji rose from 18% to 80%.

In June 2020, the Group entered into an equity transfer agreement with Jiukun Real Estate Group Co., Ltd. (九坤房地產集團有限公司) to acquire 100% of the equity of Wuhan Ruixinxin Technology Co., Ltd. at a consideration of RMB79,500,000.00.

In July 2020, the Group entered into an equity transfer agreement with ROSEBAY CAPITAL HK LIMITED to acquire 100% of the equity of Jiade AG Logistics Investment (Hong Kong) Co., Ltd. (佳德 AG 物流投資(香港)有限公司) (“Hong Kong Jiade”) at RMB41,437,134.00. Chengdu Airport Logistics Investment Co., Ltd. (成都空港物流投資有限公司) (“Chengdu Airport Logistics”) is a subsidiary 100% controlled by Hong Kong Jiade. After the acquisition, the Group holds 100% of the shares in Chengdu Airport Logistics and Hong Kong Jiade.

The management of the Group believes that none of the above transactions constitute a business combination and considers these acquisitions as asset acquisitions.

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VI. CHANGES IN CONSOLIDATION SCOPE (continued)

2. Changes in consolidation scope for other reasons (continued)

Newly established

Subsidiary name	Main business site	Place of incorporation	Business nature	Shareholding ratio		Reason of changes
				Direct(%)	Indirect(%)	
Meishan Red Star Macalline Shibo Furniture Plaza Company Limited (眉山紅星美凱龍世博家居廣場有限公司)	Sichuan	Sichuan	Site leasing management	100	-	newly established company
Nanchang Betterhome Decoration Engineering Company Limited (南昌家倍得裝飾工程有限公司)	Jiangxi	Jiangxi	Home design	-	41	newly established company
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)	Hong Kong	Hong Kong	Proprietary sales	100	-	newly established company
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	Chongqing	Management and consultancy	100	-	newly established company
Shanghai Beibao Logistics Co., Ltd. (上海倍寶物流有限公司)	Shanghai	Shanghai	Warehouse logistics	-	100	newly established company
Shanghai Beida Logistics Co., Ltd. (上海倍達物流有限公司)	Shanghai	Shanghai	Warehouse logistics	-	100	newly established company
Shanghai Beisheng Logistics Co., Ltd. (上海倍昇物流有限公司)	Shanghai	Shanghai	Warehouse logistics	-	100	newly established company
Shanghai Totoro Xiansen New Retail Home Furnishing Co., Ltd. (上海龍貓先森新零售家居有限公司)	Shanghai	Shanghai	E-commerce	-	70	newly established company
Shanghai Macalline Wenshang Business Management Co., Ltd. (上海美凱龍文商商業管理有限公司)	Shanghai	Shanghai	Management and consultancy	100	-	newly established company
Shanghai Red Star Macalline Aimule Decoration Engineering Co., Ltd. (上海紅星美凱龍愛木樂裝飾工程有限公司)	Shanghai	Shanghai	Home design	-	68	newly established company
Tianjin Hongju Supply Chain Technology Co., Ltd. (天津紅居供應鏈科技有限公司)	Tianjin	Tianjin	Supply chain management	-	100	newly established company

VI. CHANGES IN CONSOLIDATION SCOPE (continued)

2. Changes in consolidation scope for other reasons (continued)

Newly established (continued)

Subsidiary name	Main business site	Place of incorporation	Business nature	Shareholding ratio		Reason of changes
				Direct(%)	Indirect(%)	
Tianjin Hongmei Supply Chain Technology Co., Ltd. (天津紅美供應鏈科技有限公司)	Tianjin	Tianjin	Supply chain management	-	100	newly established company
Red Star Macalline Business Management Company Limited (紅星美凱龍商業管理有限公司)	Shanghai	Shanghai	Enterprise management and consultancy	100	-	newly established company
Shanghai Meiyong Industrial Co., Ltd. (上海美穎實業有限公司)	Shanghai	Shanghai	Enterprise management and consultancy	-	100	newly established company
Shanghai Rongmei Industrial Co., Ltd. (上海榮美實業有限公司)	Shanghai	Shanghai	Enterprise management and consultancy	-	100	newly established company
Red Star Macalline Shibo Business Management Co., Ltd. (紅星美凱龍世博商業管理有限公司)	Xinjiang	Xinjiang	Enterprise management and consultancy	100	-	newly established company
Red Star Macalline Management Consulting Service Co., Ltd. (紅星美凱龍管理諮詢服務有限公司)	Hainan	Hainan	Enterprise management and consultancy	100	-	newly established company
Shanghai Macalline Xingshang Modular Decoration Technology Co., Ltd. (上海美凱龍星尚模數裝飾科技有限公司)	Shanghai	Shanghai	Home design	100	-	newly established company
Hefei Aiguang Logistics Co., Ltd. (合肥愛廣物流有限公司)	Anhui	Anhui	Warehouse logistics	-	100	newly established company
Longzhihui (Changzhou) Facility Management Services Company Limited (龍之惠(常州)設施管理服務有限公司)	Jiangsu	Jiangsu	Enterprise management and consultancy	-	30	newly established company
Shanghai Red Star Macalline Technology Development Co., Ltd. (上海紅星美凱龍科技發展有限公司)	Shanghai	Shanghai	Home design	80	-	newly established company
Shanghai Macalline Better Home Construction Technology Co., Ltd. (上海美凱龍更好家建築科技有限公司)	Shanghai	Shanghai	Home design	-	90	newly established company

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VI. CHANGES IN CONSOLIDATION SCOPE (continued)

2. Changes in consolidation scope for other reasons (continued)

Newly established (continued)

Subsidiary name	Main business site	Place of incorporation	Business nature	Shareholding ratio		Reason of changes
				Direct(%)	Indirect(%)	
Shanghai KEMI Industry Co., Ltd. (上海科米實業有限公司)	Shanghai	Shanghai	Home design	-	100	newly established company
Shanghai Boyang Enterprise Development Co., Ltd. (上海鉅洋企業發展有限公司)	Shanghai	Shanghai	Home design	-	100	newly established company
Chengdu Red Star Macalline Global Home Furnishing Company Limited (成都紅星美凱龍全球家居有限公司)	Sichuan	Sichuan	Site leasing management	63	-	newly established company
Huaihua Xingxin Commercial Management Co., Ltd. (懷化星欣商業管理有限公司)	Hunan	Hunan	Enterprise management and consultancy	-	100	newly established company
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)	Fujian	Fujian	Home design	-	100	newly established company

Cancelled subsidiaries

The subsidiaries cancelled by the Group this year were Chengdu Red Star Macalline Logistics Company Limited (成都紅星美凱龍物流有限公司), Shenzhen Red Star Macalline Gaosheng City Development Company Limited (深圳市紅星美凱龍高盛產城發展有限公司), Xiaogan Betterhome Building and Decoration Technology Company Limited (孝感家倍得建築裝飾科技有限公司), Foshan Red Star Macalline Home Furnishing Plaza Company Limited (佛山紅星美凱龍家居生活廣場有限公司), Shanghai Fengdilong Home Decorating Design Company Limited (上海峰迪瀧裝飾設計工程有限公司), Guangzhou Red Star Macalline Home Furnishing Building Material Company Limited (廣州紅星美凱龍家居建材有限公司), Shanghai Juqin Enterprise Management Partnership (Limited Partnership) (上海聚欽企業管理合夥企業(有限合夥)), Shanghai Jibin Enterprise Management Partnership (Limited Partnership) (上海集彬企業管理合夥企業(有限合夥)), Shanghai Jici Enterprise Management Partnership (Limited Partnership) (上海集慈企業管理合夥企業(有限合夥)), Shanghai Juchu Enterprise Management Partnership (Limited Partnership) (上海聚楚企業管理合夥企業(有限合夥)) and Shanghai Hezeng Enterprise Management Partnership (Limited Partnership) (上海合增企業管理合夥企業(有限合夥)).

VII. INTERESTS IN OTHER ENTITIES

1. Interests in Significant Subsidiaries

The company's subsidiaries are as follows:

Subsidiary name	Legal entity nature	Main business site	Place of incorporation	Business nature	Registered capital RMB'0000	Shareholding ratio		Note
						Direct (%)	Indirect (%)	
Subsidiaries acquired through establishment or investment								
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)	Limited liability company	Hunan	Hunan	Site leasing management	500	100	-	
Shanghai Red Star Macalline Global Home Furnishing Design Expo Company Limited (上海紅星美凱龍環球家居設計博覽有限公司)	Limited liability company	Shanghai	Shanghai	Site leasing management	5,000.00	-	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)	Limited liability company	Zhejiang	Zhejiang	Site leasing management	2,000.00	100	-	
Shanghai Red Star Macalline Brand Management Company Limited (上海紅星美凱龍品牌管理有限公司)	Limited liability company	Shanghai	Shanghai	Brand management	500	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)	Limited liability company	Chongqing	Chongqing	Site leasing management	1,000.00	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)	Limited liability company	Hubei	Hubei	Site leasing management	55,287.87	100	-	
Beijing Xingkai Jingzhou Furniture Plaza Company Limited (北京星凱京洲傢俱廣場有限公司)	Limited liability company	Beijing	Beijing	Site leasing management	3000	-	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)	Limited liability company	Shanghai	Shanghai	Site leasing management	44,500.00	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)	Limited liability company	Shanghai	Shanghai	Market company	50	-	100	

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VII. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in Significant Subsidiaries (continued)

The company's subsidiaries are as follows: (continued)

Subsidiary name	Legal entity nature	Main business site	Place of incorporation	Business nature	Registered capital	Shareholding ratio		Note
						Direct (%)	Indirect (%)	
Yantai Red Star Macalline Home Furnishing Company Limited (煙台紅星美凱龍家居有限公司)	Limited liability company	Shandong	Shandong	Site leasing management	17,500.00	100	-	
Shenyang Mingdu Home Furnishing Plaza Company Limited (瀋陽名都家居廣場有限公司)	Limited liability company	Liaoning	Liaoning	Site leasing management	25,500.00	60	40	
Beijing Century Europe and America Business Investment Company Limited (北京世紀歐美商業投資有限公司)	Limited liability company	Beijing	Beijing	Site leasing management	5,000.00	-	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)	Limited liability company	Chongqing	Chongqing	Site leasing management	28,000.00	100	-	
Changsha Yinhong Home Furnishing Company Limited (長沙市銀紅家居有限公司)	Limited liability company	Hunan	Hunan	Site leasing management	25,000.00	100	-	
Shanghai Jingdu Investment Company Limited (上海鼎都投資有限公司)	Limited liability company	Shanghai	Shanghai	Investment management	1,000.00	51	-	
Tianjin Red Star Macalline Home Furnishings Plaza Company Limited (天津紅星美凱龍家居傢俬生活廣場有限公司)	Limited liability company	Tianjin	Tianjin	Site leasing management	42,487.87	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)	Limited liability company	Liaoning	Liaoning	Site leasing management	21,000.00	100	-	
Shanghai Red Star Macalline Business Consulting Company Limited (上海紅星美凱龍商務諮詢有限公司)	Limited liability company	Shanghai	Shanghai	Investment management	100	65	-	
Shenyang Red Star Macalline Home Furnishing Company Limited (瀋陽紅星美凱龍家居有限公司)	Limited liability company	Liaoning	Liaoning	Site leasing management	3,000.00	100	-	
Shanghai Red Star Macalline Trading Company Limited (上海紅星美凱龍商貿有限公司)	Limited liability company	Shanghai	Shanghai	Investment management	5,000.00	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)	Limited liability company	Heilongjiang	Heilongjiang	Site leasing management	31,000.00	100	-	

VII. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in Significant Subsidiaries (continued)

The company's subsidiaries are as follows: (continued)

Subsidiary name	Legal entity nature	Main business site	Place of incorporation	Business nature	Registered capital	Shareholding ratio		Note
						Direct (%)	Indirect (%)	
Shanghai Xingjia Decoration and Building Materials Company Limited (上海星家裝飾建材有限公司)	Limited liability company	Shanghai	Shanghai	Construction material markets	2,000.00	-	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)	Limited liability company	Chongqing	Chongqing	Site leasing management	10,000.00	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)	Limited liability company	Guangdong	Guangdong	Site leasing management	14,993.93	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)	Limited liability company	Liaoning	Liaoning	Site leasing management	300	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)	Limited liability company	Shaanxi	Shaanxi	Site leasing management	20,000.00	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)	Limited liability company	Heilongjiang	Heilongjiang	Site leasing management	10,000.00	70	-	
Beijing Red Star Macalline Furnishing Market Company Limited (北京紅星美凱龍家居市場有限公司)	Limited liability company	Beijing	Beijing	Brand management	200	-	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)	Limited liability company	Hubei	Hubei	Site leasing management	14,993.93	100	-	
Beijing Century Kailong Business Investment Company Limited (北京世紀凱隆商業投資有限公司)	Limited liability company	Beijing	Beijing	Site leasing management	1,000.00	100	-	
Tianjin Red Star Macalline Home Fashion Plaza Company Limited (天津紅星美凱龍時尚家居廣場有限公司)	Limited liability company	Tianjin	Tianjin	Site leasing management	500	100	-	

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VII. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in Significant Subsidiaries (continued)

The company's subsidiaries are as follows: (continued)

Subsidiary name	Legal entity nature	Main business site	Place of incorporation	Business nature	Registered capital	Shareholding ratio		Note
						Direct (%)	Indirect (%)	
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)	Limited liability company	Shanghai	Shanghai	Market company	50	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)	Limited liability company	Anhui	Anhui	Site leasing management	34,984.83	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)	Limited liability company	Jiangsu	Jiangsu	Site leasing management	76,401.70	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)	Limited liability company	Shanghai	Shanghai	Home design	2,000.00	-	100	
Shanghai Xingyi Tonghui Business Service Company Limited (上海星易通匯商務服務有限公司)	Limited liability company	Shanghai	Shanghai	Commercial service	15,000.00	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)	Limited liability company	Shanghai	Shanghai	E-commerce	1,840.00	-	100	
Shanghai Youmei Home Furnishing Company Limited (上海悠美家居有限公司)	Limited liability company	Shanghai	Shanghai	Proprietary sales	2,000.00	-	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)	Limited liability company	Tianjin	Tianjin	Site leasing management	31,428.57	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)	Limited liability company	Tianjin	Tianjin	Site leasing management	20,000.00	100	-	
Shanghai Meihao Home Decorating Design Company Limited (上海美昊裝飾設計工程有限公司)	Limited liability company	Shanghai	Shanghai	Home design	250	-	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)	Limited liability company	Harbin	Harbin	Site leasing management	34,981.80	100	-	

VII. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in Significant Subsidiaries (continued)

The company's subsidiaries are as follows: (continued)

Subsidiary name	Legal entity nature	Main business site	Place of incorporation	Business nature	Registered capital	Shareholding ratio		Note
						Direct (%)	Indirect (%)	
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)	Limited liability company	Jilin	Jilin	Site leasing management	6,800.00	100	-	
Red Star Xizhao Investment Company Limited (紅星喜兆投資有限公司)	Limited liability company	Tibet	Tibet	Investment management	10,000.00	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)	Limited liability company	Tibet	Tibet	Investment management	5,000.00	100	-	
Shanghai Jiading Construction Home Decorating Design Company Limited (上海家鼎建築裝飾設計工程有限公司)	Limited liability company	Shanghai	Shanghai	Home design	500	-	80	
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)	Limited liability company	Jiangsu	Jiangsu	Brand management	300	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)	Limited liability company	Shanghai	Shanghai	Market company	100	100	-	
Chongqing Jiaxin Home Decorating Design Company Limited (重慶家欣裝飾設計工程有限公司)	Limited liability company	Chongqing	Chongqing	Home design	200	-	70	
Henan Xixiliya Property Management Company Limited (河南西西里亞物業管理有限公司)	Limited liability company	Henan	Henan	Property management	100	-	100	
Shenyang Red Star Macalline Shibo Home Furnishing Company Limited (瀋陽紅星美凱龍世博家居有限公司)	Limited liability company	Liaoning	Liaoning	Site leasing management	4,675.74	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)	Limited liability company	Shanghai	Shanghai	Site leasing management	2,000.00	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)	Limited liability company	Gansu	Gansu	Site leasing management	3,000.00	100	-	

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VII. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in Significant Subsidiaries (continued)

The company's subsidiaries are as follows: (continued)

Subsidiary name	Legal entity nature	Main business site	Place of incorporation	Business nature	Registered capital RMB'0000	Shareholding ratio		Note
						Direct (%)	Indirect (%)	
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)	Limited liability company	Shanghai	Shanghai	Management and consultancy	10,000.00	100	-	
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)	Limited liability company	Shanghai	Shanghai	Brand management	50	-	100	
Shanghai Red Star Macalline Network Technology Company Limited (上海紅星美凱龍網絡技術有限公司)	Limited liability company	Shanghai	Shanghai	E-commerce	3,000.00	-	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)	Limited liability company	Shanghai	Shanghai	E-commerce	3,000.00	-	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)	Limited liability company	Yunnan	Yunnan	Site leasing management	8,000.00	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)	Limited liability company	Xinjiang	Xinjiang	Site leasing management	5,000.00	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)	Limited liability company	Guangdong	Guangdong	Site leasing management	10,000.00	70	-	
Shanghai Anjia Network Technology Company Limited (上海安家網絡科技有限公司)	Limited liability company	Shanghai	Shanghai	E-commerce	100	-	100	
Shanghai Aiguangjia E-commerce Company Limited (上海愛逛家電子商務有限公司)	Limited liability company	Shanghai	Shanghai	E-commerce	100	-	100	
Shanghai Jia Ju Information Technology Company Limited (上海家聚信息技術有限公司)	Limited liability company	Shanghai	Shanghai	E-commerce	100	-	100	
Shanghai Hongmei Network Technology Company Limited (上海紅美網絡科技有限公司)	Limited liability company	Shanghai	Shanghai	E-commerce	100	-	100	

VII. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in Significant Subsidiaries (continued)

The company's subsidiaries are as follows: (continued)

Subsidiary name	Legal entity nature	Main business site	Place of incorporation	Business nature	Registered capital RMB'0000	Shareholding ratio		Note
						Direct (%)	Indirect (%)	
Chengdu Red Star Ogloria Brand Management Company Limited (成都紅星歐麗洛雅品牌管理有限公司)	Limited liability company	Chengdu	Chengdu	Brand management	10,000.00	-	100	
Shanxi Xingyi Tonghui Network Technology Company Limited (山西星易通匯網絡科技有限公司)	Limited liability company	Shanxi	Shanxi	E-commerce	10,000.00	-	100	
Shanghai Red Star Macalline Assets Management Company Limited (上海紅星美凱龍資產管理有限公司)	Limited liability company	Shanghai	Shanghai	Investment management	5,000.00	-	100	
Shanghai Xinghe Zhaipei Home Furnishing Service Company Limited (上海星和宅配家居服務有限公司)	Limited liability company	Hebei	Hebei	Home design	3,800.00	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)	Limited liability company	Shanghai	Shanghai	Logistics service	21,000.00	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)	Limited liability company	Shanghai	Shanghai	Site leasing management	3,900.00	100	-	
Red Star Macalline Chengdu Business Management Company Limited (紅星美凱龍成都商業管理有限公司)	Limited liability company	Chengdu	Chengdu	Management and consultancy	50,500.00	-	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)	Limited liability company	Chengdu	Chengdu	Management and consultancy	50,500.00	-	100	
Shanghai Red Star Macalline Kaiheng Household Company Limited (上海紅星美凱龍楷恒家居有限公司)	Limited liability company	Shanghai	Shanghai	Site leasing management	500	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)	Limited liability company	Changsha	Changsha	Site leasing management	12,000.00	100	-	

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VII. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in Significant Subsidiaries (continued)

The company's subsidiaries are as follows: (continued)

Subsidiary name	Legal entity nature	Main business site	Place of incorporation	Business nature	Registered capital RMB'0000	Shareholding ratio		Note
						Direct (%)	Indirect (%)	
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)	Limited liability company	Jiangxi	Jiangxi	Site leasing management	3,000.00	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)	Limited liability company	Yunnan	Yunnan	Site leasing management	500	-	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)	Limited liability company	Chongqing	Chongqing	Site leasing management	12,100.00	100	-	
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)	Limited liability company	Shanghai	Shanghai	Site leasing management	2,500.00	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)	Limited liability company	Shaanxi	Shaanxi	Site leasing management	10,000.00	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)	Limited liability company	Chengdu	Chengdu	Site leasing management	5,000.00	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)	Limited liability company	Chengdu	Chengdu	Site leasing management	21,000.00	100	-	
Hong Kong Red Star Macalline Global Home Furnishing Company Limited (香港紅星美凱龍全球家居有限公司)	Limited liability company	Hong Kong	Hong Kong	Investment management	10,000.00	100	-	
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)	Limited liability company	Shanghai	Shanghai	E-commerce	20,000.00	-	100	
Red Star Macalline (Shanghai) Business Management Company Limited (紅星美凱龍(上海)企業管理有限公司)	Limited liability company	Shanghai	Shanghai	Management and consultancy	10,000.00	100	-	

VII. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in Significant Subsidiaries (continued)

The company's subsidiaries are as follows: (continued)

Subsidiary name	Legal entity nature	Main business site	Place of incorporation	Business nature	Registered capital RMB'0000	Shareholding ratio		Note
						Direct (%)	Indirect (%)	
Hefei Red Star Macalline Logistics Company Limited (合肥紅星美凱龍物流有限公司)	Limited liability company	Anhui	Anhui	Warehouse logistics	5,000.00	-	100	
Tianjin Red Star Macalline Logistics Company Limited (天津紅星美凱龍物流有限公司)	Limited liability company	Tianjin	Tianjin	Warehouse logistics	5,000.00	-	60	
Shanghai Jiajinsuo Investment Holding Company Limited (上海家金所投資控股有限公司)	Limited liability company	Shanghai	Shanghai	Investment management	20,000.00	100	-	
Zhengzhou Juankai Enterprise Management Consultation Company Limited (鄭州雋鑑企業管理諮詢有限公司)	Limited liability company	Henan	Henan	Enterprise management and consultancy	265,000.00	-	100	
Red Star Zhongying Investment Company Limited (紅星眾盈投資有限公司)	Limited liability company	Tibet	Tibet	Investment management	5,000.00	100	-	
Shanghai Macalline Xinghe Asset Management Company Limited (上海美凱龍星荷資產管理有限公司)	Limited liability company	Shanghai	Shanghai	Enterprise management and consultancy	1,000.00	100	-	
Shanghai Yumu Enterprise Management Company Limited (上海宇慕企業管理有限公司)	Limited liability company	Shanghai	Shanghai	Enterprise management and consultancy	500	100	-	
Shanghai Yuxv Enterprise Management Company Limited (上海宇煦企業管理有限公司)	Limited liability company	Shanghai	Shanghai	Enterprise management and consultancy	500	100	-	
Shanghai Yuzhu Enterprise Management Company Limited (上海宇築企業管理有限公司)	Limited liability company	Shanghai	Shanghai	Enterprise management and consultancy	500	100	-	
Shanghai Yuxiao Enterprise Management Company Limited (上海宇霄企業管理有限公司)	Limited liability company	Shanghai	Shanghai	Enterprise management and consultancy	500	100	-	
Zhengzhou Dongsheng Enterprise Management Company Limited (鄭州東晟企業管理有限公司)	Limited liability company	Henan	Henan	Enterprise management and consultancy	500	-	100	
Red Star Macalline Glory Casa (Shanghai) Home Furnishing Company Limited (紅星美凱龍凱徹至尊(上海)家居有限公司)	Limited liability company	Shanghai	Shanghai	Proprietary sales	20,000.00	100	-	

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VII. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in Significant Subsidiaries (continued)

The company's subsidiaries are as follows: (continued)

Subsidiary name	Legal entity nature	Main business site	Place of incorporation	Business nature	Registered capital RMB'0000	Shareholding ratio		Note
						Direct (%)	Indirect (%)	
Shanghai Red Star Macalline Labour Dispatch Company Limited (上海英太翡思營銷策劃有限公司)	Limited liability company	Shanghai	Shanghai	Labour dispatching	200	100	-	
Yantai Xinhuan Enterprise Management Company Limited (煙台欣歡企業管理有限公司)	Limited liability company	Shandong	Shandong	Enterprise management and consultancy	500	-	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)	Limited liability company	Qinghai	Qinghai	Site leasing management	18,000.00	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)	Limited liability company	Xinjiang	Xinjiang	Enterprise management and consultancy	10,000.00	100	-	
Red Star Ogloria Enterprise Management Company Limited (紅星歐麗洛雅企業管理有限公司)	Limited liability company	Xinjiang	Xinjiang	Enterprise management and consultancy	10,000.00	-	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)	Limited liability company	Xinjiang	Xinjiang	Enterprise management and consultancy	500	-	100	
Shanghai Fanju Network Technology Company Limited (上海泛居網絡科技有限公司)	Limited liability company	Shanghai	Shanghai	Network technology	3,000.00	-	100	
Chongqing Red Star Macalline Logistics Company Limited (重慶紅星美凱龍物流有限公司)	Limited liability company	Chongqing	Chongqing	Warehouse logistics	15,000.00	-	100	
Shaanxi Red Star Macalline Logistics Company Limited (陝西紅星美凱龍物流有限公司)	Limited liability company	Shaanxi	Shaanxi	Warehouse logistics	6,000.00	-	100	
Shanghai Jiajinsuo Financial Technology Information Services Company Limited (上海家金所金融科技信息服務有限公司)	Limited liability company	Shanghai	Shanghai	Investment management	10,000.00	-	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)	Limited liability company	Shanghai	Shanghai	Loan service	60,000.00	95	5	

VII. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in Significant Subsidiaries (continued)

The company's subsidiaries are as follows: (continued)

Subsidiary name	Legal entity nature	Main business site	Place of incorporation	Business nature	Registered capital RMB'0000	Shareholding ratio		Note
						Direct (%)	Indirect (%)	
Longzhihui (Shanghai) Facility Management Services Company Limited (龍之惠(上海)設施管理服務有限公司)	Limited liability company	Shanghai	Shanghai	Enterprise management and consultancy	500	-	50	Note 1
Shanghai Red Star Macalline International Trading Company Limited (上海紅星美凱龍國際貿易有限公司)	Limited liability company	Shanghai	Shanghai	Import and export	500	55	-	
Guizhou Red Star Macalline Logistics Company Limited (貴州紅星美凱龍物流有限公司)	Limited liability company	Guizhou	Guizhou	Warehouse logistics	6,500.00	-	100	
Shanghai Red Star Macalline Financial Leasing Company Limited (上海紅星美凱龍融資租賃有限公司)	Limited liability company	Shanghai	Shanghai	Equipment leasing	100,000.00	100	-	
Shanghai Red Star Macalline Home Furnishing Trading Company Limited (上海紅星美凱龍美居商貿有限公司)	Limited liability company	Shanghai	Shanghai	Import and export	500	-	28	Note 2
Khorgos Hongju Corporate Management Co.Ltd. (霍爾果斯紅居企業管理有限公司)	Limited liability company	Xinjiang	Xinjiang	Enterprise management and consultancy	1,000.00	70	-	
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)	Limited liability company	Sichuan	Sichuan	Enterprise management and consultancy	500	100	-	
Khorgos Yarui Venture Capital Company Limited (霍爾果斯雅睿創業投資有限公司)	Limited liability company	Xinjiang	Xinjiang	Investment management	3,000.00	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)	Limited liability company	Shanghai	Shanghai	Brand management	500	100	-	
Ningbo Meishan Bonded Port Area Xingkaiping Asset Management Company Limited (寧波梅山保稅港區星凱贏資產管理有限公司)	Limited liability company	Zhejiang	Zhejiang	Asset management	1,000.00	-	51	
Khorgos Red Star Yiming Venture Capital Company Limited (霍爾果斯紅星易鳴創業投資有限公司)	Limited liability company	Xinjiang	Xinjiang	Investment management	5,000.00	90	-	

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VII. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in Significant Subsidiaries (continued)

The company's subsidiaries are as follows: (continued)

Subsidiary name	Legal entity nature	Main business site	Place of incorporation	Business nature	Registered capital	Shareholding ratio		Note
						Direct (%)	Indirect (%)	
Shanghai Betterhome Industrial Company Limited (上海家倍得實業有限公司)	Limited liability company	Shanghai	Shanghai	Construction decoration	200	-	68	
Shanghai Kaichun Investment Management Company Limited (上海凱淳投資管理有限公司)	Limited liability company	Shanghai	Shanghai	Investment management	5,000.00	-	100	
Kunshan Red Star Macalline Decoration Materials Company Limited (昆山紅星美凱龍裝飾材料有限公司)	Limited liability company	Jiangsu	Jiangsu	Site leasing management	13,962.17	100	-	
Shanghai Red Star Macalline Commercial Factoring Company Limited (上海紅星美凱龍商業保理有限公司)	Limited liability company	Shanghai	Shanghai	Accounts receivable financing	50,000.00	100	-	
Tianjin Jinrui Corporate Management Company Limited (天津津瑞企業管理有限公司)	Limited liability company	Tianjin	Tianjin	Enterprise management and consultancy	71,286.98	100	-	
Chongqing Xingkaik Home Furnishing Company Limited (重慶星凱科家居有限公司)	Limited liability company	Chongqing	Chongqing	Site leasing management	68,190.88	-	100	
Shanghai Ozing Digital Technology Company Limited (上海好記星數碼科技有限公司)	Limited liability company	Shanghai	Shanghai	Warehouse logistics	USD2,000	-	100	
Bright Rainbow Investments Limited (合樂投資有限公司)	Limited liability company	Hong Kong	Hong Kong	Market service, investment	USD1,000	-	100	
Chongqing Red Star Ogioria Home Furnishing Company Limited (重慶紅星歐麗洛雅家居有限公司)	Limited liability company	Chongqing	Chongqing	Site leasing management	5,000.00	100	-	
Shanghai Huaixing Culture Company Limited (上海懷星文化發展有限公司)	Limited liability company	Shanghai	Shanghai	Cultural and artistic exchange	200	80	-	
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)	Limited liability company	Shanghai	Shanghai	Information science and technology development	5,000.00	100	-	
Xizang Red Star Macalline Corporate Management Company Limited (西藏紅星美凱龍企業管理有限公司)	Limited liability company	Tibet	Tibet	Enterprise management and consultancy	30,000.00	100	-	

VII. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in Significant Subsidiaries (continued)

The company's subsidiaries are as follows: (continued)

Subsidiary name	Legal entity nature	Main business site	Place of incorporation	Business nature	Registered capital RMB'0000	Shareholding ratio		Note
						Direct (%)	Indirect (%)	
Shanghai Beimei Logistics Company Limited (上海倍美物流有限公司)	Limited liability company	Shanghai	Shanghai	Warehouse logistics	6,000.00	-	100	
Shanghai Red Star Macalline Exhibition service Company Limited (上海紅星美凱龍展覽服務有限公司)	Limited liability company	Shanghai	Shanghai	Exhibition services	500	55	-	
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)	Limited liability company	Shanxi	Shanxi	Site leasing management	1,000.00	51	-	
Shanghai Xingyijia Brand Management Company Limited (上海星藝佳品牌管理有限公司)	Limited liability company	Shanghai	Shanghai	Brand management	500	-	100	
Jilin Red Star Macalline Logistics Company Limited (吉林紅星美凱龍物流有限公司)	Limited liability company	Jilin	Jilin	Warehouse logistics	4,000.00	-	100	
Changzhou Meilong Trading Company Limited (常州美龍貿易有限公司)	Limited liability company	Jiangsu	Jiangsu	Sale of home furniture	50	100	-	
Shanghai Beimao Logistics Company Limited (上海倍茂物流有限公司)	Limited liability company	Shanghai	Shanghai	Warehouse logistics	6,500.00	-	100	
Shanghai Beimai Logistics Company Limited (上海倍邁物流有限公司)	Limited liability company	Shanghai	Shanghai	Warehouse logistics	10,000.00	-	100	
Shanghai Mengsheng Industrial Company Limited (上海夢晟實業有限公司)	Limited liability company	Shanghai	Shanghai	Enterprise management and consultancy	500	-	100	
Shanghai Beihao Logistics Company Limited (上海倍皓物流有限公司)	Limited liability company	Shanghai	Shanghai	Warehouse logistics	6,000.00	-	100	
Anhui Red Star Macalline Logistics Company Limited (安徽紅星美凱龍物流有限公司)	Limited liability company	Anhui	Anhui	Warehouse logistics	10,000.00	-	100	
Shanghai Beibang Logistics Company Limited (上海倍邦物流有限公司)	Limited liability company	Shanghai	Shanghai	Warehouse logistics	12,500.00	-	100	
Shanghai Red Star Macalline Construction and Decoration Design Company Limited (上海紅星美凱龍住建築裝配設計有限公司)	Limited liability company	Shanghai	Shanghai	Home design	500	-	100	

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VII. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in Significant Subsidiaries (continued)

The company's subsidiaries are as follows: (continued)

Subsidiary name	Legal entity nature	Main business site	Place of incorporation	Business nature	Registered capital RMB'0000	Shareholding ratio		Note
						Direct (%)	Indirect (%)	
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)	Limited liability company	Shanghai	Shanghai	Enterprise management and consultancy	500	-	100	
Shanghai Beiyao Logistics Company Limited (上海倍耀物流有限公司)	Limited liability company	Shanghai	Shanghai	Warehouse logistics	15,000.00	-	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)	Limited liability company	Henan	Henan	Site leasing management	10,000.00	55	-	
Shanghai Ditu Home Furnishing Company Limited (上海締圖家居有限公司)	Limited liability company	Shanghai	Shanghai	Site leasing management	1,000.00	-	30	Note 3
Shanghai Beiyue Logistics Company Limited (上海倍躍物流有限公司)	Limited liability company	Shanghai	Shanghai	Warehouse logistics	6,000.00	-	100	
Shanghai Beilang Logistics Company Limited (上海倍朗物流有限公司)	Limited liability company	Shanghai	Shanghai	Warehouse logistics	6,000.00	-	100	
Nantong Hongmei Shibo Furniture Plaza Company Limited (南通紅星美世博家居廣場有限公司)	Limited liability company	Jiangsu	Jiangsu	Site leasing management	15,000.00	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)	Limited liability company	Guangxi	Guangxi	Exhibition services	30,500.00	100	-	
Shanghai Hongyue Logistics Company Limited (上海宏嶽物流有限公司)	Limited liability company	Shanghai	Shanghai	Warehouse logistics	6,300.00	-	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)	Limited liability company	Jiangxi	Jiangxi	Site leasing management	10,000.00	70	-	
Red Star Macalline (Zhejiang) Information Service Company Limited (紅星美凱龍(浙江)信息技術有限公司)	Limited liability company	Zhejiang	Zhejiang	E-commerce	2,000.00	100	-	
Zhejiang Xingzhuo Decoration Company Limited (浙江星卓裝飾有限公司)	Limited liability company	Zhejiang	Zhejiang	Construction decoration	5,000.00	-	100	

VII. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in Significant Subsidiaries (continued)

The company's subsidiaries are as follows: (continued)

Subsidiary name	Legal entity nature	Main business site	Place of incorporation	Business nature	Registered capital RMB'0000	Shareholding ratio		Note
						Direct (%)	Indirect (%)	
Nanchang Red Star Macalline Global Home Expo Center Company Limited (南昌紅星美凱環球家居博覽中心有限責任公司)	Limited liability company	Jiangxi	Jiangxi	Site leasing management	36,500.00	70	30	
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)	Limited liability company	Tianjin	Tianjin	Supply chain management	6,300.00	-	60	
Shanghai Banlong Business Management Company Limited (上海阪龍商業管理有限公司)	Limited liability company	Shanghai	Shanghai	Enterprise management and consultancy	1,000.00	-	100	
Shanghai Yingtailin Technology Company Limited (上海英太利金科技有限公司)	Limited liability company	Shanghai	Shanghai	E-commerce	1,000.00	80	-	
Nantong Longmei International Home Furnishing Company Limited (南通龍美國際家居生活廣場有限公司)	Limited liability company	Jiangsu	Jiangsu	Site leasing management	1,000.00	100	-	
Beijing Xingmei Yongsheng Information Consultation Company Limited (北京星美永盛信息諮詢有限公司)	Limited liability company	Beijing	Beijing	Enterprise management and consultancy	500	-	70	
Shanghai Zhiya Business Management Company Limited (上海樞雅管理諮詢有限公司)	Limited liability company	Shanghai	Shanghai	Enterprise management and consultancy	23,000.00	-	100	
Red Star Macalline (Zhejiang) Corporate Management Company Limited (紅星美凱龍(浙江)企業管理有限公司)	Limited liability company	Zhejiang	Zhejiang	Enterprise management and consultancy	5,000.00	95	-	
Shanghai Guixv Enterprise Management Company Limited (上海歸翹企業管理有限公司)	Limited liability company	Shanghai	Shanghai	Enterprise management and consultancy	200	100	-	
Guangzhou Red Star Macalline Home Expo Center Company Limited (廣州紅星美凱龍家居博覽中心有限公司)	Limited liability company	Guangdong	Guangdong	Site leasing management	1,000.00	100	-	
Xi'an Meijia Household Service Company Limited (西安舒適美佳家政服務有限責任公司)	Limited liability company	Shaanxi	Shaanxi	Enterprise management and consultancy	285	65	-	

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VII. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in Significant Subsidiaries (continued)

The company's subsidiaries are as follows: (continued)

Subsidiary name	Legal entity nature	Main business site	Place of incorporation	Business nature	Registered capital RMB'0000	Shareholding ratio		Note
						Direct (%)	Indirect (%)	
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)	Limited liability company	Shanghai	Shanghai	Construction decoration	5,000.00	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)	Limited liability company	Zhejiang	Zhejiang	Enterprise management and consultancy	5,000.00	95	-	
Zhejiang Xingyisheng Industrial Development Company Limited (浙江星易盛實業發展有限公司)	Limited liability company	Zhejiang	Zhejiang	Construction decoration	5,000.00	-	75	
Shanghai Beizheng Logistics Company Limited (上海倍正物流有限公司)	Limited liability company	Shanghai	Shanghai	Warehouse logistics	5,000.00	-	100	
Shanghai Red Star Macalline Home Decorating Company Limited (上海美凱龍裝飾工程集團有限公司)	Limited liability company	Shanghai	Shanghai	Construction decoration	10,000.00	100	-	
Shijiazhuang Bochen Industrial Company Limited (石家莊博宸實業有限公司)	Limited liability company	Shijiazhuang	Shijiazhuang	Enterprise management and consultancy	500	-	100	
Wuhu Red Star Macalline Shimao Furniture Plaza Company Limited (蕪湖紅星美凱龍世貿家居廣場有限公司)	Limited liability company	Anhui	Anhui	Site leasing management	9,600.00	100	-	
Betterhome Construction Technology Company Limited (家倍得建築科技有限公司)	Limited liability company	Zhejiang	Zhejiang	Construction decoration	20,000.00	90	-	
Shanghai Red Star Macalline Creative Design Company Limited (上海麗浩創意設計有限公司)	Limited liability company	Shanghai	Shanghai	Construction decoration	1,000.00	-	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)	Limited liability company	Guangdong	Guangdong	Site leasing management	500	100	-	
Haikou Tangong Industrial Company Limited (海口檀宮實業有限公司)	Limited liability company	Hainan	Hainan	Site leasing management	1,000.00	100	-	

VII. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in Significant Subsidiaries (continued)

The company's subsidiaries are as follows: (continued)

Subsidiary name	Legal entity nature	Main business site	Place of incorporation	Business nature	Registered capital	Shareholding ratio		Note
						Direct (%)	Indirect (%)	
Hong Kong Red Star Macalline Business Management Company Limited (香港紅星美凱龍商業管理有限公司)	Limited liability company	Hong Kong	Hong Kong	Enterprise management and consultancy	USD500	-	100	
Shanghai Jianliu Enterprise Management Company Limited (上海簡柳企業管理有限公司)	Limited liability company	Shanghai	Shanghai	Enterprise management and consultancy	1,000.00	-	100	
Shanghai Macalline Aesthetic Decoration Engineering Company Limited (上海美凱龍美學裝飾工程有限公司)	Limited liability company	Shanghai	Shanghai	Construction decoration	10,000.00	-	100	
Red Star Macalline Caesar Supreme (Hainan) Home Technology Co., Ltd.	Limited liability company	Hainan	Hainan	E-commerce	500	-	70	
Redstar Global Holdings Limited	Limited liability company	The Virgin Islands	The Virgin Islands	Others	USD5	-	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)	Limited liability company	Shanxi	Shanxi	Site leasing management	5,000.00	60	-	
Red Star Daojia (Shanghai) Technology Company Limited (紅星到家(上海)科技有限公司)	Limited liability company	Shanghai	Shanghai	E-commerce	20,000.00	100	-	
Suzhou Xingtong Enterprise Management Consultation Company Limited (宿州星通企業管理諮詢有限公司)	Limited liability company	Anhui	Anhui	Enterprise management and consultancy	100	100	-	
Shanghai Enliu Enterprise Management Company Limited (上海蔥柳企業管理有限公司)	Limited liability company	Shanghai	Shanghai	Enterprise management and consultancy	1,000.00	-	100	
Shanghai Bencheng Enterprise Management Company Limited (上海賽程企業管理有限公司)	Limited liability company	Shanghai	Shanghai	Enterprise management and consultancy	1,000.00	-	100	
Shanghai Ersai Enterprise Management Company Limited (上海灑賽企業管理有限公司)	Limited liability company	Shanghai	Shanghai	Enterprise management and consultancy	1,000.00	-	100	
Hebei Red Star Macalline Logistics Company Limited (河北紅星美凱龍物流有限公司)	Limited liability company	Hebei	Hebei	Warehouse logistics	3,500.00	-	100	

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VII. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in Significant Subsidiaries (continued)

The company's subsidiaries are as follows: (continued)

Subsidiary name	Legal entity nature	Main business site	Place of incorporation	Business nature	Registered capital	Shareholding ratio		Note
						Direct (%)	Indirect (%)	
Foshan Junda Enterprise Management Co., Ltd. (佛山郡達企業管理有限公司)	Limited liability company	Guangdong	Guangdong	Enterprise management and consultancy	66,890.00	100	-	
Shanghai Red Star Macalline Fanjia Information Service Company Limited (上海紅星美凱龍泛家信息服務有限公司)	Limited liability company	Shanghai	Shanghai	E-commerce	500	51	-	
Red Star Macalline GmbH	Limited liability company	Munich Germany	Munich Germany	Others	EUR2.5	-	100	
Shanghai Beixun Logistics Company Limited (上海倍訊物流有限公司)	Limited liability company	Shanghai	Shanghai	Warehouse logistics	6,000.00	-	100	
Shanghai Beibo Logistics Company Limited (上海倍博物流有限公司)	Limited liability company	Shanghai	Shanghai	Warehouse logistics	6,000.00	-	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)	Limited liability company	Shanghai	Shanghai	Proprietary sales	2,000.00	-	54	
Red Star Macalline Shibo (Tianjin) Home Furnishing Plaza Company Limited (紅星美凱龍世博(天津)家居生活廣場有限公司)	Limited liability company	Tianjin	Tianjin	Site leasing management	14,200.00	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)	Limited liability company	Jiangsu	Jiangsu	Brand management	100	100	-	
Tongxiang Red Star Macalline Shibo Home Furnishing Plaza Management Company Limited (桐鄉紅星美凱龍世博家居廣場管理有限公司)	Limited liability company	Zhejiang	Zhejiang	Brand management	50	100	-	
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)	Limited liability company	Beijing	Beijing	Brand management	300	90	10	
Wuxi Red Star Macalline Business Management Company Limited (無錫紅星美凱龍經營管理有限公司)	Limited liability company	Jiangsu	Jiangsu	Brand management	100	70	30	

VII. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in Significant Subsidiaries (continued)

The company's subsidiaries are as follows: (continued)

Subsidiary name	Legal entity nature	Main business site	Place of incorporation	Business nature	Registered capital RMB'0000	Shareholding ratio		Note
						Direct (%)	Indirect (%)	
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)	Limited liability company	Zhejiang	Zhejiang	Brand management	100	100	-	
Changshu Red Star Macalline Global Home Furnishing Company Limited (常熟紅星美凱龍全球家居有限公司)	Limited liability company	Jiangsu	Jiangsu	Site leasing management	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)	Limited liability company	Jiangsu	Jiangsu	Site leasing management	8,000.00	60	-	
Meishan Red Star Macalline Expo Home Furnishing Plaza Co., Ltd.	Limited liability company	Sichuan	Sichuan	Site leasing management	500	100	-	
Nanchang Jiabeide Decoration Engineering Co., Ltd.	Limited liability company	Jiangxi	Jiangxi	Home design	100	-	41	Note 4
Red Star Macalline Caesar Supreme (Hong Kong) Home Furnishing Co., Ltd.	Limited liability company	Hong Kong	Hong Kong	Proprietary sales	USD300	100	-	
Chongqing Liangjiang New Area Red Star Macalline Business Management Co., Ltd. (重慶兩江新區紅星美凱龍商業管理有限公司)	Limited liability company	Chongqing	Chongqing	Management and consultancy	5,000.00	100	-	
Shanghai Beibao Logistics Co., Ltd. (上海倍寶物流有限公司)	Limited liability company	Shanghai	Shanghai	Warehouse logistics	6,000.00	-	100	
Shanghai Beida Logistics Co., Ltd. (上海倍達物流有限公司)	Limited liability company	Shanghai	Shanghai	Warehouse logistics	6,000.00	-	100	
Shanghai Beisheng Logistics Co., Ltd. (上海倍昇物流有限公司)	Limited liability company	Shanghai	Shanghai	Warehouse logistics	6,000.00	-	100	
Shanghai Totoro Xiansen New Retail Home Furnishing Co., Ltd. (上海龍貓先森新零售家居有限公司)	Limited liability company	Shanghai	Shanghai	E-commerce	2,000.00	-	70	
Shanghai Macalline Wenshang Business Management Co., Ltd. (上海美凱龍文商商業管理有限公司)	Limited liability company	Shanghai	Shanghai	Management and consultancy	1,000.00	100	-	

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VII. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in Significant Subsidiaries (continued)

The company's subsidiaries are as follows: (continued)

Subsidiary name	Legal entity nature	Main business site	Place of incorporation	Business nature	Registered capital	Shareholding ratio		Note
						Direct (%)	Indirect (%)	
Shanghai Red Star Macalline Aimule Decoration Engineering Co., Ltd. (上海紅星美凱龍愛木樂裝飾工程有限公司)	Limited liability company	Shanghai	Shanghai	Home design	1,000.00	-	68	
Tianjin Hongju Supply Chain Technology Co., Ltd. (天津紅居供應鏈科技有限公司)	Limited liability company	Tianjin	Tianjin	Supply chain management	8,000.00	-	100	
Tianjin Hongmei Supply Chain Technology Co., Ltd. (天津紅美供應鏈科技有限公司)	Limited liability company	Tianjin	Tianjin	Supply chain management	6,000.00	-	100	
Red Star Macalline Business Management Company Limited (紅星美凱龍商業管理有限公司)	Limited liability company	Shanghai	Shanghai	Enterprise management and consultancy	5,000.00	100	-	
Shanghai Meiyong Industrial Co., Ltd. (上海美穎實業有限公司)	Limited liability company	Shanghai	Shanghai	Enterprise management and consultancy	1,900.00	-	100	
Shanghai Rongmei Industrial Co., Ltd. (上海榮美實業有限公司)	Limited liability company	Shanghai	Shanghai	Enterprise management and consultancy	340	-	100	
Red Star Macalline Shibo Business Management Co., Ltd. (紅星美凱龍世博商業管理有限公司)	Limited liability company	Xinjiang	Xinjiang	Enterprise management and consultancy	5,000.00	100	-	
Red Star Macalline Management Consulting Service Co., Ltd. (紅星美凱龍管理諮詢服務有限公司)	Limited liability company	Hainan	Hainan	Enterprise management and consultancy	5,000.00	100	-	
Beijing Yingchuang Shixun Technology Co., Ltd. (北京盈創時訊科技有限公司)	Limited liability company	Beijing	Beijing	E-commerce	100	-	100	
Shanghai Macalline Xingshang Modular Decoration Technology Co., Ltd. (上海美凱龍星尚模數裝飾科技有限公司)	Limited liability company	Shanghai	Shanghai	Home design	2,000.00	100	-	
Wuhan Ruixinxin Technology Co., Ltd. (武漢瑞鑫欣科技有限責任公司)	Limited liability company	Hubei	Hubei	E-commerce	5,584.50	-	100	
Jade AG Logistics Investment (Hong Kong) Limited	Limited liability company	Hong Kong	Hong Kong	Enterprise management and consultancy	HK\$1	-	100	

VII. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in Significant Subsidiaries (continued)

The company's subsidiaries are as follows: (continued)

Subsidiary name	Legal entity nature	Main business site	Place of incorporation	Business nature	Registered capital RMB'0000	Shareholding ratio		Note
						Direct (%)	Indirect (%)	
Chengdu Airport Logistics Investment Co., Ltd. (成都空港物流投資有限公司)	Limited liability company	Sichuan	Sichuan	Warehouse logistics	USD1,185	-	100	
Hefei Aiguang Logistics Co., Ltd. (合肥愛廣物流有限公司)	Limited liability company	Anhui	Anhui	Warehouse logistics	12,000.00	-	100	
Longzhihui (Changzhou) Facility Management Services Company Limited (龍之惠(常州)設施管理服務有限公司)	Limited liability company	Jiangsu	Jiangsu	Enterprise management and consultancy	100	-	30	Note 5
Shanghai Red Star Macalline Technology Development Co., Ltd. (上海紅星美凱龍科技發展有限公司)	Limited liability company	Shanghai	Shanghai	Home design	6,000.00	80	-	
Shanghai Macalline Better Home Construction Technology Co., Ltd. (上海美凱龍更好家建築科技有限公司)	Limited liability company	Shanghai	Shanghai	Home design	200	-	90	
Shanghai KEMI Industry Co., Ltd. (上海科米實業有限公司)	Limited liability company	Shanghai	Shanghai	Home design	340	-	100	
Shanghai Boyang Enterprise Development Co., Ltd. (上海鉞洋企業發展有限公司)	Limited liability company	Shanghai	Shanghai	Home design	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)	Limited liability company	Sichuan	Sichuan	Site leasing management	5,000.00	63	-	
Huaihua Xingxin Commercial Management Co., Ltd. (懷化星欣商業管理有限公司)	Limited liability company	Hunan	Hunan	Enterprise management and consultancy	500	-	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)	Limited liability company	Fujian	Fujian	Home design	3,000.00	-	100	
Hangzhou Red Star Macalline Global Furniture Co., Ltd. (杭州紅星美凱龍環球家居有限公司)	Limited liability company	Hangzhou	Hangzhou	Site leasing management	10,000.00	100	-	
Hangzhou Weiliang Electromechanical Hardware Market Co., Ltd. (杭州偉量機電五金市場有限公司)	Limited liability company	Hangzhou	Hangzhou	Site leasing management	24,436.83	-	100	

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VII. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in Significant Subsidiaries (continued)

The company's subsidiaries are as follows: (continued)

Subsidiary name	Legal entity nature	Main business site	Place of incorporation	Business nature	Registered capital RMB'0000	Shareholding ratio		Note
						Direct (%)	Indirect (%)	
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)	Limited liability company	Shaanxi	Shaanxi	Site leasing management	25,000.00	80	-	
Shanghai Hongxin Oukai Home Living Company Limited (上海虹欣歐凱家居有限公司)	Limited liability company	Shanghai	Shanghai	Site leasing management	10,000.00	50	-	Note 6
Shanghai Xinwei Home Purchasing Company Limited (上海新偉置業有限公司)	Limited liability company	Shanghai	Shanghai	Site leasing management	5,000.00	40	58	
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)	Limited liability company	Henan	Henan	Site leasing management	100	51	9	
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)	Limited liability company	Sichuan	Sichuan	Site leasing management	2,000.00	-	50	Note 7
Shanghai Red Star Macalline Building Design Company Limited (上海紅星美凱龍建築設計有限公司)	Limited liability company	Shanghai	Shanghai	Engineering design	500	-	100	
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)	Limited liability company	Jiangsu	Jiangsu	Site leasing management	53,481.80	100	-	
Langfang Kaihong Home Living Plaza Company Limited (廊坊市凱宏家居廣場有限公司)	Limited liability company	Hebei	Hebei	Site leasing management	10,000.00	70	-	
Shanghai Red Star Macalline Intellectual Property Agency Company Limited (上海紅星美凱龍知識產權代理有限公司)	Limited liability company	Shanghai	Shanghai	Intellectual property	50	-	100	
Shanghai Betterhome Decoration Engineering Company Limited (上海家倍得裝飾工程有限公司)	Limited liability company	Shanghai	Shanghai	Home design	2,000.00	-	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)	Limited liability company	Hohhot	Hohhot	Site leasing management	10,000.00	100	-	

VII. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in Significant Subsidiaries (continued)

The company's subsidiaries are as follows: (continued)

Subsidiary name	Legal entity nature	Main business site	Place of incorporation	Business nature	Registered capital RMB'0000	Shareholding ratio		Note
						Direct (%)	Indirect (%)	
Kunming Diken Trading Company Limited (昆明迪肯商貿有限公司)	Limited liability company	Kunming	Kunming	Site leasing management	3,000.00	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)	Limited liability company	Jiangsu	Jiangsu	Site leasing management	10,000.00	55	-	
Anhui Shengshi Dingtong Logistics Company Limited (安徽盛世鼎通物流有限公司)	Limited liability company	Anhui	Anhui	Warehouse logistics	5,000.00	-	100	
Shanghai Xingyijia Business Management Company Limited (上海星藝佳商業管理有限公司)	Limited liability company	Shanghai	Shanghai	Management and consultancy	1,000.00	-	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)	Limited liability company	Zhejiang	Zhejiang	Site leasing management	8,000.00	80	20	
Shanghai Zengmin Enterprise Management Company Limited (上海增敏企業管理有限公司)	Limited liability company	Shanghai	Shanghai	Management and consultancy	10	-	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)	Limited liability company	Liaoning	Liaoning	Site leasing management	4,000.00	62	-	
Yongqing Yintong Construction and Development Co., Ltd. (永清銀通建設開發有限公司)	Limited liability company	Hebei	Hebei	Industrial investment	5,000.00	-	70	
Yongqing Yintai Future Land Construction and Development Co., Ltd. (永清銀泰新城建設開發有限公司)	Limited liability company	Hebei	Hebei	Industrial investment	10,000.00	-	70	
Yintai (Yongqing) New City Investment Co., Ltd. (銀泰(永清)新城投資有限公司)	Limited liability company	Hebei	Hebei	Industrial investment	10,000.00	-	70	
Qianzhi (Shanghai) Home Living Company Limited (乾智(上海)家居有限公司)	Limited liability company	Shanghai	Shanghai	Proprietary sales	500.00	60	-	
Xinsheng Property Management (Shanghai) Co., Ltd. (鑫生物業管理(上海)有限公司)	Limited liability company	Shanghai	Shanghai	Site leasing management	4,897.66	100	-	

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VII. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in Significant Subsidiaries (continued)

The company's subsidiaries are as follows: (continued)

Subsidiary name	Legal entity nature	Main business site	Place of incorporation	Business nature	Registered capital	Shareholding ratio		Note
						Direct (%)	Indirect (%)	
Subsidiary acquired through business combination under the same control								
Changzhou Macalline International Computer and Electronics Furnishing Plaza Company Limited (常州美凱龍國際電腦家電裝飾有限公司)	Limited liability company	Jiangsu	Jiangsu	Site leasing management	1,000.00	100	-	
Changzhou World Furniture and Home Plaza Co., Ltd. (常州世界傢俱家居廣場有限公司)	Limited liability company	Jiangsu	Jiangsu	Site leasing management	500	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)	Limited liability company	Jiangsu	Jiangsu	Site leasing management	5,000.00	90	10	
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)	Limited liability company	Jiangsu	Jiangsu	Site leasing management	300	60	40	
Nanjing Red Star International Home Furnishing Mall Company Limited (南京紅星國際傢俱裝飾有限公司)	Limited liability company	Jiangsu	Jiangsu	Site leasing management	2,000.00	100	-	
Nanjing Mingdu Home Furnishing Plaza Company Limited (南京名都家居廣場有限公司)	Limited liability company	Jiangsu	Jiangsu	Site leasing management	8,000.00	60	40	
Shanghai Red Star Macalline Decorative Furniture Mall Company Limited (上海紅星美凱龍裝飾傢俱有限公司)	Limited liability company	Shanghai	Shanghai	Site leasing management	5,000.00	92	5	
Shanghai Red Star Macalline Global Home Furnishing Company Limited (上海紅星美凱龍全球家居有限公司)	Limited liability company	Shanghai	Shanghai	Site leasing management	15,000.00	100	-	
Shanghai Shanhai Art Furniture Co., Ltd.	Limited liability company	Shanghai	Shanghai	Site leasing management	24,255.00	-	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)	Limited liability company	Shanghai	Shanghai	Market company	2,000.00	90	-	
Changsha Red Star Macalline International Home Furnishing Art Expo Company Limited (長沙紅星美凱龍國際家居藝術博覽中心有限公司)	Limited liability company	Hunan	Hunan	Site leasing management	300	100	-	

VII. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in Significant Subsidiaries (continued)

The company's subsidiaries are as follows: (continued)

Subsidiary name	Legal entity nature	Main business site	Place of incorporation	Business nature	Registered capital RMB'0000	Shareholding ratio		Note
						Direct (%)	Indirect (%)	
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)	Limited liability company	Shandong	Shandong	Site leasing management	10,260.00	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)	Limited liability company	Sichuan	Sichuan	Site leasing management	3,000.00	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)	Limited liability company	Henan	Henan	Site leasing management	3,000.00	51	9	
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)	Limited liability company	Jiangsu	Jiangsu	Market company	500	-	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)	Limited liability company	Shanghai	Shanghai	Market company	300	45	53	
Shanghai Red Star Macalline Advertising Company Limited (上海馬邁廣告有限公司)	Limited liability company	Shanghai	Shanghai	Advertisement company	100	-	100	
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)	Limited liability company	Chongqing	Chongqing	Site leasing management	3,000.00	100	-	
Shanghai Xingkai Chengpeng Business Management Company Limited (上海星凱程鵬企業管理有限公司)	Limited liability company	Shanghai	Shanghai	Investment management	1,000.00	100	-	
Shanghai Hongmei E-Commerce Company Limited (上海紅美電子商務有限公司)	Limited liability company	Shanghai	Shanghai	E-commerce	5,000.00	100	-	

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VII. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in Significant Subsidiaries (continued)

The company's subsidiaries are as follows: (continued)

Subsidiary name	Legal entity nature	Main business site	Place of incorporation	Business nature	Registered capital RMB'0000	Shareholding ratio		Note
						Direct (%)	Indirect (%)	
Changzhou Hongyang Home Furnishing Plaza Company Limited (常州紅陽家居生活廣場有限公司)	Limited liability company	Jiangsu	Jiangsu	Site leasing management	6,000.00	-	75	
Jiangsu Sunan Construction Company Limited (江蘇南建築安裝工程有限公司)	Limited liability company	Jiangsu	Jiangsu	Building construction	20,000.00	-	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)	Limited liability company	Liaoning	Liaoning	Site leasing management	5,000.00	100	-	
Shanghai Red Star Macalline Industrial Company Limited (上海紅星美凱龍實業有限公司)	Limited liability company	Shanghai	Shanghai	Investment management	10,000.00	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)	Limited liability company	Beijing	Beijing	Site leasing management	5,000.00	100	-	
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)	Limited liability company	Beijing	Beijing	Site leasing management	2,999.00	100	-	
Beijing Macalline Home Furnishing Material Market Company Limited (北京美凱龍傢俱建材市場有限公司)	Limited liability company	Beijing	Beijing	Market company	300	20	80	
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)	Limited liability company	Beijing	Beijing	Market company	200	-	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)	Limited liability company	Inner Mongolia	Inner Mongolia	Site leasing management	500	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)	Limited liability company	Beijing	Beijing	Site leasing management	1,000.00	-	100	
Shanghai Hongmei E-Commerce Company Limited (上海紅美電子商務有限公司)	Limited liability company	Shanghai	Shanghai	E-commerce	5,000.00	100	-	

VII. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in Significant Subsidiaries (continued)

The company's subsidiaries are as follows: (continued)

Note 1: Other shareholders of Longzhihui (Shanghai) Facility Management Services Company Limited will not participate in the specific operation and management of Company and the Group has the rights to determine its financial and operational policies, and could exercise control over it.

Note 2: Shanghai Red Star Macalline International Trading Company Limited, which is under the control of the Group, holds 51% of the equity of Shanghai Red Star Macalline Home Furnishing Trading Company Limited. Pursuant to the Articles of Association, the company has one executive director, who is appointed by the Group, and the Group could exercise control over it.

Note 3: Shanghai Red Star Macalline International Trading Company Limited, which is under the control of the Group, holds 55% of the equity of Shanghai Ditu Home Furnishing Company Limited. Pursuant to the Articles of Association, resolutions of the general meeting shall be approved by shareholders representing at least half of voting rights of the whole shareholders, and the Group could exercise control over it.

Note 4: Shanghai Betterhome Decoration Engineering Company Limited, which is under the control of the Group, holds 60% of the equity of Nanchang Betterhome Decoration Engineering Company Limited. Pursuant to the Articles of Association, resolutions of the general meeting shall be approved by shareholders representing at least half of voting rights of the whole shareholders, and the Group could exercise control over it.

Note 5: Longzhihui (Shanghai) Facility Management Services Company Limited, which is under the control of the Group, holds 60% of the equity of Longzhihui (Changzhou) Facility Management Services Company Limited. Pursuant to the Articles of Association, resolutions of the general meeting shall be approved by shareholders representing at least half of voting rights of the whole shareholders, and the Group could exercise control over it.

Note 6: The board of directors of Shanghai Hongxin Oukai Home Living Company Limited totally sets five seats and three of which were appointed by the Group. CHE Jianxing (車建興), serves as its chairman. According to the Articles of Association, the resolution of the board of directors needs to be passed by more than half of all directors, and the Group could exercise control over it.

Note 7: The board of directors of Chengdu Changyi Red Star Macalline Home Living Market Management Company Limited totally sets five seats, three of which were appointed by the Group. CHE Jianxing serves as the chairman. According to the Articles of Association, the resolution of the board of directors needs to be passed by more than half of all directors, and the Group could exercise control over it.

Note 8: Explanation of the shareholding ratio is not equal to the voting right ratio in the subsidiary: According to the relevant contract signed between the Company and Shandong Furong Group Co., Ltd. (山東芙蓉集團有限公司), a shareholder of Jinan Red Star Macalline Expo Home Living Plaza Co., Ltd. (濟南紅星美凱龍世博家居生活廣場有限公司), after the completion of the relevant cooperative project buildings, Shandong Furong Group Co., Ltd. got part of property rights of the buildings, which is rented by the Group. The lease term is 10 years from the official opening of the project (2010 to 2020). Shandong Furong Group Co., Ltd. obtained a fixed rental return and did not participate in the daily management and other profit distribution of Jinan Red Star.

As at 31 December 2020, the outstanding debt securities of certain subsidiaries of the Company are as follows

Name	Par value of debt securities RMB'000	Expiry date
Hong Kong Red Star Macalline Global Home Furnishing Company Limited (香港紅星美凱龍全球家居有限公司)	1,957,470	2022
Jiangsu Sunan Construction Company Limited (江蘇蘇南建築安裝工程有限公司)	439,283	2021
Beijing Red Star Macalline Shibo Home Furnishing Plaza Company Limited (北京紅星美凱龍世博家具廣場有限公司)	2,410,000	2021
Yantai Red Star Macalline Home Living Company Limited (煙台紅星美凱龍家居有限公司)	190,000	2021
Changzhou Macalline International Computer and Home Appliance City Company Limited (常州美凱龍國際電腦家電裝飾城有限公司)	400,000	2022
Changzhou Worldwide Home Living and Furnishing Plaza Company Limited (常州世界家具家居廣場有限公司)	900,000	2022
Beijing Red Star Macalline International Home Furnishing Plaza Company Limited (北京紅星美凱龍國際家具建材廣場有限公司)	1,940,000	2022
Wuhan Red Star Macalline Shibo Home Living Plaza Development Company Limited (武漢紅星美凱龍世博家居廣場發展有限公司)	320,000	2022
Wuxi Red Star Macalline International Home Furnishing Company Limited (無錫紅星美凱龍國際家具裝飾有限公司)	560,000	2023

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VII. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in Significant Subsidiaries (continued)

According to the relevant contract signed between the Company and Beijing Chaoyang North Garden Agriculture and Industry Co., Ltd. (北京市朝陽北花園農工商公司), a shareholder of Beijing Century Europe and America Business Investment Company Limited (北京世紀歐美商業投資有限公司) ("Beijing Century Europe and America Business"), the Group contracted to operate Beijing Century Europe and America Business within the project cooperation period. Starting from the 12th month after construction commencement day, the Group shall pay a fixed contract profit to Beijing Chaoyang North Garden Agricultural Industrial and Commercial Company. The cooperative operation period is 50 years (2011 to 2060). Upon expiration of the cooperative operation period, all land, buildings and non-demolition facilities of the project company shall be shared by both shareholders in proportion to the registered capital. According to the relevant contract, the Group reclassified the capital contribution of Beijing Chaoyang Beihuayuan Agricultural and Industrial Co., Ltd. into liabilities and does not treat it as an equity instrument.

Details of the subsidiaries with significant minority shareholders' interests are as follows:

2020

	Minority shareholders' interests ratio (%)	Profit/loss attributable to minority shareholders	Dividends paid to minority shareholders	Accumulated minority shareholders interests by the end of year
Zhengzhou Red Star	39.69	124,332,487.63	90,281,990.96	949,331,541.47
Yintai New City Investment	30.00	(1,391,010.65)	-	424,932,238.84
Suzhou Red Star	45.00	156,855,412.98	-	461,730,088.94

2019

	Minority shareholders' interests ratio (%)	Profit/loss attributable to minority shareholders	Dividends paid to minority shareholders	Accumulated minority shareholders interests by the end of year
Zhengzhou Red Star	39.69	93,605,999.30	74,748,863.10	915,281,044.80
Yintai New City Investment	30.00	(5,726,664.69)	-	426,323,249.49
Suzhou Red Star	45.00	94,150,611.61	-	304,874,675.96

VII. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in Significant Subsidiaries (continued)

The following table illustrates the financial information of above-mentioned subsidiaries. This information represents the amounts of subsidiaries excluding elimination of the Group:

	Zhengzhou Red Star	Yintai New City Investment	Suzhou Red Star
2020			
Current assets	863,508,684.86	294,785,944.25	467,057,381.54
Non-current assets	3,713,465,513.60	2,466,774,402.88	1,650,726,001.73
Total assets	4,576,974,198.46	2,761,560,347.13	2,117,783,383.27
Current liabilities	201,489,865.64	637,288,758.43	170,500,590.90
Non-current liabilities	1,787,897,827.29	459,251,811.26	921,215,928.06
Total liabilities	1,989,387,692.93	1,096,540,569.69	1,091,716,518.96
Revenue	311,515,470.02	–	174,372,909.49
Net profit/(loss)	313,258,976.16	(4,636,702.16)	348,567,584.39
Total comprehensive income/(loss)	313,258,976.16	(4,636,702.16)	348,567,584.39
Net cash flow from/(used in) operating activities	156,081,904.01	(20,656,835.22)	99,372,400.98

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VII. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in Significant Subsidiaries (continued)

The following table illustrates the financial information of above-mentioned subsidiaries. This information represents the amounts of subsidiaries excluding elimination of the Group:

	Zhengzhou Red Star	Yintai New City Investment	Suzhou Red Star
2019			
Current assets	752,962,728.87	267,818,818.76	386,361,019.44
Non-current assets	3,405,005,332.95	2,366,138,026.10	1,299,386,941.37
Total assets	4,157,968,061.82	2,633,956,844.86	1,685,747,960.81
Current liabilities	172,778,507.44	753,627,535.30	514,459,311.14
Non-current liabilities	1,507,280,034.05	459,251,811.26	493,789,369.75
Total liabilities	1,680,058,541.49	1,212,879,346.56	1,008,248,680.89
Revenue	353,974,827.57	–	138,272,284.44
Net profit/(loss)	235,842,779.79	(19,088,882.30)	209,223,581.35
Total comprehensive income/(loss)	235,842,779.79	(19,088,882.30)	209,223,581.35
Net cash flow from/(used in) operating activities	200,743,924.32	(7,432,284.56)	137,153,665.35

VII. INTERESTS IN OTHER ENTITIES (continued)

2. Transactions which changed equity of subsidiaries without affecting right of control

The main transactions which changed equity of subsidiaries without affecting right of control are as follows:

In January 2020, Shanghai Red Star Macalline Industrial Company Limited, a subsidiary of the Group, acquired 40% equity of Shenyang Mingdu Home Furnishing Plaza Company Limited from Zhejiang Borui Holding Group Co., Ltd., a minority shareholder of Shenyang Mingdu Home Furnishing Plaza Company Limited at RMB184,124,517.79. After the acquisition, shares of Shenyang Mingdu Home Furnishing Plaza Company Limited held by the Group increased from 60% to 100%, and the capital reserve was reduced by RMB143,018,336.13.

From 12 September 2019 to 15 October 2019, the Group obtained 4.9% equity of Xinsheng Property Management (Shanghai) Co., Ltd. held by Jin Jiang International Holding Company Limited (錦江國際(集團)有限公司) through public listing on the stock exchange at RMB32,830,000.00, and obtained 5.1% equity of Xinsheng Property Management (Shanghai) Co., Ltd. held by Shanghai New Long March (Group) Co., Ltd. (上海新長徵(集團)有限公司) at RMB34,170,000.00. The registration date for business change is 12 March 2020. After the acquisition, shares of Xinsheng Property Management (Shanghai) Co., Ltd. held by the Group increased from 90% to 100%, and the capital reserve was reduced by RMB35,424,355.59.

In 2020, the Group acquired the non-controlling interests of Shanghai Hezhu Enterprise Management Cooperative Enterprise (Limited Partnership) (上海合祝企業管理合作企業(有限合夥)), Shanghai Jiliang Enterprise Management Partnership (Limited Partnership) (上海集量企業管理合夥企業(有限合夥)), Shanghai Juzun Enterprise Management Partnership (Limited Partnership) (上海聚尊企業管理合夥企業(有限合夥)), and Shanghai Dingshi Enterprise Management Partnership (Limited Partnership) (上海鼎識企業管理合夥企業(有限合夥)) at RMB4,704,196.27. After the acquisition, the Group's shares of Yuejia increased from 66.86% to 100%. Meanwhile, Yuejia's shares in Shanghai Red Star Macalline Decorating Public Network Technology Company Limited ("Decorating Public Network Technology"), Shanghai Anjia Network Technology Company Limited ("Anjia Network"), Shanghai Red Star Macalline Network Technology Company Limited ("Macalline Network Technology") rose from 66.86% to 100%, and the total capital reserve was reduced by RMB71,836,141.87.

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VII. INTERESTS IN OTHER ENTITIES (continued)

3. Interests in joint ventures and associates

	Main business site	Place of incorporation	Business nature	Registered capital RMB' 0000	Shareholding ratio (%)		Accounting treatment	Note
					Direct	Indirect		
Joint ventures								
Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司)	Sichuan	Sichuan	Site lease management	8,300.00	50.00	-	Equity method	
Shanghai CTME Economy & Trade Development Co., Ltd. (上海中貿美凱龍經貿發展有限公司)	Shanghai	Shanghai	Wholesale and retail	500.00	-	40.00	Equity method	1
Shanghai Mingyi Enterprise Development Co., Ltd. (上海名藝商業企業發展有限公司)	Shanghai	Shanghai	Leasing and commercial services	1,000.00	50.00	-	Equity method	
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)	Anhui	Anhui	Leasing and commercial services	2,000.00	-	50.00	Equity method	
Baoxiang Red Star Macalline (Xiamen) Global Home Furnishing Plaza Company Limited (寶象紅星美凱龍(廈門)全球家居廣場有限公司)	Fujian	Fujian	Wholesale and retail	3,000.00	50.00	-	Equity method	
Sleep Maker (Hong Kong) Company Limited	Hong Kong	Hong Kong	Wholesale and retail	HKD100	-	30.00	Equity method	2
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)	Guangdong	Guangdong	Wholesale and retail	1,000.00	-	43.00	Equity method	3
Shenzhen Red Star Macalline Business Management Company Limited (深圳紅星美凱龍商業管理有限公司)	Guangdong	Guangdong	Leasing and commercial services	1,000.00	60.00	-	Equity method	4
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)	Guangdong	Guangdong	Wholesale and retail	3,000.00	-	50.00	Equity method	
Xiamen Baoxiang Red Star Macalline Home Furnishing Plaza Company Limited (廈門寶象紅星美凱龍家居生活廣場有限公司)	Fujian	Fujian	Wholesale and retail	3,000.00	50.00	-	Equity method	

VII. INTERESTS IN OTHER ENTITIES (continued)

3. Interests in joint ventures and associates (continued)

	Main business site	Place of incorporation	Business nature	Registered capital RMB'0000	Shareholding ratio (%)		Accounting treatment	Note
					Direct	Indirect		
Associates								
Haier Consume Financing Company Limited (海爾消費金融有限公司)	Shandong	Shandong	Finance	100,000.00	-	25.00	Equity method	
Shandong Inzone Green Home Co., Ltd. (山東銀座家居有限公司)	Shandong	Shandong	Leasing and commercial services	1,057.00	46.50	-	Equity method	
Shenyudao Cultural Tourism Holding Co., Ltd. (神玉島文化旅遊控股股份有限公司)	Hainan	Hainan	Residential services, maintenance and other services	30,000.00	35.00	-	Equity method	
Yaxiya Building Materials Co., Ltd. (亞細亞建築材料股份有限公司)	Shanghai	Shanghai	Wholesale and retail	13,875.00	-	20.00	Equity method	5
Guangdong Sanweijia Information Technology Co., Ltd. (廣東三維家信息科技有限公司)	Guangdong	Guangdong	Information transmission, software and information technology services	2,053.45	-	11.04	Equity method	5
Sunseaparking Inc	Cayman	Cayman	Transportation, storage and postage	USD300 thousand	-	8.43	Equity method	5
Wuhan Zhengkai Logistics Co., Ltd. (武漢市正凱物流有限公司)	Hubei	Hubei	Transportation, storage and postage	6,000.00	18.00	-	Equity method	5
Guangdong VIFA Customized Home Furnishings Co., Ltd. (廣東威法定制家居股份有限公司)	Guangdong	Guangdong	Manufacture	4,500.00	-	6.50	Equity method	5
Weifang Binxing Properties Co., Ltd. (濰坊濱星置業有限公司)	Shandong	Shandong	Real estate	30,000.00	-	30.00	Equity method	
Zhejiang Zhongguang Electric Appliances Co., Ltd. (浙江中廣電器股份有限公司)	Zhejiang	Zhejiang	Wholesale and retail	12,100.00	-	8.14	Equity method	5
Shanghai Xincheng'an Construction Co., Ltd. (上海鑫誠安建設有限公司)	Liaoning	Liaoning	Construction	3,529.50	-	30.00	Equity method	
Shanghai Tianhe Smart Home Technology Company Ltd. (上海天合智能科技股份有限公司)	Shanghai	Shanghai	Science research and technology service	5,680.25	-	10.00	Equity method	5

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VII. INTERESTS IN OTHER ENTITIES (continued)

3. Interests in joint ventures and associates (continued)

	Main business site	Place of incorporation	Business nature	Registered capital RMB'0000	Shareholding ratio (%)		Accounting treatment	Note
					Direct	Indirect		
LEAWOD Door and Window Profiles Company (四川良木道門窗型材有限公司)	Sichuan	Sichuan	Manufacture	8,000.00	-	24.20	Equity method	5
Suzhou Supin Home Culture Co., Ltd. (蘇州市蘇品宅配文化有限公司)	Jiangsu	Jiangsu	Manufacture	2,349.07	-	15.00	Equity method	5
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)	Guangdong	Guangdong	Wholesale and retail	500.00	-	37.00	Equity method	
Ant live (Tianjin) Network Technology Co., Ltd. (蟻安居(天津)網絡技術有限公司)	Tianjin	Tianjin	Science research and technology service	2,884.50	-	16.67	Equity method	5
Beijing Bilin Hongke Technology Co., Ltd. (北京比鄰弘科科技有限公司)	Beijing	Beijing	Science research and technology service	324.66	-	10.00	Equity method	5
Shanghai Qiangshang Environmental Technology Company Limited (上海牆尚環保科技有限公司)	Shanghai	Shanghai	Wholesale and retail	1,388.66	-	8.00	Equity method	5
Shanghai CONJOINT Construction Technology Co., Ltd. (上海開裝建築科技有限公司)	Shanghai	Shanghai	Science research and technology service	200.00	-	14.61	Equity method	5
Icolor Private Limited	Cayman	Cayman	Construction	USD 50 thousand	-	8	Equity method	5
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)	Shanghai	Shanghai	Science research and technology service	3,064.46	-	12.38	Equity method	5
Chengdu Rhine Etam Furniture Co., Ltd. (成都艾格家具有限公司)	Sichuan	Sichuan	Manufacture	857.10	-	29.56	Equity method	
Jiangsu Baili Aijia Home Technology Co., Ltd. (江蘇佰麗愛家居科技有限公司)	Jiangsu	Jiangsu	Science research and technology service	1,727.12	-	10.00	Equity method	5
Shanghai Jinjiang United Purchasing Supply Chain Co., Ltd. (上海錦江聯採供應鏈有限公司)	Shanghai	Shanghai	Transportation, storage and postage	30,000.00	10.00	-	Equity method	5
BigZone Information Technology (Shanghai) Company Limited (大域信息科技(上海)有限公司)	Shanghai	Shanghai	Science research and technology service	1,235.30	-	14.29	Equity method	5

VII. INTERESTS IN OTHER ENTITIES (continued)

3. Interests in joint ventures and associates (continued)

	Main business site	Place of incorporation	Business nature	Registered capital RMB'0000	Shareholding ratio (%)		Accounting treatment	Note
					Direct	Indirect		
ArtPollo Network Technology (Beijing) Company Limited (愛波羅網絡科技(北京)有限公司)	Beijing	Beijing	Science research and technology service	145.22	–	15.00	Equity method	5
Shengbao (Shanghai) Furniture Co., Ltd. (晟葆(上海)傢俱有限公司)	Shanghai	Shanghai	Construction	555.56	–	10.00	Equity method	5
Beijing Canny-Robot Technology Co., Ltd. (北京康力優藍機器人科技有限公司)	Beijing	Beijing	Science research and technology service	2,340.09	–	6.00	Equity method	5
Shenzhen Yatai Macalline Life Space Technology Co., Ltd. (深圳市亞泰美凱龍空間科技有限公司)	Guangdong	Guangdong	Wholesale and retail	10,000.00	49	–	Equity method	
Shanghai Jiazhan Construction Engineering Company Limited (上海嘉展建築裝潢工程有限公司)	Shanghai	Shanghai	Construction	2,040.83	4.9	–	Equity method	5
Guangzhou Huoshu Yinhua Information Technology Co., Ltd. (廣州火數銀花信息科技有限公司)	Guangdong	Guangdong	Information transmission, software and information technology services	1,111.11	–	11.66	Equity method	5
Shenzhen Huasheng Home Furnishing Group Co., Ltd. (深圳華生大家居集團有限公司)	Guangdong	Guangdong	Leasing and commercial services	3,968.25	–	9.00	Equity method	5
Yimeijisi Optoelectronics Technology (Fujian) Co., Ltd. (誼美吉斯光電科技(福建)有限公司)	Fujian	Fujian	Science research and technology service	5,000.00	–	4.95	Equity method	5
Anka Household Products (Shanghai) Co., Ltd. (安咖家居用品(上海)有限公司)	Shanghai	Shanghai	Wholesale and retail	5,000.00	–	10.00	Equity method	5
Shenzhen Long Life Basics Sleep Science and Technology Co., Ltd. (深圳市朗樂福睡眠科技有限公司)	Guangdong	Guangdong	Wholesale and retail	909.00	–	10.00	Equity method	5
Handan Fengfengkuang District Royal Property Development Company Limited (邯鄲市峰峰礦區皇室房地產開發有限公司)	Hebei	Hebei	Real estate	5,000.00	–	10.00	Equity method	5
Handan Red Star Royal Properties Co., Ltd. (邯鄲市紅星皇室置業有限公司)	Hebei	Hebei	Real estate	2,000.00	–	10.00	Equity method	5

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VII. INTERESTS IN OTHER ENTITIES (continued)

3. Interests in joint ventures and associates (continued)

	Main business site	Place of incorporation	Business nature	Registered capital RMB'0000	Shareholding ratio (%)		Accounting treatment	Note
					Direct	Indirect		
Wuhu Meihe Asset Management Company Limited (蕪湖美和資產管理有限公司)	Anhui	Anhui	Finance	100.00	-	49.00	Equity method	
Shanghai AI.Pure Intelligent Technology Co., Ltd. (上海智諦智能科技有限公司)	Shanghai	Shanghai	Wholesale and retail	1,000.00	-	30.00	Equity method	
Shanghai Zhenyang Decoration Co., Ltd. (上海振洋建築裝潢工程有限公司)	Shanghai	Shanghai	Construction	2,040.82	-	22.41	Equity method	
Meishang (Guangzhou) Cosmetics Co., Ltd. (美尚(廣州)化妝品股份有限公司)	Guangdong	Guangdong	Wholesale and retail	1,119.00	-	8.73	Equity method	5
Shanghai Weilaiishi Decoration Technology Company Limited (上海威來適裝飾科技有限公司)	Shanghai	Shanghai	Wholesale and retail	600.00	-	40.00	Equity method	
Shanghai Shimao Macalline Home Technology Co., Ltd. (上海世茂美凱龍家居科技有限公司)	Shanghai	Shanghai	Wholesale and retail	1,000.00	-	49.00	Equity method	
Zhongzhuang Central Purchasing (Beijing) Information Technology Co., Ltd. (中裝集採(北京)信息技術有限公司)	Beijing	Beijing	Science research and technology service	2,000.00	-	35.00	Equity method	
Aibbe Inc.	Cayman	Cayman	Science research and technology service	USD7,140	-	4.61	Equity method	5

VII. INTERESTS IN OTHER ENTITIES (continued)

3. Interests in joint ventures and associates (continued)

Note 1: The board of directors of Shanghai Zhongmao Macalline Economic and Trade Development Co., Ltd. is composed of five people, of which we nominate 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 2: Major matters should be approved after the unanimous consent of all shareholders, so Sleep Maker (Hong Kong) Company Limited is a joint venture company.

Note 3: 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 4: 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.

Note 5: The Group delegates directors to the Company, which has significant influence to the Company.

Chengdu Dongtai Shopping Mall Company Limited, a material joint venture of the Group, is mainly engaged in site leasing management service and accounted for adopting the equity method. The investment is not strategic to the Group's activities.

The following table illustrates the financial information of Chengdu Dongtai Shopping Mall Company Limited, which was adjusted to book value per consolidated financial statements in accordance with the all accounting policies:

	2020	2019
Current assets	292,186,568.64	232,771,069.04
Including: cash and cash equivalents	54,771,534.60	82,922,776.17
Non-current assets	1,818,589,277.40	1,855,864,202.07
Total assets	2,110,775,846.04	2,088,635,271.11
Current liabilities	95,790,932.62	100,917,890.69
Non-current liabilities	398,462,489.92	402,059,835.49
Total liabilities	494,253,422.54	502,977,726.18
Net assets share calculated based on the percentage of shareholding	808,261,211.75	792,828,772.46
Book value in the investment	808,261,211.75	792,828,772.46

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VII. INTERESTS IN OTHER ENTITIES (continued)

3. Interests in joint ventures and associates (continued)

	2020	2019
Revenue	108,339,808.84	148,568,293.19
Financial expenses	(6,364,529.01)	(4,805,744.93)
Income tax expense	10,443,191.46	18,517,995.32
Net profit	30,864,878.58	55,528,291.55
Total comprehensive income	30,864,878.58	55,528,291.55
Dividends receivable	–	102,233,703.73

Haier Consume Financing Company Limited, a material associate of the Group, is mainly engaged in finance and accounted for adopting the equity method. The investment is not strategic to the Group's activities.

The following table illustrates the financial information of Haier Consume Financing Company Limited, which was adjusted to book value per financial statements in accordance with the all accounting policies:

	2020	2019
Current assets	9,751,892,599.04	9,804,002,262.03
Including: cash and cash equivalents	1,030,545,996.65	1,057,184,405.39
Non-current assets	398,486,246.38	485,899,783.38
Total assets	10,150,378,845.42	10,289,902,045.41
Current liabilities	5,057,892,054.96	2,668,672,679.91
Non-current liabilities	3,534,022,000.00	6,185,633,662.84
Total liabilities	8,591,914,054.96	8,854,306,342.75
Net assets share calculated based on the percentage of shareholding	389,616,197.62	358,898,925.67
Book value in the investment	389,616,197.62	358,898,925.67

VII. INTERESTS IN OTHER ENTITIES (continued)

3. Interests in joint ventures and associates (continued)

	2020	2019
Revenue	1,175,527,332.16	1,389,189,609.67
Operating expenses	1,066,064,556.83	1,228,060,791.90
Income tax expense	269,578.24	17,536,792.21
Net profit	122,555,157.45	204,611,052.92
Total comprehensive income	122,555,157.45	204,611,052.92

Shandong Yinzuo Home Furnishing Co., Ltd., a material associate of the Group, is mainly engaged in leasing and commercial and accounted for adopting the equity method. The investment is not strategic to the Group's activities.

The following table illustrates the financial information of Shandong Yinzuo Home Furnishing Co., Ltd., which was adjusted to book value per financial statements in accordance with the all accounting policies:

	2020	2019
Current assets	166,567,593.71	126,216,930.08
Including: cash and cash equivalents	151,610,378.25	102,659,660.62
Non-current assets	1,184,755,354.97	1,120,759,159.87
Total assets	1,351,322,948.68	1,246,976,089.95
Current liabilities	446,138,386.97	395,048,125.57
Non-current liabilities	223,239,348.76	235,888,605.02
Total liabilities	669,377,735.73	630,936,730.59
Net assets share calculated based on the percentage of shareholding	317,104,524.02	286,458,302.10
Adjustments (Note 1)	62,006,041.48	62,006,041.48
Book value in the investment	379,110,565.50	348,464,343.58

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VII.INTERESTS IN OTHER ENTITIES (continued)

3. Interests in joint ventures and associates (continued)

	2020	2019
Revenue	343,805,387.31	397,489,375.06
Financial expenses	7,573,179.13	7,553,252.96
Income tax expense	40,282,268.85	3,345,748.02
Net profit/(loss)	82,079,080.67	(1,945,188.90)
Total comprehensive income	82,079,080.67	(1,945,188.90)
Dividends received	7,520,550.59	–

Note 1: The difference between the book value of the investment and net assets share calculated based on the percentage of shareholding is because that the initial investment cost of the long-term equity investment is greater than the net assets of the invested entity enjoyed at the time of investment.

The following table illustrates the consolidated financial information on unimportant joint ventures and associates:

	2020	2019
Joint ventures		
Book value of investments in total	200,529,013.33	188,075,087.04
Following items calculated based on the percentage of shareholding in total		
Net (loss)/profit	(566,073.71)	19,923,290.70
Total comprehensive income	(566,073.71)	19,923,290.70
Associates		
Book value in the investment in total	1,926,378,504.29	1,966,011,906.45
Following items calculated based on the percentage of shareholding in total		
Net (loss)/profit	(38,791,329.97)	39,341,882.72
Total comprehensive income	(38,791,329.97)	39,341,882.72

VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS

1. Classification of Financial Instruments

The book values of various financial instruments on the balance sheet date are as follows:

2020

Financial assets

	Financial assets at fair value through profit or loss		Measured at fair value through other comprehensive income		Total
	Required by the standards	Measured at amortized cost	Required by the standards	Designated	
Cash and bank balance	-	6,511,092,198.09	-	-	6,511,092,198.09
Financial assets held for trading	247,611,072.73	-	-	-	247,611,072.73
Derivative financial assets	2,160,732.11	-	-	-	2,160,732.11
Accounts receivable	-	1,934,826,113.43	-	-	1,934,826,113.43
Receivables financing	-	-	5,872,800.00	-	5,872,800.00
Other receivables	-	1,493,654,743.28	-	-	1,493,654,743.28
Non-current assets due within one year	-	248,704,377.99	-	-	248,704,377.99
Other current assets	-	1,667,072,300.50	-	-	1,667,072,300.50
Long-term receivables	-	532,498,896.89	-	-	532,498,896.89
Other equity instrument investment	-	-	-	4,206,678,046.54	4,206,678,046.54
Other non-current financial assets	396,924,540.60	-	-	-	396,924,540.60
Other non-current assets	-	1,019,580,321.75	-	-	1,019,580,321.75
	646,696,345.44	13,407,428,951.93	5,872,800.00	4,206,678,046.54	18,266,676,143.91

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VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS

1. Classification of Financial Instruments (continued)

The book values of various financial instruments on the balance sheet date are as follows: (continued)

Financial liabilities

	Financial liabilities measured at amortized cost
Short-term loans	3,448,371,909.45
Accounts payable	2,085,329,223.24
Other payables	8,976,309,037.22
Non-current liabilities due within one year	11,897,443,643.72
Other current liabilities	439,283,229.30
Long-term loans	22,212,429,627.44
Bonds payable	4,432,634,711.35
Lease liabilities	4,082,933,276.21
Long-term payables	712,856,318.61
Other non-current liabilities	3,833,098,699.03
	62,120,689,675.57

VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS

1. Classification of Financial Instruments (continued)

The book values of various financial instruments on the balance sheet date are as follows: (continued)

2019

Financial assets

	Financial assets at fair value through profit or loss Required by the standards	Measured at amortized cost	Measured at fair value through other comprehensive income Required by the standards	Required by Designated	Total
Cash and bank balance	-	7,229,239,369.35	-	-	7,229,239,369.35
Financial assets held for trading	233,385,470.05	-	-	-	233,385,470.05
Derivative financial assets	31,751,504.22	-	-	-	31,751,504.22
Accounts receivable	-	1,805,663,937.18	-	-	1,805,663,937.18
Receivables financing	-	-	41,040,000.00	-	41,040,000.00
Other receivables	-	679,012,095.26	-	-	679,012,095.26
Non-current assets due within one year	-	555,066,245.64	-	-	555,066,245.64
Other current assets	-	918,797,817.32	-	-	918,797,817.32
Long-term receivables	-	800,494,682.51	-	-	800,494,682.51
Other equity instrument investment	-	-	-	3,999,157,825.44	3,999,157,825.44
Other non-current financial assets	368,774,540.60	-	-	-	368,774,540.60
Other non-current assets	-	1,259,259,903.72	-	-	1,259,259,903.72
	633,911,514.87	13,247,534,050.98	41,040,000.00	3,999,157,825.44	17,921,643,391.29

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VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS

1. Classification of Financial Instruments (continued)

The book values of various financial instruments on the balance sheet date are as follows: (continued)

Financial liabilities

	Financial liabilities measured at amortized cost
Short-term loans	3,387,894,541.95
Accounts payable	1,476,370,855.07
Other payables	7,751,973,358.09
Non-current liabilities due within one year	9,804,740,633.43
Other current liabilities	144,228,766.87
Long-term loans	15,919,626,315.76
Bonds payable	6,592,440,970.73
Lease liabilities	3,321,817,733.91
Long-term payables	634,392,235.62
Other non-current liabilities	5,747,108,371.13
	<hr/>
	54,780,593,782.56

VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS

2. Transfer of Financial Assets

Derecognized but continuing involvement in the transferred financial assets

On 31 December 2020, the book value of bank acceptances endorsed by the Group to suppliers for settlement of accounts payable are RMB26,500,000.00. The book value of commercial acceptances are RMB5,000,000.00. On 31 December 2020, with a maturity of 2 to 10 months. According to the relevant provisions of the bill law, if the acceptance bank refuses to pay, its holder has the right to recourse against the group ("continuing involvement"). In the opinion of the Group, the Group has transferred almost all of its risks and rewards, so the book value of the settled accounts payable and related accounts payable is derecognized. The maximum loss and undiscounted cash flow continuously involved in and repurchased are equal to its book value. The Group believes that it is not significant to continue to be involved in fair value.

In 2020, the Group did not recognize gains or losses on its transfer date. The Group has no income or expense that has been derecognized in the current year and accumulated recognition due to continuous involvement in the financial assets. Endorsements are generally balanced in the current year.

3. Risks of Financial Instruments

The Group faces various risks of financial instruments during daily activities, mainly including credit risks, liquidity risks and market risks (including foreign exchange risk, interest rate risk and price risk). Major financial instruments of the Group include cash and bank balances, financial assets held for trading, derivative financial assets, accounts receivable, receivables financing, other receivables, non-current assets due within one year, other current assets, long-term receivables, other equity instrument investment, other non-current financial assets, other non-current assets, accounts payable, other payables, long-term payables, short-term loans, non-current liabilities due within one year, long-term loans, bonds payable, long-term payables, other non-current liabilities and lease liabilities. The following will show the risks relating to these financial instruments and the risk management strategies the Group adopted to reduce the relevant risks.

VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS

3. Risks of Financial Instruments (continued)

The Board is responsible for planning and establishing the risk management structure of the Group, working out the risk management policies and relevant guidelines of the Group and supervising the implementation of the risk management measures. The Group has worked out risk management policies to identify and analyze the risks it faced. These risk management policies have clearly defined specific risks, covering market risk, credit risk and liquidity risk management. The Group regularly assesses changes in the market environment and its operating activities to decide whether or not to update the risk management policies and systems. The Group's risk management is conducted by the risk management committee according to the policies approved by the Board. The risk management committee identifies, assesses and avoids relevant risks via close cooperation with other business departments of the Group. The internal audit department of the Group conducts regular review on the risk management control and procedures and reports the review results to the audit committee of the Group.

The Group diversifies risks of financial instruments through appropriate diversified investments and business portfolios and works out relevant risk management policies to reduce the risks concentrated in any single industry, specific region or specific counterparty.

Credit risks

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. 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.

As our counterparties of cash and bank and bank acceptances receivable and derivative financial instruments are banks with a good reputation and a high credit rating, the credit risks of these financial instruments are relatively low.

Other financial assets of the Group include accounts receivable, other receivables, non-current assets due within one year, other current assets and long-term receivables. Credit risks of these financial assets result from default of the counterparties and the maximum risk exposure equals the book values of these instruments.

VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)

3. Risks of Financial Instruments (continued)

Credit risks (continued)

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..

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VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)

3. Risks of Financial Instruments (continued)

Credit risks (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 legal 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.

VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)

3. Risks of Financial Instruments (continued)

Credit risks (continued)

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;
- 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.

The impact of these economic indicators on PD and LGD varies in different types of businesses. Refer to Notes V.3, 6, 8, 9, 10, 11 and 24 for risk exposure of accounts receivable, other receivables, contract assets, non-current assets due within one year, other current assets, long-term receivables and other non-current assets.

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VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)

3. Risks of 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. 39.3% (31 December 2019: 37.9%) of the Group's debts would mature in less than one year as at 31 December 2020.

The table below summarizes the maturity profile of financial liabilities based on the undiscounted contractual cash flows:

2020

	Due immediately or within one year	1-2 years	2-5 years	Over 5 years	Total
Accounts payable	2,085,329,223.24	-	-	-	2,085,329,223.24
Other payables	8,976,309,037.22	-	-	-	8,976,309,037.22
Long-term payables	-	76,615,005.35	497,162,694.85	841,474,985.22	1,415,252,685.42
Short-term loans	3,493,263,394.18	-	-	-	3,493,263,394.18
Non-current liabilities					
due within one year	12,029,085,303.41	-	-	-	12,029,085,303.41
Other current liabilities	463,340,681.26	-	-	-	463,340,681.26
Long-term loans	1,159,349,814.45	4,263,619,193.63	10,764,903,207.36	12,356,625,214.17	28,544,497,429.61
Bonds payable	205,490,337.50	1,173,358,830.65	3,537,762,144.35	-	4,916,611,312.50
Lease liabilities	251,356,986.86	882,800,122.28	2,200,950,458.76	5,834,463,292.29	9,169,570,860.19
Other non-current liabilities	243,715,320.00	3,485,798,258.96	524,386,877.04	-	4,253,900,456.00
	28,907,240,098.12	9,882,191,410.87	17,525,165,382.36	19,032,563,491.68	75,347,160,383.03

VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)

3. Risks of Financial Instruments (continued)

Liquidity risk (continued)

2019

	Due immediately or within one year	1-2 years	2-5 years	Over 5 years	Total
Accounts payable	1,476,370,855.07	-	-	-	1,476,370,855.07
Other payables	7,751,973,358.09	-	-	-	7,751,973,358.09
Long-term payables	-	121,225,260.90	203,314,451.89	963,020,499.24	1,287,560,212.03
Short-term loans	3,448,200,620.09	-	-	-	3,448,200,620.09
Non-current liabilities					
due within one year	10,199,894,882.37	-	-	-	10,199,894,882.37
Other current liabilities	148,998,880.45	-	-	-	148,998,880.45
Long-term loans	824,490,155.07	4,140,901,407.78	7,457,784,163.78	7,608,796,944.04	20,031,972,670.67
Bonds payable	471,906,688.98	4,265,914,463.36	2,645,917,897.53	-	7,383,739,049.87
Lease liabilities	-	588,011,304.22	1,359,179,153.05	3,686,039,064.31	5,633,229,521.59
Other non-current liabilities					
liabilities	408,245,720.80	2,790,743,340.46	3,516,507,083.00	-	6,715,496,144.25
	24,730,081,160.92	11,906,795,776.72	15,182,702,749.25	12,257,856,507.59	64,077,436,194.48

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VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)

3. Risks of Financial Instruments (continued)

Market risk

Interest rate risk

The Group's exposure to the risk of changes in market interest rates primarily relates to the floating-rate long-term liabilities of the Group.

The table below is a sensitivity analysis of interest rate risk, which reflects the impact on net profit or loss (through the impact on floating-rate borrowings) after tax, when there are reasonable and potential changes in interest rates, under the presumption that all other variables remain unchanged.

2020

	Increase/ (decrease) in basis point	Increase/ (decrease) in net profit or loss	Increase/ (decrease) in total shareholders' equity
Bank borrowings	50.00	(63,136,806.62)	(63,136,806.62)
Bank borrowings	(50.00)	63,136,806.62	63,136,806.62

2019

	Increase/ (decrease) in basis point	Increase/ (decrease) in net profit or loss	Increase/ (decrease) in total shareholders' equity
Bank borrowings	50.00	(65,464,603.82)	(65,464,603.82)
Bank borrowings	(50.00)	65,464,603.82	65,464,603.82

VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)

3. Risks of Financial Instruments (continued)

Market risk (continued)

Exchange rate risk

Exchange rate risk refers to the risk of losses arising from change in exchange rate. The Group's exposure to foreign currency risk mainly relates to USD, HKD and EURO. Main business activities of the Group's subsidiaries in mainland China are valued and settled in RMB, with a small amount of foreign currency deposits, borrowings and bonds. Main business activities of the Group's subsidiaries in Hong Kong are valued and settled in HKD or USD.

The Group's policy is to negotiate and match the term of the hedging derivative with the term of the hedged item, so as to make the hedging most effective. The Group has an exchange rate risk exposure arising from the issuance of US dollar bonds. The Group uses structured currency swaps and options portfolio products composed of written options and purchase options to reduce exchange rate risk exposure.

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.

2020

	Increase/ (decrease) in exchange rate	Increase/ (decrease) in net profit or loss	Increase/ (decrease) in total shareholders' equity
Depreciation of RMB against USD	(5.00)	(11,608,875.12)	(11,608,875.12)
Appreciation of RMB against USD	5.00	11,608,875.12	11,608,875.12
Depreciation of RMB against HKD	(5.00)	27,098.03	27,098.03
Appreciation of RMB against HKD	5.00	(27,098.03)	(27,098.03)
Depreciation of RMB against EURO	(5.00)	(49,962,836.72)	(49,962,836.72)
Appreciation of RMB against EURO	5.00	49,962,836.72	49,962,836.72

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VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)

3. Risks of Financial Instruments (continued)

Market risk (continued)

Exchange rate risk (continued)

2019

	Increase/ (decrease) in exchange rate	Increase/ (decrease) in net profit or loss	Increase/ (decrease) in total shareholders' equity
Depreciation of RMB against USD	(5.00)	(11,823,748.04)	(11,823,748.04)
Appreciation of RMB against USD	5.00	11,823,748.04	11,823,748.04
Depreciation of RMB against HKD	(5.00)	(32,405,611.36)	(32,405,611.36)
Appreciation of RMB against HKD	5.00	32,405,611.36	32,405,611.36
Depreciation of RMB against EURO	(5.00)	1,817,103.75	1,817,103.75
Appreciation of RMB against EURO	5.00	(1,817,103.75)	(1,817,103.75)

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 2020. 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.

VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)

3. Risks of Financial Instruments (continued)

Market risk (continued)

Price risk of equity instrument investment (continued)

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:

	2020		2019	
	End of 2020	Highest/Lowest	End of 2019	Highest/Lowest
SSE – A Share Index	3,473	3,475/2,647	3,050	3,271/2,464
SZSE – A Share Index	14,471	14,477/9,531	10,431	10,541/7,011

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).

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VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)

3. Risks of Financial Instruments (continued)

Market risk (continued)

Price risk of equity instrument investment (continued)

2020

	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 investments				
SSE – Measured at fair value through profit or loss		7,998,888.53/ (7,998,888.53)	–	7,998,888.53/ (7,998,888.53)
– Measured at fair value through other comprehensive income	94,104,570.98 1,761,493,803.34	–	137,950,116.13/ (137,950,116.13)	137,950,116.13/ (137,950,116.13)
SZSE – Measured at fair value through profit or loss		6,925,008.99/ (6,925,008.99)	–	6,925,008.99/ (6,925,008.99)
– Measured at fair value through other comprehensive income	81,470,694.00 150,300,000.00	–	12,775,500.00/ (12,775,500.00)	12,775,500.00/ (12,775,500.00)
Non-listed equity instrument investments at fair value				
– Measured at fair value through other comprehensive income	2,294,884,243.20	–	172,116,318.24/ (172,116,318.24)	172,116,318.24/ (172,116,318.24)

VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)

3. Risks of Financial Instruments (continued)

Market risk (continued)

Price risk of equity instrument investment (continued)

2019

	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 investments				
SSE – Measured at fair value through profit or loss		1,899,948.90/		1,899,948.90/
	22,352,340.00	(1,899,948.90)	–	(1,899,948.90)
– Measured at fair value through other comprehensive income	2,411,390,920.48	–	199,372,572.58/ (199,372,572.58)	199,372,572.58/ (199,372,572.58)
SZSE – Measured at fair value through profit or loss		3,872,894.95/		3,872,894.95/
	45,563,470.00	(3,872,894.95)	–	(3,872,894.95)
– Measured at fair value through other comprehensive income	31,221,112.28	–	2,653,794.54/ (2,653,794.54)	2,653,794.54/ (2,653,794.54)
Non-listed equity instrument investments at fair value				
– Measured at fair value through other comprehensive income	1,556,545,792.68	–	116,740,934.45/ (116,740,934.45)	116,740,934.45/ (116,740,934.45)

Notes to the Financial Statements

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VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)

4. Capital 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 maximize 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 2020 and 2019, 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 total sum of adjusted capital and net liabilities. Net liabilities include bank borrowings, bonds payable and financial lease payable (net of cash and cash equivalents), and adjusted capital is the equity of the Group attributable to the Company. The gearing ratio of the Group as of the balance sheet date is as follows:

	12/31/2020	12/31/2019
Short-term loans	3,448,371,909.45	3,387,894,541.95
Non-current liabilities due within one year	11,897,443,643.72	9,804,740,633.43
Other current liabilities	439,283,229.30	144,228,766.87
Long-term loans	22,212,429,627.44	15,919,626,315.76
Bonds payable	4,432,634,711.35	6,592,440,970.73
Financial lease payable	143,010,065.65	–
Other non-current liabilities	3,833,098,699.03	5,747,108,371.13
Lease liabilities	4,082,933,276.21	3,321,817,733.91
Cash and cash equivalents	5,901,061,909.81	6,776,093,360.48
Net liabilities	44,588,143,252.34	38,141,763,973.30
Adjusted capital	45,842,632,982.13	44,231,510,900.84
Capital and net liabilities	90,430,776,234.47	82,373,274,874.14
Gearing ratio	49%	46%

IX. DISCLOSURE OF FAIR VALUE

1. Assets and Liabilities Measured at Fair Value

The table below sets forth the measurement level of fair values of relevant assets and liabilities of the Group:

2020

	Inputs used in the measurement of fair value			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Persistent fair value measurement				
Financial assets held for trading				
Debt instrument investments	-	-	72,035,807.75	72,035,807.75
Equity instrument investments	175,575,264.98	-	-	175,575,264.98
Other equity instrument investments	1,908,562,241.05	3,231,562.40	2,294,884,243.09	4,206,678,046.54
Other non-current financial assets	-	-	396,924,540.60	396,924,540.60
Derivative financial assets	-	2,160,732.11	-	2,160,732.11
Receivables financing	-	5,872,800.00	-	5,872,800.00
Investment properties				
Buildings leased out	-	-	93,150,000,000.00	93,150,000,000.00
Total assets	2,084,137,506.03	11,265,094.51	95,913,844,591.44	98,009,247,191.98

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IX. DISCLOSURE OF FAIR VALUE (continued)

1. Assets and Liabilities Measured at Fair Value (continued)

2019

	Inputs used in the measurement of fair value			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Persistent fair value measurement				
Financial assets held for trading				
Debt instrument investments	-	-	125,358,448.05	125,358,448.05
Equity instrument investments	108,027,022.00	-	-	108,027,022.00
Other equity instrument investments	2,442,612,032.76	53,407,812.00	1,503,137,980.68	3,999,157,825.44
Other non-current financial assets	-	-	368,774,540.60	368,774,540.60
Derivative financial assets	-	31,751,504.22	-	31,751,504.22
Receivables financing	-	41,040,000.00	-	41,040,000.00
Investment properties				
Buildings leased out	-	-	85,107,000,000.00	85,107,000,000.00
Total assets	2,550,639,054.76	126,199,316.22	87,104,270,969.33	89,781,109,340.31

IX. DISCLOSURE OF FAIR VALUE (continued)

2. Assets and Liabilities Disclosed at Fair Value

2020

	Quoted prices in active markets (Level 1)	Inputs used in the measurement of fair value		Total
		Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Bonds payable	-	8,742,562,657.75	-	8,742,562,657.75
Long-term loans	-	27,645,534,946.49	-	27,645,534,946.49
Other non-current liabilities	-	6,488,139,813.87	-	6,488,139,813.87
	-	42,876,237,418.11	-	42,876,237,418.11

2019

	Quoted prices in active markets (Level 1)	Inputs used in the measurement of fair value		Total
		Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Bonds payable	-	10,250,949,721.15	-	10,250,949,721.15
Long-term loans	-	20,040,351,335.38	-	20,040,351,335.38
Other non-current liabilities	-	8,584,628,195.82	-	8,584,628,195.82
	-	38,875,929,252.35	-	38,875,929,252.35

Notes to the Financial Statements

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IX. DISCLOSURE OF FAIR VALUE (continued)

3. Estimation of Fair Value

Fair value of financial instruments

Following is a comparison between book values and fair values of various categories of financial instruments of the Group other than the lease liabilities and the financial instruments with a minor difference between book value and fair value:

	Book value		Fair value	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Bonds payable	8,679,793,334.81	9,922,072,376.71	8,742,562,657.75	10,250,949,721.15
Long-term loans	26,522,849,143.74	19,365,560,917.94	27,645,534,946.49	20,040,351,335.38
Other non-current liabilities	6,284,852,578.30	8,227,885,827.56	6,488,139,813.87	8,584,628,195.82
	41,487,495,056.85	37,515,519,122.21	42,876,237,418.11	38,875,929,252.35

The management has assessed the cash and bank, accounts receivable, accounts payable, and other payables, etc.. In each case, the fair value and book value are similar due to short remaining period.

The financial department of the Group, led by the person in charge of the accounting institution, is responsible for formulating policies and procedures applicable to the measurement of fair value of financial instruments. The person in charge of the accounting institution directly reports to the Chief Financial Officer and the Audit Committee. On each balance sheet date, the financial department analyzes the change in value of financial instruments and ascertains the significant inputs which apply to the valuation. The valuation is subject to review and approval by the Chief Financial Officer. For the purpose of preparing interim and annual financial statements, the financial department meets the Audit Committee twice a year to discuss the valuation procedure and results.

The fair values of financial assets and liabilities are determined as per the amount for which an asset could be exchanged, or a liability could be settled, between knowledgeable, willing parties in an arm's length transaction, instead of the amount under forced sale or under liquidation. The following methods and assumptions are used to estimate the fair value.

IX. DISCLOSURE OF FAIR VALUE (continued)

3. Estimation of Fair Value (continued)

Fair value of financial instruments (continued)

The fair values of long-term receivables, long-term and short-term loans, bonds payable and other non-current liabilities are determined by discounting the future cash flows using market yields currently available for other financial instruments with similar contractual terms, credit risk and remaining term as the discount rate. As at 31 December 2020, the non-performance risk associated with long-term and short-term loans was assessed as insignificant.

The fair values of listed equity instrument investments are determined according to quoted prices on the market. The fair values of non-listed equity instrument investments are estimated using discounted valuation model, and the assumptions adopted are not supported by observable market prices or interest rates. The Group needs to make estimation for the expected future cash flows (including expected future dividend and disposal income). The Group believes that the fair values and changes thereof estimated by valuation technique are reasonable and also the most appropriate values at the balance sheet date.

For the fair values of non-listed equity instrument investments to which discounted valuation model is inapplicable, the Group estimates and quantifies potential impacts of using other reasonable and possible assumptions as inputs for valuation model: under quite unfavourable assumption, the fair values decrease approximately RMB588,268,571.42; under quite favorable assumption, the fair values increase approximately RMB556,992,294.76.

The Group has entered into derivative financial instrument contracts with multiple counterparties (mainly financial institutions with higher credit rating). Derivative financial instruments, including foreign exchange forward contracts and interest rate swaps, are measured using valuation techniques similar to forward pricing and swap models and present value methods. The model covers multiple inputs observable in markets, including counterparty credit quality, spot and forward rates and interest rate curves. The carrying value of foreign exchange forward contracts and interest rate swaps is the same as the fair value. As at 31 December 2020, the mark to market value of derivative financial assets is the net value after offsetting the credit valuation adjustment attributable to the default risk of derivative instrument counterparties. The change of counterparty credit risk has no significant impact on the evaluation of hedging effectiveness of designated derivatives in hedging relationship and other financial instruments measured at fair value.

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IX. DISCLOSURE OF FAIR VALUE (continued)

3. Estimation of Fair Value (continued)

Fair value of financial instruments (continued)

Fair value of investment properties using fair value model

We use the income approach for the valuation of the completed properties put into use: With reference to the market monthly rent of leasable area per unit (per square meter) of the completed properties or the expected rental income based on market condition, we adopt an appropriate capitalization rate to discount to determine the valuation value of investment properties.

We use direct comparison approach for the valuation of the properties under construction at an early development stage: Based on the income that can be received immediately on disposal of investment properties in its current state, with reference to the relevant information on the comparable transactions in the market where the investment properties are located, and depending on the specific condition of the properties under construction, we make adjustments.

We use hypothetical development method for the valuation of investment properties at other stages of development: Assuming that such investment properties will be developed to the condition for use according to the established development plan. In order to obtain their fair value, a direct comparison is made by taking into account the available and comparable sales data in the relevant markets and deducting the construction costs and professional costs incurred by the valuer from the valuation date to the date of completion of development.

The fair value of the Group's investment properties as at 31 December 2020 were assessed by Beijing Huaya Zhengxin Assets Appraisal Co., Ltd, an independent valuer from the Group.

In estimating the fair value of the properties, the best use purpose of investment properties is its current use. There is no change in the valuation methods used.

IX. DISCLOSURE OF FAIR VALUE (continued)

4. Unobservable Inputs

Following is an overview of significant unobservable inputs for the measurement of level-3 fair value:

31 December 2020		Fair value	Valuation technique(s)	Unobservable inputs	Range (Weighted average)
Investment properties – completed properties	2020	81,482,000,000.00	Income approach/ Direct comparison approach/	Price of unit area leasable (per square meter per month)	2020: RMB15–246 2019: RMB14–245
	2019	75,574,000,000.00	Hypothetical development approach	Capitalization rate	2020: 5.5%–8.0% 2019: 5.5%–7.5%
Investment properties – properties under construction at an early development stage	2020	8,510,000,000.00	Direct comparison approach	Unit area price of investment properties (per square meter)	2020: RMB354–20,797 2019: RMB343–19,544
	2019	6,224,000,000.00			
Investment properties – other properties under construction	2020	3,185,000,000.00	Hypothetical development approach	Price of unit area leasable (per square meter per month)	2020: RMB25–70 2019: RMB28–85
	2019	3,309,000,000.00		Capitalization rate	2020: 6.5%–7.5% 2019: 6.5%–7.5%
Other equity instrument investments	2020	2,294,884,243.09	Comparable company approach	Liquidity discount rate	2020: 80%–90%
	2019	1,503,137,980.68			2019: 80%–82%
Other non-current financial assets	2020	396,924,540.60	Discounted cash flow approach	Risk-adjusted discount rate	2020: 11.3%–17.9%
	2019	368,774,540.60			2019: 12.7%–19.5%
Financial assets held for trading – debt instrument investments	2020	72,035,807.75	Discounted cash flow approach	Risk-adjusted discount rate	2020: 2.1%
	2019	125,358,448.05			2019: 2.4%

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IX. DISCLOSURE OF FAIR VALUE (continued)

5. Adjustment of Fair Value Measurement

Information of adjustment of persistent measurement of level-3 fair value is as follows:

2020

	Opening balance	Transferred Into level 3	Transferred Out of level 3	Total gain or loss for the current period		Increase/Transfer	Sell	Closing balance	Changes in the unrealized gain or loss for the current period from assets held at the end of the year included in the profit or loss
				Included in profit or loss	Included in other comprehensive income				
Financial assets held for trading	125,358,448.05	-	-	-	-	5,638,770,203.83	(5,692,092,844.13)	72,035,807.75	-
Other equity instrument investment	1,503,137,980.68	37,250,000.00	(73,816,085.92)	-	543,092,331.56	382,466,025.00	(97,246,008.23)	2,294,884,243.09	-
Other non-current financial assets	368,774,540.60	-	(20,800,000.00)	-	-	69,050,000.00	(20,100,000.00)	396,924,540.60	-
Investment properties	85,107,000,000.00	-	-	496,702,935.69	77,663,553.11	7,575,633,511.20	(107,000,000.00)	93,150,000,000.00	496,702,935.69
	87,104,270,969.33	37,250,000.00	(94,616,085.92)	496,702,935.69	620,755,884.67	13,665,919,740.03	(5,916,438,852.36)	95,913,844,591.44	496,702,935.69

IX. DISCLOSURE OF FAIR VALUE (continued)

5. Adjustment of Fair Value Measurement (continued)

2019

	Opening balance	Transferred Into level 3	Transferred Out of level 3	Total gain or loss for the current period		Increase/Transfer	Sell	Closing balance	Changes in the unrealized gain or loss for the current period from assets held at the end of the year included in the profit or loss
				Included in profit or loss	Included in other comprehensive income				
Financial assets held									
for trading	52,225,200.00	-	-	-	-	125,358,448.05	(52,225,200.00)	125,358,448.05	-
Other equity									
instrument									
investment	1,727,054,980.65	-	(663,307,582.70)	-	114,842,229.85	328,540,432.52	(3,992,079.64)	1,503,137,980.68	-
Other non-current									
financial assets	324,850,000.00	-	-	15,024,540.60	-	34,400,000.00	(5,500,000.00)	368,774,540.60	15,024,540.60
Investment properties	78,533,000,000.00	-	-	1,600,693,492.00	-	5,403,306,508.00	(430,000,000.00)	85,107,000,000.00	1,600,693,492.00
	80,637,130,180.65	-	(663,307,582.70)	1,615,718,032.60	114,842,229.85	5,891,605,388.57	(491,717,279.64)	87,104,270,989.33	1,615,718,032.60

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IX. DISCLOSURE OF FAIR VALUE (continued)

5. Adjustment of Fair Value Measurement (continued)

In the persistent measurement of level-3 fair value, the information of profit or loss relating to financial assets and non-financial assets in the gain or loss included in the profit or loss for the current period is as follows:

2020

	Profit or loss relating to financial assets	Profit or loss relating to non-financial assets
Total gain or loss included into the profit or loss for the current period	–	496,702,935.69
Changes in the unrealized gain or loss for the current period from assets held at the end of the year	–	496,702,935.69

2019

	Profit or loss relating to financial assets	Profit or loss relating to non-financial assets
Total gain or loss included into the profit or loss for the current period	15,024,540.60	1,600,693,492.00
Changes in the unrealized gain or loss for the current period from assets held at the end of the year	15,024,540.60	1,600,693,492.00

IX. DISCLOSURE OF FAIR VALUE (continued)

6. Level Shift in Fair Value

2020

	transfer into	Transfer out of	reason
Level 1	68,826,085.92	–	note 1
Level 2	–	37,250,000.00	note 2
Level 3	37,250,000.00	94,616,085.92	note 1/note 3
	106,076,085.92	131,866,085.92	

Note 1: Compared with 2019, in 2020, other equity instrument investment of RMB68,826,085.92 was listed, and the fair value measurement level was transferred from the level 3 to the level 1.

Note 2: Compared with 2019, in 2020, other equity instrument investment of RMB37,250,000.00 was delisted from the NEEQ, and the fair value measurement level was changed from the level 2 to the level 3.

Note 3: Compared with 2019, in 2020, other equity instrument investment of RMB4,990,000.00 was acquired as joint ventures, and other non-current financial assets of RMB20,800,000.00 were transferred out from the level 3 to other receivables, no longer measured at fair value.

2019

	transfer into	Transfer out of	reason
Level 1	667,422,582.70	–	note 1/note 2
Level 2	–	64,722,000.00	note 2
Level 3	–	663,307,582.70	note 1/note 3
	667,422,582.70	728,029,582.70	

Note 1: Compared with 2018, in 2019, other equity instrument investment of RMB602,700,582.70 was listed, and the fair value measurement level was transferred from the level 3 to the level 1.

Note 2: Compared with 2018, in 2019, other equity instrument investment of RMB64,722,000.00 was changed from the new third board to listing on Shanghai Stock Exchange, and the fair value measurement level was changed from the level 2 to the level 1.

Note 3: Compared with 2018, in the level 3, in addition to the above-mentioned transfer out, in 2019, other equity instrument investment of RMB60,607,000.00 was acquired as a joint venture, no longer measured at fair value.

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X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

1. Parent of the Company

	Place of incorporation	Nature of Business	Equity proportion in the Company (%)	Voting rights proportion in the Company (%)	Registered Capital
Red Star Macalline Holding Group Company Limited 紅星美凱龍控股集團 有限公司 (“紅星控股”)	Shanghai, China	Investment management	69.87	69.87	200 million

Ultimate controlling party of the Company is CHE Jianxing.

2. Subsidiaries

For details of the subsidiaries of the Company, please refer to Note VII. 1. Interests in Significant Subsidiaries.

3. Joint Ventures and Associates

For the details of joint ventures and associates, please refer to Note VII. 3. Interests in Joint Ventures or Associates.

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

4. Other Related Parties

Name of other related parties	Relationship between other related parties and the Company
Shaanxi Hongrui Home Furnishings Plaza Co., Ltd. (陝西鴻瑞家居生活廣場有限公司)	Corporate controlled or invested by the family member who has a close relationship with the ultimate actual controller
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)	Corporate controlled or invested by the family member who has a close relationship with the ultimate actual controller
Changzhou Red Star Furniture General Factory Co., Ltd. (常州市紅星傢俱總廠有限公司)	Corporate controlled or invested by the family member who has a close relationship with the ultimate actual controller
Jining Hongrui Market Management Company Limited (濟寧鴻瑞市場經營管理有限公司)	Corporate controlled or invested by the family member who has a close relationship with the ultimate actual controller
Hangzhou Feishi Bath & Kitchen Products Co., Ltd. (杭州菲氏浴廚用品有限公司)	Corporate controlled or invested by the family member who has a close relationship with the ultimate actual controller
Yangzhou Kailong Consulting Co., Ltd. (揚州凱龍管理諮詢有限公司)	Corporate controlled or invested by the family member who has a close relationship with the ultimate actual controller
Business Division of Nanjing Pukou Lilicheng Furniture (南京市浦口區立力成傢俱經營部)	Corporate controlled or invested by the family member who has a close relationship with the ultimate actual controller
Hangzhou Nabel Ceramics Co., Ltd. (杭州諾貝爾陶瓷有限公司) and its branches	Corporate controlled or invested by the family member who has a close relationship with the ultimate actual controller
Hangzhou Nabel Group Co., Ltd. (杭州諾貝爾集團有限公司) and its branches	Corporate controlled or invested by the family member who has a close relationship with the ultimate actual controller
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)	Corporate controlled or invested by the family member who has a close relationship with the ultimate actual controller
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)	Corporate controlled or invested by the family member who has a close relationship with the ultimate actual controller
Changzhou Yizhi International Trade Co., Ltd. (常州市藝致國際貿易有限公司)	Corporate controlled or invested by the family member who has a close relationship with the ultimate actual controller
Shanghai Jingdi Catering Management Co., Ltd. (上海景帝餐飲管理有限公司)	Corporate controlled or invested by the family member who has a close relationship with the ultimate actual controller
Xuzhou Red Star Macalline Global Home Life Plaza Property Management Co., Ltd. (徐州紅星美凱龍全球家居生活廣場物業管理有限公司)	Corporate controlled or invested by the family member who has a close relationship with the ultimate actual controller

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X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

4. Other Related Parties (continued)

Name of other related parties	Relationship between other related parties and the Company
Shanghai Suning Tesco Sales Co., Ltd. (上海蘇寧易購銷售有限公司)	Corporate controlled or invested by the family member who has a close relationship with the ultimate actual controller
Shanghai Liehu Management Consulting Center (Limited Partnership) (上海獵戶管理諮詢中心 (有限合夥))	Corporate controlled or invested by the family member who has a close relationship with the ultimate actual controller
CHE Guoxing (車國興)	Family member who has a close relationship with the ultimate actual controller
QIAN Yumei (錢玉梅)	Family member who has a close relationship with the ultimate actual controller
CHE Yuqin (車玉琴)	Family member who has a close relationship with the ultimate actual controller
CHE Jianguo (車建國)	Family member who has a close relationship with the ultimate actual controller
ZHANG Jianfang (張建芳)	Family member who has a close relationship with the ultimate actual controller
CHEN Shuhong (陳淑紅)	Family member who has a close relationship with the ultimate actual controller
CAO Zhongmin (曹仲民)	Family member who has a close relationship with director, supervisor, or senior management
Taiyuan Shuangming Kailong Real Estate Development Co., Ltd. (太原雙明凱龍房地產開發有限公司)	Corporate controlled or invested by the family member who has a close relationship with the ultimate actual controller
Shanghai Xinhua Chengcheng Asset Management Co., Ltd. (上海新華成城資產管理有限公司)	Corporate which the ultimate actual controller has a position
Alibaba (China) Technology Co., Ltd. (阿里巴巴(中國)網絡技術有限公司)	Corporate that has a significant impact on the Group
Ningbo Qiangshang Home Living Company Limited (寧波牆尚家居有限公司)	Subsidiary of an associate
Beijing Sunsea Parking Management Co., Ltd. (北京陽光海天停車管理有限公司)	Subsidiary of an associate
Jiangyin Tishang Home Furnishing Co., Ltd. (江陰提尚家居有限公司)	Subsidiary of an associate

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

4. Other Related Parties (continued)

Name of other related parties	Relationship between other related parties and the Company
Brewster Wallpaper International Trading (Shanghai) Co., Ltd. (布魯斯特牆紙國際貿易(上海)有限公司)	Subsidiary of an associate
Beijing Sunsea Enterprise Management Consulting Co., Ltd. (北京陽光海天企業管理諮詢有限公司)	Subsidiary of an associate
Beijing Smart Parking Service Co., Ltd. (北京智泊停車服務有限公司)	Subsidiary of an associate
Shanghai Dibang Intelligent Technology Co., Ltd. (上海諦邦智能科技有限公司)	Subsidiary of an associate
Aibi (Beijing) Intelligent Technology Co., Ltd. (愛筆(北京)智能科技有限公司)	Subsidiary of an associate
Chongqing Jinke Zhongjun Real Estate Development Co., Ltd. (重慶金科中後房地產開發有限公司)	Corporate significantly influenced by RSM Holding
Yiwu Meilong Real Estate Co., Ltd. (義烏美龍置業有限公司)	Corporate significantly influenced by RSM Holding
Henan Chenbo Real Estate Co., Ltd. (河南宸博置業有限公司)	Corporate significantly influenced by RSM Holding
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)	Corporate significantly influenced by RSM Holding
Shanghai Aegean Business Management Co., Ltd. (上海愛琴海商務管理有限公司)	Corporate significantly influenced by RSM Holding
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)	Corporate significantly influenced by RSM Holding
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)	Corporate significantly influenced by RSM Holding
Chongqing Jinke Real Estate Development Co., Ltd. (重慶金科房地產開發有限公司)	Corporate significantly influenced by RSM Holding
Nantong Xinglong Real Estate Development Co., Ltd. (南通星龍房地產開發有限公司)	Corporate significantly influenced by RSM Holding
Xuzhou Maoxing Real Estate Co., Ltd. (徐州茂星置業有限公司)	Corporate significantly influenced by RSM Holding

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X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

4. Other Related Parties (continued)

Name of other related parties	Relationship between other related parties and the Company
Jiangsu Red Star David Mao Business Management Group Co., Ltd. (江蘇紅星大衛茂商業管理集團有限公司)	Corporate significantly influenced by RSM Holding
Kaiqianjia (Shanghai) Catering Management Co., Ltd. (凱乾嘉(上海)餐飲管理有限公司)	RSM Holding and other corporates under its control
Yangzhou Xinglong Real Estate Development Co., Ltd. (揚州星龍房地產開發有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
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)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Weilaishi Decoration Technology Company Limited (上海威來適裝飾科技有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Liuzhou Red Star Macalline Real Estate Co., Ltd. (柳州紅星美凱龍置業有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Tianjin Xingkai Real Estate Development Co., Ltd. (天津星凱房地產開發有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Xingcheng Yijia Home Furnishings Co., Ltd. (上海星誠藝佳家居有限責任公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Tianjin Meilong Real Estate Development Co., Ltd. (天津美龍房地產開發有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Ningbo Kailong Property Company Limited (寧波凱龍置業有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Yunnan Red Star Macalline Real Estate Co., Ltd. (雲南紅星美凱龍置業有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Jinan Xinglong Real Estate Development Co., Ltd. (濟南星龍房地產開發有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Xiangshan Meilong Real Estate Co., Ltd. (象山美龍置業有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Qiaotong Enterprise Management Co., Ltd. (上海喬彤企業管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Tianjin Hongxing Pacific Cinema Management Co., Ltd. (天津紅星太平洋影院管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

4. Other Related Parties (continued)

Name of other related parties	Relationship between other related parties and the Company
Tianjin Laina Huakai Film Co., Ltd. (天津萊納華開影業有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Changzhou Hongmei Cinema Management Co., Ltd. (常州紅美影院管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Suzhou Hongmei Cinema Management Co., Ltd. (蘇州紅美影院管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Ningbo Kaixing Cinema Management Co., Ltd. (寧波凱星影院管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Yixing Yimei Studios Co., Ltd. (宜興逸美影城有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Changzhou Xingchen Interactive Entertainment Co., Ltd. (常州星琛娛樂科技有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Xingchen Interactive Entertainment Technology Co., Ltd. (上海星琛互動娛樂科技有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Suzhou Red Star Macalline Real Estate Development Co., Ltd. (蘇州紅星美凱龍房地產開發有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Tianjin Cameo Film Co., Ltd. (天津卡美奧影業有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Jinhua Jiayi Film Co., Ltd. (金華市佳藝影業有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Nanjing Macalline Business Information Consulting Co., Ltd. (南京美凱龍商務信息諮詢有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Yunshen Intelligent Technology Co., Ltd. (上海雲紳智能科技有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Kunming Hongxing Haihui Real Estate Co., Ltd. (昆明紅星海匯房地產有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Changzhou Jintan Weiyi Construction Engineering Co., Ltd. (常州市金壇維德建設工程有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Yancheng Kailong Property Company Limited (鹽城凱龍置業有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller

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X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

4. Other Related Parties (continued)

Name of other related parties	Relationship between other related parties and the Company
Jiangsu Longguan Film and Television Culture Technology Co., Ltd. (江蘇龍冠影視文化科技有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Jiangsu Meishanlong Catering Culture Development Co., Ltd. (江蘇美膳龍飲食文化發展有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Qingdao Hongxing International Real Estate Co., Ltd. (青島紅星國際置業有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Nanning Haoran Real Estate Co., Ltd. (南昌浩然置業有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shuyang Xinglong Real Estate Development Co., Ltd. (沈陽星龍房地產開發有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Changzhou Red Star Macalline Real Estate Co., Ltd. (常州紅星美凱龍置業有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Xining Aegean Real Estate Development Co., Ltd. (西寧愛琴海房地產開發有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai AEGEAN Commercial Group Co., Ltd. (上海愛琴海商業集團股份有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Qingdao Dana International Studios Co., Ltd. (青島德納國際影城有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Qingdao Hongying Cinema Management Co., Ltd. (青島紅影影院管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Aegean Ole Business Management Co., Ltd. (上海愛琴海奧萊商業管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Hongxin Cinema Management Co., Ltd. (上海紅昕影院管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Huojing Business Management Company Limited (上海或京商業管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Kaihong Cinema Management Co., Ltd. (上海凱紅影院管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

4. Other Related Parties (continued)

Name of other related parties	Relationship between other related parties and the Company
Shanghai Kaixin Cinema Management Co., Ltd. (上海凱昕影院管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Linsai Fitness Club Co., Ltd. (上海林賽健身俱樂部有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Linwu Fitness Club Co., Ltd. (上海林戊健身俱樂部有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Lingsi Fitness Club Co., Ltd. (上海玲思健身俱樂部有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Longhong Cinema Management Co., Ltd. (上海龍紅影院管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Meiying Enterprise Management Co., Ltd. (上海美影企業管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Xinhong Cinema Management Co., Ltd. (上海昕紅影院管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Xingkai Cinema Management Co., Ltd. (上海星凱影院管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Xinglong Cinema Management Co., Ltd. (上海星龍影院管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Suzhou Kaimei Cinema Management Co., Ltd. (蘇州凱美影院管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Xiaogan Honghe Studios Management Co., Ltd. (孝感泓河影城管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Yixing Chenxing Digital Cinema Co., Ltd. (宜興市晨興數位影院有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Xiangshan Kaisheng Real Estate Co., Ltd. (象山凱勝置業有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Danyang Rongjin Hongxing Real Estate Development Co., Ltd. (丹陽市融錦宏星置業發展有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Tianjin Macalline Real Estate Co., Ltd. (天津美凱龍置業有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Xiangshan Xinglong Real Estate Co., Ltd. (象山星龍置業有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller

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X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

4. Other Related Parties (continued)

Name of other related parties	Relationship between other related parties and the Company
Yuyao Xingkai Real Estate Co., Ltd. (余姚星凯置业有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Changxing Ronghao Trading Co., Ltd. (长兴荣皓贸易有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Zhanjiang Haixin Meikai Investment Co., Ltd. (湛江市海新美凯投资有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Xining Red Star Macalline Real Estate Development Co., Ltd. (西寧紅星美凱龍房地產開發有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Hengshui Xinglong Real Estate Development Co., Ltd. (衡水星龍房地產開發有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Taiyuan Shuangmingzhikun Real Estate Development Co., Ltd. (太原雙明智坤房地產開發有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
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)	Corporate controlled by RSM Holding or the ultimate actual controller
Ningbo Huixin Real Estate Co., Ltd. (寧波匯鑫置業有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
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)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Hongmei Real Estate Co., Ltd. (上海洪美置業有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Red Star Win-Win Cloud Computing Technology Co., Ltd. (上海紅星共贏雲計算科技有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shenyang Red Star Macalline Property Management Co., Ltd. (瀋陽紅星美凱龍物業管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Kunming Xingqin Business Management Co., Ltd. (昆明星琴商業管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Xingzhiyu Commercial Management Co., Ltd. (上海星之域商業經營管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Changzhou Aegean Ole Business Management Co., Ltd. (常州愛琴海奧萊商業管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

4. Other Related Parties (continued)

Name of other related parties	Relationship between other related parties and the Company
Anhui Tenghui Investment Group Hefei Co., Ltd. (安徽騰輝投資集團合肥有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Beijing Xingqin Business Management Co., Ltd. (北京星琴商業管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Chengdu Wanfu Xingkai Business Management Co., Ltd. (成都萬福星凱商業管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Wenzhou Xinglong Real Estate Development Co., Ltd. (溫州星龍房地產開發有限責任公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Luochang Enterprise Management Co., Ltd. (上海洛昶企業管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Chengdu Red Star Macalline Real Estate Co., Ltd. (成都紅星美凱龍置業有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Chongqing Red Star Macalline Enterprise Development Co., Ltd. (重慶紅星美凱龍企業發展有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Red Star Macalline Enterprise Operation and Management Co., Ltd. (上海紅星美凱龍企業經營管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Macalline Seven Star Hotel Management Co., Ltd. (上海美凱龍七星酒店管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Zhengzhou Xingbo Real Estate Development Co., Ltd. (鄭州星鉑房地產開發有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Changzhou Longyao Equity Investment Management Co., Ltd. (常州龍耀股權投資管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Changzhou Red Star Home Furnishing City (常州市紅星裝飾城)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Xuanyan Enterprise Management Company Limited (上海暄妍企業管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Kunming Guangyuan Real Estate Development Co., Ltd. (昆明廣遠房地產開發有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller

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X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

4. Other Related Parties (continued)

Name of other related parties	Relationship between other related parties and the Company
Shanghai Xinxing Catering Management Co., Ltd. (上海忒星餐飲管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Kaiqianjia Enterprise Management Co., Ltd. (凱乾嘉企業管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Chongqing Hongxing Pacific Cinema Management Co., Ltd. (重慶紅星太平洋影院管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Hainan Huirui Investment Co., Ltd. (海南暉瑞投資有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Yunnan Hongxing Meikailong Real Estate Co., Ltd. (雲南紅星美凱龍置業有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Changzhou Macalline International Computer and Electronics Furnishing Plaza Company Limited (常州美凱龍國際電腦家電裝飾城有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Yueying Technology Co., Ltd. (上海躍影科技有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Suzhou Kaiqin Business Management Co., Ltd. (蘇州凱琴商業管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Chongqing Nan'an District Hongmei Cinema Management. Co., Ltd. (重慶市南岸區紅美影院管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Fujian Red Star Macalline Property Service Co., Ltd. (福建紅星美凱龍物業服務有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Cixi Haorui Real Estate Co., Ltd. (慈溪皓瑞置業有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Tianjin Kailong Real Estate Co., Ltd. (天津凱龍置業有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanxi Red Star New World Real Estate Co., Ltd. (山西紅星新世界置業有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

4. Other Related Parties (continued)

Name of other related parties	Relationship between other related parties and the Company
Suzhou Macalline Aijia Internet Technology Co., Ltd. (蘇州美凱龍愛家互聯網科技有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Hefei Macalline Aijia Internet Technology Co., Ltd. (合肥美凱龍愛家互聯網科技有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Red Star Macalline Real Estate Group Co., Ltd. (上海紅星美凱龍房地產集團有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Xingyin Hai Industrial Co., Ltd. (上海星銀海實業有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Red Star Jinghai Commercial Management Co., Ltd. (上海紅星晶海商業管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Chongqing Mengxiang Island Ocean Park Management Co., Ltd. (重慶夢享島海洋公園管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Shuxiang Business Management Co., Ltd. (上海曙香商務管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Cixi Xingkai Real Estate Co., Ltd. (慈溪星凱置業有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Ganzhou Kaiyue Real Estate Co., Ltd. (贛州凱越置業有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Red Star Macalline Real Estate Co. Ltd. (上海紅星美凱龍置業有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Yixin Enterprise Development Co., Ltd. (上海逸莘企業發展有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Macalline Aijia Internet Technology Co., Ltd. (上海美凱龍愛家互聯網科技有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Huangpu Red Star Microfinance Co., Ltd. (上海黃浦紅星小額貸款有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Mixing Catering Management Co., Ltd. (上海覓星餐飲管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Wuhu Minghui Business Management Co., Ltd. (蕪湖明輝商業管理有限公司)	Subsidiary of a joint venture

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X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

4. Other Related Parties (continued)

Name of other related parties	Relationship between other related parties and the Company
SleepMaker (Shenzhen) Company Limited (造夢者家居(深圳)有限公司)	Subsidiary of a joint venture
Hangzhou Alimama Software Services Co., Ltd. (杭州阿里媽媽軟體服務有限公司)	Subsidiary of corporate that has a significant impact on the Group
Tao Bao (China) Software Co., Ltd. (淘寶(中國)軟件有限公司)	Subsidiary of corporate that has a significant impact on the Group
Zhejiang Tmall Technology Co., Ltd. (浙江天貓技術有限公司)	Subsidiary of corporate that has a significant impact on the Group
Alibaba Cloud Computing Limited (阿里雲計算有限公司)	Subsidiary of corporate that has a significant impact on the Group
Shanghai Hema Network Technology Co., Ltd. (上海盒馬網絡科技有限公司)	Subsidiary of corporate that has a significant impact on the Group
Alipay (China) Network Technology Co., Ltd. (支付寶(中國)網路技術有限公司)	Subsidiary of corporate that has a significant impact on the Group
Zhejiang Alibaba Communication Technology Co., Ltd. (浙江阿里巴巴通信技術有限公司)	Subsidiary of corporate that has a significant impact on the Group
Jining Kaixing Shopping Plaza Co., Ltd. (濟寧凱星購物廣場有限公司)	Corporate which the director, supervisor or senior management has a position
Yixing Suning Tesco Sales Co., Ltd. (宜興市蘇寧易購銷售有限公司)	Corporate which the director, supervisor or senior management has a position
Changzhou Yizhi Furniture Company Limited (常州市藝致傢俱有限公司)	Corporate which the family member who has a close relationship with director, supervisor or senior management has a significant position

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. 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	2020	2019
Shanghai Xincheng'an Construction Co., Ltd. (上海鑫誠安建設有限公司)	Purchase of goods	24,701,913.87	72,891,907.25
Shanghai Red Star Win-Win Cloud Computing Technology Co., Ltd. (上海紅星共贏雲計算科技有限公司)	Purchase of goods	10,874,205.17	9,230,158.00
Shanghai AI.Pure Intelligent Technology Co., Ltd. (上海智諦智能科技有限公司)	Purchase of goods	5,892,229.70	2,778,275.22
Shenyang Red Star Macalline Property Management Co., Ltd. (瀋陽紅星美凱龍物業管理有限公司) and its branches	Purchase of goods	2,875,812.40	3,267,496.90
Shanghai Yunshen Intelligent Technology Co., Ltd. (上海雲紳智能科技有限公司)	Purchase of goods	1,395,000.00	3,906,000.00
Hangzhou Nabel Ceramics Co., Ltd. (杭州諾貝爾陶瓷有限公司) and its branches	Purchase of goods	832,588.80	-
Shanghai Suning Tesco Sales Co., Ltd. (上海蘇寧易購銷售有限公司)	Purchase of goods	680,623.03	-
Shanghai Yueying Technology Co., Ltd. (上海躍影科技有限公司)	Purchase of goods	522,000.00	-
Chongqing Jinke Zhongjun Real Estate Development Co., Ltd. (重慶金科中俊房地產開發有限公司)	Purchase of goods	254,469.73	-
Beijing Sunsea Parking Management Co., Ltd. (北京陽光海天停車管理有限公司) and its branches	Purchase of goods	195,000.00	-
Shengbao (Shanghai) Furniture Co., Ltd. (晟葆(上海)傢俱有限公司)	Purchase of goods	142,887.62	-

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X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. 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	2020	2019
Shenzhen Long Life Basics Sleep Science and Technology Co., Ltd. (深圳市朗樂福睡眠科技有限公司)	Purchase of goods	102,398.23	–
Shanghai Hema Network Technology Co., Ltd. (上海盒馬網絡科技有限公司)	Purchase of goods	70,000.00	–
Yixing Suning Tesco Sales Co., Ltd. (宜興市蘇寧易購銷售有限公司)	Purchase of goods	26,495.00	–
Kaiqianjia (Shanghai) Catering Management Co., Ltd. (凱乾嘉(上海)餐飲管理有限公司)	Purchase of goods	13,754.74	–
Beijing Canny-Robot Technology Co., Ltd. (北京康力優藍機器人科技有限公司)	Purchase of goods	–	16,000.00
Tianjin Hongxing Pacific Cinema Management Co., Ltd. (天津紅星太平洋影院管理有限公司)	Purchase of goods	–	11,960.00
Shanghai Hongxin Cinema Management Co., Ltd. (上海紅昕影院管理有限公司)	Purchase of goods	–	7,040.00
Shanghai Longhong Cinema Management Co., Ltd. (上海龍紅影院管理有限公司)	Purchase of goods	–	4,000.00
		48,579,378.29	92,112,837.37

Note: Commodity purchases from related parties: during the year, the Group conducted commodity transactions with related parties based on market prices.

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. 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	2020	2019
Wuhu Minghui Business Management Co., Ltd. (蕪湖明輝商業管理有限公司)	Settlement of interest income from deposit	18,976.89	17,611.95
Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司)	Settlement of interest income from deposit	6,215.15	924.06
Baoxiang Red Star Macalline (Xiamen) Global Home Plaza Co., Ltd. (寶象紅星美凱龍(廈門)全球家居廣場有限公司)	Settlement of interest income from deposit	4,110.50	3,714.82
Handan Fengfeng kuang District Royal Property Development Company Limited (邯鄲市峰峰礦區皇室房地產開發有限公司)	Settlement of interest income from deposit	3,967.42	16,231.18
Anhui Tenghui Investment Group Hefei Co., Ltd. (安徽騰輝投資集團合肥有限公司)	Settlement of interest income from deposit	92.86	–
Xiamen Baoxiang Red Star Macalline Home Furnishing Plaza Company Limited (廈門寶象紅星美凱龍家居生活廣場有限公司)	Settlement of interest income from deposit	61.13	2,015.73
		33,423.95	40,497.74

Note: Payment of interest on deposits to related parties: during the year, the Group conducted transactions with related parties based on market prices.

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X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. 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	2020	2019
Xiamen Baoxiang Red Star Macalline Home Furnishing Plaza Company Limited (廈門寶象紅星美凱龍家居生活廣場有限公司)	Joint marketing	499,101.88	141,226.43
Wuhan Zhengkai Logistics Co., Ltd. (武漢市正凱物流有限公司)	Joint marketing	455,452.82	217,735.85
Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司)	Joint marketing	451,877.84	180,471.69
Wuhu Minghui Commercial Management Co., Ltd. (蕪湖明輝商業管理有限公司)	Joint marketing	337,173.58	309,176.40
Shanghai CTME Economy & Trade Development Co., Ltd. (上海中貿美凱龍經貿發展有限公司)	Joint marketing	241,509.43	-
Baoxiang Red Star Macalline (Xiamen) Global Home Plaza Co., Ltd. (寶象紅星美凱龍(廈門)全球家居廣場有限公司)	Joint marketing	144,026.42	-
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	13,886.79	-
Yangzhou Kailong Management Consulting Co., Ltd. (揚州凱龍管理諮詢有限公司)	Joint marketing	-	407,830.17
		2,143,028.76	1,256,440.54

Note: Related parties provided joint marketing services for the Group: during the year, the Group conducted transactions with related parties based on market prices.

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. 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	2020	2019
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	540,388.37	548,564.74
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	223,016.03	458,994.53
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	277,777.68	793,029.88
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	214,285.64	394,920.75
Xiamen Baoxiang Red Star Macalline Home Furnishing Plaza Company Limited (廈門寶象紅星美凱龍家居生活廣場有限公司)	Revenue from advertising space lease/Administrative expenses	12,232.36	184,989.86
Baoxiang Red Star Macalline (Xiamen) Global Home Plaza Co., Ltd. (寶象紅星美凱龍(廈門)全球家居廣場有限公司)	Revenue from advertising space lease/Administrative expenses	1,608.48	-
Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司)	Revenue from advertising space lease/Administrative expenses	-	200,372.27
Jining Hongrui Market Management Co., Ltd. (濟寧鴻瑞市場經營管理有限公司)	Revenue from advertising space lease/Administrative expenses	-	182,852.15
Xuzhou Red Star Macalline International Furniture Decoration City Co., Ltd. (徐州紅星美凱龍國際家具裝飾城有限公司)	Revenue from advertising space lease/Administrative expenses	-	81,904.69
Wuhan Zhengkai Logistics Co., Ltd. (武漢市正凱物流有限公司)	Revenue from advertising space lease/Administrative expenses	-	17,237.99
		1,269,308.56	2,862,866.86

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.

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X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. 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	2020	2019
Shanghai Zhenyang Decoration Co., Ltd. (上海振洋建築裝潢工程有限公司) and its branches	Receipt of services	68,025,985.65	N/A*
Shanghai Red Star Win-Win Cloud Computing Technology Co., Ltd. (上海紅星共贏雲計算科技有限公司)	Receipt of services	27,426,971.70	–
Shanghai Xingzhiyu Commercial Management Co., Ltd. (上海星之城商業經營管理有限公司)	Receipt of services	12,053,132.23	–
Shanghai Jiazhan Construction Engineering Company Limited (上海嘉展建築裝潢工程有限公司)	Receipt of services	11,655,887.06	–
Alibaba Cloud Computing Co., Ltd. (阿里雲計算有限公司)	Receipt of services	3,190,614.40	–
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	2,561,347.65	–
Shanghai Huojing Business Management Company Limited (上海或京商業管理有限公司) and its branches	Receipt of services	2,078,622.00	631,800.00
Shenzhen Yatai Macalline Life Space Technology Co., Ltd. (深圳市亞泰美凱龍空間科技有限公司)	Receipt of services	1,766,800.00	220,800.00
Alipay (China) Network Technology Co., Ltd. (支付寶(中國)網絡技術有限公司)	Receipt of services	1,095,658.42	–
Changzhou Red Star Furniture General Factory Co., Ltd. (常州市紅星傢俱總廠有限公司)	Receipt of services	649,876.07	–
Shenyang Red Star Macalline Property Management Co., Ltd. (瀋陽紅星美凱龍物業管理有限公司) and its branches	Receipt of services	648,000.00	648,000.00
Zhejiang Alibaba Communication Technology Co., Ltd. (浙江阿里巴巴通信技術有限公司)	Receipt of services	566,037.74	–
Yimeijisi Optoelectronics Technology (Fujian) Co., Ltd. (誼美吉斯光電科技(福建)有限公司)	Receipt of services	197,020.71	–
Wuhu Minghui Business Management Co., Ltd. (蕪湖明輝商業管理有限公司)	Receipt of services	171,700.57	44,759.00
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)	Receipt of services	142,264.15	–
Shenzhen Long Life Basics Sleep Science and Technology Co., Ltd. (深圳市朗樂福睡眠科技有限公司)	Receipt of services	141,509.43	–

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. 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	2020	2019
Ultimate IOT (Shanghai) Technology Co., Ltd. (超級智慧家(上海)物聯網科技有限公司)	94,930.14	–
Alibaba (China) Network Technology Co., Ltd. (阿里巴巴(中國)網絡技術有限公司)	90,000.00	–
Fujian Red Star Macalline Property Service Co., Ltd. (福建紅星美凱龍物業服務有限公司)	87,389.50	–
Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司)	52,373.23	60,000.00
Baoxiang Red Star Macalline (Xiamen) Global Home Plaza Co., Ltd. (寶象紅星美凱龍(廈門)全球家居廣場有限公司)	28,709.75	–
Hainan Huirui Investment Co., Ltd. (海南暉瑞投資有限公司)	24,752.48	–
Xiamen Baoxiang Red Star Macalline Home Furnishing Plaza Company Limited (廈門寶象紅星美凱龍家居生活廣場有限公司)	3,301.89	70,018.88
Shanghai Xinhua Chengcheng Asset Management Co., Ltd. (上海新華成城資產管理有限公司)	–	137,800.00
Kunming Xingqin Business Management Co., Ltd. (昆明星琴商業管理有限公司)	–	69,583.32
Suzhou Kaiqin Business Management Co., Ltd. (蘇州凱琴商業管理有限公司)	–	47,169.81
Shanghai Aegean Business Management Co., Ltd. (上海愛琴海商務管理有限公司)	–	33,077.00
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)	–	18,867.92
Chongqing Nan'an District Hongmei Cinema Management Co., Ltd. (重慶市南岸區紅美影院管理有限公司)	–	5,095.00
	132,752,884.77	1,986,970.93

Note: Related parties provided labor services for the Group: during the year, the Group conducted transactions with related parties based on market prices.

* During the year, the Group increased the capital of Shanghai Zhenyang Decoration Co., Ltd., with a shareholding ratio of 22.41%, which had a significant impact on it. The Group began to disclose it as an associate during the year.

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X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. 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

	Details of Transactions	2020	2019
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	17,165,388.11	-
Henan Chenbo Real Estate Co., Ltd. (河南宸博置業有限公司)	Sales of goods	4,120,432.37	-
Zhanjiang Haixin Meikai Investment Co., Ltd. (湛江市海新美凱投資有限公司)	Sales of goods	3,136,419.36	-
Changxing Ronghao Trading Co., Ltd. (長興榮皓貿易有限公司)	Sales of goods	2,775,592.35	-
Jinan Xinglong Real Estate Development Co., Ltd. (濟南星龍房地產開發有限公司)	Sales of goods	2,759,571.11	-
Cixi Haorui Real Estate Co., Ltd. (慈溪皓瑞置業有限公司)	Sales of goods	2,526,711.00	-
Shanghai Macalline Seven Star Hotel Management Co., Ltd. (上海美凱龍七星酒店管理有限公司)	Sales of goods	1,274,336.28	-
Xiangshan Meilong Real Estate Co., Ltd. (象山美龍置業有限公司)	Sales of goods	610,000.00	-
Xiangshan Xinglong Real Estate Co., Ltd. (象山星龍置業有限公司)	Sales of goods	539,822.96	-
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司)	Sales of goods	507,411.50	-
Shanghai Xuanyan Enterprise Management Company Limited (上海暄妍企業管理有限公司)	Sales of goods	473,168.14	-
Yuyao Xingkai Real Estate Co., Ltd. (余姚星凱置業有限公司)	Sales of goods	392,706.27	-
Shanxi Red Star New World Real Estate Co., Ltd. (山西紅星新世界置業有限公司)	Sales of goods	260,310.00	-
Tianjin Macalline Real Estate Co., Ltd. (天津美凱龍置業有限公司)	Sales of goods	260,176.91	-

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. 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	2020	2019
Wuhan Zhengkai Logistics Co., Ltd. (武漢市正凱物流有限公司)	Sales of goods	253,716.81	51,690.26
Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司)	Sales of goods	223,686.72	89,161.07
Shanghai Liehu Management Consulting Center (Limited Partnership) (上海獵戶管理諮詢中心(有限合夥))	Sales of goods	105,015.93	–
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)	Sales of goods	97,345.13	–
Hengshui Xinglong Real Estate Development Co., Ltd. (衡水星龍房地產開發有限公司)	Sales of goods	92,527.39	–
Liuzhou Red Star Macalline Real Estate Co., Ltd. (柳州紅星美凱龍置業有限公司)	Sales of goods	75,000.00	280,267.26
Xiamen Baoxiang Red Star Macalline Home Furnishing Plaza Company Limited (廈門寶象紅星美凱龍家居生活廣場有限公司)	Sales of goods	60,723.00	–
Suzhou Macalline Aijia Internet Technology Co., Ltd. (蘇州美凱龍愛家互聯網科技有限公司)	Sales of goods	53,097.35	–
Hefei Macalline Aijia Internet Technology Co., Ltd. (合肥美凱龍愛家互聯網科技有限公司)	Sales of goods	53,097.35	–
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	46,745.47	–
Wuhu Minghui Business Management Co., Ltd. (蕪湖明輝商業管理有限公司)	Sales of goods	38,074.94	–
Shanghai Mixing Catering Management Co., Ltd. (上海覓星餐飲管理有限公司)	Sales of goods	29,938.05	–
Shanghai Xinxing Catering Management Co., Ltd. (上海忞星餐飲管理有限公司)	Sales of goods	29,938.05	–

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X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. 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	2020	2019
Shanghai Weilaishi Decoration Technology Company Limited (上海威來適裝飾科技有限公司)	Sales of goods	25,105.85	–
Shandong Inzone Green Home Co., Ltd. (山東銀座家居有限公司)	Sales of goods	16,603.77	–
Baoxiang Red Star Macalline (Xiamen) Global Home Plaza Co., Ltd. (寶象紅星美凱龍(廈門)全球家居廣場有限公司)	Sales of goods	13,528.30	–
Hangzhou Nabel Ceramics Co., Ltd. (杭州諾貝爾陶瓷有限公司) and its branches	Sales of goods	11,314.24	–
Shanghai Shimao Macalline Home Technology Co., Ltd. (上海世茂美凱龍家居科技有限公司)	Sales of goods	9,725.62	–
Tianjin Kailong Real Estate Co., Ltd. (天津凱龍置業有限公司)	Sales of goods	8,490.48	–
Shaanxi Hongrui Home Furnishings Plaza Co., Ltd. (陝西鴻瑞家居生活廣場有限公司)	Sales of goods	2,654.87	–
Klas International Home Living Company Limited (克拉斯國際家居有限公司)	Sales of goods	743.36	–
Hangzhou Nabel Group Co., Ltd. (杭州諾貝爾集團有限公司) and its branches	Sales of goods	12.00	–
Anka Household Products (Shanghai) Co., Ltd. (安咖家居用品(上海)有限公司)	Sales of goods	–	11,411,793.12
Shanghai Qiaotong Enterprise Management Co., Ltd. (上海喬彤企業管理有限公司)	Sales of goods	–	198,000.00
		38,049,131.04	12,030,911.71

Note: Sales of goods to related parties: during the year, the Group conducted transactions with related parties based on market prices.

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. 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	2020	2019
Henan Chenbo Real Estate Co., Ltd. (河南宸博置業有限公司)	Rendering of services	9,536,852.92	–
Xining Red Star Macalline Real Estate Development Co., Ltd. (西寧紅星美凱龍房地產開發有限公司)	Rendering of services	9,178,261.23	–
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 services	7,699,291.25	–
Shanghai CTME Economy & Trade Development Co., Ltd. (上海中貿美凱龍經貿發展有限公司)	Rendering of services	6,838,489.43	20,361,884.36
Shuyang Xinglong Real Estate Development Co., Ltd. (洮陽星龍房地產開發有限公司)	Rendering of services	3,020,796.86	–
Hengshui Xinglong Real Estate Development Co., Ltd. (衡水星龍房地產開發有限公司)	Rendering of services	2,980,169.91	–
Shanghai Xingzhiyu Commercial Management Co., Ltd. (上海星之域商業經營管理有限公司)	Rendering of services	2,272,861.09	–
Kunming Hongxing Haihui Real Estate Co., Ltd. (昆明紅星海匯房地產有限公司)	Rendering of services	1,825,952.14	3,275,539.66
Liuzhou Red Star Macalline Real Estate Co., Ltd. (柳州紅星美凱龍置業有限公司)	Rendering of services	1,630,389.10	–
Zhejiang Zhongguang Electric Appliances Co., Ltd. (浙江中廣電器股份有限公司)	Rendering of services	1,650,943.38	1,650,943.38
Xiangshan Meilong Real Estate Co., Ltd. (象山美龍置業有限公司)	Rendering of services	1,603,541.18	–
Zhejiang Tmall Technology Co., Ltd.	Rendering of services	1,467,981.20	–
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)	Rendering of services	1,411,862.18	–
Hangzhou Nabel Ceramics Co., Ltd. (杭州諾貝爾陶瓷有限公司) and its branches	Rendering of services	1,155,065.47	1,375,786.16
Taiyuan Shuangming Kailong Real Estate Development Co., Ltd. (太原雙明凱龍房地產開發有限公司)	Rendering of services	1,000,422.88	–

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X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. 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	2020	2019
Shenzhen Huasheng Home Furnishing Group Co., Ltd. (深圳華生大家居集團有限公司)	Rendering of services	786,163.52	2,358,490.56
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)	Rendering of services	565,500.31	–
Kunming Guangyuan Real Estate Development Co., Ltd. (昆明廣遠房地產開發有限公司)	Rendering of services	448,582.64	–
Shanghai Kaixin Cinema Management Co., Ltd. (上海凱昕影院管理有限公司)	Rendering of services	330,660.42	–
Shanghai Linwu Fitness Club Co., Ltd. (上海林茂健身俱樂部有限公司)	Rendering of services	321,033.97	–
Shanghai Red Star Macalline Real Estate Co. Ltd. (上海紅星美凱龍置業有限公司)	Rendering of services	202,707.52	247,850.00
Shanghai Linsai Fitness Club Co., Ltd. (上海林賽健身俱樂部有限公司) and its branches	Rendering of services	166,660.52	–
Shanghai Huojing Business Management Company Limited (上海或京商業管理有限公司) and its branches	Rendering of services	139,313.93	4,109.38
Shanghai Lingsi Fitness Club Co., Ltd. (上海玲思健身俱樂部有限公司)	Rendering of services	120,754.72	–
Changzhou Hongmei Cinema Management Co., Ltd. (常州紅美影院管理有限公司)	Rendering of services	119,549.51	308,000.00
Qingdao Dana International Studios Co., Ltd. (青島德納國際影城有限公司)	Rendering of services	115,259.06	–
Suzhou Kaimei Cinema Management Co., Ltd. (蘇州凱美影院管理有限公司)	Rendering of services	115,005.06	–
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)	Rendering of services	114,956.91	–
Changzhou Xingchen Interactive Entertainment Co., Ltd. (常州星琛娛樂科技有限公司)	Rendering of services	106,129.56	53,563.64

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. 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	2020	2019
Ningbo Kaixing Cinema Management Co., Ltd. (寧波凱星影院管理有限公司)	Rendering of services	93,842.66	183,326.00
Jinhua Jiayi Film Co., Ltd. (金華市佳藝影業有限公司)	Rendering of services	85,830.52	15,000.00
SleepMaker (Shenzhen) Company Limited (造夢者家居(深圳)有限公司)	Rendering of services	69,998.47	–
Shanghai Xingchen Interactive Entertainment Technology Co., Ltd. (上海星琛互動娛樂科技有限公司)	Rendering of services	68,603.76	107,027.42
Yixing Yimei Studios Co., Ltd. (宜興逸美影城有限公司)	Rendering of services	62,475.42	38,332.00
Shanghai Macalline Seven Star Hotel Management Co., Ltd. (上海美凱龍七星酒店管理有限公司)	Rendering of services	61,332.08	–
Tianjin Laina Huakai Film Co., Ltd. (天津萊納華開影業有限公司)	Rendering of services	59,147.48	88,000.00
Shanghai Longhong Cinema Management Co., Ltd. (上海龍紅影院管理有限公司)	Rendering of services	58,490.56	8,000.00
Tianjin Hongxing Pacific Cinema Management Co., Ltd. (天津紅星太平洋影院管理有限公司)	Rendering of services	58,175.47	308,330.00
Suzhou Hongmei Cinema Management Co., Ltd. (蘇州紅美影院管理有限公司)	Rendering of services	52,830.18	56,000.00
Yixing Chenxing Digital Cinema Co., Ltd. (宜興市晨興數位影院有限公司)	Rendering of services	51,626.69	–
Shanghai Aegean Ole Business Management Co., Ltd. (上海愛琴海奧萊商業管理有限公司)	Rendering of services	48,149.73	–
Shanghai Tianhe Smart Home Technology Company Ltd. (上海天合智能科技股份有限公司) and its branches	Rendering of services	48,044.34	–
Xiaogan Honghe Studios Management Co., Ltd. (孝感泓河影城管理有限公司)	Rendering of services	29,945.22	–

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X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. 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	2020	2019
Baoxiang Red Star Macalline (Xiamen) Global Home Plaza Co., Ltd. (寶象紅星美凱龍(廈門)全球家居廣場有限公司)	Rendering of services	29,107.08	389,339.62
Shanghai Zhenyang Decoration Co., Ltd. (上海振洋建築裝潢工程有限公司) and its branches	Rendering of services	23,775.61	–
Shanghai Huangpu Red Star Microfinance Co., Ltd. (上海黃浦紅星小額貸款有限公司)	Rendering of services	22,415.13	–
Shanghai Mixing Catering Management Co., Ltd. (上海覓星餐飲管理有限公司)	Rendering of services	20,509.66	–
Tianjin Cameo Film Co., Ltd. (天津卡美奧影業有限公司)	Rendering of services	18,743.40	99,340.00
Shanghai Kaihong Cinema Management Co., Ltd. (上海凱紅影院管理有限公司)	Rendering of services	15,974.52	–
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司)	Rendering of services	14,969.80	47,604.00
Shanghai Xinhong Cinema Management Co., Ltd. (上海昕紅影院管理有限公司)	Rendering of services	12,594.34	3,000.00
Shanghai Hongxin Cinema Management Co., Ltd. (上海紅昕影院管理有限公司)	Rendering of services	9,383.02	–
Shanghai Meiying Enterprise Management Co., Ltd. (上海美影企業管理有限公司)	Rendering of services	7,221.70	–
Kaiqianjia Enterprise Management Co., Ltd. (凱乾嘉企業管理有限公司)	Rendering of services	6,650.00	14,056.26
Shanghai Xingkai Cinema Management Co., Ltd. (上海星凱影院管理有限公司)	Rendering of services	6,603.77	–
Qingdao Hongying Cinema Management Co., Ltd. (青島紅影影院管理有限公司)	Rendering of services	5,943.40	–
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 services	2,830.19	–
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 services	2,830.19	–

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. 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	2020	2019
Shanghai Xinglong Cinema Management Co., Ltd. (上海星龍影院管理有限公司)	Rendering of services	2,830.19	–
Shanghai Yunshen Intelligent Technology Co., Ltd. (上海雲紳智能科技有限公司)	Rendering of services	2,150.94	25,667.10
Shanghai Harbour Home Investment Management Co., Ltd. (上海灣寓投資管理有限公司)	Rendering of services	N/A*	552,000.19
Ningbo Kailong Property Company Limited (寧波凱龍置業有限公司)	Rendering of services	–	2,914,380.19
Shanghai Qiaotong Enterprise Management Co., Ltd. (上海喬彤企業管理有限公司)	Rendering of services	–	2,417,113.50
Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司)	Rendering of services	–	992,924.52
Xiamen Baoxiang Red Star Macalline Home Furnishing Plaza Company Limited (廈門寶象紅星美凱龍家居生活廣場有限公司)	Rendering of services	–	318,924.53
Jiangsu Red Star David Mao Business Management Group Co., Ltd. (江蘇紅星大衛茂商業管理集團有限公司)	Rendering of services	–	246,400.00
Shanghai Yixin Enterprise Development Co., Ltd. (上海逸莘企業發展有限公司)	Rendering of services	–	90,698.70
Shanghai Xinhua Chengcheng Asset Management Co., Ltd. (上海新華成城資產管理有限公司)	Rendering of services	–	89,900.00
Shanghai Aegean Business Management Co., Ltd. (上海愛琴海商務管理有限公司)	Rendering of services	–	68,115.00
		57,978,183.39	38,709,646.17

Note: Rendering of services to related parties: during the year, the Group conducted transactions with related parties based on market prices.

* During the year, the Group withdrew the directors it appointed from Shanghai Harbour Home Investment Management Co., Ltd., and ceased to have a significant impact on it. The Group disclosed it as other equity instrument investments.

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X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. 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	2020	2019
Handan Fengfengkuang District Royal Property Development Company Limited (邯鄲市峰峰礦區皇室房地產開發有限公司)	Consultation fees for previous period	30,491,190.42	15,094,339.62
Handan Fengfengkuang District Royal Property Development Company Limited (邯鄲市峰峰礦區皇室房地產開發有限公司)	Commercial consultation fees	-	18,867,924.53
Jining Hongrui Market Management Company Limited (濟寧鴻瑞市場經營管理有限公司)	Brand management service	4,139,480.78	4,983,238.68
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	3,816,662.34	3,773,584.91
Wuhan Zhengkai Logistics Co., Ltd. (武漢市正凱物流有限公司)	Brand management service	2,830,188.68	2,830,188.68
Wuhu Minghui Business Management Co., Ltd. (蕪湖明輝商業管理有限公司)	Brand management service	2,751,603.77	2,830,188.68
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	2,680,817.58	3,411,949.72
Shaanxi Hongrui Home Furnishings Plaza Co., Ltd. (陝西鴻瑞家居生活廣場有限公司)	Brand management service	2,594,339.62	2,830,188.68
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	2,594,339.62	2,830,188.68
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	1,643,081.74	2,091,195.00
Xinghua Xingkai Home Furnishing Plaza Company Limited (興化市星凱家居生活廣場有限公司)	Brand management service	N/A	1,415,094.34
		53,541,704.55	60,958,081.52

Note: Provision of brand management services for related parties: during the year, the Group conducted transactions with related parties based on market prices.

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. 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	2020	2019
Shaanxi Hongrui Home Furnishings Plaza Co., Ltd. (陝西鴻瑞家居生活廣場有限公司)	Xingyi Tonghu Commission income regarding prepaid cards	-	100.00
Yangzhou Kailong Consulting Co., Ltd. (揚州凱龍管理諮詢有限公司)	Xingyi Tonghu Commission income regarding prepaid cards	-	4.72
		-	104.72

Note: The related parties' Xingyi Tonghui commissions regarding prepaid cards: during the year, the Group conducted transactions with related parties based on market prices.

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For the year 2020

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X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. 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	2020	2019
Chongqing Jinke Zhongjun Real Estate Development Co., Ltd. (重慶金科中俊房地產開發有限公司)	Service income	106,480,005.68	–
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)	Service income	55,986,514.88	7,561,955.93
Shanghai Luochang Enterprise Management Co., Ltd. (上海洛昶企業管理有限公司)	Service income	46,008,051.21	–
Xining Aegean Real Estate Development Co., Ltd. (西寧愛琴海房地產開發有限公司)	Service income	38,534,925.50	–
Zhanjiang Haixin Meikai Investment Co., Ltd. (湛江市海新美凱投資有限公司)	Service income	29,528,784.47	–
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)	Service income	11,851,447.44	–
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)	Service income	10,843,035.11	–
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	3,822,830.19	–
Wuhu Meihe Asset Management Company Limited (蕪湖美和資產管理有限公司)	Service income	3,773,584.92	–
Hangzhou Nabel Ceramics Co., Ltd. (杭州諾貝爾陶瓷有限公司) and its branches	Service income	3,573,541.49	346,338.46
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	2,319,144.60	–
Xiangshan Kaisheng Real Estate Co., Ltd. (象山凱勝置業有限公司)	Service income	2,078,332.29	–
Shanghai Red Star Win-Win Cloud Computing Technology Co., Ltd. (上海紅星共贏雲計算科技有限公司)	Service income	1,106,018.87	–
Taiyuan Shuangmingzhikun Real Estate Development Co., Ltd. (太原雙明智坤房地產開發有限公司)	Service income	910,384.82	–

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. 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		2020	2019
Yunnan Hongxing Meikailong Real Estate Co., Ltd. (雲南紅星美凱龍置業有限公司)	Service income	666,518.03	1,022,005.64
Shengbao (Shanghai) Furniture Co., Ltd. (晟葆(上海)傢俱有限公司)	Service income	574,412.84	255,809.71
Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司)	Service income	489,847.53	58,399.11
Shenyang Red Star Macalline Property Management Co., Ltd. and its branches	Service income	410,586.08	–
Brewster Wallpaper International Trading (Shanghai) Co., Ltd. (布魯斯特牆紙國際貿易(上海)有限公司)	Service income	314,465.40	–
Ultimate IOT (Shanghai) Technology Co., Ltd. (超級智慧家(上海)物聯網科技有限公司)	Service income	273,789.07	159,217.73
Tianjin Kailong Real Estate Co., Ltd. (天津凱龍置業有限公司)	Service income	258,130.34	–
Klas International Home Living Company Limited (克拉斯國際家居有限公司)	Service income	252,071.32	22,800.00
Xiangshan Meilong Real Estate Co., Ltd. (象山美龍置業有限公司)	Service income	186,688.82	–
Business Division of Nanjing Pukou Lilicheng Furniture (南京市浦口區立力成傢俱經營部)	Service income	134,630.71	–
Shanghai Aegean Commercial Group Co., Ltd. (上海愛琴海商業集團股份有限公司)	Service income	124,950.50	–
Shanghai Weilishi Decoration Technology Company Limited (上海威來適裝飾科技有限公司)	Service income	109,168.51	–
Suzhou Supin Home Culture Co., Ltd. (蘇州市蘇品宅配文化有限公司)	Service income	89,622.64	–
Shaanxi Hongrui Home Furnishings Plaza Co., Ltd. (陝西鴻瑞家居生活廣場有限公司)	Service income	67,681.40	278.97
Jiangsu Baili Aijia Home Technology Co., Ltd. (江蘇佰麗愛家家居科技有限公司)	Service income	67,655.55	11,200.00

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X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. 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	2020	2019
Changzhou Red Star Furniture General Factory Co., Ltd. (常州市紅星傢俱總廠有限公司)	Service income	59,896.18	52,266.05
Ningbo Qiangshang Home Living Company Limited (寧波牆尚家居有限公司)	Service income	46,303.96	–
Shandong Inzone Green Home Co., Ltd. (山東銀座家居有限公司)	Service income	37,735.85	–
Shanghai Xingyin Hai Industrial Co., Ltd. (上海星銀海實業有限公司)	Service income	33,663.37	–
Shanghai Zhenyang Decoration Co., Ltd. (上海振洋建築裝潢工程有限公司) and its branches	Service income	29,999.55	–
Chongqing Red Star Macalline Enterprise Development Co., Ltd. (重慶紅星美凱龍企業發展有限公司)	Service income	23,960.40	139,805.83
Shanghai Red Star Jinghai Commercial Management Co., Ltd. (上海紅星晶海商業管理有限公司)	Service income	21,782.18	–
Xiamen Baoxiang Red Star Macalline Home Furnishing Plaza Company Limited (廈門寶象紅星美凱龍家居生活廣場有限公司)	Service income	10,741.75	4,134.50
Jiangyin Tishang Home Furnishing Co., Ltd. (江陰提尚家居有限公司)	Service income	6,621.01	–
Shanghai Macalline Aijia Internet Technology Co., Ltd. (上海美凱龍愛家互聯網科技有限公司)	Service income	5,560.38	–
Shanghai Shuxiang Business Management Co., Ltd. (上海曙香商務管理有限公司)	Service income	3,960.40	–
Beijing Smart Parking Service Co., Ltd. (北京智泊停車服務有限公司)	Service income	3,636.85	–
Chongqing Mengxiang Island Ocean Park Management Co., Ltd. (重慶夢享島海洋公園管理有限公司)	Service income	3,564.36	–
Wuhu Minghui Business Management Co., Ltd. (蕪湖明輝商業管理有限公司)	Service income	434.37	25,963.82

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. 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		2020	2019
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)	Service income	404.06	1,000.00
Yangzhou Kailong Consulting Co., Ltd. (揚州凱龍管理諮詢有限公司)	Service income	77.48	49.35
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)	Service income	22.80	-
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)	Service income	N/A*	37,291,116.63
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	-	790,786.66
Shanghai Red Star Macalline Real Estate Group Co., Ltd. (上海紅星美凱龍房地產集團有限公司)	Service income	-	102,912.62
Changzhou Aegean Ole Business Management Co., Ltd. (常州愛琴海奧萊商業管理有限公司)	Service income	-	8,952.36
Shenzhen Huasheng Home Furnishing Group Co., Ltd. (深圳華生大家居集團有限公司)	Service income	-	5,600.00
		321,125,185.16	47,860,593.37

Note: Rendering services to related parties: during the year, the Group conducted transactions with related parties based on market prices.

* During the year, the Group acquired the remaining equity of Shaanxi Red Star Heji Home Shopping Plaza Company Limited and included it in the scope of consolidation. Therefore, it is a subsidiary of the Group during the year.

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X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. 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	2020	2019
Zhanjiang Haixin Meikai Investment Co., Ltd. (湛江市海新美凱投資有限公司)	Design consultation income	11,078,201.69	–
Yangzhou Xinglong Real Estate Development Co., Ltd. (揚州星龍房地產開發有限公司)	Design consultation income	9,433,962.26	–
Jining Kaixing Shopping Plaza Co., Ltd. (濟寧凱星購物廣場有限公司)	Design consultation income	3,207,547.18	–
Changzhou Red Star Macalline Real Estate Co., Ltd. (常州紅星美凱龍置業有限公司)	Design consultation income	2,808,811.34	–
Yiwu Meilong Real Estate Co., Ltd. (義烏美龍置業有限公司)	Design consultation income	2,330,518.87	–
Tianjin Xingkai Real Estate Development Co., Ltd. (天津星凱房地產開發有限公司)	Design consultation income	2,122,641.51	1,132,075.48
Nantong Xinglong Real Estate Development Co., Ltd. (南通星龍房地產開發有限公司)	Design consultation income	2,113,207.55	–
Jinan Xinglong Real Estate Development Co., Ltd. (濟南星龍房地產開發有限公司)	Design consultation income	1,981,132.08	–
Nanning Haoran Real Estate Co., Ltd. (南昌浩然置業有限公司)	Design consultation income	1,771,698.12	–
Yancheng Kailong Property Company Limited (鹽城凱龍置業有限公司)	Design consultation income	1,730,188.68	865,094.34
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	1,281,647.17	1,619,898.11
Shuyang Xinglong Real Estate Development Co., Ltd. (沭陽星龍房地產開發有限公司)	Design consultation income	1,187,363.21	–
Ganzhou Kaiyue Real Estate Co., Ltd. (贛州凱越置業有限公司)	Design consultation income	1,132,075.48	–
Tianjin Meilong Real Estate Development Co., Ltd. (天津美龍房地產開發有限公司)	Design consultation income	1,096,698.11	3,070,754.72

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. 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		2020	2019
Taiyuan Red Star Weiye Property Development and Management Co., Ltd. (太原紅星偉業房地產開發經營有限公司)	Design consultation income	1,094,528.30	–
Xuzhou Maoxing Real Estate Co., Ltd. (徐州茂星置業有限公司)	Design consultation income	849,056.60	–
Cixi Xingkai Real Estate Co., Ltd. (慈溪星凱置業有限公司)	Design consultation income	809,716.98	–
Suzhou Red Star Macalline Real Estate Development Co., Ltd. (蘇州紅星美凱龍房地產開發有限公司)	Design consultation income	257,207.55	1,371,471.71
Liuzhou Red Star Macalline Real Estate Co., Ltd. (柳州紅星美凱龍置業有限公司)	Design consultation income	183,943.40	3,494,924.52
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)	Design consultation income	N/A*	6,145,754.74
Hangzhou Weiliang Electromechanical Hardware Market Co., Ltd. (杭州偉量機電五金市場有限公司)	Design consultation income	N/A*	4,184,622.66
		46,470,146.08	21,884,596.28

Note: Provision of design consultation services for related parties: during the year, the Group conducted transactions with related parties based on market prices.

* During the year, the Group acquired Hangzhou Red Star Macalline Global Furniture Co., Ltd. and Shaanxi Red Star Heji Home Shopping Plaza Company Limited. The above-mentioned companies are subsidiaries of the Group during the year.

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X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Major Transactions between the Group and Related Parties (continued)

(2) Leases with related party

As lessors

	Type of leased assets	2020	2019
Shanghai Xingzhiyu Commercial Management Co., Ltd. (上海星之域商業經營管理有限公司)	Office	43,256,990.85	–
Chongqing Red Star Macalline Enterprise Development Co., Ltd. (重慶紅星美凱龍企業發展有限公司)	Office	337,155.93	–
Changzhou Longyao Equity Investment Management Co., Ltd. (常州龍耀股權投資管理有限公司)	Office	30,693.24	26,564.89
Changzhou Yizhi International Trade Co., Ltd. (常州市藝致國際貿易有限公司)	Office	5,294.04	–
Kaiqianjia Enterprise Management Co., Ltd. (凱乾嘉企業管理有限公司)	Office	–	518,142.28
Hangzhou Nabel Ceramics Co., Ltd. (杭州諾貝爾陶瓷有限公司) and its branches	Advertising space	595,093.87	37,500.00
Jiangsu Baili Aijia Home Technology Co., Ltd. (江蘇佰麗愛家居科技有限公司)	Advertising space	31,598.45	–
Shenzhen Long Life Basics Sleep Science and Technology Co., Ltd. (深圳市朗樂福睡眠科技有限公司)	Advertising space	22,641.51	–
Ultimate IOT (Shanghai) Technology Co., Ltd. (超級智慧家(上海)物聯網科技有限公司)	Advertising space	–	29,166.76
Shengbao (Shanghai) Furniture Co., Ltd. (晟葆(上海)傢俱有限公司)	Advertising space	–	23,249.97
Hangzhou Nabel Ceramics Co., Ltd. (杭州諾貝爾陶瓷有限公司) and its branches	Shop(s) in shopping mall	6,897,273.25	13,583,702.36
Klas International Home Living Company Limited (克拉斯國際家居有限公司)	Shop(s) in shopping mall	5,941,342.98	5,553,477.46
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	4,637,199.23	2,337,119.78
Shengbao (Shanghai) Furniture Co., Ltd. (晟葆(上海)傢俱有限公司)	Shop(s) in shopping mall	2,988,059.89	2,511,648.16
Shanghai Huojing Business Management Company Limited (上海或京商業管理有限公司) and its branches	Shop(s) in shopping mall	1,799,383.98	455,851.23

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Major Transactions between the Group and Related Parties (continued)

(2) Leases with related party (continued)

As lessors (continued)

	Type of leased assets	2020	2019
Jiangsu Baili Aijia Home Technology Co., Ltd. (江蘇佰麗愛家居科技有限公司)	Shop(s) in shopping mall	1,081,031.11	1,389,473.51
Changzhou Red Star Furniture General Factory Co., Ltd. (常州市紅星傢俱總廠有限公司)	Shop(s) in shopping mall	1,054,903.67	647,051.37
Changzhou Yizhi International Trade Co., Ltd. (常州市藝致國際貿易有限公司)	Shop(s) in shopping mall	521,112.26	361,696.44
Shanghai Zhenyang Decoration Co., Ltd. (上海振洋建築裝潢工程有限公司) and its branches	Shop(s) in shopping mall	427,625.99	N/A*
Shanghai Tianhe Smart Home Technology Company Ltd. (上海天合智能科技股份有限公司) and its branches	Shop(s) in shopping mall	363,421.04	–
Ningbo Qiangshang Home Living Company Limited (寧波牆尚家居有限公司)	Shop(s) in shopping mall	335,698.16	–
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	261,777.72	434,650.08
CAO Zhongmin (曹仲民)	Shop(s) in shopping mall	236,043.84	817,027.20
Shanghai Weilaishi Decoration Technology Company Limited (上海威來適裝飾科技有限公司)	Shop(s) in shopping mall	225,461.88	–
Hangzhou Nabel Group Co., Ltd. (杭州諾貝爾集團有限公司)	Shop(s) in shopping mall	198,233.07	476,929.70
ZHANG Jianfang (張建芳)	Shop(s) in shopping mall	179,380.32	203,179.03
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)	Shop(s) in shopping mall	102,197.81	–
Shanghai Dibang Intelligent Technology Co., Ltd. (上海諦邦智能科技有限公司)	Shop(s) in shopping mall	–	672,010.71
CHE Mianzhen (車冕楨)	Shop(s) in shopping mall	–	626,801.36

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X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Major Transactions between the Group and Related Parties (continued)

(2) Leases with related party (continued)

As lessors (continued)

	Type of leased assets	2020	2019
Shanghai Yunshen Intelligent Technology Co., Ltd. (上海雲紳智能科技有限公司)	Shop(s) in shopping mall	–	3,773.58
Shanghai Xinhua Chengcheng Asset Management Co., Ltd. (上海新華成城資產管理有限公司)	Parking garage	18,975,332.00	13,333,333.31
Beijing Smart Parking Service Co., Ltd. (北京智泊停車服務有限公司)	Parking garage	1,886,792.48	–
Beijing Sunsea Parking Management Co., Ltd. (北京陽光海天停車管理有限公司)	Parking garage	710,916.44	498,506.76
Shanghai Xingzhiyu Commercial Management Co., Ltd. (上海星之域商業經營管理有限公司)	Parking garage	308,256.90	–
Beijing Sunsea Enterprise Management Consulting Co., Ltd. (北京陽光海天企業管理諮詢有限公司)	Parking garage	247,589.26	–
		93,658,501.17	44,540,855.94

Note: Provision of leasing services for related parties: during the year, the Group conducted transactions with related parties based on market prices.

* During the year, the Group increased the capital of Shanghai Zhenyang Decoration Co., Ltd., which had a significant impact on it. The Group began to disclose it as an associate during the year.

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Major Transactions between the Group and Related Parties (continued)

(2) Leases with related party (continued)

As lessees

	Type of leased assets	2020	2019
Shanghai Huojing Business Management Company Limited (上海或京商業管理有限公司)	Office	6,073,875.99	279,369.91
Xuzhou Red Star Macalline Global Home Life Plaza Property Management Co., Ltd. (徐州紅星美凱龍全球家居生活廣場物業管理有限公司)	Warehouse leasing	5,290.42	-
Changzhou Red Star Home Furnishing City (常州市紅星裝飾城)	Shopping mall	15,798,139.50	16,610,456.16
Shanghai Huojing Business Management Company Limited (上海或京商業管理有限公司)	Shop(s) in shopping mall	762,728.70	-
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	161,469.38	-
Wuhu Minghui Business Management Co., Ltd. (蕪湖明輝商業管理有限公司)	Shop(s) in shopping mall	115,749.14	-
Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司)	Shop(s) in shopping mall	85,094.31	-
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)	Shop(s) in shopping mall	56,710.51	-
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)	Shop(s) in shopping mall	-	5,985,001.03
Shanghai Xinhua Chengcheng Asset Management Co., Ltd. (上海新華成城資產管理有限公司)	Shop(s) in shopping mall	-	94,337.88

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X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Major Transactions between the Group and Related Parties (continued)

(2) Leases with related party (continued)

As lessees (continued)

	Type of leased assets	2020	2019
Xiamen Baoxiang Red Star Macalline Home Furnishing Plaza Company Limited (廈門寶象紅星美凱龍家居生活廣場有限公司)	Shop(s) in shopping mall	-	5,520.00
Yunnan Hongxing Meikailong Real Estate Co., Ltd. (雲南紅星美凱龍置業有限公司)	Parking garage	1,421,832.88	1,500,000.00
Mofang (Shenzhen) Apartment Management Co., Ltd. (魔方(深圳)公寓管理有限公司)	Dormitory	-	18,675.00
CHE Guoxing (車國興)	Dormitory	369,600.00	369,600.00
CHEN Shuhong (陳淑紅)	Dormitory	52,000.00	52,000.00
合計		24,902,490.83	24,914,959.98

Note 1: The amount is presented without considering the impact of the new leasing standard.

Note 2: Related parties provided leasing services for the Group: during the year, the Group conducted transactions with related parties based on market prices.

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Major Transactions between the Group and Related Parties (continued)

(3) Guarantees from related parties

Receiving guarantees from related parties

2020

	Amount of guarantees	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)	282,000,000.00	2020/5/15	2022/5/15	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 2)	483,000,000.00	2019/6/20	2029/6/20	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 3)	144,000,000.00	2019/12/19	2029/12/19	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 4)	323,000,000.00	2020/1/17	2030/1/17	No
CHE Jianxing (車建興) (Note 5)	270,000,000.00	2016/6/8	2026/6/8	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 6)	204,000,000.00	2020/12/18	2030/12/18	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 7)	1,000,000,000.00	2020/10/23	2023/10/22	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 8)	625,000,000.00	2020/6/16	2030/6/16	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 9)	550,000,000.00	2020/12/26	2035/12/25	No

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X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Major Transactions between the Group and Related Parties (continued)

(3) Guarantees from related parties (continued)

Receiving guarantees from related parties (continued)

	Amount of guarantees	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 10)	270,666,666.62	2018/2/26	2026/2/26	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 11)	47,750,000.00	2020/9/18	2025/8/29	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 12)	697,500,000.00	2019/8/30	2031/6/15	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 13)	84,368,993.67	2020/4/3	2030/4/3	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 14)	469,500,000.00	2019/9/25	2026/9/17	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 15)	93,000,000.00	2020/12/11	2033/6/10	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 16)	355,000,000.00	2020/6/30	2030/6/29	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 17)	425,000,000.00	2019/12/27	2031/12/27	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 18)	180,000,000.00	2020/3/25	2030/3/25	No

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Major Transactions between the Group and Related Parties (continued)

(3) Guarantees from related parties (continued)

Receiving guarantees from related parties (continued)

	Amount of guarantees	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 19)	114,000,000.00	2019/12/30	2027/12/20	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 20)	84,000,000.00	2019/12/30	2027/12/20	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 21)	75,000,000.00	2020/7/22	2030/7/27	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 22)	530,000,000.00	2020/3/20	2028/3/20	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 23)	232,400,000.00	2019/7/1	2029/6/20	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 23)	55,000,000.00	2019/9/20	2029/6/20	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 23)	5,000,000.00	2019/11/21	2029/6/20	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 23)	120,000,000.00	2020/1/3	2029/6/20	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 23)	12,000,000.00	2020/3/10	2029/6/20	No

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X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Major Transactions between the Group and Related Parties (continued)

(3) Guarantees from related parties (continued)

Receiving guarantees from related parties (continued)

	Amount of guarantees	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 23)	5,000,000.00	2020/3/18	2029/6/20	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 23)	13,856,600.00	2020/4/1	2029/6/20	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 23)	110,000,000.00	2020/12/31	2029/6/20	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 24)	48,042,129.01	2020/11/3	2025/11/2	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 25)	360,000,000.00	2018/7/13	2028/7/12	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 26)	300,000,000.00	2019/7/9	2020/7/8	Yes
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 27)	585,600,000.00	2018/6/11	2025/6/11	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司)	157,000,000.00	2019/7/10	2020/7/9	Yes
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司)	143,000,000.00	2019/7/10	2020/7/9	Yes

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Major Transactions between the Group and Related Parties (continued)

(3) Guarantees from related parties (continued)

Receiving guarantees from related parties (continued)

Note 1: The loan is also secured by the investment property of Tianjin Red Star Macalline Home Furnishings Plaza Company Limited, a subsidiary of the Group.

Note 2: The loan is also secured by the investment property of Zhengzhou Red Star Macalline International Home Furnishing Company Limited, a subsidiary of the Group.

Note 3: The loan is also secured by the investment property of Zhengzhou Red Star Macalline International Home Furnishing Company Limited, a subsidiary of the Group.

Note 4: The loan is also secured by the investment property of Zhengzhou Red Star Macalline International Home Furnishing Company Limited, a subsidiary of the Group.

Note 5: The loan is also secured by the investment property of Chongqing Red Star Macalline Expo Home Furnishing Plaza Company Limited, a subsidiary of the Group.

Note 6: The loan is also secured by the investment property of Hefei Red Star Macalline Shibo Furniture Plaza Company Limited, a subsidiary of the Group.

Note 7: The loan is also secured by the investment property of Tianjin Red Star Macalline International Home Furnishing Expo Company Limited, a subsidiary of the Group.

Note 8: The loan is also secured by the investment property of Suzhou Industry Park Red Star Macalline Home Furnishing Company Limited, a subsidiary of the Group.

Note 9: The loan is also secured by the investment property of Shanghai Red Star Macalline Xinglong Home Furnish Company Limited, a subsidiary of the Group.

Note 10: The loan is also secured by the investment property of Chengdu Tianfu New District Red Star Macalline World Trade Home Furnishing Company Limited, a subsidiary of the Group.

Note 11: The loan is also secured by the investment property of Hefei Red Star Macalline Logistics Company Limited, a subsidiary of the Group.

Note 12: The loan is also secured by the investment property of Dalian Red Star Macalline Shibo Home Furnishing Plaza Company Limited, a subsidiary of the Group.

Note 13: The loan is also secured by the investment property of Shaanxi Red Star Macalline Logistics Company Limited, a subsidiary of the Group.

Note 14: The loan is also secured by the investment property of Nanchang Red Star Macalline Global Home Expo Center Company Limited, a subsidiary of the Group.

Note 15: The loan is also secured by the investment property of Guizhou Red Star Macalline Logistics Company Limited, a subsidiary of the Group.

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X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Major Transactions between the Group and Related Parties (continued)

(3) Guarantees from related parties (continued)

Receiving guarantees from related parties (continued)

Note 16: The loan is also secured by the investment property of Chongqing Red Star Macalline International Home Furnishing Plaza Company Limited, a subsidiary of the Group.

Note 17: The loan is also secured by the investment property of Ningbo Red Star Macalline Home Shopping Plaza Company Limited, a subsidiary of the Group.

Note 18: The loan is also secured by the investment property of Nanning Red Star Macalline Shibo Home Furnishing Exhibition Centre Company Limited, a subsidiary of the Group.

Note 19: The loan is also secured by the investment property of Shanghai Jianliu Enterprise Management Company Limited, a subsidiary of the Group.

Note 20: The loan is also secured by the investment property of Shanghai Enliu Enterprise Management Company Limited, a subsidiary of the Group.

Note 21: The loan is also secured by the investment property of Shanghai Bencheng Enterprise Management Company Limited, a subsidiary of the Group.

Note 22: The loan is also secured by the investment property of Foshan Junda Enterprise Management Co., Ltd., a subsidiary of the Group.

Note 23: The loan is also secured by the investment property of Hangzhou Weiliang electromechanical hardware market Co., Ltd., a subsidiary of the Group.

Note 24: The loan is also secured by the investment property of Shaanxi Red Star Heji Home Shopping Plaza Company Limited, a subsidiary of the Group.

Note 25: The loan is also secured by the investment property of Suzhou Red Star Macalline Shibo Home Furnishing Plaza Company Limited, a subsidiary of the Group.

Note 26: The loan is also secured by the 6.0 million tradable shares of Oppein Home Group Inc. held by Red Star Xizhao Investment Company Limited, a subsidiary of the Group.

Note 27: The loan is also secured by the investment property of Chongqing Xingkaike Home Furnishing Company Limited, a subsidiary of the Group.

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Major Transactions between the Group and Related Parties (continued)

(3) Guarantees from related parties (continued)

Receiving guarantees from related parties (continued)

2019

	Amount of guarantees	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)	732,500,000.00	2019/8/30	2031/6/15	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 2)	561,000,000.00	2019/6/20	2029/6/20	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司)	392,000,000.00	2018/7/13	2028/7/12	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 3)	307,999,999.98	2018/2/26	2026/2/26	No
CHE Jianxing (車建興) (Note 4)	307,500,000.00	2016/6/8	2026/6/8	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 5)	225,000,000.00	2019/12/27	2031/12/27	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 6)	160,000,000.00	2019/12/19	2029/12/19	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司)	157,000,000.00	2019/7/10	2020/7/9	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司)	143,000,000.00	2019/7/10	2020/7/9	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 7)	119,000,000.00	2019/12/30	2027/12/20	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 8)	100,000,000.00	2019/9/25	2026/9/17	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 9)	86,000,000.00	2019/12/30	2027/12/20	No

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X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Major Transactions between the Group and Related Parties (continued)

(3) Guarantees from related parties (continued)

Receiving guarantees from related parties (continued)

	Amount of guarantees	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 10)	300,000,000.00	2019/7/9	2020/7/8	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 11)	585,600,000.00	2018/6/11	2025/6/11	No

Note 1: The loan is also secured by the investment property of Dalian Red Star Macalline Shibo Home Furnishing Plaza Company Limited, a subsidiary of the Group.

Note 2: The loan is also secured by the investment property of Zhengzhou Red Star Macalline International Home Furnishing Company Limited, a subsidiary of the Group.

Note 3: The loan is also secured by the investment property of Chengdu Tianfu New District Red Star Macalline World Trade Home Furnishing Company Limited, a subsidiary of the Group.

Note 4: The loan is also secured by the investment property of Chongqing Red Star Macalline Expo Home Furnishing Plaza Company Limited, a subsidiary of the Group.

Note 5: The loan is also secured by the investment property of Ningbo Red Star Macalline Home Shopping Plaza Company Limited, a subsidiary of the Group.

Note 6: The loan is also secured by the investment property of Zhengzhou Red Star Macalline International Home Furnishing Company Limited, a subsidiary of the Group, and is pledged with all operating revenues from lease of shopping malls project located at No. 1 Shangdu Road, Zhengdong New District, Zhengzhou City during the loan period.

Note 7: The loan is also secured by the construction in progress of Shanghai Jianliu Enterprise Management Company Limited, a subsidiary of the Group.

Note 8: The loan is also secured by the investment property of Nanchang Red Star Macalline Global Home Expo Center Company Limited, a subsidiary of the Group.

Note 9: The loan is also secured by the construction in progress of Shanghai Enliu Enterprise Management Company Limited, a subsidiary of the Group.

Note 10: The loan is also secured by the 6.0 million tradable shares of Oppein Home Group Inc. held by Red Star Xizhao Investment Company Limited, a subsidiary of the Group.

Note 11: The loan is also secured by the investment property of Chongqing Xingkaike Home Furnishing Company Limited, a subsidiary of the Group.

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Major Transactions between the Group and Related Parties (continued)

(3) Guarantees from related parties (continued)

Rendering guarantees to related parties

2020

No guarantee was provided to related parties in 2020.

2019

No guarantee was provided to related parties in 2019.

(4) Loans and borrowings of the related parties

Borrowings

2020

	Opening balance	Accumulated	Interest of loan (if have)	Accumulated	Closing balance	Inception date	Expiration date	Others
		borrowing amount (Excluding interest)		repayment amount				
Shenyudao Cultural Tourism Holding Co., Ltd. (神玉島文化旅遊控股股份有限公司)	25,600,000.00	(9,300,000.00)	-	-	16,300,000.00	2018/11/5	N/A	No rate
Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司)	41,437,944.45	81,600,000.00	2,941,274.46	106,600,000.00	19,379,218.91	2019/5/21	2020/12/31	May 2019-Sep 2019 4.75%; Oct 2019-Dec 2020 7.20%
Chongqing Red Star Macalline Enterprise Development Co., Ltd (重慶紅星美凱龍企業發展有限公司)	-	500,000,000.00	-	500,000,000.00	-	-	-	Without agreed
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)	-	9,800,000.00	-	-	9,800,000.00	2020/12/31	2025/12/30	Without agreed
Total	67,037,944.45	582,100,000.00	2,941,274.46	606,600,000.00	45,479,218.91	-	-	-

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X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Major Transactions between the Group and Related Parties (continued)

(4) Loans and borrowings of the related parties (continued)

Borrowings (continued)

2019

	Opening balance	Accumulated	Interest of loan (if have)	Accumulated	Closing balance	Inception date	Expiration date	Others
		borrowing amount (Excluding interest)		repayment amount				
Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司)	-	40,000,000.00	1,437,944.45	-	41,437,944.45	2019/5/21	2020/12/31	May 2019-Sep 2019 4.75%; Oct 2019-Dec 2020 7.20%
Shenyudao Cultural Tourism Holding Co., Ltd. (神玉島文化旅遊控股股份有限公司)	35,000,000.00	-	-	9,400,000.00	25,600,000.00	2018/11/5	2018/12/31	No rate
Total	35,000,000.00	40,000,000.00	1,437,944.45	9,400,000.00	67,037,944.45	-	-	-

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Major Transactions between the Group and Related Parties (continued)

(4) Loans and borrowings of the related parties (continued)

Lendings

2020

	Opening balance	Accumulated	Interest of loan (if have)	Accumulated	Closing balance	Inception date	Expiration date	Others
		lending amount (Excluding interest)		recovered amount				
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) (Note)	150,000,000.00	-	-	-	-	-	-	-
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) (Note)	34,508,345.20	-	-	-	-	-	-	-
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) (Note)	36,339,041.62	-	-	-	-	-	-	-
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) (Note)	3,800,000.00	-	-	-	-	-	-	-
Shanghai Mingyi Enterprise Development Co., Ltd. (上海名藝商業企業發展有限公司)	131,600,000.50	14,600,000.00	-	2,000,000.00	144,200,000.50	-	-	Repayable on demand and interest-free
Shanghai Mingyi Enterprise Development Co., Ltd. (上海名藝商業企業發展有限公司)	-	5,760,000.00	-	-	5,760,000.00	2020/12/29	2021/12/28	Interest rate: 8%
Baoxiang Red Star Macalline (Xiamen) Global Home Plaza Co., Ltd. (寶象紅星美凱龍(廈門)全球家居廣場有限公司)	35,500,000.00	-	-	3,000,000.00	32,500,000.00	-	-	Repayable on demand and interest-free
Baoxiang Red Star Macalline (Xiamen) Global Home Plaza Co., Ltd. (寶象紅星美凱龍(廈門)全球家居廣場有限公司)	13,061,439.14	-	(3,985.88)	2,112,500.00	10,944,953.26	2019/6/21	2022/6/21	Interest rate: 6.18%
Hangzhou Red Star Macalline Global Home Living Co., Ltd. (杭州紅星美凱龍環球家居有限公司) (Note)	332,148,745.00	-	-	-	-	-	-	-

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X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Major Transactions between the Group and Related Parties (continued)

(4) Loans and borrowings of the related parties (continued)

Lendings (continued)

	Opening balance	Accumulated	Interest of loan (if have)	Accumulated	Closing balance	Inception date	Expiration date	Others
		lending amount (Excluding interest)		recovered amount				
Xiamen Baoxiang Red Star Macalline Home Furnishing Plaza Company Limited (廈門寶象紅星美凱龍家居生活廣場有限公司)	25,100,000.00	4,943,099.85	-	-	30,043,099.85	-	-	Repayable on demand and interest-free
Xiamen Baoxiang Red Star Macalline Home Furnishing Plaza Company Limited (廈門寶象紅星美凱龍家居生活廣場有限公司)	-	4,500,000.00	59,000.00	-	4,559,000.00	2020/11/3	2021/11/2	Interest rate: 8%
Xiamen Baoxiang Red Star Macalline Home Furnishing Plaza Company Limited (廈門寶象紅星美凱龍家居生活廣場有限公司)	-	90,000,000.00	4,280,000.00	-	94,280,000.00	2020/6/1	2020/12/31	Interest rate: 8%
Wuhu Minghui Business Management Co., Ltd. (蕪湖明輝商業管理有限公司)	-	3,600,000.00	-	-	3,600,000.00	2020/12/29	2021/12/28	Annual interest rate: 8% Repayable on maturity with a one-off payment of the principal and the interest
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)	-	1,720,000.00	42,426.66	16,053.52	1,746,373.14	2020/8/6	2022/12/31	Annual interest rate: 6% Payment of the interest of the last quarter's loan within 30 days after the end of each quarter
Total	762,057,571.46	125,123,099.85	4,377,440.78	7,128,553.52	327,633,426.75	-	-	-

Note: During the year, the Group acquired Hangzhou Red Star Macalline Global Home Living Company Limited and Shaanxi Red Star Heji Home Shopping Plaza Company Limited, so the above-mentioned companies are subsidiaries of the Group during the year.

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Major Transactions between the Group and Related Parties (continued)

(4) Loans and borrowings of the related parties (continued)

Lendings

2019

	Opening balance	Accumulated lending amount (Excluding interest)	Interest of loan (if have)	Accumulated recovered amount	Closing balance	Inception date	Expiration date	Others
Baoxiang Red Star Macalline (Xiamen) Global Home Furnishing Plaza Co., Ltd. (寶象紅星美凱龍(廈門)全球家居廣場有限公司)	-	35,500,000.00	-	-	35,500,000.00	-	-	Repayable on demand and interest-free
Baoxiang Red Star Macalline (Xiamen) Global Home Furnishing Plaza Co., Ltd. (寶象紅星美凱龍(廈門)全球家居廣場有限公司)	-	13,000,000.00	386,439.14	325,000.00	13,061,439.14	2019/6/21	2022/6/21	Interest rate: 6.18%
Hangzhou Red Star Macalline Global Home Living Company Limited (杭州紅星美凱龍環球家居有限公司)	222,648,745.00	109,500,000.00	-	-	332,148,745.00	-	-	Interest-free
Shanghai Mingyi Enterprise Development Co., Ltd. (上海名懿商業企業發展有限公司)	112,200,000.50	19,400,000.00	-	-	131,600,000.50	-	-	Repayable on demand and interest-free
Xiamen Baoxiang Red Star Macalline Home Furnishing Plaza Company Limited (廈門寶象紅星美凱龍家居生活廣場有限公司)	27,500,000.00	17,600,000.00	-	20,000,000.00	25,100,000.00	-	-	Repayable on demand and interest-free
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)	31,340,000.00	-	3,168,345.20	-	34,508,345.20	-	-	Interest rate: 10.00%
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)	-	34,949,700.00	1,389,341.62	-	36,339,041.62	2019/6/27	2022/9/5	Interest rate: 10.00%
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)	-	3,800,000.00	-	-	3,800,000.00	-	-	Interest-free

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X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Major Transactions between the Group and Related Parties (continued)

(4) Loans and borrowings of the related parties (continued)

Lendings (continued)

	Opening balance	Accumulated	Interest of loan (if have)	Accumulated	Closing balance	Inception date	Expiration date	Others
		lending amount (Excluding interest)		recovered amount				
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)	-	150,000,000.00	10,628,406.71	10,628,406.71	150,000,000.00	2019/1/22	2022/1/22	Interest rate: 10.00%
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)	10,008,958.35	-	274,374.98	10,283,333.33	-	2018/4/10	2019/4/9	Interest rate: 7.50%
Shanghai ALPure Intelligent Technology Co., Ltd. (上海智譜智能科技有限公司)	-	6,000,000.00	113,207.55	6,113,207.55	-	2019/5/8	2019/9/30	Commercial factoring income
Wuhu Meihe Asset Management Company Limited (蕪湖美和資產管理有限公司)	10,000,000.00	-	-	10,000,000.00	-	2018/8/28	2019/2/27	Interest-free
Handan Fengfengkuang District Royal Property Development Company Limited (邯鄲市峰峰礦區皇宮房地產開發有限公司)	317,342,466.58	-	7,701,149.86	325,043,616.44	-	2018/6/14	2019/6/13	Interest rate: 10.00%
Total	731,040,170.43	389,749,700.00	23,661,265.06	382,383,564.03	782,057,571.46	-	-	-

(5) Asset transfer to related parties

	Details of Transactions	2020	2019
Chongqing Kaixing Business Management Co., Ltd. (重慶剡幸商業管理有限公司) (Note 1)	Other equity instrument investments	20,240,935.95	-

Note 1: In April 2020, Red Star Macalline Group Corporation Ltd. transferred 2.26% of the equity of Beijing Haozu Technology Development Co., Ltd. to Chongqing Kaixing Business Management Co., Ltd. at a transfer price of RMB20,240,935.95.

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Major Transactions between the Group and Related Parties (continued)

(6) Other related parties transactions

	2020	2019
Remuneration for key management personnel	24,874,048.38	37,164,510.80

6. Amounts due from/to related parties

	2020		2019	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
Accounts receivable				
Xining Aegean Real Estate Development Co., Ltd. (西寧愛琴海房地產開發有限公司)	16,775,697.35	796,845.62	-	-
Shanghai Xinhua Chengcheng Asset Management Co., Ltd. (上海新華成城資產管理有限公司)	13,333,333.36	600,000.00	-	-
Danyang Rongjin Hongxing Real Estate Development Co., Ltd. (丹陽市融錦宏星置業發展有限公司)	13,276,292.60	597,433.17	-	-
Shanghai Jiazhan Construction Engineering Company Limited (上海嘉展建築裝潢工程有限公司)	13,000,000.00	13,000,000.00	13,000,000.00	13,000,000.00
Yangzhou Xinglong Real Estate Development Co., Ltd. (揚州星龍房地產開發有限公司)	10,100,000.00	475,000.00	-	-
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)	6,642,048.30	315,497.29	-	-
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)	6,465,742.14	306,688.96	3,304,633.03	156,970.07
Zhanjiang Haixin Meikai Investment Co., Ltd. (湛江市海新美凱投資有限公司)	5,483,309.29	260,457.19	-	-
Chongqing Jinke Zhongjun Real Estate Development Co., Ltd. (重慶金科中俊房地產開發有限公司)	4,804,542.78	228,215.78	-	-

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X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

6. Amounts due from/to related parties (continued)

	2020		2019	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
Shenzhen Huasheng Home Furnishing Group Co., Ltd. (深圳華生大家居集團有限公司)	3,999,999.99	3,999,999.99	3,166,666.66	142,500.00
Shuyang Xinglong Real Estate Development Co., Ltd. (沭陽星龍房地產開發有限公司)	3,700,796.86	175,787.85	–	–
Zhejiang Zhongguang Electric Appliances Co., Ltd. (浙江中廣電器股份有限公司)	3,499,999.97	3,499,999.97	1,749,997.71	78,749.90
Changxing Ronghao Trading Co., Ltd. (長興榮皓貿易有限公司)	3,136,419.36	141,138.87	–	–
Xining Red Star Macalline Real Estate Development Co., Ltd. (西寧紅星美凱龍房地產開發有限公司)	2,632,763.96	125,056.29	–	–
Hengshui Xinglong Real Estate Development Co., Ltd. (衡水星龍房地產開發有限公司)	2,434,648.54	115,071.13	–	–
Yancheng Kailong Property Company Limited (鹽城凱龍置業有限公司)	1,834,000.00	87,115.00	917,000.00	43,557.50
Tianjin Xingkai Real Estate Development Co., Ltd. (天津星凱房地產開發有限公司)	1,650,000.00	78,375.00	600,000.00	28,500.00
Xiangshan Kaisheng Real Estate Co., Ltd. (象山凱勝置業有限公司)	1,637,282.88	77,770.94	–	–
Wuhu Minghui Business Management Co., Ltd. (蕪湖明輝商業管理有限公司)	1,632,453.42	548,014.61	4,631,506.84	637,295.34
Henan Chenbo Real Estate Co., Ltd. (河南宸博置業有限公司)	1,544,511.44	69,503.01	–	–
Changzhou Jintan Weiyi Construction Engineering Co., Ltd. (常州市金壇維億建設工程有限公司)	1,500,000.00	503,550.00	1,500,000.00	206,400.00
Ningbo Kailong Property Company Limited (寧波凱龍置業有限公司)	1,419,838.25	127,785.44	2,615,018.20	117,675.82
Nanning Haoran Real Estate Co., Ltd. (南昌浩然置業有限公司)	1,278,000.00	60,705.00	–	–
Liuzhou Red Star Macalline Real Estate Co., Ltd. (柳州紅星美凱龍置業有限公司)	1,006,303.96	47,007.68	4,021,322.00	190,221.04
Taiyuan Shuangmingzhikun Real Estate Development Co., Ltd. (太原雙明智坤房地產開發有限公司)	1,000,422.88	47,520.09	–	–

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

6. Amounts due from/to related parties (continued)

	2020		2019	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
Jinan Xinglong Real Estate Development Co., Ltd. (濟南星龍房地產開發有限公司)	900,000.00	42,750.00	-	-
Shanghai CTME Economy & Trade Development Co., Ltd. (上海中貿美凱龍經貿發展有限公司)	668,263.10	31,742.50	-	-
Anka Household Products (Shanghai) Co., Ltd. (安咖家居用品(上海)有限公司)	640,000.00	28,800.00	3,141,996.00	141,389.82
Xiangshan Xinglong Real Estate Co., Ltd. (象山星龍置業有限公司)	610,000.00	27,450.00	-	-
Tianjin Meilong Real Estate Development Co., Ltd. (天津美龍房地產開發有限公司)	600,000.00	28,500.00	-	-
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)	497,052.37	23,609.99	-	-
Shanghai Kaixin Cinema Management Co., Ltd. (上海凱昕影院管理有限公司)	350,500.00	15,772.50	-	-
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)	223,746.72	10,627.97	-	-
Shanghai Linwu Fitness Club Co., Ltd. (上海林茂健身俱樂部有限公司)	216,000.00	9,720.00	-	-
Shenzhen Red Star Macalline Business Management Company Limited (深圳紅星美凱龍商業管理有限公司)	210,682.42	10,007.41	858,546.00	40,780.94
Changzhou Red Star Macalline Real Estate Co., Ltd. (常州紅星美凱龍置業有限公司)	137,340.00	6,523.65	-	-
Suzhou Kaimei Cinema Management Co., Ltd. (蘇州凱美影院管理有限公司)	121,905.37	5,485.74	-	-
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)	112,292.13	37,696.47	-	-
Shanghai Linsai Fitness Club Co., Ltd. (上海林賽健身俱樂部有限公司) and its branches	105,000.00	4,725.00	-	-

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X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

6. Amounts due from/to related parties (continued)

	2020		2019	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
Shenzhen Long Life Basics Sleep Science and Technology Co., Ltd. (深圳市朗樂福睡眠科技有限公司)	100,014.10	4,500.63	-	-
Shanghai AEGEAN Commercial Group Co., Ltd. (上海愛琴海商業集團股份有限公司)	100,000.00	4,500.00	-	-
Xiamen Baoxiang Red Star Macalline Home Furnishing Plaza Company Limited (廈門寶象紅星美凱龍家居生活廣場有限公司)	100,000.00	4,500.00	177,500.00	7,987.50
Baoxiang Red Star Macalline (Xiamen) Global Home Furnishing Plaza Co., Ltd. (寶象紅星美凱龍(廈門)全球家居廣場有限公司)	100,000.00	4,500.00	100,000.00	4,500.00
Changzhou Xingchen Interactive Entertainment Co., Ltd. (常州星琛娛樂科技有限公司)	88,933.74	4,002.02	-	-
Xiangshan Meilong Real Estate Co., Ltd. (象山美龍置業有限公司)	80,193.73	3,809.20	-	-
Shanghai Lingsi Fitness Club Co., Ltd. (上海玲思健身俱樂部有限公司)	80,000.00	3,600.00	-	-
Changzhou Hongmei Cinema Management Co., Ltd. (常州紅美影院管理有限公司)	70,722.48	3,182.51	-	-
Qingdao Dana International Studios Co., Ltd. (青島德納國際影城有限公司)	69,174.60	3,112.86	-	-
Tianjin Hongxing Pacific Cinema Management Co., Ltd. (天津紅星太平洋影院管理有限公司)	61,666.00	2,774.97	308,330.00	13,874.85
Suzhou Hongmei Cinema Management Co., Ltd. (蘇州紅美影院管理有限公司)	56,000.00	2,520.00	-	-
Yixing Chenxing Digital Cinema Co., Ltd. (宜興市晨興數字影院有限公司)	54,724.30	2,462.59	-	-
Tianjin Laina Huakai Film Co., Ltd. (天津萊納華開影業有限公司)	40,696.33	1,831.33	22,000.00	990.00
Ningbo Kaixing Cinema Management Co., Ltd. (寧波凱星影院管理有限公司)	36,396.39	1,637.84	-	-
Yuyao Xingkai Real Estate Co., Ltd. (余姚星凱置業有限公司)	32,000.00	1,440.00	-	-

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

6. Amounts due from/to related parties (continued)

	2020		2019	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
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)	31,530.00	1,418.85	-	-
Chengdu Dongtai Shopping Mall Company Limited (成都東泰商場有限公司)	21,450.00	965.25	300,000.00	13,500.00
Shanghai Huojing Business Management Company Limited (上海或京商業管理有限公司) and its branches	19,920.56	896.43	-	-
Xiaogan Honghe Studios Management Co., Ltd. (孝感泓河影城管理有限公司)	18,000.00	810.00	-	-
Shanghai Longhong Cinema Management Co., Ltd. (上海龍紅影院管理有限公司)	17,000.00	765.00	-	-
Tianjin Macalline Real Estate Co., Ltd. (天津美凱龍置業有限公司)	14,700.00	661.50	-	-
Shanghai Xinhong Cinema Management Co., Ltd. (上海昕紅影院管理有限公司)	13,350.00	600.75	-	-
Shanghai Hongxin Cinema Management Co., Ltd. (上海紅昕影院管理有限公司)	9,946.00	447.57	-	-
Tianjin Cameo Film Co., Ltd. (天津卡美奧影業有限公司)	9,934.00	447.03	-	-
Shanghai Kaihong Cinema Management Co., Ltd. (上海凱紅影院管理有限公司)	7,933.00	356.99	-	-
Shanghai Xingkai Cinema Management Co., Ltd. (上海星凱影院管理有限公司)	7,000.00	315.00	-	-
Shanghai Meiyang Enterprise Management Co., Ltd. (上海美影企業管理有限公司)	6,655.00	299.48	-	-
Qingdao Hongying Cinema Management Co., Ltd. (青島紅影影院管理有限公司)	6,300.00	283.50	-	-
Shanghai Aegean Ole Business Management Co., Ltd. (上海愛琴海奧萊商業管理有限公司)	5,812.00	261.54	-	-
Ultimate IOT (Shanghai) Technology Co., Ltd. (超級智慧家(上海)物聯網科技有限公司)	5,200.04	234.00	10,000.00	450.00
Shanghai Xinglong Cinema Management Co., Ltd. (上海星龍影院管理有限公司)	3,000.00	135.00	-	-

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X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

6. Amounts due from/to related parties (continued)

	2020		2019	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
Shaanxi Hongrui Home Furnishings Plaza Co., Ltd. (陝西鴻瑞家居生活廣場有限公司)	1,397.12	62.87	-	-
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)	N/A	N/A	22,685,262.30	1,077,549.96
Qingdao Hongxing International Real Estate Co., Ltd. (青島紅星國際置業有限公司)	N/A	N/A	103,740.00	4,927.65
Kunming Hongxing Haihui Real Estate Co., Ltd. (昆明紅星海匯房地產有限公司)	-	-	2,790,104.05	125,554.68
Shanghai Xingcheng Yijia Home Furnishings Co., Ltd. (上海星誠藝佳家居有限責任公司)	-	-	1,220,467.20	54,921.02
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)	-	-	790,786.66	35,585.40
Jiangsu Longguan Film and Television Culture Technology Co., Ltd. (江蘇龍冠影視文化科技有限公司)	-	-	283,814.12	12,771.64
Jiangsu Meishanlong Catering Culture Development Co., Ltd. (江蘇美膳龍飲食文化發展有限公司)	-	-	133,435.49	6,004.60
Shanghai Qiaotong Enterprise Management Co., Ltd. (上海喬彤企業管理有限公司)	-	-	84,644.68	3,809.01
Shanghai AI.Pure Intelligent Technology Co., Ltd. (上海智諦智能科技有限公司)	-	-	55,059.53	2,477.68
Shanghai Xingchen Interactive Entertainment Technology Co., Ltd. (上海星琛互動娛樂科技有限公司)	-	-	18,180.00	818.10
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司)	-	-	3,967.00	178.52
Shanghai Yunshen Intelligent Technology Co., Ltd. (上海雲紳智能科技有限公司)	-	-	2,622.00	117.99
	130,450,838.83	26,625,284.82	68,596,599.47	16,150,059.03

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

6. Amounts due from/to related parties (continued)

	2020		2019	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
Prepayments				
Shanghai Xingzhiyu Commercial Management Co., Ltd. (上海星之域商業經營管理有限公司)	3,351,717.60	-	-	-
Shanghai Huojing Business Management Company Limited (上海或京商業管理有限公司)	2,136,672.37	-	-	-
Hangzhou Alimama Software Services Co., Ltd. (杭州阿里媽媽軟件服務有限公司)	1,974,900.22	-	-	-
Shanghai Red Star Win-Win Cloud Computing Technology Co., Ltd. (上海紅星共贏雲計算科技有限公司)	1,086,700.00	-	-	-
Shanghai AI.Pure Intelligent Technology Co., Ltd. (上海智諦智能科技有限公司)	750,875.00	-	-	-
Zhejiang Tmall Technology Co., Ltd.	684,024.31	-	-	-
Shanghai Jiazhan Construction Engineering Company Limited (上海嘉展建築裝潢工程有限公司)	572,805.00	-	-	-
Chongqing Jinke Zhongjun Real Estate Development Co., Ltd. (重慶金科中俊房地產開發有限公司)	254,469.73	-	-	-
Wuhu Minghui Business Management Co., Ltd. (蕪湖明輝商業管理有限公司)	214,788.44	-	326,605.16	-
Changzhou Red Star Furniture General Factory Co., Ltd. (常州市紅星傢俱總廠有限公司)	210,180.00	-	126,108.00	-
Shanghai Aegean Business Management Co., Ltd. (上海愛琴海商務管理有限公司)	169,410.85	-	169,410.85	-
Alibaba Cloud Computing Limited	150,102.12	-	-	-
Shenyang Red Star Macalline Property Management Co., Ltd. (瀋陽紅星美凱龍物業管理有限公司)	138,775.00	-	600,000.00	-
Tao Bao (China) Software Co., Ltd. (淘寶(中國)軟件有限公司)	137,840.80	-	-	-
Jining Hongrui Market Management Company Limited (濟寧鴻瑞市場經營管理有限公司)	101,603.14	-	-	-

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X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

6. Amounts due from/to related parties (continued)

	2020		2019	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
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)	66,669.81	-	-	-
Changzhou Aegean Ole Business Management Co., Ltd. (常州愛琴海奧萊商業管理有限公司)	60,000.00	-	-	-
Shaanxi Hongrui Home Furnishings Plaza Co., Ltd. (陝西鴻瑞家居生活廣場有限公司)	47,460.42	-	109,523.84	-
SleepMaker (Shenzhen) Company Limited (造夢者家居(深圳)有限公司)	35,110.87	-	-	-
Shanghai CONJOINT Construction Technology Co., Ltd. (上海開裝建築科技有限公司)	33,800.88	-	-	-
Baoxiang Red Star Macalline (Xiamen) Global Home Furnishing Plaza Co., Ltd. (寶象紅星美凱龍(廈門)全球家居廣場有限公司)	14,905.28	-	-	-
Alibaba (China) Network Technology Co., Ltd.	10,000.00	-	-	-
Shanghai Yunshen Intelligent Technology Co., Ltd. (上海雲紳智能科技有限公司)	-	-	3,906,000.00	-
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)	-	-	214,285.63	-
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)	-	-	163,492.04	-
Kunming Xingqin Business Management Co., Ltd. (昆明星琴商業管理有限公司)	-	-	50,440.00	-
Shanghai Xinhua Chengcheng Asset Management Co., Ltd. (上海新華成城資產管理有限公司)	-	-	47,168.94	-
	12,202,811.84	-	5,713,034.46	-

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

6. Amounts due from/to related parties (continued)

	2020		2019	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
Other receivables				
Shanghai Mingyi Enterprise Development Co., Ltd. (上海名藝商業企業發展有限公司)	149,960,000.50	7,498,000.03	131,600,000.50	6,580,000.03
Baoxiang Red Star Macalline (Xiamen) Global Home Plaza Co., Ltd. (寶象紅星美凱龍(廈門)全球家居廣場有限公司)	43,111,229.38	10,511,344.89	48,561,439.14	3,212,299.04
Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司)	31,011,166.70	505.73	–	–
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)	5,265,234.65	2,029,406.27	6,076,821.00	1,378,980.59
Yunnan Red Star Macalline Real Estate Co., Ltd. (雲南紅星美凱龍置業有限公司)	4,031,492.11	4,031,492.11	4,031,492.11	4,031,492.11
Wuhu Minghui Business Management Co., Ltd. (蕪湖明輝商業管理有限公司)	3,632,480.00	257,919.52	555,280.00	555.28
Handan Fengfengkuang District Royal Property Development Company Limited (邯鄲市峰峰礦區皇室房地產開發有限公司)	2,000,000.00	137,021.53	–	–
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)	1,746,373.14	119,645.36	–	–
Shaanxi Hongrui Home Furnishings Plaza Co., Ltd. (陝西鴻瑞家居生活廣場有限公司)	1,375,341.55	94,225.70	3,896,650.33	117,864.21
Shanghai Huojing Business Management Company Limited (上海或京商業管理有限公司) and its branches	634,375.89	8,717.63	–	–
Anhui Tenghui Investment Group Hefei Co., Ltd. (安徽騰輝投資集團合肥有限公司)	500,000.00	34,255.38	–	–
Zhejiang Tmall Technology Co., Ltd. (浙江天貓技術有限公司)	410,000.00	410.00	–	–
Shanghai Aegean Business Management Co., Ltd. (上海愛琴海商務管理有限公司)	256,900.00	–	256,900.00	256.90

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X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

6. Amounts due from/to related parties (continued)

	2020		2019	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
Chongqing Jinke Zhongjun Real Estate Development Co., Ltd. (重慶金科中俊房地產開發有限公司)	240,000.00	-	-	-
Hangzhou Alimama Software Services Co., Ltd. (杭州阿里媽媽軟件服務有限公司)	198,421.42	198.42	-	-
Wenzhou Xinglong Real Estate Development Co., Ltd. (溫州星龍房地產開發有限責任公司)	100,000.00	-	-	-
Yancheng Kailong Property Company Limited (鹽城凱龍置業有限公司)	100,000.00	-	-	-
Suzhou Supin Home Culture Co., Ltd. (蘇州市蘇品宅配文化有限公司)	82,155.56	-	-	-
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)	10,111.00	692.71	-	-
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)	10,000.00	-	-	-
Tao Bao (China) Software Co., Ltd. (淘寶(中國)軟件有限公司)	3,765.21	3.77	-	-
	244,679,047.11	24,723,839.05	194,978,583.08	15,321,448.16

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

6. Amounts due from/to related parties (continued)

	2020		2019	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
Long term receivable				
Xiamen Baoxiang Red Star Macalline Home Furnishing Plaza Company Limited (廈門寶象紅星美凱龍家居生活廣場有限公司)	30,043,099.85	300,431.00	25,100,000.00	251,000.00
Hangzhou Red Star Macalline Global Home Living Company Limited (杭州紅星美凱龍環球家居有限公司)	N/A	N/A	332,148,745.00	3,321,487.45
	30,043,099.85	300,431.00	357,248,745.00	3,572,487.45

	2020		2019	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
Other non-current assets				
Chengdu Red Star Macalline Real Estate Co., Ltd. (成都紅星美凱龍置業有限公司)	247,705,000.00	–	247,705,000.00	–
Aibi (Beijing) Intelligent Technology Co., Ltd. (愛筆(北京)智能科技有限公司)	100,000,000.00	–	N/A	N/A
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)	N/A	N/A	221,236,187.86	2,212,361.88
	347,705,000.00	–	468,941,187.86	2,212,361.88

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X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

6. Amounts due from/to related parties (continued)

	2020		2019	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
Other current assets				
Xiamen Baoxiang Red Star Macalline Home Furnishing Plaza Company Limited (廈門寶象紅星美凱龍家居生活廣場有限公司)	98,839,000.00	988,390.00	–	–
	98,839,000.00	988,390.00	–	–

	2020		2019	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
Contract assets				
Shanghai Luochang Enterprise Management Co., Ltd. (上海洛昶企業管理有限公司)	46,008,051.21	142,624.96	–	–
Chongqing Jinke Zhongjun Real Estate Development Co., Ltd. (重慶金科中俊房地產開發有限公司)	17,125,491.85	53,089.02	N/A	N/A
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)	16,358,778.89	50,712.21	2,392,993.30	7,381.22
Xining Aegean Real Estate Development Co., Ltd. (西寧愛琴海房地產開發有限公司)	14,868,995.22	46,093.89	–	–
Xiangshan Kaisheng Real Estate Co., Ltd. (象山凱勝置業有限公司)	589,156.72	1,826.39	–	–
	94,950,473.89	294,346.47	2,392,993.30	7,381.22

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

6. Amounts due from/to related parties (continued)

	2020	2019
Other payables		
Chongqing Jinke Zhongjun Real Estate Development Co., Ltd. (重慶金科中俊房地產開發有限公司)	163,804,744.96	–
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)	47,803,820.31	45,303,820.31
Shenyudao Cultural Tourism Holding Co., Ltd. (神玉島文化旅遊控股股份有限公司)	16,300,000.00	25,600,000.00
Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司)	19,379,218.91	41,437,944.45
Wuhan Zhengkai Logistics Co., Ltd. (武漢市正凱物流有限公司)	9,561,813.98	5,140,854.38
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)	9,418,454.28	6,176,810.43
Shanghai Zhenyang Decoration Co., Ltd. (上海振洋建築裝潢工程有限公司)	5,381,599.51	–
Shanghai Xincheng'an Construction Co., Ltd. (上海鑫誠安建設有限公司)	5,154,230.89	434,020.50
Hangzhou Nabel Ceramics Co., Ltd. (杭州諾貝爾陶瓷有限公司) and its branches	1,718,112.79	1,136,494.00
Shanghai Jiazhan Construction Engineering Company Limited (上海嘉展建築裝潢工程有限公司)	1,195,040.32	–
Ultimate IOT (Shanghai) Technology Co., Ltd. (超級智慧家(上海)物聯網科技有限公司)	1,129,893.88	285,000.00
LEAWOD Door and Window Profiles Company (四川良木道門窗型材有限公司)	630,000.00	630,000.00
Klas International Home Living Company Limited (克拉斯國際家居有限公司)	472,952.65	66,300.00
Shengbao (Shanghai) Furniture Co., Ltd. (晟葆(上海)傢俱有限公司)	287,941.56	–
Shanghai Yunshen Intelligent Technology Co., Ltd. (上海雲紳智能科技有限公司)	279,000.00	–
Chongqing Red Star Macalline Enterprise Development Co., Ltd. (重慶紅星美凱龍企業發展有限公司)	199,956.99	199,956.99
Handan Fengfengkuang District Royal Property Development Company Limited (邯鄲市峰峰礦區皇室房地產開發有限公司)	196,910.15	–
Shanghai Tianhe Smart Home Technology Co., Ltd. (上海天合智能科技股份有限公司)	177,752.86	30,000.00

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X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

6. Amounts due from/to related parties (continued)

	2020	2019
Changzhou Red Star Furniture General Factory Co., Ltd. (常州市紅星傢俱總廠有限公司)	164,183.44	142,706.57
Jiangsu Baili Aijia Home Technology Co., Ltd. (江蘇佰麗愛家居科技有限公司)	94,600.00	94,000.00
Shanghai Weilaishi Decoration Technology Company Limited (上海威來適裝飾科技有限公司)	89,605.28	–
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)	71,539.93	–
Hangzhou Nabel Group Co., Ltd. (杭州諾貝爾集團有限公司) and its branches	58,934.47	127,514.47
Business Division of Nanjing Pukou Lilicheng Furniture (南京市浦口區立力成傢俱經營部)	54,500.00	–
Suzhou Supin Home Culture Co., Ltd. (蘇州市蘇品宅配文化有限公司)	51,015.32	40,015.32
Shanghai Huojing Business Management Company Limited (上海或京商業管理有限公司) and its branches	49,893.00	–
QIAN Yumei (錢玉梅)	40,003.20	–
Shenzhen Huasheng Home Furnishing Group Co., Ltd. (深圳華生大家居集團有限公司)	40,000.00	40,000.00
CHE Jianxing (車建興)	33,544.98	–
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)	31,384.00	–
Ningbo Qiangshang Home Living Company Limited (寧波牆尚家居有限公司)	30,000.00	–
Shenzhen Long Life Basics Sleep Science and Technology Co., Ltd. (深圳市朗樂福睡眠科技有限公司)	30,000.00	250,000.00
Changzhou Yizhi International Trade Co., Ltd. (常州市藝致國際貿易有限公司)	24,000.00	–
Hangzhou Feishi Bath & Kitchen Products Co., Ltd. (杭州菲氏浴廚用品有限公司)	20,000.00	20,000.00
Yangzhou Kailong Consulting Co., Ltd. (揚州凱龍管理諮詢有限公司)	15,263.42	33,979.78
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)	10,111.00	–
Guangdong Sanweijia Information Technology Co., Ltd. (廣東三維家信息科技有限公司)	10,000.00	–

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

6. Amounts due from/to related parties (continued)

	2020	2019
Jiangyin Tishang Home Furnishing Co., Ltd. (江陰提尚家居有限公司)	10,000.00	–
CAO Zhongmin (曹仲民)	6,000.00	–
Xiamen Baoxiang Red Star Macalline Home Furnishing Plaza Company Limited (廈門寶象紅星美凱龍家居生活廣場有限公司)	3,101.00	3,795.53
Xuzhou Red Star Macalline International Furniture Decoration City Co., Ltd. (徐州紅星美凱龍國際家具裝飾城有限公司)	1,228.44	1,797.63
Shaanxi Hongrui Home Furnishings Plaza Co., Ltd. (陝西鴻瑞家居生活廣場有限公司)	36.00	257.58
Baoxiang Red Star Macalline (Xiamen) Global Home Furnishing Plaza Co., Ltd. (寶象紅星美凱龍(廈門)全球家居廣場有限公司)	20.00	–
Wuhu Minghui Business Management Co., Ltd. (蕪湖明輝商業管理有限公司)	1.00	162.90
Xinghua Xingkai Home Furnishing Plaza Company Limited (興化市星凱家居生活廣場有限公司)	–	1,235,578.85
Yunnan Red Star Macalline Property Co., Ltd. (雲南紅星美凱龍置業有限公司)	–	36,104.33
Changzhou Yizhi Furniture Company Limited (常州市藝致傢俱有限公司)	–	18,000.00
	284,030,408.52	128,485,114.02

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X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

6. Amounts due from/to related parties (continued)

	2020	2019
Advance from customers		
Shanghai Qiaotong Enterprise Management Co., Ltd. (上海喬彤企業管理有限公司)	1,000,000.00	–
CHE Yuqin (車玉琴)	766,736.93	–
Ultimate IOT (Shanghai) Technology Co., Ltd. (超級智慧家(上海)物聯網科技有限公司)	636,009.21	–
Hangzhou Nabel Ceramics Co., Ltd. (杭州諾貝爾陶瓷有限公司) and its branches	442,869.67	458,908.98
Shanghai Macalline Seven Star Hotel Management Co., Ltd. (上海美凱龍七星酒店管理有限公司)	358,382.58	–
CHE Jianguo (車建國)	252,101.86	–
Klas International Home Living Company Limited (克拉斯國際家居有限公司)	246,834.65	–
Chongqing Red Star Macalline Enterprise Development Co., Ltd. (重慶紅星美凱龍企業發展有限公司)	220,500.00	210,000.00
Shengbao (Shanghai) Furniture Co., Ltd. (晟葆(上海)傢俱有限公司)	129,197.97	239,785.62
Jiangsu Baili Aijia Home Technology Co., Ltd. (江蘇佰麗愛家家居科技有限公司)	128,242.40	–
Changzhou Red Star Furniture General Factory Co., Ltd. (常州市紅星傢俱總廠有限公司)	108,585.45	92,435.92
Business Division of Nanjing Pukou Lilicheng Furniture (南京市浦口區立力成傢俱經營部)	106,520.34	–
Shanghai Xingzhiyu Commercial Management Co., Ltd. (上海星之域商業經營管理有限公司)	100,800.00	–
Ningbo Qiangshang Home Living Company Limited (寧波牆尚家居有限公司)	72,208.50	–
Shanghai Zhenyang Decoration Co., Ltd. (上海振洋建築裝潢工程有限公司)	67,916.50	–
ZHANG Jianfang (張建芳)	17,187.52	–
Changzhou Yizhi International Trade Co., Ltd. (常州市藝致國際貿易有限公司)	6,974.77	–
Jiangyin Tishang Home Furnishing Co., Ltd. (江陰提尚家居有限公司)	6,621.01	–
Changzhou Longyao Equity Investment Management Co., Ltd. (常州龍耀股權投資管理有限公司)	2,940.91	–
QIAN Zhongxiang (錢忠祥)	2,873.99	–

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

6. Amounts due from/to related parties (continued)

	2020	2019
Shanghai Tianhe Smart Home Technology Company Ltd. (上海天合智能科技股份有限公司) and its branches	2,306.26	–
Hangzhou Nabel Group Co., Ltd. (杭州諾貝爾集團有限公司) and its branches	115.00	–
	4,675,925.52	1,001,130.52
Account Payable		
Shanghai Zhenyang Decoration Co., Ltd. (上海振洋建築裝潢工程有限公司)	68,537,477.95	N/A
Shanghai Xincheng'an Construction Co., Ltd. (上海鑫誠安建設有限公司)	39,473,502.92	43,522,109.91
Shanghai Jiazhan Construction Engineering Company Limited (上海嘉展建築裝潢工程有限公司)	9,807,364.91	29,020,042.08
Shanghai AI.Pure Intelligent Technology Co., Ltd. (上海智諦智能科技有限公司)	912,388.51	1,497,343.39
Changzhou Red Star Furniture General Factory Co., Ltd. (常州市紅星傢俱總廠有限公司)	803,190.50	748,612.50
Hangzhou Nabel Ceramics Co., Ltd. (杭州諾貝爾陶瓷有限公司) and its branches	727,233.56	–
CHE Guoxing (車國興)	291,500.00	–
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)	213,636.49	–
Shenyang Red Star Macalline Property Management Co., Ltd. (瀋陽紅星美凱龍物業管理有限公司)	138,775.00	–
Shanghai Red Star Win-Win Cloud Computing Technology Co., Ltd. (上海紅星共贏雲計算科技有限公司)	20,000.00	–
	120,925,069.84	74,788,107.88
	2020	2019
Lease liabilities		
Changzhou Red Star Home Furnishing City (常州市紅星裝飾城)	–	1,576,761.26

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X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

6. Amounts due from/to related parties (continued)

	2020	2019
Contract liabilities		
Chongqing Jinke Real Estate Development Co., Ltd. (重慶金科房地產開發有限公司)	229,729,729.73	-
Shanghai Xingzhiyu Commercial Management Co., Ltd. (上海星之域商業經營管理有限公司)	13,267,730.09	-
Shanghai CTME Economy & Trade Development Co., Ltd. (上海中貿美凱龍經貿發展有限公司)	3,671,235.22	-
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司)	3,414,014.53	889,517.70
Shenzhen Red Star Macalline Business Management Company Limited (深圳紅星美凱龍商業管理有限公司)	3,269,563.22	-
Anhui Tenghui Investment Group Hefei Co., Ltd. (安徽騰輝投資集團合肥有限公司)	3,229,923.19	-
Shanghai Jingdi Catering Management Co., Ltd. (上海景帝餐飲管理有限公司)	3,181,686.73	-
Shanghai Qiaotong Enterprise Management Co., Ltd. (上海喬彤企業管理有限公司)	3,069,002.97	-
Wuhu Meihe Asset Management Company Limited (蕪湖美和資產管理有限公司)	2,669,989.27	-
Hangzhou Nabel Ceramics Co., Ltd. (杭州諾貝爾陶瓷有限公司) and its branches	2,591,839.99	2,708,506.99
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)	2,419,229.79	2,462,307.23
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)	2,290,621.69	1,359,031.34
Wuhan Zhengkai Logistics Co., Ltd. (武漢市正凱物流有限公司)	1,952,054.79	1,952,054.79
Kunming Hongxing Haihui Real Estate Co., Ltd. (昆明紅星海匯房地產有限公司)	922,061.32	-
Xiangshan Meilong Real Estate Co., Ltd. (象山美龍置業有限公司)	796,738.85	-
Anka Household Products (Shanghai) Co., Ltd. (安咖家居用品(上海)有限公司)	587,155.96	-
Handan Fengfengkuang District Royal Property Development Company Limited (邯鄲市峰峰礦區皇室房地產開發有限公司)	462,651.85	15,094,339.62

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十一 承諾及或有事項

1. Significant Commitments

	2020	2019
Contracted but not provisioned		
Capital commitments	2,373,804,000.00	2,095,018,000.00
Investment commitments	606,347,000.00	647,700,000.00
	2,980,151,000.00	2,742,718,000.00

2. Contingencies

As of the date of approval of the financial report, the Company has no significant contingencies that should be disclosed.

XII. EVENTS AFTER THE BALANCE SHEET DATE

1. Non-public offering of shares by the Company

On 1 March 2021, the Issuance Review Committee of the CSRC reviewed the application for non-public issuance of shares of Red Star Macalline Group Corporation Ltd. At present, the Company has not received the written approval document from the CSRC. The Company will make another announcement after receiving the official approval document from the CSRC.

XIII. OTHER SIGNIFICANT EVENTS

1. Segment Reporting

Operating segment

For management purposes, the Group is organized into business units based on their products and services and has 5 reporting segments as follows:

- (1) Owned/Leased Portfolio Shopping Malls;
- (2) Managed Shopping Malls;
- (3) Construction and design;
- (4) Related home decoration and sales of merchandise;
- (5) Others.

The management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance are evaluated based on the segment profits reported. It represents the indicator after adjustments have been made to total profit of continuing operation, and other than the exclusion of interest income, financial expenses, dividend income, gains from changes in fair value of financial instruments, and headquarters expenses, the indicator is consistent with the Group's total profit of continuing operation.

Notes to the Financial Statements

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XIII. OTHER SIGNIFICANT EVENTS (continued)

1. Segment Reporting (continued)

Operating segment (continued)

2020

	Owned/Leased Portfolio Shopping Malls	Managed Shopping Malls	Construction and design	Related home decoration and sales of merchandise	Other	Unallocated item	Combination
External revenue	6,682,413,448.77	3,580,465,132.95	1,668,238,075.14	1,224,005,416.99	1,081,338,025.13	-	14,236,460,098.98
Inter-segment revenue							
Total segment operating revenue	6,682,413,448.77	3,580,465,132.95	1,668,238,075.14	1,224,005,416.99	1,081,338,025.13	-	14,236,460,098.98
Less: Cost of sales	1,566,523,960.01	1,437,893,251.23	1,123,349,218.85	956,135,495.38	396,268,099.39	-	5,480,170,024.86
Taxes and surcharges	291,441,401.24	28,920,542.46	13,451,489.25	4,531,602.66	39,069,746.66	-	377,414,782.27
Sale expenses	949,717,782.43	486,502,909.03	2,352,987.49	197,512,890.57	57,686,190.12	-	1,693,772,759.64
Management expenses	599,853,770.01	436,763,128.17	123,509,696.13	134,225,807.28	386,504,166.46	-	1,680,856,568.05
Research and development expenses	-	-	-	-	-	36,035,643.66	36,035,643.66
Financial expenses	-	-	-	-	-	2,464,418,667.68	2,464,418,667.68
Add: Other income	-	-	-	-	-	184,249,900.19	184,249,900.19
Investment income	-	-	-	-	-	222,015,867.89	222,015,867.89
Gain on changes in fair value	-	-	-	-	-	494,132,525.69	494,132,525.69
Impairment losses of credit	-	-	-	-	-	(126,335,204.00)	(126,335,204.00)
Impairment losses of assets	-	-	-	-	-	(333,165,778.40)	(333,165,778.40)
Gain from disposal of assets	-	-	-	-	-	1,368,758.55	1,368,758.55
Operating profit/(loss)	3,274,876,535.08	1,190,385,302.06	405,574,683.42	(68,400,378.90)	201,809,822.50	(2,058,188,241.42)	2,946,057,722.74
Add: Non-operating income	-	-	-	-	-	57,938,296.96	57,938,296.96
Less: Non-operating expenses	-	-	-	-	-	189,847,568.12	189,847,568.12
Total profit/(loss)	3,274,876,535.08	1,190,385,302.06	405,574,683.42	(68,400,378.90)	201,809,822.50	(2,190,097,512.58)	2,814,148,451.58
Less: Income tax expenses	-	-	-	-	-	750,071,048.61	750,071,048.61
Net profit/(loss)	3,274,876,535.08	1,190,385,302.06	405,574,683.42	(68,400,378.90)	201,809,822.50	(2,940,168,561.19)	2,064,077,402.97

XIII. OTHER SIGNIFICANT EVENTS (continued)

1. Segment Reporting (continued)

Operating segment (continued)

2019

	Owned/Leased Portfolio Shopping Malls	Managed Shopping Malls	Construction and design	Related home decoration and sales of merchandise	Other	Unallocated item	Combination
External revenue	7,798,760,658.12	4,702,248,186.58	2,250,505,124.04	568,999,157.09	1,148,724,663.09	-	16,469,237,788.92
Inter-segment revenue							
Total segment operating revenue	7,798,760,658.12	4,702,248,186.58	2,250,505,124.04	568,999,157.09	1,148,724,663.09	-	16,469,237,788.92
Less: Cost of sales	1,654,802,504.45	1,624,820,375.85	1,459,522,282.78	440,190,913.00	556,274,935.42	-	5,735,611,011.50
Taxes and surcharges	365,419,038.76	36,811,335.76	13,773,217.88	1,645,111.21	11,391,898.15	-	429,040,601.76
Sale expenses	1,554,419,069.09	526,548,524.47	132,252.38	156,362,103.05	53,468,877.32	-	2,290,930,826.31
Management expenses	664,743,614.99	520,034,159.13	111,734,987.44	112,569,449.10	342,784,504.93	-	1,751,866,715.59
Research and development expenses	-	-	-	-	-	38,206,412.50	38,206,412.50
Financial expenses	-	-	-	-	-	2,260,079,805.40	2,260,079,805.40
Add: Other income	-	-	-	-	-	104,900,495.94	104,900,495.94
Investment income	-	-	-	-	-	786,438,650.13	786,438,650.13
Gain on changes in fair value	-	-	-	-	-	1,632,073,263.93	1,632,073,263.93
Impairment losses of credit	-	-	-	-	-	(252,135,593.72)	(252,135,593.72)
Impairment losses of assets	(45,726,468.34)	(45,726,468.34)	-	-	-	-	-
Gain from disposal of assets	-	-	-	-	-	8,101,725.36	8,101,725.36
Operating profit/(loss)	3,559,376,430.83	1,994,033,791.37	665,342,383.56	(141,768,419.27)	184,804,447.27	(64,634,144.60)	6,197,154,489.16
Add: Non-operating income	-	-	-	-	-	46,074,966.28	46,074,966.28
Less: Non-operating expenses	-	-	-	-	-	40,151,435.89	40,151,435.89
Total profit/(loss)	3,559,376,430.83	1,994,033,791.37	665,342,383.56	(141,768,419.27)	184,804,447.27	(58,710,614.21)	6,203,078,019.55
Less: Income tax expenses	-	-	-	-	-	1,516,836,338.46	1,516,836,338.46
Net profit/(loss)	3,559,376,430.83	1,994,033,791.37	665,342,383.56	(141,768,419.27)	184,804,447.27	(1,575,546,952.67)	4,686,241,681.09

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XIII. OTHER SIGNIFICANT EVENTS (continued)

2. Leases

(1) As a lessor

The Group uses some houses and buildings for rent, and the lease period is usually 1-3 years, forming an operating lease. According to the lease contract, the rent needs to be adjusted every year according to the market rent status. In 2020, the Group's revenue from housing and building leases was RMB6,682,569,916.85, please refer to Note V.46. The leased houses and buildings are listed in investment properties, please refer to Note V.15.

Operating lease

The profit and loss related to operating leases are listed as follows:

	2020	2019
Rental income	6,682,569,916.85	7,798,760,658.12

According to the lease contract signed with the lessee, minimum lease payment under irrevocable lease is as follows:

	2020	2019
Within 1 year (including 1 year)	3,029,451,265.53	2,445,477,545.62
1 to 2 years (including 2 years)	56,010,046.06	59,385,558.27
2 to 3 years (including 3 years)	9,665,365.00	32,671,446.28
3 to 4 years (including 4 years)	4,950,494.31	15,384,663.59
4 to 5 years (including 5 years)	–	42,078.24
	3,100,077,170.90	2,552,961,292.00

For fixed assets rented out under operating leases, please refer to Note V.15.

XIII. OTHER SIGNIFICANT EVENTS (continued)

2. Leases (continued)

(2) As a lessee

	2020	2019
Interest expenses of lease liabilities	221,715,442.83	174,769,088.34
Short-term lease expenses included in the current profit and loss under simplified treatment	82,506,126.15	60,140,750.02
Revenue from subletting right-of-use assets	1,210,546,002.76	1,109,516,925.02
Total cash outflows related to leases	664,268,421.44	763,075,082.65

The leased assets leased by the Group include houses and buildings and other equipments used in the course of operation. The lease period of houses and buildings and other equipments is usually 3-30 years.

Potential future cash outflows not included in the measurement of lease liabilities

Leases committed but not yet started

Excepted future cash outflows of the leases committed by the Group but not yet started are as follows:

	2020	2019
Within 1 year (including 1 year)	56,454,019.60	73,601,128.80
1 to 2 years (including 2 years)	79,204,039.20	102,781,148.40
2 to 3 years (including 3 years)	81,796,039.20	105,373,148.40
Over 3 years	1,251,524,360.34	1,820,479,300.52
	1,468,978,458.34	2,102,234,726.12

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XIII. OTHER SIGNIFICANT EVENTS (continued)

3. Remuneration of Directors and Supervisors

Remuneration of Directors

	2020	2019
Directors' fees	2,476,190.48	2,400,000.00
Salaries and allowances	8,210,919.20	8,730,000.00
Bonuses	3,661,197.60	4,634,255.00
Pensions	194,321.80	245,336.00
Social insurance and reserve funds other than pensions	235,613.90	257,910.85
	14,778,242.98	16,267,501.85

Executive directors

The remuneration of executive Directors is set out as follows:

2020	Directors' fees	Salaries and allowances	Bonuses	Pensions	Other social security fund	Total
CHE Jianxing	-	1,818,000.00	3,000,000.00	36,749.54	47,122.78	4,901,872.32
GUO Binghe	-	1,458,000.00	104,000.00	36,749.54	47,122.78	1,645,872.32
CHE Jianfang	-	1,918,000.00	187,912.80	36,749.54	47,122.78	2,189,785.12
JIANG Xiaozhong	-	1,818,000.00	350,740.00	36,749.54	47,122.78	2,252,612.32
	-	7,012,000.00	3,642,652.80	146,998.16	188,491.12	10,990,142.08

2019	Directors' fees	Salaries and allowances	Bonuses	Pensions	Other social security fund	Total
CHE Jianxing	-	1,818,000.00	300,000.00	49,067.20	51,582.17	2,218,649.37
GUO Binghe	-	1,458,000.00	930,000.00	49,067.20	51,582.17	2,488,649.37
CHE Jianfang	-	2,418,000.00	381,600.00	49,067.20	51,582.17	2,900,249.37
JIANG Xiaozhong	-	1,818,000.00	2,680,400.00	49,067.20	51,582.17	4,599,049.37
	-	7,512,000.00	4,292,000.00	196,268.80	206,328.68	12,206,597.48

XIII. OTHER SIGNIFICANT EVENTS (continued)

3. Remuneration of Directors and Supervisors (continued)

Remuneration of Directors (continued)

Non-executive directors

The remuneration of non-executive Directors is set out as follows

2020	Directors' fees	Salaries and allowances	Bonuses	Pensions	Social security fund	Total
XU Guofeng (Note 1)	-	-	-	-	-	-
CHEN Shuhong	-	1,198,919.20	18,544.80	47,323.64	47,122.78	1,311,910.42
XU Hong	-	-	-	-	-	-
JING Jie	-	-	-	-	-	-
LIU Jin (Note 2)	-	-	-	-	-	-
	-	1,198,919.20	18,544.80	47,323.64	47,122.78	1,311,910.42

2019	Directors' fees	Salaries and allowances	Bonuses	Pensions	Social security fund	Total
CHEN Shuhong	-	1,218,000.00	342,255.00	49,067.20	51,582.17	1,660,904.37
XU Guofeng	-	-	-	-	-	-
Joseph Raymond Gagnon	-	-	-	-	-	-
ZHANG Qiqi	-	-	-	-	-	-
XU Hong	-	-	-	-	-	-
JING Jie	-	-	-	-	-	-
	-	1,218,000.00	342,255.00	49,067.20	51,582.17	1,660,904.37

Note 1: Resigned as a non-executive director of the Company on 8 February 2021.

Note 2: Appointed as a non-executive director of the Company on 16 November 2020.

Notes to the Financial Statements

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XIII. OTHER SIGNIFICANT EVENTS (continued)

3. Remuneration of Directors and Supervisors (continued)

Remuneration of Directors (continued)

Independent non-executive directors

	2020	2019
LEE, Kwan Hung (李均雄)	600,000.00	600,000.00
QIAN Shizheng (錢世政)	600,000.00	600,000.00
ZHAO Chongyi (趙崇佚)	600,000.00	600,000.00
WANG Xiao (王嘯)	600,000.00	600,000.00
QIN Hong (秦虹) (Note 1)	76,190.48	–
	2,476,190.48	2,400,000.00

Note 1: Resigned as an independent non-executive director of the Company on November 16, 2020.

There is no other remuneration payable to independent non-executive Directors for the year (2020: nil).

Remuneration of Supervisors

2020	Supervisors' fees	Salaries and allowances	Bonuses	Pensions	Other social security fund	Total
PAN Ning (潘寧)	–	1,218,000.00	78,000.00	36,749.54	47,122.78	1,379,872.32
CHAO Yanping (巢艷萍)	–	600,000.00	3,640.00	36,749.54	47,122.78	687,512.32
CHEN Gang (陳崗)	–	180,000.00	–	–	–	180,000.00
ZHENG Hongtao (鄭洪濤)	–	180,000.00	–	–	–	180,000.00
	–	2,178,000.00	81,640.00	73,499.08	94,245.56	2,427,384.64

XIII. OTHER SIGNIFICANT EVENTS (continued)

3. Remuneration of Directors and Supervisors (continued)

Remuneration of Supervisors (continued)

2019	Supervisors' fees	Salaries and allowances	Bonuses	Pensions	Other social security fund	Total
PAN Ning (潘寧)	-	1,218,000.00	658,000.00	49,067.20	51,582.17	1,976,649.37
CHAO Yanping (巢艷萍)	-	600,000.00	377,102.01	49,067.20	51,582.17	1,077,751.38
CHEN Gang (陳崗)	180,000.00	-	-	-	-	180,000.00
ZHENG Hongtao (鄭洪濤)	180,000.00	-	-	-	-	180,000.00
WU Kaiying (吳凱盈)	-	-	-	-	-	-
	360,000.00	1,818,000.00	1,035,102.01	98,134.40	103,164.34	3,414,400.75

Pursuant to the remuneration system of the Company, the remuneration, allowances, benefits in kind and discretionary bonuses accrued for the executive directors are subject to the approval of the remuneration committee and the annual general meeting.

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XIII. OTHER SIGNIFICANT EVENTS (continued)

4. The Five Highest Paid Employees of the Group During the Year

The five highest paid employees during the year included one directors (2019: one directors) and details of their remuneration are set out in Notes XIII. 3. Details of the remaining four non-directors of the highest paid employees (2019: four) are set out as follows:

	2020	2019
Salaries and allowances	13,444,021.05	8,076,000.00
Bonuses	3,023,800.00	6,998,500.00
Pensions	96,859.48	147,201.44
Social insurance and reserve funds other than pensions	180,012.11	154,746.46

The number of the non-directors and non-supervisors of highest paid employees whose pre-tax remuneration fell within the following bands is as follows:

	2020	2019
HK\$1,500,001 to HK\$2,000,000 (equivalent to RMB1,344,000 to RMB1,791,000)	1	–
HK\$2,000,001 to HK\$2,500,000 (equivalent to RMB1,791,000 to RMB2,239,000)	–	–
HK\$2,500,001 to HK\$3,000,000 (equivalent to RMB2,239,000 to RMB2,687,000)	–	–
HK\$3,000,001 to HK\$3,500,000 (equivalent to RMB2,687,000 to RMB3,135,000)	–	–
HK\$3,500,001 to HK\$4,000,000 (equivalent to RMB3,135,000 to RMB3,583,000)	1	1
HK\$4,000,001 to HK\$4,500,000 (equivalent to RMB3,583,000 to RMB4,031,000)	1	2
HK\$4,500,001 to HK\$5,000,000 (equivalent to RMB4,031,000 to RMB4,479,000)	–	1
over HK\$5,000,000 (equivalent to over RMB4,479,000)	1	–

5. Pension Plans

	2020	2019
Net contributions to pension plans	73,986,625.76	281,063,651.08

On 31 December 2020, the Group was not forced to waive its contributions to reduce its contributions to pension plan for future years.

XIII. OTHER SIGNIFICANT EVENTS (continued)

6. Total Assets Less Current Liabilities

	31 December 2020 The Group	31 December 2019 The Group
Total assets	131,547,918,635.49	122,294,418,558.66
Less: current liabilities	31,638,847,386.67	27,767,945,494.43
Total assets less current liabilities	99,909,071,248.82	94,526,473,064.23

	31 December 2020 The Company	31 December 2019 The Company
Total assets	60,735,934,997.03	53,950,039,772.09
Less: current liabilities	37,338,235,750.77	28,340,470,796.12
Total assets less current liabilities	23,397,699,246.26	25,609,568,975.97

7. Comparative Data

As set out in Note III.33, according to the Questions and Answers on the Implementation of Accounting Standards for Business Enterprises published by the Ministry of Finance in December 2020, the impairment losses of contract assets originally included in the “impairment losses of credit” in the income statement have been reclassified by the Group to the “impairment losses of contract assets”, with the comparative data retrospectively adjusted. The change in the accounting policy has no impact on the consolidated net profits and total equity, and the net profits and total equity of the Company.

8. Other Important Transactions and Events that Affect Investors' Decisions

As of the approval date of the financial report, the Group has no other important transactions and events that have an impact on investors' decisions should be disclosed.

Notes to the Financial Statements

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XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY

1. Accounts Receivable

	2020	2019
Accounts receivable	1,070,598,215.58	1,283,376,758.63
Less: Bad debt allowance	710,901,123.63	909,070,574.54
	359,697,091.95	374,306,184.09

The movements on the allowance for bad debts in relation to accounts receivable are as follows:

	Opening balance	Provision for the current year	Reversal for the current year	Charge off for the current year	Write-off for the current year	Closing balance
2020	909,070,574.54	9,311,179.73	(169,380,630.64)	-	(38,100,000.00)	710,901,123.63
2019	940,816,218.89	111,039,148.09	(23,458,125.78)	-	(119,326,666.66)	909,070,574.54

	2020			
	Book balance		Bad debt allowance	
	Amount	Percentage (%)	Amount	Proportion (%)
Receivables for which bad debts are provided individually	636,247,285.70	59.43	564,772,285.69	88.77
Receivables for which bad debt allowance is provided by portfolio of credit risk characteristics	434,350,929.88	40.57	146,128,837.94	33.63
	1,070,598,215.58	100.00	710,901,123.63	66.40

XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

1. Accounts Receivable (continued)

	2019			
	Book balance	Percentage	Bad debt allowance	Proportion
	Amount	(%)	Amount	(%)
Receivables for which bad debts are provided individually	783,003,620.06	61.01	777,003,620.06	99.23
Receivables for which bad debt allowance is provided by portfolio of credit risk characteristics	500,373,138.57	38.99	132,066,954.48	26.39
	1,283,376,758.63	100.00	909,070,574.54	70.83

The aging analysis of accounts receivable is as follows:

	2020	2019
Within 1 year	141,247,442.34	172,585,476.58
1 to 2 years	138,497,721.76	138,675,103.83
2 to 3 years	110,046,974.44	144,958,648.62
Over 3 years	680,806,077.04	827,157,529.60
	1,070,598,215.58	1,283,376,758.63
Less: Allowance for bad debts for accounts receivable	710,901,123.63	909,070,574.54
	359,697,091.95	374,306,184.09

Notes to the Financial Statements

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XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

1. Accounts Receivable (continued)

As at 31 December 2020, the top five amount of accounts receivable which bad debts are provided individually are as follows:

	Book balance	Bad debt allowance Closing balance	ECL rate (%)	Reason for accruing bad debt
Changzhou Wujin Construction Engineering Co., Ltd. (常州市武進建設工程有限公司)	55,000,000.00	55,000,000.00	100.00	Expected account receivables cannot be recovered
Jiangsu Provincial Construction Group Co., Ltd. (江蘇省建築工程集團有限公司)	26,000,000.00	23,000,000.00	88.46	Expected partial account receivables cannot be recovered
Xuanwei Xintiandi Real Estate Development Co., Ltd. (宣城市新天地房地產開發有限公司)	20,000,000.00	20,000,000.00	100.00	Expected account receivables cannot be recovered
Guizhou Linhengtai Property Development Company Limited (貴州林恒泰房地產開發有限公司)	18,000,000.00	18,000,000.00	100.00	Expected account receivables cannot be recovered
Fujian vogu Investment Development Co., Ltd. (福建沃谷投資發展有限公司)	17,000,000.00	17,000,000.00	100.00	Expected account receivables cannot be recovered

XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

1. Accounts Receivable (continued)

As at 31 December 2019, the top five amount of accounts receivable which bad debts are provided individually are as follows:

	Book balance	Bad debt allowance Closing balance	Proportion to total balance of Accounts receivable (%)	Reason for accruing bad debt
Changzhou Wujin Construction Engineering Co., Ltd. (常州市武進建設工程有限公司)	55,000,000.00	55,000,000.00	100.00	Expected account receivables cannot be recovered
Jiangsu Provincial Construction Group Co., Ltd. (江蘇省建築工程集團有限公司)	26,000,000.00	23,000,000.00	88.46	Expected account receivables cannot be recovered
Guizhou Jinyuan Huafu Real Estate Co., Ltd. (貴州金源華府置業有限公司)	23,000,000.00	23,000,000.00	100.00	Expected account receivables cannot be recovered
Xuanwei Xintiandi Real Estate Development Co., Ltd. (宣城市新天地房地產開發有限公司)	20,000,000.00	20,000,000.00	100.00	Expected account receivables cannot be recovered
Fujian vogu Investment Development Co., Ltd. (福建沃谷投資發展有限公司)	17,000,000.00	17,000,000.00	100.00	Expected partial account receivables cannot be recovered

Notes to the Financial Statements

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XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

1. Accounts Receivable (continued)

Our Company's accounts receivable for which bad debts are provided by aging analysis method are as follows:

	2020		
	Book balance expected to incur credit loss	ECL rate (%)	Lifetime ECL
Portfolio One: Brand consulting and management services for the early stage of project			
Within 1 year	25,055,555.56	10.15	2,543,138.90
1 to 2 years	25,300,000.00	15.59	3,944,270.00
2 to 3 years	61,000,000.00	21.24	12,956,400.00
3 to 4 years	65,800,000.00	29.52	19,424,160.00
4 to 5 years	28,890,000.00	51.72	14,941,908.00
5 to 6 years	18,500,000.00	63.07	11,667,950.00
Over 6 years	19,250,000.00	100.00	19,250,000.00
	243,795,555.56	34.75	84,727,826.90

	2020		
	Book balance expected to incur credit loss	ECL rate (%)	Lifetime ECL
Portfolio Three: Other consulting services			
Within 1 year	59,089,070.99	15.82	9,347,891.03
1 to 2 years	60,059,363.26	33.57	20,161,928.25
2 to 3 years	9,132,590.94	56.89	5,195,530.98
Over 3 years	25,019,178.08	100.00	25,019,178.08
	153,300,203.27	38.96	59,724,528.34

XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

1. Accounts Receivable (continued)

Our Company's accounts receivable for which bad debts are provided by aging analysis method are as follows:
(continued)

	2020		
	Book balance expected to incur credit loss	ECL rate (%)	Lifetime ECL
Portfolio Four: Rental and related income	2,600,015.12	4.50	117,000.68

	2020		
	Book balance expected to incur credit loss	ECL rate (%)	Lifetime ECL
Portfolio Five: Others	34,655,155.93	4.50	1,559,482.02

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XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

1. Accounts Receivable (continued)

Our Company's accounts receivable for which bad debts are provided by aging analysis method are as follows:
(continued)

	2019		
	Book balance expected to incur credit loss	ECL rate (%)	Lifetime ECL
Portfolio One: Brand consulting and management services for the early stage of project			
Within 1 year	26,300,000.00	8.96	2,356,480.00
1 to 2 years	88,440,000.00	13.99	12,372,756.00
2 to 3 years	75,000,000.00	19.57	14,677,500.00
3 to 4 years	65,890,000.00	26.83	17,678,287.00
4 to 5 years	30,050,000.00	53.11	15,959,555.00
5 to 6 years	41,540,000.00	69.67	28,940,918.00
Over 6 years	5,000,000.00	100.00	5,000,000.00
	332,220,000.00	29.19	96,985,496.00
Portfolio Three: Other consulting services			
Within 1 year	75,090,393.42	13.76	10,332,438.14
1 to 2 years	13,820,720.28	22.44	3,101,369.63
2 to 3 years	25,558,648.63	32.65	8,344,898.78
Over 3 years	11,400,000.00	100.00	11,400,000.00
	125,869,762.33	26.36	33,178,706.55

XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

1. Accounts Receivable (continued)

Our Company's accounts receivable for which bad debts are provided by aging analysis method are as follows:
(continued)

	2019		
	Book balance expected to incur credit loss	ECL rate (%)	Lifetime ECL
Portfolio Four: Rental and related income	4,916,252.54	4.50	221,231.36

	2019		
	Book balance expected to incur credit loss	ECL rate (%)	Lifetime ECL
Portfolio Five: Others	37,367,123.70	4.50	1,681,520.57

Accounts receivable actually written off in 2020 are RMB38,100,000.00, of which, the important written-off account receivables include receivables from Dalian Yongle Hongye Group Co., Ltd. amounting to RMB13,500,000.00 for brand consulting and management services for the early stage of project, which was written off after approval by the management because it cannot be recovered; receivables from Zhejiang Huaxia Real Estate Co., Ltd. amounting to RMB9,250,000.00 for brand consulting and management services for the early stage of project, which was written off after approval by the management because it cannot be recovered; and receivables from Jinzhong Tianhe Real Estate Development Co., Ltd. amounting to RMB6,000,000.00 for brand consulting and management services for the early stage of project, which was written off after approval by the management because it cannot be recovered. (2019: the actual write-off account receivables is RMB119,326,666.66. During which, the important written-off account includes: Receivables from Jiangsu Yancheng Erjian Group Co., Ltd (江蘇鹽城二建集團有限公司) amount to RMB30,600,000.00 for other consulting services, written-off after approval of management due to unable to recover. Receivables from Jiangsu Jiangzhong Group Co., Ltd (江蘇江中集團有限公司) amount to RMB15,000,000.00 for other consulting services, written-off after approval of management due to unable to recover. Receivables from Nanning Runjia Real Estate Development Co., Ltd (南寧潤嘉房地產開發有限公司) amount to RMB18,666,666.67 for Brand consulting and management services for the early stage of project, written-off after approval of management due to unable to recover.)

Notes to the Financial Statements

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XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

1. Accounts Receivable (continued)

As at 31 December 2020, the top five accounts receivable were as follows:

	Closing balance	Proportion to total balance of accounts receivable (%)	Bad debt allowance Closing balance
Changzhou Wujin Construction Engineering Co., Ltd. (常州市武進建設工程有限公司)	55,000,000.00	5.14	55,000,000.00
Jiangsu Provincial Construction Group Co., Ltd. (江蘇省建築工程集團有限公司)	26,000,000.00	2.43	23,000,000.00
Zhejiang Yitian Investment Management Co., Ltd. (浙江億田投資管理有限公司)	21,836,000.00	2.04	982,620.00
Xuanwei Xintiandi Real Estate Development Co., Ltd. (宣威市新天地房地產開發有限公司)	20,000,000.00	1.87	20,000,000.00
Guizhou Lin Hengtai Real Estate Development Co., Ltd. (貴州林恒泰房地產開發有限公司)	18,000,000.00	1.68	18,000,000.00

XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

2. Other Receivables

	2020	2019
Interest receivables	9,069,537.32	26,680,567.53
Dividend receivables	2,958,106,450.36	3,441,696,949.26
Other receivables	29,492,800,730.56	24,330,957,653.18
	32,459,976,718.24	27,799,335,169.97

Interest receivables

	2020	2019
Loan interest	9,069,537.32	26,680,567.53

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XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

2. Other Receivables (continued)

Dividend receivables

	2020	2019
Shanghai Xingkai Chengpeng Business Management Company Limited (上海星凱程鵬企業管理有限公司)	1,188,856,949.26	608,856,949.26
Red Star Macalline Home Furnishing Mall Management Company Limited (紅星美凱龍家居商場管理有限公司)	1,137,000,000.00	1,037,000,000.00
Shanghai Red Star Macalline Global Home Furnishing Company Limited (上海紅星美凱龍全球家居有限公司)	352,000,000.00	352,000,000.00
Red Star Macalline Enterprise Management and Consultancy Company Limited (紅星美凱龍企業管理諮詢有限公司)	150,000,000.00	–
Nanjing Mingdu Home Furnishing Plaza Company Limited (南京名都家居廣場有限公司)	62,400,000.00	62,400,000.00
Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司)	31,000,000.00	31,000,000.00
Shanghai Red Star Macalline Business Consulting Company Limited (上海紅星美凱龍商務諮詢有限公司)	19,849,501.10	–
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)	8,000,000.00	8,000,000.00
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)	6,000,000.00	6,000,000.00
Changsha Red Star Macalline International Home Furnishing Art Expo Company Limited (長沙紅星美凱龍國際家居藝術博覽中心有限公司)	3,000,000.00	3,000,000.00
Red Star Macalline Enterprise Management and Consultancy Company Limited (紅星美凱龍企業管理諮詢有限公司)	–	570,000,000.00

XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

2. Other Receivables (continued)

Dividend receivables (continued)

	2020	2019
Red Star Xizhao Investment Company Limited (紅星喜兆投資有限公司)	-	360,000,000.00
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)	-	246,000,000.00
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)	-	121,440,000.00
Changzhou Macalline International Computer and Electronics Furnishing Plaza Company Limited (常州美凱龍國際電腦家電裝飾城有限公司)	-	36,000,000.00
	2,958,106,450.36	3,441,696,949.26

The aging analysis of other receivables is as follows:

	2020	2019
Within 1 year	24,346,291,045.31	20,562,114,370.66
1 to 2 years	1,723,263,304.56	1,213,566,833.42
2 to 3 years	972,902,915.32	17,751,077.50
Over 3 years	3,131,958,949.01	3,210,026,923.19
	30,174,416,214.20	25,003,459,204.77
Less: Bad debt allowance for other receivables	681,615,483.64	672,501,551.59
	29,492,800,730.56	24,330,957,653.18

Notes to the Financial Statements

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XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

2. Other Receivables (continued)

The movements of bad debt allowance for other receivables based on 12-month expected credit loss and the lifetime expected credit loss, respectively, are as follows:

2020

	Stage 1 Expected credit losses in the next 12 months	Stage 2 Lifetime expected credit losses	Stage 3 Credit-impaired financial assets (Lifetime)	Total
Balance on 1 January 2020	24,328,214.62	-	648,173,336.97	672,501,551.59
- Transfer to stage 2	-	-	-	-
- Transfer to stage 3	(35,000,000.00)	-	35,000,000.00	-
- Reverse to stage 2	-	-	-	-
- Reverse to stage 1	-	-	-	-
Provision during the period	47,626,132.51	-	-	47,626,132.51
Reversal during the period	-	-	(3,512,200.46)	(3,512,200.46)
Reclassification during this year	-	-	(35,000,000.00)	(35,000,000.00)
	36,954,347.13	-	644,661,136.51	681,615,483.64

XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

2. Other Receivables (continued)

2019

	Stage 1 Expected credit losses in the next 12 months	Stage 2 Lifetime expected credit losses	Stage 3 Credit-impaired financial assets (Lifetime)	Total
Balance on 1 January 2019	26,372,534.44	–	648,173,336.97	674,545,871.41
– Transfer to stage 2	–	–	–	–
– Transfer to stage 3	–	–	–	–
– Reverse to stage 2	–	–	–	–
– Reverse to stage 1	–	–	–	–
Provision during the period	32,911,394.16	–	–	32,911,394.16
Reversal during the period	–	–	–	–
Reclassification during the period (Note)	(34,955,713.98)	–	–	(34,955,713.98)
	24,328,214.62	–	648,173,336.97	672,501,551.59

Note: In 2019, loans were reclassified from other receivables to other current assets. The original value was RMB124,840,273.97, and the corresponding expected credit loss was RMB34,955,713.98.

In 2020, bad debt allowance amounted to RMB12,626,132.51 (2019: RMB32,911,394.16), and the recovery or transfer of bad debt allowance amounted to RMB3,512,200.46 (2019: Nil).

No actual written-off of other receivable in 2020 (2019: Nil).

Notes to the Financial Statements

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XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

2. Other Receivables (continued)

Other receivables are classified by nature as follows:

	2020	2019
Loan and advances		
– to related parties	28,854,749,147.69	24,115,358,320.67
– to third parties	637,100,532.94	207,253,734.32
Deposits	553,364.04	5,110,828.38
Others	397,685.89	3,234,769.81
	29,492,800,730.56	24,330,957,653.18

As at 31 December 2020, the top five entities with the largest amounts of other receivables are as follows:

	Closing balance	Proportion to the total amount of other receivables (%)	Nature	Aging	Bad debt allowance Closing balance
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)	2,713,940,372.82	8.99	Amounts due to and from subsidiaries	Within 3 years	114,895,284.17
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)	1,375,346,571.06	4.56	Amounts due to and from subsidiaries	Within 3 years	-
Hangzhou Red Star Macalline Global Furniture Co., Ltd. (杭州紅星美凱龍環球家居有限公司)	1,055,996,500.29	3.50	Amounts due to and from subsidiaries	Within 1 year	-
Red Star Macalline Shibo (Tianjin) Home Furnishing Plaza Company Limited (紅星美凱龍世博(天津)家居生活廣場有限公司)	988,336,391.64	3.28	Amounts due to and from subsidiaries	Within 3 years	80,000,000.00
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)	926,182,191.84	3.07	Amounts due to and from subsidiaries	Within 2 years	-
	7,059,802,027.65	23.40			194,895,284.17

XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

2. Other Receivables (continued)

As at 31 December 2019, the top five entities with the largest amounts of other receivables are as follows:

	Closing balance	Proportion to the total amount of other receivables (%)	Nature	Aging	Bad debt allowance Closing balance
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)	1,613,404,986.91	6.45	Amounts due to and from subsidiaries	Within 2 years	129,552,550.73
Nanjing Mingdu Home Furnishing Plaza Company Limited (南京名都家居廣場有限公司)	991,660,970.93	3.97	Amounts due to and from subsidiaries	Within 2 years	-
Red Star Macalline Shibo (Tianjin) Home Furnishing Plaza Company Limited (紅星美凱龍世博(天津)家居生活廣場有限公司)	935,356,411.66	3.74	Amounts due to and from subsidiaries	Within 2 years	80,000,000.00
Tianjin Red Star Macalline World Trade Home Living Company Limited (天津紅星美凱龍世貿家居有限公司)	913,814,821.73	3.65	Amounts due to and from subsidiaries	Within 2 years	-
Yintai (Yongqing) New City Investment Co., Ltd. (銀泰(永清)新城投資有限公司)	750,385,131.93	3.00	Amounts due to and from subsidiaries	Within 1 year	-
	5,204,622,323.16	20.81			209,552,550.73

Notes to the Financial Statements

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XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

3. Long-term Equity Investments

2020

	Increase/decrease during the year				Book value at the end of the year
	Opening balance	Increase in investment	Decrease in investment	Investment gain/loss under equity method	
Investments in subsidiaries					
Changzhou World Furniture and Home Plaza Co., Ltd. (常州世界傢俱家居廣場有限公司)	15,447,913.31	-	-	-	15,447,913.31
Wuxi Red Star International Home Furnishing Company Limited (無錫紅星美凱龍國際傢俱裝飾有限公司)	47,998,405.33	-	-	-	47,998,405.33
Lianyungang Red Star International Home Furnishing Plaza Company Limited (連雲港紅星美凱龍國際家居廣場有限公司)	3,465,415.12	-	-	-	3,465,415.12
Nanjing Red Star International Home Furnishing Mall Company Limited (南京紅星國際傢俱裝飾有限公司)	59,689,261.20	-	-	-	59,689,261.20
Nanjing Mingdu Home Furnishing Plaza Company Limited (南京名都家居廣場有限公司)	47,227,734.43	-	-	-	47,227,734.43
Shanghai Red Star Macalline Decorative Furniture Mall Co., Ltd. (上海紅星美凱龍裝飾傢俱城有限公司)	296,115,702.30	-	-	-	296,115,702.30
Shanghai Red Star Macalline Global Home Furnishing Company Limited (上海紅星美凱龍全球家居有限公司)	138,455,620.20	-	-	-	138,455,620.20
Shanghai Hongxin Oukai Home Furnishing Company Limited (上海虹欣歐凱家居有限公司)	92,508,623.92	-	-	-	92,508,623.92
Shanghai Xinwei Property Company Limited (上海新偉置業有限公司)	272,756,078.13	-	-	-	272,756,078.13
Changsha Red Star Macalline Home Furnishing Plaza Company Limited (長沙紅星美凱龍家居生活廣場有限公司)	5,000,000.00	-	-	-	5,000,000.00

XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

3. Long-term Equity Investments (continued)

2020 (continued)

	Increase/decrease during the year				Book value at the end of the year
	Opening balance	Increase in investment	Decrease in investment	Investment gain/loss under equity method	
Investments in subsidiaries (continued)					
Changsha Red Star Macalline International Home Furnishing Art Expo Company Limited (長沙紅星美凱龍國際家居藝術博覽中心有限公司)	871,353.75	-	-	-	871,353.75
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)	71,243,669.12	-	-	-	71,243,669.12
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)	30,275,655.03	-	-	-	30,275,655.03
Zhengzhou Red Star Macalline International Home Furnishing Company Limited (鄭州紅星美凱龍國際家居有限公司)	15,300,000.00	-	-	-	15,300,000.00
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)	1,349,876.56	-	-	-	1,349,876.56
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)	510,000.00	-	-	-	510,000.00
Hangzhou Red Star Macalline Shibo Furniture Plaza Company Limited (杭州紅星美凱龍世博家居有限公司)	20,000,000.00	-	-	-	20,000,000.00
Shanghai Red Star Macalline Brand Management Company Limited (上海紅星美凱龍品牌管理有限公司)	5,000,000.00	-	-	-	5,000,000.00

Notes to the Financial Statements

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XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

3. Long-term Equity Investments (continued)

2020 (continued)

	Increase/decrease during the year				Book value at the end of the year
	Opening balance	Increase in investment	Decrease in investment	Investment gain/loss under equity method	
Investments in subsidiaries (continued)					
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)	10,000,000.00	-	-	-	10,000,000.00
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)	23,496,190.89	-	-	-	23,496,190.89
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)	552,878,664.00	-	-	-	552,878,664.00
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)	445,000,000.00	-	-	-	445,000,000.00
Yantai Red Star Macalline Home Furnishing Company Limited (煙台紅星美凱龍家居有限公司)	192,120,000.00	-	-	-	192,120,000.00
Shenyang Mingdu Home Furnishing Plaza Company Limited (瀋陽名都家居廣場有限公司)	153,000,000.00	-	-	-	153,000,000.00
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)	280,000,000.00	-	-	-	280,000,000.00
Changsha Yinhong Home Furnishing Company Limited (長沙市銀紅家居有限公司)	249,990,049.97	-	-	-	249,990,049.97
Shanghai Jingdu Investment Company Limited (上海晶都投資有限公司)	5,100,000.00	-	-	-	5,100,000.00
Tianjin Red Star Macalline Home Furnishings Plaza Co., Ltd (天津紅星美凱龍家居家飾生活廣場有限公司)	424,878,664.00	-	-	-	424,878,664.00

XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

3. Long-term Equity Investments (continued)

2020 (continued)

	Increase/decrease during the year				Book value at the end of the year
	Opening balance	Increase in investment	Decrease in investment	Investment gain/loss under equity method	
Investments in subsidiaries (continued)					
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)	214,087,000.00	-	-	-	214,087,000.00
Shanghai Red Star Macalline Business Consulting Company Limited (上海紅星美凱龍商務諮詢有限公司)	650,000.00	-	-	-	650,000.00
Shenyang Red Star Macalline Home Furnishing Company Limited (瀋陽紅星美凱龍家居有限公司)	28,058,441.28	-	-	-	28,058,441.28
Shanghai Xingkai Chengpeng Business Management Company Limited (上海星凱程鵬企業管理有限公司)	10,000,000.00	-	-	-	10,000,000.00
Changzhou Hongyang Home Furnishing Plaza Company Limited (常州紅陽家居生活廣場有限公司)	139,400,000.00	-	-	-	139,400,000.00
Shanghai Red Star Macalline Trading Company Limited (上海紅星美凱龍商貿有限公司)	50,000,000.00	-	-	-	50,000,000.00
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)	310,000,000.00	-	-	-	310,000,000.00
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)	55,000,000.00	-	-	-	55,000,000.00
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)	149,939,332.00	-	-	-	149,939,332.00

Notes to the Financial Statements

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XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

3. Long-term Equity Investments (continued)

2020 (continued)

	Increase/decrease during the year				Book value at the end of the year
	Opening balance	Increase in investment	Decrease in investment	Investment gain/loss under equity method	
Investments in subsidiaries (continued)					
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)	3,000,000.00	-	-	-	3,000,000.00
Wuxi Red Star Macalline Home Furnishing Plaza Company Limited (無錫紅星美凱龍家居生活廣場有限公司)	534,818,797.96	-	-	-	534,818,797.96
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)	30,000,000.00	-	-	-	30,000,000.00
Daqing Red Star Macalline Shibo Furniture Company Limited (大慶紅星美凱龍世博家居有限公司)	70,000,000.00	-	-	-	70,000,000.00
Langfang Kaihong Home Living Plaza Company Limited (廊坊市凱宏家居廣場有限公司)	70,000,000.00	-	-	-	70,000,000.00
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)	149,939,332.00	-	-	-	149,939,332.00
Beijing Century Kailong Business Investment Company Limited (北京世紀凱隆商業投資有限公司)	10,000,000.00	-	-	-	10,000,000.00
Tianjin Red Star Macalline Home Fashion Plaza Company Limited (天津紅星美凱龍時尚家居廣場有限公司)	5,000,000.00	-	-	-	5,000,000.00
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)	500,000.00	-	-	-	500,000.00
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)	349,848,330.00	-	-	-	349,848,330.00

XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

3. Long-term Equity Investments (continued)

2020 (continued)

	Increase/decrease during the year				Book value at the end of the year
	Opening balance	Increase in investment	Decrease in investment	Investment gain/loss under equity method	
Investments in subsidiaries (continued)					
Nanjing Red Star Macalline International Home Living Company Limited (南京紅星美凱龍國際家居有限責任公司)	764,016,993.00	-	-	-	764,016,993.00
Shanghai Xingyi Tonghui Business Service Company Limited (上海星易通匯商務服務有限公司)	150,000,000.00	-	-	-	150,000,000.00
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)	204,285,714.29	-	-	-	204,285,714.29
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)	200,000,000.00	-	-	-	200,000,000.00
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)	349,817,995.00	-	-	-	349,817,995.00
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)	397,600,000.00	-	-	-	397,600,000.00
Red Star Xizhao Investment Company Limited (紅星喜兆投資有限公司)	90,000,000.00	-	-	-	90,000,000.00
Red Star Macalline Home Furnishing Mall Management Company Limited (紅星美凱龍家居商場管理有限公司)	50,000,000.00	-	-	-	50,000,000.00
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)	3,000,000.00	-	-	-	3,000,000.00

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XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

3. Long-term Equity Investments (continued)

2020 (continued)

	Increase/decrease during the year				Book value at the end of the year
	Opening balance	Increase in investment	Decrease in investment	Investment gain/loss under equity method	
Investments in subsidiaries (continued)					
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)	1,000,000.00	-	-	-	1,000,000.00
Jiangsu Sunan Construction and Installation Engineering Co., Ltd. (江蘇蘇南建築安裝工程有限公司)					
Shenyang Red Star Macalline Shibo Home Furnishing Company Limited (瀋陽紅星美凱龍世博家居有限公司)	81,443,441.90	-	-	-	81,443,441.90
Shanghai Red Star Macalline Bulk Purchasing of Construction and Furnishing Materials Trading Company (上海紅星美凱龍住建集採商貿有限公司)	10,000,000.00	-	-	-	10,000,000.00
Shenyang Red Star Macalline Home Living Expo Company Limited (瀋陽紅星美凱龍博覽家居有限公司)	50,000,000.00	-	-	-	50,000,000.00
Hohhot Red Star Macalline Shibo Home Furnishing Plaza Company Limited (蘭州紅星美凱龍世博家居廣場有限公司)	30,000,000.00	-	-	-	30,000,000.00
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)	5,000,000.00	-	-	-	5,000,000.00
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)	69,976,000.00	-	-	-	69,976,000.00
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)	50,000,000.00	-	-	-	50,000,000.00

XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

3. Long-term Equity Investments (continued)

2020 (continued)

	Increase/decrease during the year				Book value at the end of the year
	Opening balance	Increase in investment	Decrease in investment	Investment gain/loss under equity method	
Investments in subsidiaries (continued)					
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)	70,000,000.00	-	-	-	70,000,000.00
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)	123,280,264.00	-	-	-	123,280,264.00
Kunming Diken Trading Company Limited (昆明迪肯商貿有限公司)	177,690,900.00	-	-	-	177,690,900.00
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)	160,934,831.55	-	-	-	160,934,831.55
Shanghai Xinghe Zhaipei Home Furnishing Service Company Limited (上海星和宅配家居服務有限公司)	38,000,000.00	-	-	-	38,000,000.00
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)	99,480,000.00	7,080,000.00	-	-	106,560,000.00
Shanghai Red Star Macalline Industrial Company Limited (上海紅星美凱龍實業有限公司)	206,841,181.40	-	-	-	206,841,181.40
Shanghai Red Star Macalline Xinglong Home Furnish Company Limited (上海紅星美凱龍星龍家居有限公司)	39,000,000.00	-	-	-	39,000,000.00
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)	-	50,000,000.00	-	-	50,000,000.00
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)	210,000,000.00	-	-	-	210,000,000.00

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XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

3. Long-term Equity Investments (continued)

2020 (continued)

	Increase/decrease during the year				Book value at the end of the year
	Opening balance	Increase in investment	Decrease in investment	Investment gain/loss under equity method	
Investments in subsidiaries (continued)					
Hong Kong Red Star Macalline Global Home Furnishing Company Limited (香港紅星美凱龍全球家居有限公司)	112,839,554.51	-	-	-	112,839,554.51
Red Star Macalline (Shanghai) Business Management Company Limited (紅星美凱龍(上海)企業管理有限公司)	100,000,000.00	-	-	-	100,000,000.00
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)	120,000,000.00	-	-	-	120,000,000.00
Shanghai Jiajinsuo Investment Holding Company Limited (上海家金所投資控股有限公司)	140,000,001.00	-	-	-	140,000,001.00
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)	24,800,000.00	-	-	-	24,800,000.00
Red Star Zhongying Investment Company Limited (紅星眾盈投資有限公司)	50,000,000.00	-	-	-	50,000,000.00
Shanghai Macalline Xinghe Asset Management Company Limited (上海美凱龍星荷資產管理有限公司)	10,000,000.00	-	-	-	10,000,000.00
Shanghai Yumu Enterprise Management Company Limited (上海宇慕企業管理有限公司)	5,000,000.00	-	-	-	5,000,000.00
Shanghai Yuxv Enterprise Management Company Limited (上海宇煦企業管理有限公司)	5,000,000.00	-	-	-	5,000,000.00

XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

3. Long-term Equity Investments (continued)

2020 (continued)

	Increase/decrease during the year				Book value at the end of the year
	Opening balance	Increase in investment	Decrease in investment	Investment gain/loss under equity method	
Investments in subsidiaries (continued)					
Shanghai Yuzhu Enterprise Management Company Limited (上海宇築企業管理有限公司)	5,000,000.00	-	-	-	5,000,000.00
Shanghai Yuxiao Enterprise Management Company Limited (上海宇霄企業管理有限公司)	5,000,000.00	-	-	-	5,000,000.00
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)	200,000,000.00	-	-	-	200,000,000.00
Shanghai Interface Marketing Planning Co., Ltd. (上海英太翡思營銷策劃有限公司)	2,000,000.00	-	-	-	2,000,000.00
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)	247,162,700.00	-	-	-	247,162,700.00
Red Star Macalline Group Finance Company Limited (紅星美凱龍家居集團財務有限責任公司)	570,000,000.00	-	-	-	570,000,000.00
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)	15,300,000.00	-	-	-	15,300,000.00
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)	273,146,074.32	-	-	-	273,146,074.32
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)	50,000,000.00	71,000,000.00	-	-	121,000,000.00
Shanghai Red Star Macalline Financial Leasing Company Limited (上海紅星美凱龍融資租賃有限公司)	1,000,751,635.68	-	-	-	1,000,751,635.68

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XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

3. Long-term Equity Investments (continued)

2020 (continued)

	Increase/decrease during the year				Book value at the end of the year
	Opening balance	Increase in investment	Decrease in investment	Investment gain/loss under equity method	
Investments in subsidiaries (continued)					
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)	25,000,000.00	-	-	-	25,000,000.00
Khorgos Hongju Corporate Management Co.Ltd. (霍爾果斯紅居企業管理有限公司)	7,000,000.00	-	-	-	7,000,000.00
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)	5,000,000.00	-	-	-	5,000,000.00
Shanghai Red Star Ogloria Brand Management Company Limited (上海紅星歐麗洛雅品牌管理有限公司)	5,000,000.00	-	-	-	5,000,000.00
Khorgos Red Star Yiming Venture Capital Company Limited (霍爾果斯紅星易鳴創業投資有限公司)	9,000,000.00	-	-	-	9,000,000.00
Kunshan Red Star Macalline Decoration Materials Company Limited (昆山紅星美凱龍裝飾材料有限公司)	50,487,866.71	-	-	-	50,487,866.71
Shanghai Red Star Macalline Commercial Factoring Company Limited (上海紅星美凱龍商業保理有限公司)	206,060,071.54	-	-	-	206,060,071.54
Tianjin Jinrui Corporate Management Company Limited (天津津瑞企業管理有限公司)	1,220,000,000.00	-	-	-	1,220,000,000.00
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)	1.00	-	-	-	1.00
Shanghai Huaixing Culture Company Limited (上海懷星文化發展有限公司)	1,600,000.00	-	-	-	1,600,000.00

XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

3. Long-term Equity Investments (continued)

2020 (continued)

	Increase/decrease during the year				Book value at the end of the year
	Opening balance	Increase in investment	Decrease in investment	Investment gain/loss under equity method	
Investments in subsidiaries (continued)					
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)	50,000,000.00	-	-	-	50,000,000.00
Tibet Red Star Macalline Business Management Company Limited (西藏紅星美凱龍企業管理有限公司)	263,350,000.00	36,650,000.00	-	-	300,000,000.00
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)	5,100,000.00	-	-	-	5,100,000.00
Changzhou Meilong Trading Company Limited (常州美龍貿易有限公司)	30,000.00	-	-	-	30,000.00
Zhengzhou Red Star Macalline Shibo Home Living Company Limited (鄭州紅星美凱龍世博家居有限公司)	5,500,000.00	-	-	-	5,500,000.00
Nantong Hongmei Shibo Furniture Plaza Company Limited (南通紅美世博家居廣場有限公司)	150,000,000.00	-	-	-	150,000,000.00
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)	50,000,000.00	255,000,000.00	-	-	305,000,000.00
Red Star Macalline (Zhejiang) Information Service Company Limited (紅星美凱龍(浙江)信息技術有限公司)	10,000,000.00	1,100,000.00	-	-	11,100,000.00
Qianzhi (Shanghai) Home Furnishing Co., Ltd. (乾智(上海)家居有限公司)	3,000,000.00	-	-	-	3,000,000.00
Shanghai Yingtai Lijin Technology Co., Ltd. (上海英太利金科技有限公司)	4,800,000.00	-	-	-	4,800,000.00

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XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

3. Long-term Equity Investments (continued)

2020 (continued)

	Increase/decrease during the year				Book value at the end of the year
	Opening balance	Increase in investment	Decrease in investment	Investment gain/loss under equity method	
Investments in subsidiaries (continued)					
Xi'an Comfort Meijia Housekeeping Service Co., Ltd. (西安舒適美佳家政服務有限責任公司)	1,852,500.00	-	-	-	1,852,500.00
Shanghai Red Star Macalline Construction Decoration (Group) Co., Limited (上海紅星美凱龍建築裝飾(集團)有限公司)	2,000,000.00	10,000,000.00	-	-	12,000,000.00
Red Star Macalline Life Aesthetics Center Management Co., Ltd. (紅星美凱龍生活美學中心管理有限公司)	5,600,000.00	17,880,000.00	-	-	23,480,000.00
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)	27,527,706.00	-	(104,716.60)	-	27,422,989.40
Shanghai Macalline Decoration Engineering Group Co., Ltd. (上海美凱龍裝飾工程集團有限公司)	20,000,000.00	18,000,000.00	-	-	38,000,000.00
Betterhome Construction Technology Co., Ltd. (家倍得建築科技有限公司)	50,000,000.00	130,000,000.00	-	-	180,000,000.00
Haikou Tangong Industrial Limited (海口檀宮實業有限公司)	-	10,000,000.00	-	-	10,000,000.00
Red Star Home (Shanghai) Technology Co., Ltd. (紅星到家(上海)科技有限公司)	5,000,000.00	36,500,000.00	-	-	41,500,000.00
Xinsheng Property Management (Shanghai) Co., Ltd. (鑫笙物業管理(上海)有限公司)	631,060,000.00	70,166,300.00	-	-	701,226,300.00
Foshan Junda Enterprise Management Co., Ltd. (佛山郡達企業管理有限公司)	540,607,000.00	560,442,000.00	-	-	1,101,049,000.00
Shanghai Red Star Macalline Fanjia Information Service Company Limited (上海紅星美凱龍泛家信息服務有限公司)	1,020,000.00	-	-	-	1,020,000.00
Shanghai Macalline Wenshang Business Management Co., Ltd. (上海美凱龍文商商業管理有限公司)	-	2,800,000.00	-	-	2,800,000.00

XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

3. Long-term Equity Investments (continued)

2020 (continued)

	Increase/decrease during the year				Book value at the end of the year
	Opening balance	Increase in investment	Decrease in investment	Investment gain/loss under equity method	
Investments in subsidiaries (continued)					
Hangzhou Red Star Macalline Global Furniture Co., Ltd. (杭州紅星美凱龍環球家居有限公司)	-	931,344,793.89	-	-	931,344,793.89
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)	-	199,914,861.15	-	-	199,914,861.15
Red Star Macalline Business Management Company Limited (紅星美凱龍商業管理有限公司)	-	20,000,000.00	-	-	20,000,000.00
Shanghai Macalline Xingshang Modular Decoration Technology Co., Ltd. (上海美凱龍星尚模數裝飾科技有限公司)	-	6,000,000.00	-	-	6,000,000.00
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)	344,780,641.87	-	-	-	344,780,641.87
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)	31,856,462.57	-	-	-	31,856,462.57
Beijing Macalline Home Furnishing Material Market Company Limited (北京美凱龍傢俱建材市場有限公司)	630,335.17	-	-	-	630,335.17
Red Star Macalline Shibo (Tianjin) Home Furnishing Plaza Company Limited (紅星美凱龍世博(天津)家居生活廣場有限公司)	230,851,821.21	-	-	-	230,851,821.21
Kunshan Red Star Macalline Global Home Furnishing Company Limited (昆山紅星美凱龍全球家居有限公司)	1,000,000.00	-	-	-	1,000,000.00
Tongxiang Red Star Macalline Shibo Home Furnishing Plaza Management Company Limited (桐鄉紅星美凱龍世博家居廣場管理有限公司)	500,000.00	-	-	-	500,000.00

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XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

3. Long-term Equity Investments (continued)

2020 (continued)

	Increase/decrease during the year				Book value at the end of the year
	Opening balance	Increase in investment	Decrease in investment	Investment gain/loss under equity method	
Investments in subsidiaries (continued)					
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)	2,700,000.00	-	-	-	2,700,000.00
Wuxi Red Star Macalline Business Management Company Limited (無錫紅星美凱龍經營管理有限公司)	700,000.00	-	-	-	700,000.00
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)	151,611,912.79	-	-	-	151,611,912.79
Changzhou Macalline International Computer and Electronics Furnishing Plaza Company Limited (常州美凱龍國際電腦家電裝飾城有限公司)	(1,955,167.87)	-	-	-	(1,955,167.87)
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)	(1,408,244.71)	-	-	-	(1,408,244.71)
Sub-total	16,324,150,303.43	2,433,877,955.04	(104,716.60)	-	18,757,923,541.87

XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

3. Long-term Equity Investments (continued)

2020 (continued)

	Opening balance	Increase/decrease during the year			Cash dividend or profit declared	Book value of the end of the year
		Increase in investment	Decrease in investment	Investment gain/loss under equity method		
Joint ventures						
Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司)	792,828,772.46	-	-	15,432,439.29	-	808,261,211.75
Shanghai Mingyi Enterprise Development Co., Ltd. (上海名藝商業企業發展有限公司)	59,792,554.10	-	-	5,080,612.17	-	64,873,166.27
Baoxiang Red Star Macalline (Xiamen) Global Home Plaza Co., Ltd. (寶象紅星美凱龍(廈門)全球家居廣場有限公司)	9,632,034.92	-	-	(232,830.76)	-	9,399,204.16
Shenzhen Red Star Macalline Business Management Company Limited (深圳紅星美凱龍商業管理有限公司)	1,224,716.68	4,620,000.00	-	(2,733,078.66)	-	3,111,638.02
Xiamen Baoxiang Red Star Macalline Home Furnishing Plaza Company Limited (廈門寶象紅星美凱龍家居生活廣場有限公司)	-	-	-	-	-	-
Sub-total	863,478,078.16	4,620,000.00	-	17,547,142.04	-	885,645,220.20

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XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

3. Long-term Equity Investments (continued)

2020 (continued)

	Opening balance	Increase/decrease during the year			Cash dividend or profit declared	Book value of the end of the year
		Increase in investment	Decrease in investment	Investment gain/loss under equity method		
Associates						
Shandong Inzone Green Home Co., Ltd. (山東銀座家居有限公司)	348,464,343.58	-	-	38,166,772.51	(7,520,550.59)	379,110,565.50
Shenyudao Cultural Tourism Holding Co., Ltd. (神玉島文化旅遊控股股份有限公司)	185,636,621.28	-	-	(4,641,188.51)	-	180,995,432.77
Zhejiang Mingdu Investment Company Limited (浙江名都投資有限公司)	165,300,000.00	-	-	-	-	165,300,000.00
Wuhan Zhengkai Logistics Co., Ltd. (武漢市正凱物流有限公司)	129,892,158.74	-	-	783,543.00	(3,600,000.00)	127,075,701.74
Shanghai Jinjiang United Purchasing Supply Chain Co., Ltd. (上海錦江聯採供應鏈有限公司)	29,999,889.03	-	-	139,014.72	-	30,138,903.75
Shenzhen Yatai Macalline Life Space Technology Co., Ltd. (深圳市亞泰美凱龍空間科技有限公司)	10,353,869.40	-	-	(1,012,158.22)	-	9,341,711.18
Shanghai Jiazhan Construction Engineering Company Limited (上海嘉展建築裝潢工程有限公司)	7,824,586.00	-	-	79,241.39	(2,551,239.00)	5,352,588.39
Hangzhou Red Star Macalline Global Furniture Co., Ltd. (杭州紅星美凱龍環球家居有限公司)	106,989,597.24	-	(104,334,793.89)	(2,654,803.35)	-	-

XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

3. Long-term Equity Investments (continued)

2020 (continued)

	Opening balance	Increase/decrease during the year			Cash dividend or profit declared	Book value of the end of the year
		Increase in investment	Decrease in investment	Investment gain/loss under equity method		
Associates (continued)						
Meiwu 365 (Tianjin) Technology Company Limited (美屋三六五(天津)科技有限公司)	15,268,421.15	-	(14,844,225.94)	(424,195.21)	-	-
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)	5,827,764.83	-	(4,414,861.16)	(1,412,903.67)	-	-
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)	-	-	-	-	-	-
Sub-total	1,005,557,251.25	-	(123,593,880.99)	29,023,322.66	(13,671,789.59)	897,314,903.33
Total	18,193,185,632.84	2,438,497,955.04	(123,698,597.59)	46,570,464.70	(13,671,789.59)	20,540,883,665.40

Notes to the Financial Statements

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XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

3. Long-term Equity Investments (continued)

2019

	Opening balance	Increase/decrease during the year			Carrying amount at the end of the year
		Increase in investment	Decrease in investment	Investment gain/loss under equity method	
Investments in subsidiaries					
Changzhou World Furniture and Home Plaza Co., Ltd. (常州世界傢俱家居廣場有限公司)	15,447,913.31	-	-	-	15,447,913.31
Wuxi Red Star International Home Furnishing Company Limited (無錫紅星美凱龍國際傢俱裝飾有限公司)	47,998,405.33	-	-	-	47,998,405.33
Lianyungang Red Star International Home Furnishing Plaza Company Limited (連雲港紅星美凱龍國際家居廣場有限公司)	3,465,415.12	-	-	-	3,465,415.12
Nanjing Red Star International Home Furnishing Mall Company Limited (南京紅星國際傢俱裝飾有限公司)	59,689,261.20	-	-	-	59,689,261.20
Nanjing Mingdu Home Furnishing Plaza Company Limited (南京名都家居廣場有限公司)	47,227,734.43	-	-	-	47,227,734.43
Shanghai Red Star Macalline Decorative Furniture Mall Co., Ltd (上海紅星美凱龍裝飾傢俱城有限公司)	136,115,702.30	160,000,000.00	-	-	296,115,702.30
Shanghai Red Star Macalline Global Home Furnishing Company Limited (上海紅星美凱龍全球家居有限公司)	138,455,620.20	-	-	-	138,455,620.20
Shanghai Hongxin Oukai Home Furnishing Company Limited (上海虹欣歐凱家居有限公司)	92,508,623.92	-	-	-	92,508,623.92
Shanghai Xinwei Property Company Limited (上海新偉置業有限公司)	272,756,078.13	-	-	-	272,756,078.13

XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

3. Long-term Equity Investments (continued)

2019 (continued)

	Opening balance	Increase/decrease during the year			Carrying amount at the end of the year
		Increase in investment	Decrease in investment	Investment gain/loss under equity method	
Investments in subsidiaries (continued)					
Changsha Red Star Macalline Home Furnishing Plaza Company Limited (長沙紅星美凱龍家居生活廣場有限公司)	5,000,000.00	-	-	-	5,000,000.00
Changsha Red Star Macalline International Home Furnishing Art Expo Company Limited (長沙紅星美凱龍國際家居藝術博覽中心有限公司)	871,353.75	-	-	-	871,353.75
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)	71,243,669.12	-	-	-	71,243,669.12
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)	30,275,655.03	-	-	-	30,275,655.03
Zhengzhou Red Star Macalline International Home Furnishing Company Limited (鄭州紅星美凱龍國際家居有限公司)	15,300,000.00	-	-	-	15,300,000.00
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)	1,349,876.56	-	-	-	1,349,876.56
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)	510,000.00	-	-	-	510,000.00
Hangzhou Red Star Macalline Shibo Furniture Plaza Company Limited (杭州紅星美凱龍世博家居有限公司)	20,000,000.00	-	-	-	20,000,000.00
Shanghai Red Star Macalline Brand Management Company Limited (上海紅星美凱龍品牌管理有限公司)	5,000,000.00	-	-	-	5,000,000.00

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XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

3. Long-term Equity Investments (continued)

2019 (continued)

	Opening balance	Increase/decrease during the year		Investment gain/loss under equity method	Carrying amount at the end of the year
		Increase in investment	Decrease in investment		
Investments in subsidiaries (continued)					
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)	10,000,000.00	-	-	-	10,000,000.00
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)	23,496,190.89	-	-	-	23,496,190.89
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)	552,878,664.00	-	-	-	552,878,664.00
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)	445,000,000.00	-	-	-	445,000,000.00
Yantai Red Star Macalline Home Furnishing Company Limited (煙台紅星美凱龍家居有限公司)	192,120,000.00	-	-	-	192,120,000.00
Shenyang Mingdu Home Furnishing Plaza Company Limited (瀋陽名都家居廣場有限公司)	153,000,000.00	-	-	-	153,000,000.00
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)	280,000,000.00	-	-	-	280,000,000.00
Changsha Yinhong Home Furnishing Company Limited (長沙市銀紅家居有限公司)	249,990,049.97	-	-	-	249,990,049.97
Shanghai Jingdu Investment Company Limited (上海晶都投資有限公司)	5,100,000.00	-	-	-	5,100,000.00

XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

3. Long-term Equity Investments (continued)

2019 (continued)

	Opening balance	Increase/decrease during the year		Investment gain/loss under equity method	Carrying amount at the end of the year
		Increase in investment	Decrease in investment		
Investments in subsidiaries (continued)					
Tianjin Red Star Macalline Home Furnishings Plaza Co., Ltd (天津紅星美凱龍家居生活廣場有限公司)					
	424,878,664.00	-	-	-	424,878,664.00
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)					
	154,087,000.00	60,000,000.00	-	-	214,087,000.00
Shanghai Red Star Macalline Business Consulting Company Limited (上海紅星美凱龍商務諮詢有限公司)					
	650,000.00	-	-	-	650,000.00
Shenyang Red Star Macalline Home Furnishing Company Limited (瀋陽紅星美凱龍家居有限公司)					
	28,058,441.28	-	-	-	28,058,441.28
Shanghai Xingkai Chengpeng Business Management Company Limited (上海星凱程鵬企業管理有限公司)					
	10,000,000.00	-	-	-	10,000,000.00
Shanghai Red Star Macalline Trading Company Limited (上海紅星美凱龍商貿有限公司)					
	50,000,000.00	-	-	-	50,000,000.00
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)					
	310,000,000.00	-	-	-	310,000,000.00
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)					
	55,000,000.00	-	-	-	55,000,000.00
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)					
	149,939,332.00	-	-	-	149,939,332.00

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XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

3. Long-term Equity Investments (continued)

2019 (continued)

	Opening balance	Increase/decrease during the year			Carrying amount at the end of the year
		Increase in investment	Decrease in investment	Investment gain/loss under equity method	
Investments in subsidiaries (continued)					
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)	3,000,000.00	-	-	-	3,000,000.00
Wuxi Red Star Macalline Home Furnishing Plaza Company Limited (無錫紅星美凱龍家居生活廣場有限公司)	534,818,797.96	-	-	-	534,818,797.96
Xi'an Red Star Macalline Home Living Plaza Company Limited (西安紅星美凱龍家居生活廣場有限公司)	30,000,000.00	-	-	-	30,000,000.00
Daqing Red Star Macalline Shibo Furniture Company Limited (大慶紅星美凱龍世博家居有限公司)	70,000,000.00	-	-	-	70,000,000.00
Langfang Kaihong Home Living Plaza Company Limited (廊坊市凱宏家居廣場有限公司)	70,000,000.00	-	-	-	70,000,000.00
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)	149,939,332.00	-	-	-	149,939,332.00
Beijing Century Kailong Business Investment Company Limited (北京世紀凱隆商業投資有限公司)	10,000,000.00	-	-	-	10,000,000.00
Tianjin Red Star Macalline Home Fashion Plaza Company Limited (天津紅星美凱龍時尚家居廣場有限公司)	5,000,000.00	-	-	-	5,000,000.00
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)	500,000.00	-	-	-	500,000.00

XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

3. Long-term Equity Investments (continued)

2019 (continued)

	Opening balance	Increase/decrease during the year		Investment gain/loss under equity method	Carrying amount at the end of the year
		Increase in investment	Decrease in investment		
Investments in subsidiaries (continued)					
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)	349,848,330.00	-	-	-	349,848,330.00
Nanjing Red Star Macalline International Home Living Company Limited (南京紅星美凱龍國際家居有限責任公司)	764,016,993.00	-	-	-	764,016,993.00
Shanghai Xingyi Tonghui Business Service Company Limited (上海星易通匯商務服務有限公司)	150,000,000.00	-	-	-	150,000,000.00
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)	204,285,714.29	-	-	-	204,285,714.29
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)	200,000,000.00	-	-	-	200,000,000.00
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)	349,817,995.00	-	-	-	349,817,995.00
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)	397,600,000.00	-	-	-	397,600,000.00
Red Star Xizhao Investment Company Limited (紅星喜兆投資有限公司)	90,000,000.00	-	-	-	90,000,000.00
Red Star Macalline Home Furnishing Mall Management Company Limited (紅星美凱龍家居商場管理有限公司)	50,000,000.00	-	-	-	50,000,000.00

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XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

3. Long-term Equity Investments (continued)

2019 (continued)

	Opening balance	Increase/decrease during the year		Investment gain/loss under equity method	Carrying amount at the end of the year
		Increase in investment	Decrease in investment		
Investments in subsidiaries (continued)					
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)	3,000,000.00	-	-	-	3,000,000.00
Shanghai Red Star Macalline Longmei Home Furnishing Market Management Company Limited (上海紅星美凱龍龍美家居市場經營管理有限公司)	1,000,000.00	-	-	-	1,000,000.00
Jiangsu Sunan Construction Company Limited (江蘇蘇南建築安裝工程有限公司)	153,170,000.00	-	(153,170,000.00)	-	-
Shenyang Red Star Macalline Shibo Home Furnishing Company Limited (瀋陽紅星美凱龍世博家居有限公司)	81,443,441.90	-	-	-	81,443,441.90
Shanghai Red Star Macalline Bulk Purchasing of Construction and Furnishing Materials Trading Company (上海紅星美凱龍住建集採商貿有限公司)	10,000,000.00	-	-	-	10,000,000.00
Shenyang Red Star Macalline Home Living Expo Company Limited (瀋陽紅星美凱龍博覽家居有限公司)	50,000,000.00	-	-	-	50,000,000.00
Lanzhou Red Star Macalline Shibo Home Furnishing Plaza Company Limited (蘭州紅星美凱龍世博家居廣場有限公司)	30,000,000.00	-	-	-	30,000,000.00
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)	123,280,264.00	-	-	-	123,280,264.00
Kunming Diken Trading Company Limited (昆明迪肯商貿有限公司)	177,690,900.00	-	-	-	177,690,900.00

XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

3. Long-term Equity Investments (continued)

2019 (continued)

	Opening balance	Increase/decrease during the year		Investment gain/loss under equity method	Carrying amount at the end of the year
		Increase in investment	Decrease in investment		
Investments in subsidiaries (continued)					
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)	50,000,000.00	-	-	-	50,000,000.00
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)	70,000,000.00	-	-	-	70,000,000.00
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)	160,934,831.46	-	-	-	160,934,831.46
Shanghai Xinghe Zhaipei Home Furnishing Service Company Limited (上海星和宅配家居服務有限公司)	20,000,000.00	18,000,000.00	-	-	38,000,000.00
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)	54,000,000.00	45,480,000.00	-	-	99,480,000.00
Shanghai Red Star Macalline Industrial Company Limited (上海紅星美凱龍實業有限公司)	206,841,181.40	-	-	-	206,841,181.40
Shanghai Red Star Macalline Xinglong Home Furnish Company Limited (上海紅星美凱龍星龍家居有限公司)	39,000,000.00	-	-	-	39,000,000.00
Hong Kong Red Star Macalline Global Home Furnishing Company Limited (香港紅星美凱龍全球家居有限公司)	112,839,554.51	-	-	-	112,839,554.51
Red Star Macalline (Shanghai) Business Management Company Limited (紅星美凱龍(上海)企業管理有限公司)	100,000,000.00	-	-	-	100,000,000.00

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XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

3. Long-term Equity Investments (continued)

2019 (continued)

	Opening balance	Increase/decrease during the year		Investment gain/loss under equity method	Carrying amount at the end of the year
		Increase in investment	Decrease in investment		
Investments in subsidiaries (continued)					
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)	120,000,000.00	-	-	-	120,000,000.00
Shanghai Macalline Xinghe Asset Management Company Limited (上海美凱龍星荷資產管理有限公司)	10,000,000.00	-	-	-	10,000,000.00
Anhui Tenghui Investment Group Hefei Company Limited (安徽騰輝投資集團合肥有限公司)	40,000,000.00	-	(40,000,000.00)	-	-
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)	344,780,641.87	-	-	-	344,780,641.87
Beijing Red Star Macalline EXPO Home Plaza Co. Ltd. (北京紅星美凱龍世博傢俱廣場有限公司)	31,856,462.57	-	-	-	31,856,462.57
Beijing Macalline Home Furnishing Material Market Company Limited (北京美凱龍傢俱建材市場有限公司)	630,335.17	-	-	-	630,335.17
Red Star Macalline Shibo (Tianjin) Home Furnishing Plaza Company Limited (紅星美凱龍世博(天津)家居生活廣場有限公司)	230,851,821.21	-	-	-	230,851,821.21
Kunshan Red Star Macalline Global Home Furnishing Company Limited (昆山紅星美凱龍全球家居有限公司)	1,000,000.00	-	-	-	1,000,000.00
Tongxiang Red Star Macalline Shibo Home Furnishing Plaza Management Company Limited (桐鄉紅星美凱龍世博家居廣場管理有限公司)	500,000.00	-	-	-	500,000.00

XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

3. Long-term Equity Investments (continued)

2019 (continued)

	Opening balance	Increase/decrease during the year		Investment gain/loss under equity method	Carrying amount at the end of the year
		Increase in investment	Decrease in investment		
Investments in subsidiaries (continued)					
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)					
	2,700,000.00	-	-	-	2,700,000.00
Wuxi Red Star Macalline Business Management Company Limited (無錫紅星美凱龍經營管理有限公司)					
	700,000.00	-	-	-	700,000.00
Red Star Macalline Home Furnishing Group Finance Company Limited (紅星美凱龍家居集團財務有限責任公司)					
	270,000,000.00	300,000,000.00	-	-	570,000,000.00
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)					
	15,300,000.00	-	-	-	15,300,000.00
Shanghai Xingyijia Business Management Co., Ltd. (上海星藝佳商業管理有限公司)					
	120,000.00	-	(120,000.00)	-	-
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)					
	25,000,000.00	-	-	-	25,000,000.00
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)					
	151,611,912.79	-	-	-	151,611,912.79
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)					
	247,162,700.00	-	-	-	247,162,700.00
Shanghai Interface Marketing Planning Co., Ltd. (上海英太翡思營銷策劃有限公司)					
	2,000,000.00	-	-	-	2,000,000.00
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)					
	5,000,000.00	-	-	-	5,000,000.00

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XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

3. Long-term Equity Investments (continued)

2019 (continued)

	Opening balance	Increase/decrease during the year		Investment gain/loss under equity method	Carrying amount at the end of the year
		Increase in investment	Decrease in investment		
Investments in subsidiaries (continued)					
Shanghai Yumu Enterprise Management Company Limited (上海宇慕企業管理有限公司)	5,000,000.00	-	-	-	5,000,000.00
Shanghai Yuxu Enterprise Management Company Limited (上海宇煦企業管理有限公司)	5,000,000.00	-	-	-	5,000,000.00
Shanghai Yuzhu Enterprise Management Company Limited (上海宇築企業管理有限公司)	5,000,000.00	-	-	-	5,000,000.00
Shanghai Yuxiao Business Management Company Limited (上海宇霄企業管理有限公司)	5,000,000.00	-	-	-	5,000,000.00
Shanghai Jiajinsuo Investment Holding Company Limited (上海家金所投資控股有限公司)	140,000,000.00	1.00	-	-	140,000,001.00
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)	200,000,000.00	-	-	-	200,000,000.00
Shanghai Red Star Ogloria Brand Management Company Limited (上海紅星歐麗洛雅品牌管理有限公司)	100,000.00	4,900,000.00	-	-	5,000,000.00
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)	210,000,000.00	-	-	-	210,000,000.00
Shanghai Red Star Macalline Design Cloud Information Technology Co., Ltd. (上海紅星美凱龍設計雲信息科技有限公司)	50,000,000.00	-	-	-	50,000,000.00
Zhengzhou Red Star Macalline Shibo Home Living Company Limited (鄭州紅星美凱龍世博家居有限公司)	5,500,000.00	-	-	-	5,500,000.00
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)	50,000,000.00	-	-	-	50,000,000.00

XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

3. Long-term Equity Investments (continued)

2019 (continued)

	Opening balance	Increase/decrease during the year		Investment gain/loss under equity method	Carrying amount at the end of the year
		Increase in investment	Decrease in investment		
Investments in subsidiaries (continued)					
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)	69,976,000.00	-	-	-	69,976,000.00
Khorgos Red Star Yiming Venture					
Capital Company Limited (霍爾果斯紅星易鳴創業投資有限公司)	9,000,000.00	-	-	-	9,000,000.00
Khorgos Hongju Corporate Management Co., Ltd.					
(霍爾果斯紅居企業管理有限公司)	7,000,000.00	-	-	-	7,000,000.00
Shanghai Huojing Business					
Management Company Limited (上海或京商業管理有限公司)	6,500,000.00	-	(6,500,000.00)	-	-
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)	5,100,000.00	-	-	-	5,100,000.00
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)	5,000,000.00	-	-	-	5,000,000.00
Tibet Macalline Business Management Company Limited					
(西藏紅星美凱龍企業管理有限公司)	51,000,000.00	212,350,000.00	-	-	263,350,000.00
Tianjin Jinrui Corporate Management Company Limited					
(天津津瑞企業管理有限公司)	1,220,000,000.00	-	-	-	1,220,000,000.00
Shanghai Huaixing Culture Company Limited					
(上海懷星文化發展有限公司)	1,600,000.00	-	-	-	1,600,000.00
Kunshan Red Star Macalline Decoration					
Materials Company Limited. (昆山紅星美凱龍裝飾材料有限公司)	50,428,227.57	59,639.14	-	-	50,487,866.71
Changzhou Meilong Trading Company Limited					
(常州美龍貿易有限公司)	30,000.00	-	-	-	30,000.00

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XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

3. Long-term Equity Investments (continued)

2019 (continued)

	Opening balance	Increase/decrease during the year		Investment gain/loss under equity method	Carrying amount at the end of the year
		Increase in investment	Decrease in investment		
Investments in subsidiaries (continued)					
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)	1.00	-	-	-	1.00
Changzhou Macalline International Computer and Electronics Furnishing Plaza Co., Ltd (常州美凱龍國際電腦家電裝飾城有限公司)	(1,955,167.87)	-	-	-	(1,955,167.87)
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)	(1,408,244.71)	-	-	-	(1,408,244.71)
Red Star Zhongying Investment Company Limited (紅星眾盈投資有限公司)	-	50,000,000.00	-	-	50,000,000.00
Nanchang Red Star Macalline Global Home Expo Center Co., Ltd. (南昌紅星美凱龍環球家居博覽中心有限責任公司)	-	282,159,500.00	(9,013,425.68)	-	273,146,074.32
Shanghai Red Star Macalline Financial Leasing Company Limited (上海紅星美凱龍融資租賃有限公司)	-	1,000,751,635.68	-	-	1,000,751,635.68
Shanghai Red Star Macalline Commercial Factoring Company Limited (上海紅星美凱龍商業保理有限公司)	-	206,060,071.54	-	-	206,060,071.54
Dalian Red Star Macalline Shibo Home Furnishing Plaza Company (大連紅星美凱龍世博家居廣場有限公司)	-	24,800,000.00	-	-	24,800,000.00
Nantong Hongmei Shibo Home Furnishing Plaza Company Limited (南通紅美世博家居廣場有限公司)	-	150,000,000.00	-	-	150,000,000.00

XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

3. Long-term Equity Investments (continued)

2019 (continued)

	Increase/decrease during the year				Carrying amount at the end of the year
	Opening balance	Increase in investment	Decrease in investment	Investment gain/loss under equity method	
Investments in subsidiaries (continued)					
Red Star Macalline (Zhejiang) Information Technology Co., Ltd. (紅星美凱龍(浙江)信息技術有限公司)	-	10,000,000.00	-	-	10,000,000.00
Qianzhi (Shanghai) Home Furnishing Co., Ltd. (乾智(上海)家居有限公司)	-	3,000,000.00	-	-	3,000,000.00
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)	-	50,000,000.00	-	-	50,000,000.00
Shanghai Yingtai Lijin Technology Co., Ltd. (上海英太利金科技有限公司)	-	4,800,000.00	-	-	4,800,000.00
Xi'an Comfort Meijia Housekeeping Service Co., Ltd. (西安舒適美佳家政服務有限責任公司)	-	1,852,500.00	-	-	1,852,500.00
Changzhou Hongyang Home Furnishing Plaza Company Limited (常州紅陽家居生活廣場有限公司)	-	139,400,000.00	-	-	139,400,000.00
Shanghai Red Star Macalline Construction Decoration (Group) Co., Limited (上海紅星美凱龍建築裝飾(集團)有限公司)	-	2,000,000.00	-	-	2,000,000.00
Red Star Macalline Life Aesthetics Center Management Co., Ltd. (紅星美凱龍生活美學中心管理有限公司)	-	5,600,000.00	-	-	5,600,000.00
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)	-	27,527,706.09	-	-	27,527,706.09
Shanghai Macalline Decoration Engineering Group Co., Ltd. (上海美凱龍裝飾工程集團有限公司)	-	20,000,000.00	-	-	20,000,000.00
Betterhome Construction Technology Co., Ltd. (家倍得建築科技有限公司)	-	50,000,000.00	-	-	50,000,000.00

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XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

3. Long-term Equity Investments (continued)

2019 (continued)

	Opening balance	Increase/decrease during the year		Investment gain/loss under equity method	Carrying amount at the end of the year
		Increase in investment	Decrease in investment		
Investments in subsidiaries (continued)					
Red Star Home (Shanghai) Technology Co., Ltd. (紅星到家(上海)科技有限公司)	-	5,000,000.00	-	-	5,000,000.00
Xinsheng Property Management (Shanghai) Co., Ltd. (鑫笙物業管理(上海)有限公司)	-	631,060,000.00	-	-	631,060,000.00
Shanghai Red Star Macalline Fanjia Information Service Co., LTD (上海紅星美凱龍泛家信息服務有限公司)	-	1,020,000.00	-	-	1,020,000.00
Foshan Junda Enterprise Management Co., Ltd. (佛山郡達企業管理有限公司)	-	540,607,000.00	-	-	540,607,000.00
Sub-total	12,526,525,675.66	4,006,428,053.45	(208,803,425.68)	-	16,324,150,303.43

XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

3. Long-term Equity Investments (continued)

	Opening balance	Increase/decrease during the year			Cash dividend declared	Carrying amount at the end of the year
		Increase in investment	Decrease in investment	Investment gain/loss under equity method		
Joint ventures						
Xiamen Baoxiang Red Star Macalline Home Furnishing Plaza Company Limited (廈門寶象紅星美凱龍家居生活廣場有限公司)						
	723,947.50	-	-	(723,947.50)	-	-
Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司)						
	898,298,330.42	-	-	27,764,145.77	(133,233,703.73)	792,828,772.46
Shanghai Mingyi Enterprise Development Co., Ltd. (上海名藝商業企業發展有限公司)						
	41,011,996.63	-	-	18,780,557.47	-	59,792,554.10
Baoxiang Red Star Macalline (Xiamen) Global Home Furnishing Plaza Company Limited (寶象紅星美凱龍(廈門)全球家居廣場有限公司)						
	-	15,000,000.00	-	(5,367,965.08)	-	9,632,034.92
Nanchang Red Star Macalline Global Home Expo Center Co., Ltd. (南昌紅星美凱龍環球家居博覽中心有限責任公司)						
	17,986,574.32	-	(17,986,574.32)	-	-	-
Shenzhen Red Star Macalline Business Management Company Limited (深圳紅星美凱龍商業管理有限公司)						
	174,031.72	1,200,000.00	-	(149,315.04)	-	1,224,716.68
Sub-total	958,194,880.59	16,200,000.00	(17,986,574.32)	40,303,475.62	(133,233,703.73)	863,478,078.16

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XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

3. Long-term Equity Investments (continued)

	Opening balance	Increase/decrease during the year			Cash dividend declared	Carrying amount at the end of the year
		Increase in investment	Decrease in investment	Investment gain/loss under equity method		
Associates						
Zhejiang Mingdu Investment Company Limited (浙江名都投資有限公司)	165,300,000.00	-	-	-	-	165,300,000.00
Wuhan Zhengkai Logistics Co., Ltd. (武漢市正凱物流有限公司)	126,983,174.58	3,528,501.02	-	1,216,483.14	(1,836,000.00)	129,892,158.74
Meiwu 365 (Tianjin) Technology Company Limited (美屋三六五(天津)科技有限公司)	17,116,874.25	-	-	(1,848,453.10)	-	15,268,421.15
Shanghai Jiazhan Construction Engineering Company Limited (上海嘉展建築裝潢工程有限公司)	7,634,822.89	-	-	189,763.11	-	7,824,586.00
Hangzhou Red Star Macalline Global Home Living Company Limited (杭州紅星美凱龍環球家居有限公司)	63,856,230.69	-	-	43,133,366.55	-	106,989,597.24
Shenyudao Cultural Tourism Holding Co., Ltd. (神玉島文化旅遊控股股份有限公司)	194,763,453.50	-	-	(9,126,832.22)	-	185,636,621.28
Qianzhi (Shanghai) Home Furnishing Co., Ltd. (乾智(上海)家居有限公司)	1,500,000.00	-	(1,500,000.00)	-	-	-
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)	4,500,000.00	-	-	1,327,764.83	-	5,827,764.83

XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

3. Long-term Equity Investments (continued)

	Opening balance	Increase/decrease during the year			Cash dividend declared	Carrying amount at the end of the year
		Increase in investment	Decrease in investment	Investment gain/loss under equity method		
Associates (continued)						
Shenzhen Yatai Macalline Life Space Technology Co., Ltd. (深圳市亞泰美凱龍空間科技有限公司)						
	-	9,800,000.00	-	553,869.40	-	10,353,869.40
Shandong Inzone Green Home Co., Ltd. (山東銀座家居有限公司)						
	-	348,916,600.00	-	(452,256.42)	-	348,464,343.58
Shanghai Jinjiang United Purchasing Supply Chain Co., Ltd. (上海錦江聯採供應鏈有限公司)						
	-	30,000,000.00	-	(110.97)	-	29,999,889.03
Sub-total	581,654,555.91	392,245,101.02	(1,500,000.00)	34,993,594.32	(1,836,000.00)	1,005,557,251.25
Total	14,066,375,112.16	4,414,873,154.47	(228,290,000.00)	75,297,069.94	(135,069,703.73)	18,193,185,632.84

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XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

4. Revenue and Cost of Sales

	2020		2019	
	Revenue	Costs	Revenue	Costs
Principal business	1,146,122,660.87	268,533,477.13	1,600,697,246.76	375,459,858.64
Other business	405,797,692.57	-	343,787,483.36	-
	1,551,920,353.44	268,533,477.13	1,944,484,730.12	375,459,858.64

The revenue of sales set out as follows:

	2020	2019
Revenue from contracts with customers	926,540,268.66	1,162,844,860.32
Rental and related revenue	625,380,084.78	781,639,869.80
	1,551,920,353.44	1,944,484,730.12

XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

4. Revenue and Cost of Sales (continued)

The breakdown of operating income from contracts with customers is as follows::

2020

Reporting segments	Entrusted Management related	Others	Total
Principal operating region			
Mainland China	349,750,414.26	576,789,854.40	926,540,268.66
Time of recognizing revenue			
Recognizing revenue at certain point			
Revenue from commercial management and consultation service for construction project	-	-	
Other revenues	-	15,420,004.83	15,420,004.83
Recognize revenue within a period of time			
Revenue from the brand consulting and management service for the early stage of the project	-	-	-
Revenue from annual brand consulting and management service for the project	290,316,452.00	-	290,316,452.00
Revenue from commercial consultation fees and tenant sourcing commissions	59,433,962.26	-	59,433,962.26
Other revenues	-	561,369,849.57	561,369,849.57
	349,750,414.26	576,789,854.40	926,540,268.66

Notes to the Financial Statements

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XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

4. Revenue and Cost of Sales (continued)

2019

Reporting segments	Entrusted Management related	Others	Total
Principal operating region			
Mainland China	577,084,184.30	585,760,676.02	1,162,844,860.32
Time of recognizing revenue			
Recognizing revenue at certain point			
Revenue from commercial management and consultation service for construction project	80,188,679.25	–	80,188,679.25
Other revenues	–	14,827,390.14	14,827,390.14
Recognize revenue within a period of time			
Revenue from the brand consulting and management service for the early stage of the project	40,742,339.31	–	40,742,339.31
Revenue from annual brand consulting and management service for the project	324,231,467.64	–	324,231,467.64
Revenue from commercial consultation fees and tenant sourcing commissions	131,921,698.10	–	131,921,698.10
Other revenues	–	570,933,285.88	570,933,285.88
	577,084,184.30	585,760,676.02	1,162,844,860.32

XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

4. Revenue and Cost of Sales (continued)

The revenue recognized in the current year included in the book value of contract liabilities at the beginning of this year is as follows:

	2020	2019
Brand consulting and management service for the early stage of the project	5,692,685.46	55,806,194.52
Annual brand consulting and management service for the project	90,533,976.89	117,824,295.00
Other	125,135,042.42	186,406,121.15
	221,361,704.77	360,036,610.67

The Company's Information in relation to the performance obligations is as follows:

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

The Company performs the performance obligations when providing relevant service. The contract consideration is generally paid in a way as agreed in the contract and part of it generally needs to be paid before the performance obligations of the contract take place.

Revenue from annual brand consulting and management service for the project

The Company performs the performance obligations when providing relevant service. The contract consideration is generally paid in a way as agreed in the contract and part of it generally needs to be paid before the performance obligations of the contract take place.

Revenue from commercial management and consultation service for construction project

The Company fulfills the performance obligations when providing relevant service and obtaining the confirmation letter for relevant services issued by customers. The contract consideration is generally paid in a way as agreed in the contract and part of it generally needs to be paid before the performance obligations of the contract take place.

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XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

4. Revenue and Cost of Sales (continued)

Revenue from commercial consultation fees

The Company performs the performance obligations when providing relevant service. The contract consideration is generally paid in a way as agreed in the contract and part of it generally needs to be paid before the performance obligations of the contract take place.

Revenue from tenant sourcing commissions

The Company performs the performance obligations when providing relevant service. The contract consideration is generally paid in a way as agreed in the contract and part of it generally needs to be paid before the performance obligations of the contract take place.

Revenue from strategic consultation fees

The Company performs the performance obligations when providing relevant service. The contract consideration is generally paid in a way as agreed in the contract and part of it generally needs to be paid before the performance obligations of the contract take place.

The total transaction price of the performance obligations amortised to the end of the year which remained outstanding or partly outstanding was RMB5,419,996,463.76, of which RMB645,071,110.65 was estimated to be recognised as revenue in 2021.

XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

5. Investment Income

	2020	2019
Gain on long-term equity investment based on cost method	1,603,098,556.82	2,477,932,267.01
Gain on long-term equity investment based on equity method	46,570,464.70	75,297,069.94
Investment gain on disposal of subsidiaries	–	542,103,443.26
Investment gain from disposal of financial assets held for trading	951,752.93	–
Bonuses received from other equity instruments	16,987,370.21	4,622,001.49
Bonuses received from other non-current financial assets	1,096.07	1,864,144.88
Investment gain from disposal of long-term equity investments	(14,103,665.55)	–
	1,653,505,575.18	3,101,818,926.58

Notes to the Financial Statements

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XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY

1. Other Related Parties of the Company

In addition to subsidiaries referred in Financial Reports VII, other related parties of the Company please refer to Financial Reports X.

2. Major Transactions between the Company and Related Parties

The following related party transactions are necessary for the development of the Company's business. The transactions between the Company and related parties are related to daily operations. The transactions follow the principles of openness, fairness and justice. The transactions between the both parties are settled at fair market prices.

Purchase of goods and receipt of services from related parties

(1) Related party goods and services transactions

Purchase of goods and receipt of services from related parties

	Details of related party transactions	2020	2019
Shanghai Yueying Technology Co., Ltd. (上海躍影科技有限公司)	Purchase of goods	522,000.00	–
Shanghai AI.Pure Intelligent Technology Co., Ltd. (上海智諦智能科技有限公司)	Purchase of goods	425,840.77	343,157.35
Shanghai Hema Network Technology Co., Ltd. (上海盒馬網絡科技有限公司)	Purchase of goods	70,000.00	–
		1,017,840.77	343,157.35

Note: Commodity purchases from related parties: during the year, the Company conducted commodity transactions with related parties based on market prices.

XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(1) Related party goods and services transactions (continued)

Purchase of goods and receipt of services from related parties (continued)

	Details of Transactions	2020	2019
Shanghai Red Star Win-Win Cloud Computing Technology Co., Ltd. (上海紅星共贏雲計算科技有限公司)	Receipt of services	27,326,971.70	–
Shanghai Xingzhiyu Commercial Management Co., Ltd. (上海星之域商業經營管理有限公司)	Receipt of services	12,053,132.23	–
Alibaba Cloud Computing Limited (阿里雲計算有限公司)	Receipt of services	3,190,614.40	–
Zhejiang Alibaba Communication Technology Co., Ltd. (浙江阿里巴巴通信技術有限公司)	Receipt of services	566,037.74	–
Wuhu Minghui Business Management Co., Ltd. (蕪湖明輝商業管理有限公司)	Receipt of services	171,700.57	–
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)	Receipt of services	142,264.15	–
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	141,509.13	–
Baoxiang Red Star Macalline (Xiamen) Global Home Plaza Co., Ltd. (寶象紅星美凱龍(廈門)全球家居廣場有限公司)	Receipt of services	8,258.49	–
Xiamen Baoxiang Red Star Macalline Home Furnishing Plaza Company Limited (廈門寶象紅星美凱龍家居生活廣場有限公司)	Receipt of services	3,301.89	–
		43,603,790.30	–

Note: Receipt of services from related parties: during the year, the Company conducted transactions with related parties based on market prices.

Notes to the Financial Statements

For the year 2020

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XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(1) Related party goods and services transactions (continued)

Sales of goods and rendering of services to related parties

	Details of Transactions	2020 years	2019 years
Klas International Home Living Company Limited (克拉斯國際家居有限公司)	Sales of goods	743.36	–
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	141.60	–
		884.96	–

Note: Sales of goods to related parties: during the year, the Company conducted transactions with related parties based on market prices.

XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(1) Related party goods and services transactions (continued)

Sale of goods and provision of services from related parties (continued)

	Details of Transactions	2020	2019
Zhejiang Zhongguang Electric Appliances Co., Ltd. (浙江中廣電器股份有限公司)	Service income	1,650,943.38	–
Hangzhou Nabel Ceramics Co., Ltd. (杭州諾貝爾陶瓷有限公司) and its branches	Service income	1,284,200.39	–
Brewster Wallpaper International Trading (Shanghai) Co., Ltd. (布魯斯特牆紙國際貿易(上海)有限公司)	Service income	314,465.40	–
Klas International Home Living Company Limited (克拉斯國際家居有限公司)	Service income	218,759.81	–
Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司)	Service income	50,968.87	58,304.00
Ultimate IOT (Shanghai) Technology Co., Ltd. (超級智慧家(上海)物聯網科技有限公司)	Service income	45,229.30	26.55
Xiamen Baoxiang Red Star Macalline Home Furnishing Plaza Company Limited (廈門寶象紅星美凱龍家居生活廣場有限公司)	Service income	–	4,134.50
		3,564,567.15	62,465.05

Note: Rendering services to related parties: during the year, the Company conducted transactions with related parties based on market prices.

Notes to the Financial Statements

For the year 2020

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XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(1) Related party goods and services transactions (continued)

Sale of goods and provision of services from related parties (continued)

	Details of Transactions	2020	2019
Jining Hongrui Market Management Company Limited (濟寧鴻瑞市場經營管理有限公司)	Brand management service	4,139,480.78	5,983,238.68
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	3,816,662.34	3,773,584.91
Wuhan Zhengkai Logistics Co., Ltd. (武漢市正凱物流有限公司)	Brand management service	2,830,188.68	2,830,188.68
Wuhu Minghui Business Management Co., Ltd. (蕪湖明輝商業管理有限公司)	Brand management service	2,751,603.77	2,830,188.68
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	2,680,817.58	3,411,949.72
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	2,594,339.62	2,830,188.68
Shaanxi Hongrui Home Furnishings Plaza Co., Ltd. (陝西鴻瑞家居生活廣場有限公司)	Brand management service	2,594,339.62	2,830,188.68
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	1,643,081.74	2,091,195.00
Xinghua Xingkai Home Furnishing Plaza Company Limited (興化市星凱家居生活廣場有限公司)	Brand management service	–	1,415,094.34
		23,050,514.13	27,995,817.37

Note: Provision of brand management services for related parties: during the year, the Company conducted transactions with related parties based on market prices.

XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(1) Related party goods and services transactions (continued)

Sale of goods and provision of services from related parties (continued)

	Details of Transactions	2020	2019
Shenzhen Huasheng Home Furnishing Group Co., Ltd. (深圳華生大家居集團有限公司)	Rendering of services	786,163.52	2,358,490.56
Business Division of Nanjing Pukou Lilicheng Furniture (南京市浦口區立力成傢俱經營部)	Rendering of services	57,109.37	–
Baoxiang Red Star Macalline (Xiamen) Global Home Plaza Co., Ltd. (寶象紅星美凱龍(廈門)全球家居廣場有限公司)	Rendering of services	29,107.08	–
Shanghai Zhenyang Decoration Co., Ltd. (上海振洋建築裝潢工程有限公司)	Rendering of services	11,613.32	–
Red Star Macalline Enterprise Management and Consultancy Company Limited (紅星美凱龍企業管理諮詢有限公司)	Rendering of services	–	77,584,187.32
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)	Rendering of services	–	72,862,388.31
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)	Rendering of services	–	46,769,300.43
Zhejiang Zhongguang Electric Appliances Co., Ltd. (浙江中廣電器股份有限公司)	Rendering of services	–	1,650,943.38
Hangzhou Nabel Ceramics Co., Ltd. (杭州諾貝爾陶瓷有限公司) and its branches	Rendering of services	–	1,375,786.16
		883,993.29	202,601,096.16

Note: Rendering services to related parties: during the year, the Company conducted transactions with related parties based on market prices.

Notes to the Financial Statements

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XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(2) Leases with related parties

As lessees

	Type of leased assets	2020	2019
Shanghai Huojing Business Management Company Limited (上海或京商業管理有限公司) and its branches	Office	2,325,205.72	–
		2,325,205.72	–

Note: The related party provides property leasing for the Company: during the year, the Company conducted transactions with related parties based on market prices.

XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(2) Leases with related parties (continued)

As the lessor

	Type of leased assets	2020	2019
Shanghai Xingzhiyu Commercial Management Co., Ltd. (上海星之域商業經營管理有限公司)	Office	43,256,990.85	–
Klas International Home Living Company Limited (克拉斯國際家居有限公司)	Lease of shop(s) in shopping mall	2,863,479.24	–
Hangzhou Nabel Ceramics Co., Ltd. (杭州諾貝爾陶瓷有限公司) and its branches	Lease of shop(s) in shopping mall	1,879,696.72	–
Ultimate IOT (Shanghai) Technology Co., Ltd. (超級智慧家(上海)物聯網科技有限公司)	Lease of shop(s) in shopping mall	926,107.49	143,122.85
Shanghai Zhenyang Decoration Co., Ltd. (上海振洋建築裝潢工程有限公司) and its branches	Lease of shop(s) in shopping mall	86,296.62	–
Business Division of Nanjing Pukou Lilicheng Furniture (南京市浦口區立力成傢俱經營部)	Lease of shop(s) in shopping mall	78,013.14	–
		49,090,584.06	143,122.85

Note: Provision of leasing for related parties: during the year, the Company conducted transactions with related parties based on market prices.

Notes to the Financial Statements

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XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(3) Guarantees from related parties

Receiving guarantees from related parties

In 2020

	Amount of guarantees	Inception date of guarantee	Expiration date of guarantee	Whether guarantee has been performed
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) (Note 1)	189,000,000.00	9 January 2020	8 January 2021	No
Shanghai Red Star Macalline Global Home Furnishing Company Limited (上海紅星美凱龍全球家居有限公司) (Note 2)	435,000,000.00	14 April 2020	13 April 2021	No
Shanghai Red Star Macalline Global Home Furnishing Company Limited (上海紅星美凱龍全球家居有限公司) (Note 2)	450,000,000.00	17 April 2020	8 April 2021	No
Changzhou Hongyang Home Furnishing Plaza Company Limited (常州紅陽家居生活廣場有限公司)	470,882,700.00	27 March 2020	26 March 2021	No
Shanghai Red Star Macalline Global Home Furnishing Company Limited (上海紅星美凱龍全球家居有限公司) (Note 2)	115,000,000.00	12 February 2020	5 February 2021	No
Red Star Macalline Shibo (Tianjin) Home Furnishing Plaza Company Limited (紅星美凱龍世博(天津)家居生活廣場有限公司)	861,626,525.00	27 April 2020	27 April 2021	No
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) (Note 1)	300,000,000.00	10 July 2020	10 April 2021	No
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) (Note 3)	52,000,000.00	17 January 2020	16 January 2022	No

XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(3) Guarantees from related parties (continued)

Receiving guarantees from related parties (continued)

In 2020 (continued)

	Amount of guarantees	Inception date of guarantee	Expiration date of guarantee	Whether guarantee has been performed
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) (Note 3)	13,000,000.00	17 January 2020	16 January 2022	No
Tianjin Red Star Macalline Home Furnishings Plaza Company Limited (天津紅星美凱龍家居傢飾生活廣場有限公司)	282,000,000.00	15 May 2020	15 May 2022	No
Shanghai Red Star Macalline Global Home Furnishing Company Limited (上海紅星美凱龍全球家居有限公司) (Note 4)	372,150,000.00	19 January 2020	19 January 2028	No
Wuhu Red Star Macalline Shimao Furniture Plaza Company Limited (蕪湖紅星美凱龍世貿家居廣場有限公司) (Note 5)	290,000,000.00	23 September 2020	23 September 2022	No
Shanghai Ozing Digital Technology Company Limited (上海好記星數碼科技有限公司) (Note 6)	195,000,000.00	18 September 2020	18 September 2023	No
Nanjing Mingdu Home Furnishing Plaza Company Limited (南京名都家居廣場有限公司),				
Nanjing Red Star International Home Furnishing Mall Company Limited (南京紅星國際家具裝飾城有限公司) (Note 7)	1,376,903,000.00	4 September 2018	3 September 2033	No
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), 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) (Note 8)	900,000,000.00	26 June 2019	26 June 2021	No

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XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(3) Guarantees from related parties (continued)

Receiving guarantees from related parties (continued)

In 2020 (continued)

	Amount of guarantees	Inception date of guarantee	Expiration date of guarantee	Whether guarantee has been performed
Chongqing Xingkaike Home Furnishing Company Limited (重慶星凱科家居有限公司) (Note 8)	585,600,000.00	25 June 2018	4 June 2025	No
Shanghai Red Star Macalline Global Home Furnishing Company Limited (上海紅星美凱龍全球家居有限公司) (Note 2)	461,350,000.00	6 November 2018	6 November 2021	No
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) (Note 8)	270,000,000.00	3 July 2019	25 June 2021	No
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), 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) (Note 9)	Nil	3 September 2018	1 September 2023	Yes

XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(3) Guarantees from related parties (continued)

Receiving guarantees from related parties (continued)

Note 1: The loan is secured by all investment properties of Shanghai Red Star Macalline Decorative Furniture Mall Company Limited.

Note 2: The loan is secured by all investment properties of Shanghai Red Star Macalline Global Home Furnishing Company Limited.

Note 3: The loan is secured by all investment properties of Tianjin Red Star Macalline World Trade Home Furnishing Company Limited.

Note 4: The loan is secured by all investment properties of Shanghai Red Star Macalline Global Home Furnishing Company Limited, and pledged by 90% equity of Xinsheng Property Management (Shanghai) Co., Ltd. held by Red Star Macalline Group Corporation Ltd.

Note 5: The loan is secured by all investment properties of Wuhu Red Star Macalline Shimao Furniture Plaza Company Limited.

Note 6: The loan is secured by all investment properties of Shanghai Ozing Digital Technology Company Limited.

Note 7: The loan is pledged by the account receivables from operating property and secured by investment property held by Nanjing Mingdu Home Furnishing Plaza Company Limited and is pledged by 40% equity Nanjing Mingdu Home Furnishing Plaza Company Limited held by Nanjing Red Star International Home Furnishing Company Limited.

Note 8: The loan is secured by all the investment property held by the guarantor.

Note 9: The loan is secured by investment real properties held by Shanghai Red Star Macalline Decorative Furniture Mall Co., Ltd. (上海紅星美凱龍裝飾傢俱有限公司) and 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).

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XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(3) Guarantees from related parties (continued)

Receiving guarantees from related parties (continued)

In 2019

	Amount of guarantees	Inception date of guarantee	Expiration date of guarantee	Whether guarantee has been performed
Nanjing Mingdu Home Furnishing Plaza Company Limited, Nanjing Red Star International Home Furnishing Mall Company Limited (南京名都家居廣場有限公司、南京紅星國際傢俱裝飾城有限公司) (Note 1)	1,454,475,000.00	2018/9/4	2033/9/3	No
Dongguan Red Star Macalline Shibo Furniture Plaza Company Limited, Zhongshan 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、中山紅星美凱龍世博家居廣場有限公司) (Note 2)	900,000,000.00	2019/6/26	2021/6/26	No
Shanghai Red Star Macalline Global Home Furnishing Company Limited (上海紅星美凱龍全球家居有限公司)	885,000,000.00	2019/10/15	2020/4/14	No
Red Star Macalline Shibo (Tianjin) Home Furnishing Plaza Company Limited (紅星美凱龍世博(天津)家居生活廣場有限公司) (Note 2)	864,427,700.00	2019/5/29	2020/5/29	No
Shanghai Xinwei Property Company Limited, Shanghai Shanhai Art Furniture Company Limited (上海新偉置業有限公司、上海山海藝術傢俱有限公司) (Note 2)	669,728,458.44	2019/8/9	2020/1/25	No

XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(3) Guarantees from related parties (continued)

Receiving guarantees from related parties (continued)

In 2019 (continued)

	Amount of guarantees	Inception date of guarantee	Expiration date of guarantee	Whether guarantee has been performed
Chongqing Xingkaike Home Furnishing Company Limited (重慶星凱科家居有限公司) (Note 2)	658,800,000.00	2018/6/25	2025/6/4	No
Shanghai Red Star Macalline Global Home Furnishing Company Limited (上海紅星美凱龍全球家居有限公司) (Note 2)	480,000,000.00	2018/11/6	2021/11/6	No
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) (Note 2)	440,000,000.00	2017/7/27	2020/7/27	No
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) (Note 2)	300,000,000.00	2019/7/3	2021/6/25	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司)	157,000,000.00	2019/7/10	2020/7/9	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司)	143,000,000.00	2019/7/10	2020/7/9	No
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) (Note 2)	90,000,000.00	2017/12/18	2020/12/18	No

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XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(3) Guarantees from related parties (continued)

Receiving guarantees from related parties (continued)

In 2019 (continued)

	Amount of guarantees	Inception date of guarantee	Expiration date of guarantee	Whether guarantee has been performed
Shanghai Red Star Macalline Decorative Furniture Mall Co., Ltd, Ningbo Red Star Macalline Home Shopping Plaza Company Limited (上海紅星美凱龍裝飾傢俱有限公司、寧波紅星 美凱龍家居購物廣場有限公司) (Note 3)	Nil	2018/9/3	2023/9/1	Yes

Note 1: The loan is pledged by the account receivables from operating property and secured by investment property held by Nanjing Mingdu Home Furnishing Plaza Company Limited and is pledged by 40% equity Nanjing Mingdu Home Furnishing Plaza Company Limited held by Nanjing Red Star International Home Furnishing Company Limited.

Note 2: The loan is secured by all the investment property held by the guarantor.

Note 3: The loan is secured by investment real properties held by Shanghai Red Star Macalline Decorative Furniture Mall Co., Ltd. (上海紅星美凱龍裝飾傢俱有限公司) and 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).

XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(3) Guarantees from related parties (continued)

Rendering guarantees to related parties

2020

	Amount of guarantees	Inception date of guarantee	Expiration date of guarantee	Whether guarantee has been performed
Hong Kong Red Star Macalline Global Home Furnishing Company Limited (香港紅星美凱龍全球家居有限公司) (Note 1)	1,943,219,775.16	21 September 2017	20 September 2022	No
Nanjing Red Star Macalline International Home Living Company Limited (南京紅星美凱龍國際家居有限責任公司) (Note 2)	750,900,000.00	14 March 2019	8 March 2034	No
Shanghai Hongxin Oukai Home Living Company Limited (上海虹欣歐凱家居有限公司) (Note 3)	390,000,000.00	28 November 2019	29 November 2029	No
Shanghai Yuzhu Enterprise Management Company Limited (上海宇築企業管理有限公司)	267,300,000.00	14 June 2017	13 June 2024	No
Shanghai Yumu Enterprise Management Company Limited (上海宇慕企業管理有限公司)	259,050,000.00	14 June 2017	13 June 2024	No
Shanghai Yuxu Enterprise Management Company Limited (上海宇煦企業管理有限公司)	256,750,000.00	14 June 2017	13 June 2024	No

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XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(3) Guarantees from related parties (continued)

Rendering guarantees to related parties (continued)

2020 (continued)

	Amount of guarantees	Inception date of guarantee	Expiration date of guarantee	Whether guarantee has been performed
Shanghai Yuxiao Enterprise Management Company Limited (上海宇霄企業管理有限公司)	255,750,000.00	14 June 2017	13 June 2024	No
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) (Note 4)	Nil	28 April 2017	28 April 2022	Yes
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) (Note 4)	235,000,000.00	23 April 2018	23 April 2028	No
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) (Note 2)	Nil	28 December 2018	28 December 2028	Yes
Changsha Yinhong Home Furnishing Company Limited (長沙市銀紅家居有限公司) (Note 4)	160,000,000.00	3 March 2015	3 March 2025	No
Langfang Kaihong Home Living Plaza Company Limited (廊坊市凱宏家居廣場有限公司) (Note 4)	175,000,000.00	14 February 2017	14 February 2027	No
Kunming Diken Trading Company Limited (昆明迪肯商貿有限公司)(Note 4)	274,948,644.64	11 April 2018	11 April 2025	No

XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(3) Guarantees from related parties (continued)

Rendering guarantees to related parties (continued)

2020 (continued)

	Amount of guarantees	Inception date of guarantee	Expiration date of guarantee	Whether guarantee has been performed
Chongqing Red Star Macalline Logistics Company Limited (重慶紅星美凱龍物流有限公司) (Note 5)	116,654,050.16	2 January 2019	2 January 2030	No
Shenyang Mingdu Home Furnishing Plaza Company Limited (瀋陽名都家居廣場有限公司) (Note 4)	Nil	17 August 2013	17 August 2021	Yes
Tianjin Red Star Macalline Logistics Company Limited (天津紅星美凱龍物流有限公司) (Note 6)	40,464,276.85	13 September 2018	12 September 2021	No
Daqing Red Star Macalline Shibo Furniture Company Limited (大慶紅星美凱龍世博家居有限公司) (Note 4)	Nil	27 May 2015	27 May 2021	Yes
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) (Note 4)	Nil	31 October 2014	31 October 2022	Yes
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)	Nil	12 January 2017	12 January 2022	Yes
Shenyang Mingdu Home Furnishing Plaza Company Limited (瀋陽名都家居廣場有限公司) (Note 4)	250,000,000.00	28 December 2020	28 December 2028	No

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XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(3) Guarantees from related parties (continued)

Rendering guarantees to related parties (continued)

Note 1: The US dollar bond is guaranteed by the Company's keepwell agreement.

Note 2: The loan is pledged by the account receivables from operating property and mortgaged by investment property held by the guaranteed party.

Note 3: The loan is pledged by 50% equity of the Company and the account receivables from operating property and mortgaged by investment property held by the guaranteed party.

Note 4: The loan is mortgaged by the guaranteed party's all investment property.

Note 5: The loan is pledged by the 100% equity of the guaranteed party held by Red Star Macalline (Shanghai) Business Management Company Limited, and is mortgaged with all its investment property held by the guaranteed party.

Note 6: The loan is provided by Suzhou Kinetic Home Furnishing Co., Ltd. with joint liability guarantee, and is mortgaged by all the investment property held by the guaranteed party.

XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(3) Guarantees from related parties (continued)

Rendering guarantees to related parties (continued)

2019

	Amount of guarantees	Inception date of guarantee	Expiration date of guarantee	Whether guarantee has been performed
Hong Kong Red Star Macalline Global Home Furnishing Company Limited (香港紅星美凱龍全球家居有限公司)(Note 1)	2,069,727,307.24	2017/9/21	2022/9/20	NO
Nanjing Red Star Macalline International Home Living Company Limited (南京紅星美凱龍國際家居有限責任公司) (Note 2)	757,878,042.26	2019/3/14	2034/3/8	NO
Shanghai Hongxin Oukai Home Living Company Limited (上海虹欣歐凱家居有限公司) (Note 3)	400,000,000.00	2019/11/28	2029/11/29	NO
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) (Note 4)	288,000,000.00	2014/5/19	2020/5/18	NO
Shanghai Yuzhu Enterprise Management Company Limited (上海宇築企業管理有限公司)	283,500,000.00	2017/6/14	2024/6/13	NO
Shanghai Yumu Enterprise Management Company Limited (上海宇慕企業管理有限公司)	274,750,000.00	2017/6/14	2024/6/13	NO
Shanghai Yuxu Enterprise Management Company Limited (上海宇煦企業管理有限公司)	272,250,000.00	2017/6/14	2024/6/13	NO

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XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(3) Guarantees from related parties (continued)

Rendering guarantees to related parties (continued)

2019 (continued)

	Amount of guarantees	Inception date of guarantee	Expiration date of guarantee	Whether guarantee has been performed
Shanghai Yuxiao Enterprise Management Company Limited (上海宇霄企業管理有限公司)	271,250,000.00	2017/6/14	2024/6/13	NO
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) (Note 4)	259,700,000.00	2017/4/28	2022/4/28	NO
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) (Note 4)	235,000,000.00	2018/4/23	2028/4/23	NO
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) (Note 2)	216,000,000.00	2018/12/28	2028/12/28	NO
Changsha Yinhong Home Furnishing Company Limited (長沙市銀紅家居有限公司) (Note 4)	200,000,000.00	2015/3/3	2025/3/3	NO
Langfang Kaihong Home Living Plaza Company Limited (廊坊市凱宏家居廣場有限公司) (Note 4)	194,000,000.00	2017/2/14	2027/2/14	NO
Kunming Diken Trading Company Limited (昆明迪肯商貿有限公司) (Note 4)	191,543,271.82	2018/4/11	2025/4/11	NO

XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(3) Guarantees from related parties (continued)

Rendering guarantees to related parties (continued)

2019 (continued)

	Amount of guarantees	Inception date of guarantee	Expiration date of guarantee	Whether guarantee has been performed
Chongqing Red Star Macalline Logistics Company Limited (重慶紅星美凱龍物流有限公司) (Note 5)	119,504,050.16	2019/1/2	2030/1/2	NO
Shenyang Mingdu Home Furnishing Plaza Company Limited (瀋陽名都家居廣場有限公司) (Note 4)	60,660,000.00	2013/8/17	2021/8/17	NO
Tianjin Red Star Macalline Logistics Company Limited (天津紅星美凱龍物流有限公司) (Note 6)	52,835,159.32	2018/9/13	2021/9/12	NO
Daqing Red Star Macalline Shibo Furniture Company Limited (大慶紅星美凱龍世博家居有限公司) (Note 4)	36,000,000.00	2015/5/27	2021/5/27	NO
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) (Note 4)	Nil	2014/10/31	2022/10/31	YES
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)	Nil	2017/1/12	2022/1/12	YES

Notes to the Financial Statements

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XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(3) Guarantees from related parties (continued)

Rendering guarantees to related parties (continued)

Note 1: The US dollar bond is guaranteed by the Company's keepwell agreement.

Note 2: The loan is pledged by the account receivables from operating property and mortgaged by investment property held by the guaranteed party.

Note 3: The loan is pledged by 50% equity of the Company and the account receivables from operating property and mortgaged by investment property held by the guaranteed party.

Note 4: The loan is mortgaged by the guaranteed party's all investment property.

Note 5: The loan is pledged by the 100% equity of the guaranteed party held by Red Star Macalline (Shanghai) Business Management Company Limited, and is mortgaged with all its investment property held by the guaranteed party.

Note 6: The loan is provided by Suzhou Kinetic Home Furnishing Co., Ltd. with joint liability guarantee, and is mortgaged by all the investment property held by the guaranteed party.

XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(4) Loans and borrowings of the related parties

2020

Related party	Opening		Closing		Other instructions
	balance of 2020	Lending amount	balance of 2020		
Lending					
Shanghai Red Star Macalline Home Living Design Expo Company Limited (上海紅星美凱龍家居藝術設計博覽有限公司)	1,613,404,986.91	1,100,535,385.91	2,713,940,372.82		Non fixed term
Nanjing Mingdu Home Living Plaza Company Limited (南京名都家居廣場有限公司)	990,593,286.66	(228,152,060.59)	762,441,226.07		Non fixed term
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)	935,356,411.66	52,979,979.98	988,336,391.64		Non fixed term
Tianjin Red Star Macalline World Trade Home Living Company Limited (天津紅星美凱龍世貿家居有限公司)	913,814,821.73	461,531,749.33	1,375,346,571.06		Non fixed term
Yintai (Yongqing) New City Investment Co., Ltd. (銀泰(永清)新城投資有限公司)	750,385,131.93	(750,385,131.93)			Non fixed term
Shanghai Macalline Decoration Engineering Group Co., Ltd. (上海美凱龍裝飾工程集團有限公司)	735,393,442.26	(735,393,442.26)			Non fixed term
Shenyang Mingdu Home Furnishing Plaza Company Limited (瀋陽名都家居廣場有限公司)	719,019,505.06	65,700,000.00	784,719,505.06		Non fixed term
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)	703,594,017.06	(143,408,468.98)	560,185,548.08		Non fixed term
Wuhan Red Star Macalline Shibo Home Living Plaza Development Company Limited (武漢紅星美凱龍世博家居廣場發展有限公司)	640,259,868.06	61,115,851.13	701,375,719.19		Non fixed term

Notes to the Financial Statements

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XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(4) Loans and borrowings of the related parties (continued)

2020 (continued)

Related party	Opening	Lending amount	Closing	Other
	balance of		balance of	
	2020		2020	instructions
Wuhan Red Star Macalline Global Home Living Plaza Development Company Limited (武漢紅星美凱龍環球家居廣場發展有限公司)	593,860,209.80	332,321,982.04	926,182,191.84	Non fixed term
Shanghai Yuxu Enterprise Management Company Limited (上海宇煦企業管理有限公司)	574,365,132.55	32,158,754.68	606,523,887.23	Non fixed term
Haerbin Red Star Macalline Shibo Home Living Plaza Company Limited (哈爾濱紅星美凱龍世博家居廣場有限公司)	518,742,300.91	84,127,974.32	602,870,275.23	Non fixed term
Shanghai Red Star Macalline Industrial Company Limited (上海紅星美凱龍實業有限公司)	507,850,311.05	198,386,670.94	706,236,981.99	Non fixed term
Changzhou Hongyang Home Living Plaza Company Limited (常州紅陽家居生活廣場有限公司)	478,759,400.00	45,050,000.00	523,809,400.00	Non fixed term
Tianjin Red Star Macalline Home Living and Decorating Plaza Company Limited (天津紅星美凱龍家居家飾生活廣場有限公司)	475,347,389.44	23,640,085.31	498,987,474.75	Non fixed term
Zhengzhou Red Star Macalline Shibo Home Furnishing Company Limited (鄭州紅星美凱龍世博家居有限公司)	453,072,592.40	26,099,679.78	479,172,272.18	Non fixed term
Shanghai Hongxin Oukai Home Living Company Limited (上海虹欣歐凱家居有限公司)	430,779,291.34	(49,462,938.40)	381,316,352.94	Non fixed term

XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(4) Loans and borrowings of the related parties (continued)

2020 (continued)

Related party	Opening	Lending amount	Closing	Other
	balance of		balance of	
	2020		2020	
Shanghai Jiliang Enterprise Management Partnership (Limited Partnership) (上海集量企業管理合夥企業(有限合夥))	2,202,777.77	122,000.00	2,324,777.77	Non fixed term
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)	1,921,540.06	11,304,828.34	13,226,368.40	Non fixed term
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)	1,650,000.00	-	1,650,000.00	Non fixed term
Guizhou Red Star Macalline Logistics Company Limited (貴州紅星美凱龍物流有限公司)	1,484,015.31	289,955.01	1,773,970.32	Non fixed term
Chengdu Red Star Macalline Xinnan Business Management Company Limited Gaoxin Branch (成都紅星美凱龍新南商業管理有限公司高新分公司)	950,000.00	-	950,000.00	Non fixed term
Shanghai Red Star Macalline Creative Design Company Limited (上海麗浩創意設計有限公司)	910,950.00	1,931,016.66	2,841,966.66	Non fixed term
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)	756,888.00	(736,180.33)	20,707.67	Non fixed term
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)	535,626.36	(529,546.36)	6,080.00	Non fixed term

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XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(4) Loans and borrowings of the related parties (continued)

2020 (continued)

Related party	Opening balance of		Closing balance of	
	2020	Lending amount	2020	Other instructions
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)	121,108.65	(121,108.65)	-	Non fixed term
Foshan Red Star Macalline Home Furnishing Plaza Company Limited (佛山紅星美凱龍家居生活廣場有限公司)	103,939.17	(103,939.17)	-	Non fixed term
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)	413,993,421.77	195,243,645.46	609,237,067.23	Non fixed term
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)	411,033,777.56	27,089,598.65	438,123,376.21	Non fixed term
Shanghai Yumu Enterprise Management Company Limited (上海宇慕企業管理有限公司)	407,560,560.19	23,004,772.31	430,565,332.50	Non fixed term
Lanzhou Red Star Macalline Shibo Home Living Plaza Company Limited (蘭州紅星美凱龍世博家居廣場有限公司)	403,966,471.04	33,373,490.58	437,339,961.62	Non fixed term
Shanghai Yuxiao Enterprise Management Company Limited (上海宇霄企業管理有限公司)	393,302,559.18	60,192,035.64	453,494,594.82	Non fixed term
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)	388,919,112.50	(361,380,620.83)	27,538,491.67	Non fixed term
Shanghai Yuzhu Enterprise Management Company Limited (上海宇築企業管理有限公司)	383,689,383.82	48,281,829.63	431,971,213.45	Non fixed term

XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(4) Loans and borrowings of the related parties (continued)

2020 (continued)

Related party	Opening		Closing	
	balance of 2020	Lending amount	balance of 2020	Other instructions
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)	372,624,084.54	(232,593,625.67)	140,030,458.87	Non fixed term
Haikou Tangong Industrial Limited (海口檀宮實業有限公司)	362,278,175.83	52,423,607.59	414,701,783.42	Non fixed term
Hangzhou Red Star Macalline Global Home Living Company Limited (杭州紅星美凱龍環球家居有限公司)	332,148,745.00	723,847,755.29	1,055,996,500.29	Non fixed term
Foshan Junda Enterprise Management Co., Ltd. (佛山郡達企業管理有限公司)	330,442,657.54	(230,962,667.54)	99,479,990.00	Non fixed term
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)	326,041,637.79	(74,126,910.00)	251,914,727.79	Non fixed term
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)	314,688,175.61	207,756,385.23	522,444,560.84	Non fixed term
Daqing Red Star Macalline Shibo Furniture Company Limited (大慶紅星美凱龍世博家居有限公司)	299,786,566.32	52,294,442.63	352,081,008.95	Non fixed term
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)	281,860,311.25	(243,131,655.93)	38,728,655.32	Non fixed term
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)	278,461,894.33	107,526,041.67	385,987,936.00	Non fixed term

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XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(4) Loans and borrowings of the related parties (continued)

2020 (continued)

Related party	Opening balance of		Closing balance of		Other instructions
	2020	Lending amount	2020		
Shenyang Red Star Macalline Home Living Expo Company Limited (瀋陽紅星美凱龍博覽家居有限公司)	260,876,521.64	11,057,286.90	271,933,808.54		Non fixed term
Red Star Zhongying Investment Company Limited (紅星眾盈投資有限公司)	254,516,775.00	77,301,131.67	331,817,906.67		Non fixed term
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)	245,488,622.06	30,430,000.00	275,918,622.06		Non fixed term
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)	240,544,212.33	25,388,873.05	265,933,085.38		Non fixed term
Kunshan Red Star Macalline Decoration Materials Company Limited (昆山紅星美凱龍裝飾材料有限公司)	231,347,446.66	(137,626,535.12)	93,720,911.54		Non fixed term
Shanghai Hongmei E-Commerce Company Limited (上海紅美電子商務有限公司)	219,092,136.81	20,561,526.00	239,653,662.81		Non fixed term
Beijing Century Europe and America Business Investment Company Limited (北京世紀歐美商業投資有限公司)	210,695,591.95	12,968,981.54	223,664,573.49		Non fixed term
Khorgos Red Star Yiming Venture Capital Company Limited (霍爾果斯紅星易鳴創業投資有限公司)	194,095,333.34	162,884,800.00	356,980,133.34		Non fixed term
Khorgos Yarui Venture Capital Company Limited (霍爾果斯雅睿創業投資有限公司)	193,013,770.83	(104,824,915.83)	88,188,855.00		Non fixed term

XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(4) Loans and borrowings of the related parties (continued)

2020 (continued)

Related party	Opening balance of		Closing balance of		Other instructions
	2020	Lending amount	2020		
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)	191,059,321.67	12,921,738.33	203,981,060.00		Non fixed term
Nanchang Red Star Macalline Global Home Expo Center Co., Ltd. (南昌紅星美凱龍環球家居博覽中心有限責任公司)	186,769,430.35	(47,763,783.25)	139,005,647.10		Non fixed term
Red Star Macalline (Shanghai) Business Management Company Limited (紅星美凱龍(上海)企業管理有限公司)	171,222,332.71	45,327,115.58	216,549,448.29		Non fixed term
Shanghai Red Star Macalline Trading Company Limited (上海紅星美凱龍商貿有限公司)	170,469,629.73	(33,746,478.42)	136,723,151.31		Non fixed term
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)	169,789,405.73	57,452,947.42	227,242,353.15		Non fixed term
Panjin Red Star Macalline Global Home Living Plaza Company Limited (盤錦紅星美凱龍全球家居生活廣場有限公司)	162,029,852.17	(131,122,518.71)	30,907,333.46		Non fixed term
Shanghai Xinwei Home Purchasing Company Limited (上海新偉置業有限公司)	158,908,275.34	(158,908,275.34)	-		Non fixed term
Shanghai Laicheng Enterprise Management Limited (上海賽程企業管理有限公司)	156,512,835.42	(148,218,739.21)	8,294,096.21		Non fixed term
Chongqing Red Star Macalline Logistics Company Limited (重慶紅星美凱龍物流有限公司)	151,351,139.29	41,635,795.58	192,986,934.87		Non fixed term

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XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(4) Loans and borrowings of the related parties (continued)

2020 (continued)

Related party	Opening	Lending amount	Closing	Other
	balance of		balance of	
	2020		2020	instructions
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)	147,434,934.38	30,292,474.84	177,727,409.22	Non fixed term
Kunming Diken Trading Company Limited (昆明迪肯商貿有限公司)	137,777,834.23	73,199,971.38	210,977,805.61	Non fixed term
Wuhu Red Star Macalline World Trade Home Living Plaza Company Limited (蕪湖紅星美凱龍世貿家居廣場有限公司)	133,609,521.31	12,096,237.34	145,705,758.65	Non fixed term
Beijing Xingkai Jingzhou Furniture Plaza Company Limited (北京星凱京洲傢俱廣場有限公司)	133,507,766.22	(2,871,048.29)	130,636,717.93	Non fixed term
Zhongshan Red Star Macalline Shibo Home Living Plaza Company Limited (中山紅星美凱龍世博家居廣場有限公司)	132,397,951.90	(10,008,458.33)	122,389,493.57	Non fixed term
Changsha Yinhong Home Furnishing Company Limited (長沙市銀紅家居有限公司)	126,998,361.24	1,903,991.41	128,902,352.65	Non fixed term
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)	124,784,638.62	43,440,025.86	168,224,664.48	Non fixed term
Anhui Shengshi Dingtong Logistics Company Limited (安徽盛世鼎通物流有限公司)	124,615,271.66	6,466,000.00	131,081,271.66	Non fixed term
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)	122,125,970.00	23,706,475.92	145,832,445.92	Non fixed term

XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(4) Loans and borrowings of the related parties (continued)

2020 (continued)

Related party	Opening balance of		Closing balance of	
	2020	Lending amount	2020	Other instructions
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)	121,683,010.60	(121,683,010.60)	-	Non fixed term
Chongqing Red Star Macalline Expo Home Living Plaza Company Limited (重慶紅星美凱龍博覽家居生活廣場有限責任公司)	118,511,590.16	17,301,866.32	135,813,456.48	Non fixed term
Shanghai Jingdu Investment Company Limited (上海晶都投資有限公司)	115,300,851.98	5,090,016.26	120,390,868.24	Non fixed term
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)	107,614,589.83	(107,614,589.83)	-	Non fixed term
Yantai Red Star Macalline Home Living Company Limited (煙臺紅星美凱龍家居有限公司)	107,571,813.97	(19,627,383.92)	87,944,430.05	Non fixed term
Shanghai Red Star Macalline Exhibition Service Company Limited (上海紅星美凱龍展覽服務有限公司)	98,656,335.42	(92,330,764.49)	6,325,570.93	Non fixed term
Ganzhou Red Star Macalline Shibo Furniture Plaza Company Limited (贛州紅星美凱龍世博家居廣場有限公司)	96,985,674.08	48,720,506.60	145,706,180.68	Non fixed term
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)	91,497,139.17	103,722,477.49	195,219,616.66	Non fixed term
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)	87,801,308.32	126,394,133.34	214,195,441.66	Non fixed term

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XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(4) Loans and borrowings of the related parties (continued)

2020 (continued)

Related party	Opening	Lending amount	Closing	Other
	balance of		balance of	
	2020		2020	instructions
Shanghai Xingkai Chengpeng Business Management Company Limited (上海星凱程鵬企業管理有限公司)	73,705,860.05	196,292,058.70	269,997,918.75	Non fixed term
Shanghai Jiainsuo Investment Holding Company Limited (上海家金所投資控股有限公司)	72,135,000.00	(72,125,000.00)	10,000.00	Non fixed term
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)	74,647,386.82	21,058,352.91	95,705,739.73	Non fixed term
Shanghai Xingjia Home Decorating Material Company Limited (上海星家裝飾建材有限公司)	70,650,000.00	-	70,650,000.00	Non fixed term
Tianjin Red Star Macalline Home Fashion Plaza Company Limited (天津紅星美凱龍時尚家居廣場有限公司)	54,559,655.10	1,106,153.69	55,665,808.79	Non fixed term
Hefei Red Star Macalline Logistics Company Limited (合肥紅星美凱龍物流有限公司)	52,364,608.20	(40,571,162.91)	11,793,445.29	Non fixed term
Shanghai Red Star Macalline Assets Management Company Limited (上海紅星美凱龍資產管理有限公司)	51,116,666.66	(51,116,666.66)	-	Non fixed term
Shanghai Jisheng Wellborn Global Home Living Brand Management Company Limited (上海吉盛偉邦環球家居品牌管理有限公司)	50,772,259.43	(50,772,259.43)	-	Non fixed term

XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(4) Loans and borrowings of the related parties (continued)

2020 (continued)

Related party	Opening balance of		Closing balance of	
	2020	Lending amount	2020	Other instructions
Nantong Longmei International Home Furnishing Plaza Co., Ltd. (南通龍美國際家居生活廣場有限公司)	49,126,005.09	(13,659,795.44)	35,466,209.65	Non fixed term
Shanghai Jianliu Enterprise Management Co., Ltd (上海簡柳企業管理有限公司)	48,103,201.67	9,852,242.00	57,955,443.67	Non fixed term
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)	46,484,693.28	(45,676,439.72)	808,253.56	Non fixed term
Shaanxi Red Star Macalline Logistics Company Limited (陝西紅星美凱龍物流有限公司)	45,348,755.28	1,114,629.83	46,463,385.11	Non fixed term
Shanghai Youmei Home Living Company Limited (上海悠美家居有限公司)	44,395,456.79	(44,395,456.79)		Non fixed term
Jilin Red Star Macalline Logistics Company Limited (吉林紅星美凱龍物流有限公司)	42,037,230.00	(38,519,440.00)	3,517,790.00	Non fixed term
Nantong Hongmei Shibo Home Furnishing Plaza Company Limited (南通紅美世博家居廣場有限公司)	40,348,672.70	1,066,109.96	41,414,782.66	Non fixed term
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)	40,277,111.12	2,196,000.00	42,473,111.12	Non fixed term
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)	40,000,000.00	(25,000,000.00)	15,000,000.00	Non fixed term
Baotou Red Star Macalline Home Living Plaza Company Limited (包頭紅星美凱龍家居生活廣場有限責任公司)	38,324,779.63	10,000.00	38,334,779.63	Non fixed term

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XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(4) Loans and borrowings of the related parties (continued)

2020 (continued)

Related party	Opening	Lending amount	Closing	Other
	balance of		balance of	
	2020		2020	instructions
Baoxiang Red Star Macalline (Xiamen) Global Home Furnishing Plaza Company Limited (寶象紅星美凱龍(廈門)全球家居廣場有限公司)	35,500,000.00	(3,000,000.00)	32,500,000.00	Non fixed term
Shanghai Red Star Ogloria Brand Management Company Limited (上海紅星歐麗洛雅品牌管理有限公司)	32,385,216.66	19,930,922.09	52,316,138.75	Non fixed term
Shanghai enliu Enterprise Management Co., Ltd (上海蕙柳企業管理有限公司)	31,580,567.33	6,887,760.34	38,468,327.67	Non fixed term
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)	31,019,817.49	22,067,055.63	53,086,873.12	Non fixed term
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)	30,991,751.11	15,130,248.89	46,122,000.00	Non fixed term
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)	28,284,764.80	10,925,332.74	39,210,097.54	Non fixed term
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)	23,448,962.79	45,812,022.00	69,260,984.79	Non fixed term
Shanghai Dingshi Enterprise Management Partnership (Limited Partnership) (上海鼎識企業管理合夥企業(有限合夥))	22,932,222.22	1,223,333.34	24,155,555.56	Non fixed term
Shanghai BetterHome Industrial Limited (上海家倍得實業有限公司)	20,208,333.33	(8,224,333.34)	11,983,999.99	Non fixed term

XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(4) Loans and borrowings of the related parties (continued)

2020 (continued)

Related party	Opening	Lending amount	Closing	Other
	balance of 2020		balance of 2020	
Qianzhi (Shanghai) Home Furnishing Co., Ltd. (乾智(上海)家居有限公司)	14,401,166.66	13,338,743.33	27,739,909.99	Non fixed term
Zhengzhou Juankai Enterprise Management Consultation Company Limited (鄭州雋鑑企業管理諮詢有限公司)	12,536,279.70	(1,000,000.00)	11,536,279.70	Non fixed term
Shanghai Hongmei Network Technology Company Limited (上海紅美網絡科技有限公司)	10,900,000.00	-	10,900,000.00	Non fixed term
Xi'an Red Star Macalline Home Living Plaza Company Limited (西安紅星美凱龍家居生活廣場有限公司)	10,240,642.23	-	10,240,642.23	Non fixed term
Beijing Century Kailong Business Investment Company Limited (北京世紀凱隆商業投資有限公司)	9,688,155.04	418,785.86	10,106,940.90	Non fixed term
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)	8,972,748.84	387,670,000.00	396,642,748.84	Non fixed term
Chongqing Red Star Ogloria Home Furnishing Company Limited (重慶紅星歐麗洛雅家居有限公司)	7,839,730.75	571,971,995.51	579,811,726.26	Non fixed term
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)	7,422,683.33	-	7,422,683.33	Non fixed term
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)	6,355,215.13	10,792,660.95	17,147,876.08	Non fixed term

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XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(4) Loans and borrowings of the related parties (continued)

2020 (continued)

Related party	Opening	Lending amount	Closing	Other
	balance of 2020		balance of 2020	
Changshu Red Star Macalline Global Home Living Company Limited (常熟紅星美凱龍全球家居有限公司)	5,958,075.69	(648,975.69)	5,309,100.00	Non fixed term
Shanghai Red Star Macalline International Trading Company Limited (上海紅星美凱龍國際貿易有限公司)	5,775,611.11	(5,403,590.13)	372,020.98	Non fixed term
Guangzhou Red Star Macalline Home Furnishing Building Material Co., Ltd. (廣州紅星美凱龍家居建材有限公司)	5,712,916.67	(5,712,916.67)	-	Non fixed term
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)	5,220,520.83	(165,541.66)	5,054,979.17	Non fixed term
Shanghai Huaixing Culture Development Co., Ltd. (上海懷星文化發展有限公司)	5,075,525.00	(5,075,525.00)	-	Non fixed term
Shanghai Hezhu Enterprise Management Partnership (Limited Partnership) (上海合祝企業管理合夥企業(有限合夥))	4,405,555.55	244,000.00	4,649,555.55	Non fixed term
Shanghai Juzun Enterprise Management Partnership (Limited Partnership) (上海聚尊企業管理合夥企業(有限合夥))	4,405,555.55	244,000.00	4,649,555.55	Non fixed term
Tibet Red Star Macalline Business Management Company Limited (西藏紅星美凱龍企業管理有限公司)	3,110,575.82	152,702,471.67	155,813,047.49	Non fixed term

XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(4) Loans and borrowings of the related parties (continued)

2020 (continued)

Related party	Opening	Lending amount	Closing	Other
	balance of		balance of	
	2020		2020	instructions
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)	3,240,169.43	26,475,830.57	29,716,000.00	Non fixed term
Shanghai Red Star Macalline Commercial Factoring Company Limited (上海紅星美凱龍商業保理有限公司)	2,744,509.84	(2,744,509.84)	-	Non fixed term
Shanghai Red Star Macalline Brand Management Company Limited Liu'an Yingbin Branch (上海紅星美凱龍品牌管理有限公司六安迎賓分公司)	5,482.00	(5,482.00)	-	Non fixed term
Shanghai Ersai Enterprise Management Consultation Company Limited (上海灑賽企業管理有限公司)	5,023.56	197.56	5,221.12	Non fixed term
Changsha Red Star Macalline International Home Living Art Expo Company Limited (長沙紅星美凱龍國際家居藝術博覽中心有限公司)	4,624.79	(4,624.79)	-	Non fixed term

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XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(4) Loans and borrowings of the related parties (continued)

2020 (continued)

Related party	Opening balance of		Closing balance of		Other instructions
	2020	Lending amount	2020		
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)	-	220,663,887.66	220,663,887.66		Non fixed term
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)	-	473,395,861.68	473,395,861.68		Non fixed term
Red Star Macalline Home Furnishing Mall Management Company Limited (紅星美凱龍家居商場管理有限公司)	-	590,403,522.53	590,403,522.53		Non fixed term
Shanghai Anjia Network Technology Company Limited (上海安家網絡科技有限公司)	-	9,230,333.33	9,230,333.33		Non fixed term
Shanghai Xinghe Zhaipei Home Furnishing Service Company Limited (上海星和宅配家居服務有限公司)	-	14,360.13	14,360.13		Non fixed term

XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(4) Loans and borrowings of the related parties (continued)

2020 (continued)

Related party	Opening balance of		Closing balance of		Other instructions
	2020	Lending amount	2020		
Shanghai Red Star Macalline Xinglong Home Furnish Company Limited (上海紅星美凱龍星龍家居有限公司)	-	200,330,466.47	200,330,466.47		Non fixed term
Tianjin Red Star Macalline Logistics Company Limited (天津紅星美凱龍物流有限公司)	-	10,083,346.66	10,083,346.66		Non fixed term
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)	-	31,508,340.56	31,508,340.56		Non fixed term
Khorgos Hongju Corporate Management Co.Ltd. (霍爾果斯紅居企業管理有限公司)	-	7,466.67	7,466.67		Non fixed term
Shanghai Ozing Digital Technology Company Limited (上海好記星數碼科技有限公司)	-	4,500,472.56	4,500,472.56		Non fixed term
Shanghai Red Star Ogloria Brand Management Company Limited Zibo Branch (上海紅星歐麗洛雅品牌管理有限公司濰博分公司)	-	6,430,000.00	6,430,000.00		Non fixed term
Shijiazhuang Bochen Industrial Company Limited (石家莊博宸實業有限公司)	-	51,924,920.58	51,924,920.58		Non fixed term
Suzhou Xingtong Enterprise Management Consultation Company Limited (宿州星通企業管理諮詢有限公司)	-	300,000.00	300,000.00		Non fixed term
Shanghai Red Star Macalline Home Furnishing Company Limited (上海紅星美凱龍家居用品有限公司)	-	11,400,977.86	11,400,977.86		Non fixed term

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XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(4) Loans and borrowings of the related parties (continued)

2020 (continued)

Related party	Opening balance of		Closing balance of		Other instructions
	2020	Lending amount	2020		
Hangzhou Weiliang Electromechanical Hardware Market Co., Ltd. (杭州偉量機電五金市場有限公司)	-	254,149,742.13	254,149,742.13		Non fixed term
Shanghai Macalline Wenshang Business Management Co., Ltd. (上海美凱龍文商商務企業管理有限公司)	-	3,954,391.58	3,954,391.58		Non fixed term
Wuhu Red Star Macalline Shimao Furniture Plaza Company Limited Jinghu Branch (蕪湖紅星美凱龍世貿家居廣場有限公司鏡湖分公司)	-	1,000,000.00	1,000,000.00		Non fixed term
Shanghai Rongmei Industrial Co., Ltd. (上海榮美實業有限公司)	-	2,021.51	2,021.51		Non fixed term
Huaihua Xingxin Commercial Management Co., Ltd. (懷化星欣商業管理有限公司)	-	50,265,500.00	50,265,500.00		Non fixed term
Red Star Macalline Shibo Business Management Co., Ltd. (紅星美凱龍世博商業管理有限公司)	-	200,000.00	200,000.00		Non fixed term
Red Star Macalline Management Consulting Service Co., Ltd. (紅星美凱龍管理諮詢服務有限公司)	-	50,000.00	50,000.00		Non fixed term
Shanghai Red Star Macalline Brand Management Company Limited Wuhan Zhuyeshan Branch (上海紅星美凱龍品牌管理有限公司武漢竹葉山分公司)	-	39,676,842.59	39,676,842.59		Non fixed term

XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(4) Loans and borrowings of the related parties (continued)

2020 (continued)

Related party	Opening balance of		Closing balance of		Other instructions
	2020	Lending amount	2020		
Shanghai Betterhome Decoration Engineering Company Limited (上海家倍得裝飾工程有限公司)	-	5,044,073.53	5,044,073.53		Non fixed term
Xiamen Baoxiang Red Star Macalline Home Furnishing Plaza Company Limited (廈門寶象紅星美凱龍家居生活廣場有限公司)	25,100,000.00	4,943,099.85	30,043,099.85		Repayable on demand and interest-free
Xiamen Baoxiang Red Star Macalline Home Furnishing Plaza Company Limited (廈門寶象紅星美凱龍家居生活廣場有限公司)	-	4,55,9000.00	4,55,9000.00		Interest rate: 8%
Xiamen Baoxiang Red Star Macalline Home Furnishing Plaza Company Limited (廈門寶象紅星美凱龍家居生活廣場有限公司)	-	94,280,000.00	94,280,000.00		Interest rate: 8%
Shanghai Mingyi Enterprise Development Co., Ltd. (上海名藝商業企業發展有限公司)	131,600,000.50	12,600,000.00	144,200,000.50		Repayable on demand and interest-free
Shanghai Mingyi Enterprise Development Co., Ltd. (上海名藝商業企業發展有限公司)	-	5,760,000.00	5,760,000.00		2020/12/29-2021/12/28, interest rate: 8%
Kunming Diken Trading Company Limited (昆明迪肯商貿有限公司)	179,565,152.35	-	179,565,152.35		2019/7/9-2020/9/26, interest rate: 6.09%

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XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(4) Loans and borrowings of the related parties (continued)

2020 (continued)

Related party	Opening balance of 2020	Lending amount	Closing balance of 2020	Other instructions
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)	331,500,000.00	-	331,500,000.00	2017/11/14- 2022/8/12, interest rate: 6.00%
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)	331,500,000.00	-	331,500,000.00	2017/11/14- 2022/8/12, interest rate: 6.00%
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)	138,900,000.00	-	138,900,000.00	2017/11/14- 2022/8/12, interest rate: 6.00%
	25,905,624,572.45	4,038,587,908.34	29,944,212,480.79	

XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(4) Loans and borrowings of the related parties (continued)

2019

Related party	Opening	Lending amount	Closing	Other
	balance of		balance of	
	2019		2019	instructions
Lending				
Shanghai Red Star Macalline Home Living Design Expo Company Limited (上海紅星美凱龍家居藝術設計博覽有限公司)	985,216,304.45	628,188,682.46	1,613,404,986.91	Non fixed term
Nanjing Mingdu Home Living Plaza Company Limited (南京名都家居廣場有限公司)	1,445,373,131.26	(454,779,844.60)	990,593,286.66	Non fixed term
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)	889,756,259.43	45,600,152.23	935,356,411.66	Non fixed term
Tianjin Red Star Macalline World Trade Home Living Company Limited (天津紅星美凱龍世貿家居有限公司)	751,293,593.38	162,521,228.35	913,814,821.73	Non fixed term
Yintai (Yongqing) New City Investment Co., Ltd. (銀泰(永清)新城投資有限公司)	305,935,444.44	444,449,687.49	750,385,131.93	Non fixed term
Shanghai Macalline Decoration Engineering Group Co., Ltd. (上海美凱龍裝飾工程集團有限公司)	-	735,393,442.26	735,393,442.26	Non fixed term
Shenyang Mingdu Home Furnishing Plaza Company Limited (瀋陽名都家居廣場有限公司)	638,959,505.06	80,060,000.00	719,019,505.06	Non fixed term
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)	547,339,704.61	156,254,312.45	703,594,017.06	Non fixed term
Wuhan Red Star Macalline Shibo Home Living Plaza Development Company Limited (武漢紅星美凱龍世博家居廣場發展有限公司)	871,357,784.03	(231,097,915.97)	640,259,868.06	Non fixed term

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XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(4) Loans and borrowings of the related parties (continued)

2019 (continued)

Related party	Opening	Lending amount	Closing	Other
	balance of		balance of	
	2019		2019	instructions
Wuhan Red Star Macalline Global Home Living Plaza Development Company Limited (武漢紅星美凱龍環球家居廣場發展有限公司)	521,347,136.01	72,513,073.79	593,860,209.80	Non fixed term
Shanghai Yuxu Enterprise Management Company Limited (上海宇煦企業管理有限公司)	271,513,761.22	302,851,371.33	574,365,132.55	Non fixed term
Haerbin Red Star Macalline Shibo Home Living Plaza Company Limited (哈爾濱紅星美凱龍世博家居廣場有限公司)	403,835,337.50	114,906,963.41	518,742,300.91	Non fixed term
Shanghai Red Star Macalline Industrial Company Limited (上海紅星美凱龍實業有限公司)	261,792,273.58	246,058,037.47	507,850,311.05	Non fixed term
Changzhou Hongyang Home Living Plaza Company Limited (常州紅陽家居生活廣場有限公司)	426,559,400.00	52,200,000.00	478,759,400.00	Non fixed term
Tianjin Red Star Macalline Home Living and Decorating Plaza Company Limited (天津紅星美凱龍家居家飾生活廣場有限公司)	456,962,310.29	18,385,079.15	475,347,389.44	Non fixed term
Zhengzhou Red Star Macalline Shibo Home Furnishing Company Limited (鄭州紅星美凱龍世博家居有限公司)	380,550,000.00	72,522,592.40	453,072,592.40	Non fixed term
Shanghai Hongxin Oukai Home Living Company Limited (上海虹欣歐凱家居有限公司)	782,329,717.28	(351,550,425.94)	430,779,291.34	Non fixed term

XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(4) Loans and borrowings of the related parties (continued)

2019 (continued)

Related party	Opening		Closing	
	balance of 2019	Lending amount	balance of 2019	Other instructions
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)	609,831,771.98	(195,838,350.21)	413,993,421.77	Non fixed term
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)	203,254,109.08	207,779,668.48	411,033,777.56	Non fixed term
Shanghai Yumu Enterprise Management Company Limited (上海宇慕企業管理有限公司)	282,930,625.54	124,629,934.65	407,560,560.19	Non fixed term
Lanzhou Red Star Macalline Shibo Home Living Plaza Company Limited (蘭州紅星美凱龍世博家居廣場有限公司)	384,330,312.22	19,636,158.82	403,966,471.04	Non fixed term
Shanghai Yuxiao Enterprise Management Company Limited (上海宇霄企業管理有限公司)	271,802,375.13	121,500,184.05	393,302,559.18	Non fixed term
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)	325,566,333.33	63,352,779.17	388,919,112.50	Non fixed term
Shanghai Yuzhu Enterprise Management Company Limited (上海宇築企業管理有限公司)	280,469,377.11	103,220,006.71	383,689,383.82	Non fixed term
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)	479,199,153.43	(106,575,068.89)	372,624,084.54	Non fixed term

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XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(4) Loans and borrowings of the related parties (continued)

2019 (continued)

Related party	Opening	Lending amount	Closing	Other
	balance of		balance of	
	2019		2019	instructions
Haikou Tangong Industrial Limited (海口檀宮實業有限公司)	-	362,278,175.83	362,278,175.83	Non fixed term
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)	331,500,000.00	-	331,500,000.00	2017/11/14 - 2022/8/12, interest rate: 6.00%
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)	331,500,000.00	-	331,500,000.00	2017/11/14 - 2022/8/12, interest rate: 6.00%
Hangzhou Red Star Macalline Global Home Living Company Limited (杭州紅星美凱龍環球家居有限公司)	222,648,745.00	109,500,000.00	332,148,745.00	Non fixed term
Foshan Junda Enterprise Management Co., Ltd. (佛山郡達企業管理有限公司)	-	330,442,657.54	330,442,657.54	Non fixed term
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)	150,009,284.45	176,032,353.34	326,041,637.79	Non fixed term
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)	264,866,810.26	49,821,365.35	314,688,175.61	Non fixed term
Daqing Red Star Macalline Shibo Furniture Company Limited (大慶紅星美凱龍世博家居有限公司)	243,001,172.27	56,785,394.05	299,786,566.32	Non fixed term

XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(4) Loans and borrowings of the related parties (continued)

2019 (continued)

Related party	Opening		Closing		Other instructions
	balance of 2019	Lending amount	balance of 2019		
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)	-	281,860,311.25	281,860,311.25		Non fixed term
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)	376,024,466.55	(97,562,572.22)	278,461,894.33		Non fixed term
Shenyang Red Star Macalline Home Living Expo Company Limited (瀋陽紅星美凱龍博覽家居有限公司)	258,650,750.54	2,225,771.10	260,876,521.64		Non fixed term
Red Star Zhongying Investment Company Limited (紅星眾盈投資有限公司)	241,684,304.56	12,832,470.44	254,516,775.00		Non fixed term
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)	226,298,622.06	19,190,000.00	245,488,622.06		Non fixed term
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)	207,070,248.67	33,473,963.66	240,544,212.33		Non fixed term
Kunshan Red Star Macalline Decoration Materials Company Limited (昆山紅星美凱龍裝飾材料有限公司)	151,563,866.67	79,783,579.99	231,347,446.66		Non fixed term
Shanghai Hongmei E-Commerce Company Limited (上海紅美電子商務有限公司)	148,092,436.81	70,999,700.00	219,092,136.81		Non fixed term
Beijing Century Europe and America Business Investment Company Limited (北京世紀歐美商業投資有限公司)	190,546,506.81	20,149,085.14	210,695,591.95		Non fixed term

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XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(4) Loans and borrowings of the related parties (continued)

2019 (continued)

Related party	Opening	Lending amount	Closing	Other
	balance of 2019		balance of 2019	
Khorgos Red Star Yiming Venture Capital Company Limited (霍爾果斯紅星易鳴創業投資有限公司)	4,015,555.56	190,079,777.78	194,095,333.34	Non fixed term
Khorgos Yarui Venture Capital Company Limited (霍爾果斯雅睿創業投資有限公司)	188,015,011.67	4,998,759.16	193,013,770.83	Non fixed term
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)	179,710,946.67	11,348,375.00	191,059,321.67	Non fixed term
Nanchang Red Star Macalline Global Home Expo Center Co., Ltd. (南昌紅星美凱龍環球家居博覽中心有限責任公司)	-	186,769,430.35	186,769,430.35	Non fixed term
Kunming Diken Trading Company Limited (昆明迪肯商貿有限公司)	-	179,963,188.45	179,963,188.45	2019/7/9 - 2020/9/26, interest rate: 6.09%
Red Star Macalline (Shanghai) Business Management Company Limited (紅星美凱龍(上海)企業管理有限公司)	213,891,034.44	(42,668,701.73)	171,222,332.71	Non fixed term
Shanghai Red Star Macalline Trading Company Limited (上海紅星美凱龍商貿有限公司)	123,439,885.00	47,029,744.73	170,469,629.73	Non fixed term
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)	126,044,841.67	43,744,564.06	169,789,405.73	Non fixed term

XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(4) Loans and borrowings of the related parties (continued)

2019 (continued)

Related party	Opening	Lending amount	Closing	Other
	balance of		balance of	
	2019		2019	instructions
Panjin Red Star Macalline Global Home Living Plaza Company Limited (盤錦紅星美凱龍全球家居生活廣場有限公司)	209,742,755.56	(47,712,903.39)	162,029,852.17	Non fixed term
Shanghai Xinwei Home Purchasing Company Limited (上海新偉置業有限公司)	-	158,908,275.34	158,908,275.34	Non fixed term
Shanghai Laicheng Enterprise Management Limited (上海賽程企業管理有限公司)	-	156,512,835.42	156,512,835.42	Non fixed term
Chongqing Red Star Macalline Logistics Company Limited (重慶紅星美凱龍物流有限公司)	176,804,337.78	(25,453,198.49)	151,351,139.29	Non fixed term
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)	110,242,294.44	37,192,639.94	147,434,934.38	Non fixed term
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)	138,900,000.00	-	138,900,000.00	2017/11/14 - 2022/8/12, interest rate: 6.00%
Kunming Diken Trading Company Limited (昆明迪肯商貿有限公司)	101,716,380.81	36,061,453.42	137,777,834.23	Non fixed term
Wuhu Red Star Macalline World Trade Home Living Plaza Company Limited (蕪湖紅星美凱龍世貿家居廣場有限公司)	-	133,609,521.31	133,609,521.31	Non fixed term

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XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(4) Loans and borrowings of the related parties (continued)

2019 (continued)

Related party	Opening	Lending amount	Closing	Other
	balance of		balance of	
	2019		2019	instructions
Beijing Xingkai Jingzhou Furniture Plaza Company Limited (北京星凱京洲傢俱廣場有限公司)	121,554,141.92	11,953,624.30	133,507,766.22	Non fixed term
Zhongshan Red Star Macalline Shibo Home Living Plaza Company Limited (中山紅星美凱龍世博家居廣場有限公司)	42,735,740.48	89,662,211.42	132,397,951.90	Non fixed term
Shanghai Mingyi Enterprise Development Co., Ltd. (上海名藝商業企業發展有限公司)	112,200,000.50	19,400,000.00	131,600,000.50	Non fixed term
Changsha Yinhong Home Furnishing Company Limited (長沙市銀紅家居有限公司)	105,772,209.20	21,226,152.04	126,998,361.24	Non fixed term
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)	94,022,385.28	30,762,253.34	124,784,638.62	Non fixed term
Anhui Shengshi Dingtong Logistics Company Limited (安徽盛世鼎通物流有限公司)	118,166,938.33	6,448,333.33	124,615,271.66	Non fixed term
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)	-	122,125,970.00	122,125,970.00	Non fixed term
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)	7,864,647.54	113,818,363.06	121,683,010.60	Non fixed term
Chongqing Red Star Macalline Expo Home Living Plaza Company Limited (重慶紅星美凱龍博覽家居生活廣場有限責任公司)	87,004,157.80	31,507,432.36	118,511,590.16	Non fixed term
Shanghai Jingdu Investment Company Limited (上海晶都投資有限公司)	110,534,933.93	4,765,918.05	115,300,851.98	Non fixed term

XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(4) Loans and borrowings of the related parties (continued)

2019 (continued)

Related party	Opening	Lending amount	Closing	Other
	balance of		balance of	
	2019		2019	instructions
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)	65,708,191.42	41,906,398.41	107,614,589.83	Non fixed term
Yantai Red Star Macalline Home Living Company Limited (煙臺紅星美凱龍家居有限公司)	128,373,535.54	(20,801,721.57)	107,571,813.97	Non fixed term
Shanghai Red Star Macalline Exhibition Service Company Limited (上海紅星美凱龍展覽服務有限公司)	66,475,296.21	32,181,039.21	98,656,335.42	Non fixed term
Ganzhou Red Star Macalline Shibo Furniture Plaza Company Limited (贛州紅星美凱龍世博家居廣場有限公司)	-	96,985,674.08	96,985,674.08	Non fixed term
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)	340,699,777.78	(249,202,638.61)	91,497,139.17	Non fixed term
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)	119,189,215.65	(31,387,907.33)	87,801,308.32	Non fixed term
Shanghai Xingkai Chengpeng Business Management Company Limited (上海星凱程鵬企業管理有限公司)	-	73,705,860.05	73,705,860.05	Non fixed term

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XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(4) Loans and borrowings of the related parties (continued)

2019 (continued)

Related party	Opening		Closing	
	balance of 2019	Lending amount	balance of 2019	Other instructions
Shanghai Jiajinsuo Investment Holding Company Limited (上海家金所投資控股有限公司)	80,909,000.00	(8,774,000.00)	72,135,000.00	Non fixed term
Shanghai Xingjia Home Decorating Material Company Limited (上海星家裝飾建材有限公司)	70,650,000.00	-	70,650,000.00	Non fixed term
Tianjin Red Star Macalline Home Fashion Plaza Company Limited (天津紅星美凱龍時尚家居廣場有限公司)	54,559,655.10	-	54,559,655.10	Non fixed term
Hefei Red Star Macalline Logistics Company Limited (合肥紅星美凱龍物流有限公司)	49,468,941.53	2,895,666.67	52,364,608.20	Non fixed term
Shanghai Red Star Macalline Assets Management Company Limited (上海紅星美凱龍資產管理有限公司)	91,296,000.00	(40,179,333.34)	51,116,666.66	Non fixed term
Shanghai Jisheng Wellborn Global Home Living Brand Management Company Limited (上海吉盛偉邦環球家居品牌管理有限公司)	167,482,869.94	(116,710,610.51)	50,772,259.43	Non fixed term
Nantong Longmei International Home Furnishing Plaza Co., Ltd. (南通龍美國際家居生活廣場有限公司)	-	49,126,005.09	49,126,005.09	Non fixed term
Shanghai Jianliu Enterprise Management Co., Ltd. (上海簡柳企業管理有限公司)	-	48,103,201.67	48,103,201.67	Non fixed term
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)	48,790,963.64	(2,306,270.36)	46,484,693.28	Non fixed term

XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(4) Loans and borrowings of the related parties (continued)

2019 (continued)

Related party	Opening	Lending amount	Closing	Other
	balance of		balance of	
	2019		2019	instructions
Shaanxi Red Star Macalline Logistics Company Limited (陝西紅星美凱龍物流有限公司)	1,002,444.44	44,346,310.84	45,348,755.28	Non fixed term
Shanghai Youmei Home Living Company Limited (上海悠美家居有限公司)	45,395,456.79	(1,000,000.00)	44,395,456.79	Non fixed term
Jilin Red Star Macalline Logistics Company Limited (吉林紅星美凱龍物流有限公司)	-	42,037,230.00	42,037,230.00	Non fixed term
Nantong Hongmei Shibo Home Furnishing Plaza Company Limited (南通紅星美世博家居廣場有限公司)	157,562,222.22	(117,213,549.52)	40,348,672.70	Non fixed term
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)	38,087,111.12	2,190,000.00	40,277,111.12	Non fixed term
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)	80,000,000.00	(40,000,000.00)	40,000,000.00	Non fixed term
Baotou Red Star Macalline Home Living Plaza Company Limited (包頭紅星美凱龍家居生活廣場有限責任公司)	38,189,779.63	135,000.00	38,324,779.63	Non fixed term
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)	-	36,339,041.62	36,339,041.62	2019/6/27 - 2022/9/5, interest rate: 10%
Baoxiang Red Star Macalline (Xiamen) Global Home Furnishing Plaza Company Limited (寶象紅星美凱龍(廈門)全球家居廣場有限公司)	-	35,500,000.00	35,500,000.00	Non fixed term

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XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(4) Loans and borrowings of the related parties (continued)

2019 (continued)

Related party	Opening	Lending amount	Closing	Other
	balance of		balance of	
	2019		2019	
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)	31,340,000.00	3,168,345.20	34,508,345.20	Non fixed term
Shanghai Red Star Ogloria Brand Management Company Limited (上海紅星歐麗洛雅品牌管理有限公司)	-	32,385,216.66	32,385,216.66	Non fixed term
Shanghai enliu Enterprise Management Co., Ltd (上海蕙柳企業管理有限公司)	-	31,580,567.33	31,580,567.33	Non fixed term
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)	10,165,138.89	20,854,678.60	31,019,817.49	Non fixed term
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)	11,618,364.12	19,373,386.99	30,991,751.11	Non fixed term
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)	-	28,284,764.80	28,284,764.80	Non fixed term
Xiamen Baoxiang Red Star Macalline Home Furnishing Plaza Company Limited (廈門寶象紅星美凱龍家居生活廣場有限公司)	27,500,000.00	(2,400,000.00)	25,100,000.00	Non fixed term
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)	-	23,448,962.79	23,448,962.79	Non fixed term
Shanghai Dingshi Enterprise Management Partnership (Limited Partnership) (上海鼎識企業管理合夥企業(有限合夥))	41,622,222.22	(18,690,000.00)	22,932,222.22	Non fixed term

XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(4) Loans and borrowings of the related parties (continued)

2019 (continued)

Related party	Opening		Closing		Other instructions
	balance of 2019	Lending amount	balance of 2019		
Shanghai BetterHome Industrial Limited (上海家倍得實業有限公司)	-	20,208,333.33	20,208,333.33		Non fixed term
Qianzhi (Shanghai) Home Furnishing Co., Ltd. (乾智(上海)家居有限公司)	-	14,401,166.66	14,401,166.66		Non fixed term
Zhengzhou Juankai Enterprise Management Consultation Company Limited (鄭州雋鑑企業管理諮詢有限公司)	12,536,279.70	-	12,536,279.70		Non fixed term
Shanghai Hongmei Network Technology Company Limited (上海紅美網絡科技有限公司)	4,500,000.00	6,400,000.00	10,900,000.00		Non fixed term
Xi'an Red Star Macalline Home Living Plaza Company Limited (西安紅星美凱龍家居生活廣場有限公司)	10,240,642.23	-	10,240,642.23		Non fixed term
Beijing Century Kailong Business Investment Company Limited (北京世紀凱隆商業投資有限公司)	9,213,457.81	474,697.23	9,688,155.04		Non fixed term
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)	423,972,748.84	(415,000,000.00)	8,972,748.84		Non fixed term
Chongqing Red Star Ogloria Home Furnishing Company Limited (重慶紅星歐麗洛雅家居有限公司)	909,800.00	6,929,930.75	7,839,730.75		Non fixed term
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)	7,422,683.33	-	7,422,683.33		Non fixed term

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XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(4) Loans and borrowings of the related parties (continued)

2019 (continued)

Related party	Opening		Closing	
	balance of 2019	Lending amount	balance of 2019	Other instructions
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)	-	6,355,215.13	6,355,215.13	Non fixed term
Changshu Red Star Macalline Global Home Living Company Limited (常熟紅星美凱龍全球家居有限公司)	5,723,922.25	234,153.44	5,958,075.69	Non fixed term
Shanghai Red Star Macalline International Trading Company Limited (上海紅星美凱龍國際貿易有限公司)	5,552,555.56	223,055.55	5,775,611.11	Non fixed term
Guangzhou Red Star Macalline Home Furnishing Building Material Co., Ltd. (廣州紅星美凱龍家居建材有限公司)	500,000.00	5,212,916.67	5,712,916.67	Non fixed term
Shanghai Red Star Macalline Longmei Hong Living Company Limited (上海紅星美凱龍龍美家居市場經營管理有限公司)	5,050,555.56	169,965.27	5,220,520.83	Non fixed term
Shanghai Huaixing Culture Development Co., Ltd. (上海懷星文化發展有限公司)	1,605,433.33	3,470,091.67	5,075,525.00	Non fixed term
Shanghai Hezhu Enterprise Management Partnership (Limited Partnership) (上海合祝企業管理合夥企業(有限合夥))	4,162,222.22	243,333.33	4,405,555.55	Non fixed term
Shanghai Juzun Enterprise Management Partnership (Limited Partnership) (上海聚尊企業管理合夥企業(有限合夥))	4,162,222.22	243,333.33	4,405,555.55	Non fixed term
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)	-	3,800,000.00	3,800,000.00	Non fixed term

XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(4) Loans and borrowings of the related parties (continued)

2019 (continued)

Related party	Opening		Closing	
	balance of 2019	Lending amount	balance of 2019	Other instructions
Tibet Red Star Macalline Business Management Company Limited (西藏紅星美凱龍企業管理有限公司)	65,021.67	3,045,554.15	3,110,575.82	Non fixed term
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)	-	2,842,133.33	2,842,133.33	Non fixed term
Shanghai Red Star Macalline Commercial Factoring Company Limited (上海紅星美凱龍商業保理有限公司)	471,938,861.10	(469,194,351.26)	2,744,509.84	Non fixed term
Shanghai Jiliang Enterprise Management Partnership (Limited Partnership) (上海集量企業管理合夥企業(有限合夥))	2,081,111.10	121,666.67	2,202,777.77	Non fixed term
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)	-	1,921,540.06	1,921,540.06	Non fixed term
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)	1,650,000.00	-	1,650,000.00	Non fixed term
Guizhou Red Star Macalline Logistics Company Limited (貴州紅星美凱龍物流有限公司)	160,142.22	1,323,873.09	1,484,015.31	Non fixed term
Chengdu Red Star Macalline Xinnan Business Management Company Limited Gaoxin Branch (成都紅星美凱龍新南商業管理有限公司高新分公司)	950,000.00	-	950,000.00	Non fixed term

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XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(4) Loans and borrowings of the related parties (continued)

2019 (continued)

Related party	Opening		Closing	
	balance of 2019	Lending amount	balance of 2019	Other instructions
Shanghai Lihao Creative Design Co., Ltd. (上海麗浩創意設計有限公司)	-	910,950.00	910,950.00	Non fixed term
Red Star Macalline Life Aesthetics Center Management Co., Ltd. (紅星美凱龍生活美學中心管理有限公司)	-	756,888.00	756,888.00	Non fixed term
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)	93,666.67	441,959.69	535,626.36	Non fixed term
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)	42,455,971.05	(42,334,862.40)	121,108.65	Non fixed term
Foshan Red Star Macalline Home Furnishing Plaza Company Limited (佛山紅星美凱龍家居生活廣場有限公司)	-	103,939.17	103,939.17	Non fixed term
Shanghai Red Star Macalline Brand Management Company Limited Liu'an Yingbin Branch (上海紅星美凱龍品牌管理有限公司六安迎賓分公司)	-	5,482.00	5,482.00	Non fixed term
Shanghai Ersai Enterprise Management Consultation Company Limited (上海灑賽企業管理有限公司)	-	5,023.56	5,023.56	Non fixed term
Changsha Red Star Macalline International Home Living Art Expo Company Limited (長沙紅星美凱龍國際家居藝術博覽中心有限公司)	-	4,624.79	4,624.79	Non fixed term
Shanghai Red Star Macalline Financial Leasing Company Limited (上海紅星美凱龍融資租賃有限公司)	247,695,777.77	(247,695,777.77)	-	Non fixed term

XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(4) Loans and borrowings of the related parties (continued)

2019 (continued)

Related party	Opening		Closing	
	balance of	Lending amount	balance of	Other instructions
	2019		2019	
Nanjing Red Star International Home Living Company Limited (南京紅星美凱龍國際家居有限責任公司)	224,031,406.70	(224,031,406.70)	-	Non fixed term
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)	198,900,000.00	(198,900,000.00)	-	2017/11/14 - 2022/8/12, interest rate: 6.00%
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)	193,398,918.16	(193,398,918.16)	-	Non fixed term
Red Star Macalline Home Furnishing Mall Management Company Limited (紅星美凱龍家居商場管理有限公司)	148,743,448.48	(148,743,448.48)	-	Non fixed term
Shanghai Mengsheng Industrial Co., Ltd. (上海夢晟實業有限公司)	100,278,780.56	(100,278,780.56)	-	Non fixed term
Changsha Red Star Macalline Shibo Home Furnishing Plaza Company Limited (長沙紅星美凱龍世博家居生活廣場有限公司)	59,873,611.11	(59,873,611.11)	-	Non fixed term
Shanghai Red Star Macalline Xinglong Home Furnish Company Limited (上海紅星美凱龍星龍家居有限公司)	56,777,347.19	(56,777,347.19)	-	Non fixed term
Wuhu Meihe Asset Management Company Limited (蕪湖美和資產管理有限公司)	10,000,000.00	(10,000,000.00)	-	2018/8/28 - 2019/2/27, interest free
Langfang Kaihong Home Living Plaza Company Limited (廊坊市凱宏家居廣場有限公司)	4,708,471.96	(4,708,471.96)	-	Non fixed term

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XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(4) Loans and borrowings of the related parties (continued)

2019 (continued)

Related party	Opening	Lending amount	Closing	Other
	balance of 2019		balance of 2019	
Shanghai Juqin Enterprise Management Partnership (Limited Partnership) (上海聚欽企業管理合夥企業(有限合夥))	3,737,300.00	(3,737,300.00)	-	Non fixed term
Shanghai Jici Enterprise Management Partnership (Limited Partnership) (上海集慈企業管理合夥企業(有限合夥))	3,737,300.00	(3,737,300.00)	-	Non fixed term
Shanghai Fanju Network Technology Company Limited (上海泛居網絡科技有限公司)	2,111,433.33	(2,111,433.33)	-	Non fixed term
Shanghai Anjia Network Technology Company Limited (上海安家網絡科技有限公司)	422,820.65	(422,820.65)	-	Non fixed term
Shanghai Red Star Macalline Brand Management Company Limited Handan Branch (上海紅星美凱龍品牌管理有限公司邯鄲分公司)	11,909.65	(11,909.65)	-	Non fixed term
Total	22,528,803,142.25	3,376,821,430.20	25,905,624,572.45	

XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(4) Loans and borrowings of the related parties (continued)

2019 (continued)

Related party	Opening balance of		Closing balance of	
	2019	Lending amount	2019	Other instructions
Borrowing				
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)	1,205,380,616.68	542,238,929.48	1,747,619,546.16	Non fixed term
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)	-	1,736,539,571.12	1,736,539,571.12	Non fixed term
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)	2,219,783,553.03	(1,197,131,218.15)	1,022,652,334.88	Non fixed term
Hong Kong Red Star Macalline Global Home Furnishing Company Limited (香港紅星美凱龍全球家居有限公司)	1,037,147,609.46	(16,877,271.88)	1,020,270,337.58	Non fixed term
Shenyang Red Star Macalline Home Living Company Limited (瀋陽紅星美凱龍家居有限公司)	1,290,208,708.90	(273,651,221.06)	1,016,557,487.84	Non fixed term
Shanghai Red Star Macalline Financial Leasing Company Limited (上海紅星美凱龍融資租賃有限公司)	-	899,855,883.33	899,855,883.33	Non fixed term
Changzhou Worldwide Home Living and Furnishing Plaza Company Limited (常州世界傢俱家居廣場有限公司)	897,833,743.56	(81,645,759.06)	816,187,984.50	Non fixed term
Jiangsu SuNan Construction and Installation Engineering Co., Ltd (江蘇蘇南建築安裝工程有限公司)	190,744,239.64	625,297,408.31	816,041,647.95	Non fixed term

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XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(4) Loans and borrowings of the related parties (continued)

2019 (continued)

Related party	Opening	Lending amount	Closing	Other instructions
	balance of		balance of	
	2019		2019	
Shanghai Shanhai Art Furniture Company Limited (上海山海藝術家俱有限公司)	749,116,925.74	(13,260,797.37)	735,856,128.37	Non fixed term
Red Star Macalline Enterprise Management Consulting Co., Ltd. (紅星美凱龍企業管理諮詢有限公司)	360,650,449.30	358,342,170.54	718,992,619.84	Non fixed term
Red Star Macalline Chengdu Business Management Company Limited (紅星美凱龍成都商業管理有限公司)	574,471,917.50	143,666,992.98	718,138,910.48	Non fixed term
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)	120,526,351.49	519,084,509.53	639,610,861.02	Non fixed term
Zhengzhou Red Star Macalline International Home Furnishing Company Limited (鄭州紅星美凱龍國際家居有限公司)	54,782,326.95	554,134,535.43	608,916,862.38	Non fixed term
Shanghai Red Star Macalline Decorative Furniture Mall Co., Ltd (上海紅星美凱龍裝飾傢俱城有限公司)	397,709,750.01	185,882,333.33	583,592,083.34	Non fixed term
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)	382,751,234.12	158,763,965.42	541,515,199.54	Non fixed term
Changzhou Macalline International Computer and Home Appliance City Company Limited (常州美凱龍國際電腦家電裝飾城有限公司)	447,755,085.43	(13,728,428.04)	434,026,657.39	Non fixed term
Shenyang Red Star Macalline Shibo Home Furnishing Company Limited (瀋陽紅星美凱龍世博家居有限公司)	551,058,761.83	(160,560,695.93)	390,498,065.90	Non fixed term

XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(4) Loans and borrowings of the related parties (continued)

2019 (continued)

Related party	Opening	Lending amount	Closing	Other instructions
	balance of		balance of	
	2019		2019	
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)	275,161,009.31	50,553,052.01	325,714,061.32	Non fixed term
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)	128,067,091.57	151,683,043.77	279,750,135.34	Non fixed term
Shanghai Red Star Macalline Brand Management Company Limited (上海紅星美凱龍品牌管理有限公司)	320,493,773.62	(49,440,585.34)	271,053,188.28	Non fixed term
Red Star Xizhao Investment Company Limited (紅星喜兆投資有限公司)	163,531,591.14	103,140,089.41	266,671,680.55	Non fixed term
Tianjin Red Star Macalline International Home Living Expo Company Limited (天津紅星美凱龍國際家居博覽有限公司)	159,739,329.84	20,604,394.25	180,343,724.09	Non fixed term
Shanghai Xingyi Tonghui Business Service Company Limited (上海星易通匯商務服務有限公司)	33,082,325.05	110,924,328.17	144,006,653.22	Non fixed term
Shanghai Red Star Macalline Global Home Living Company Limited (上海紅星美凱龍全球家居有限公司)	190,814,366.67	(59,388,925.00)	131,425,441.67	Non fixed term
Shanghai Red Star Macalline Construction Management and Design Company Limited (上海紅星美凱龍建築設計有限公司)	121,396,018.67	1,107,390.45	122,503,409.12	Non fixed term
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)	117,714,113.89	3,639,791.67	121,353,905.56	Non fixed term

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XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(4) Loans and borrowings of the related parties (continued)

2019 (continued)

Related party	Opening balance of		Closing balance of	
	2019	Lending amount	2019	Other instructions
Shanghai Red Star Macalline Home Living Market Management Company Limited (上海紅星美凱龍家居市場經營管理有限公司)	263,699,647.72	(147,232,224.43)	116,467,423.29	Non fixed term
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)	147,481,769.44	(44,909,376.44)	102,572,393.00	Non fixed term
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)	243,552,021.94	(145,888,597.79)	97,663,424.15	Non fixed term
Nanjing Red Star International Home Living Company Limited (南京紅星美凱龍國際家居有限責任公司)	-	91,122,868.72	91,122,868.72	Non fixed term
Chengdu Red Star Ogloria Brand Management Company Limited (成都紅星歐麗洛雅品牌管理有限公司)	73,581,256.11	5,412,719.88	78,993,975.99	Non fixed term
Kunming Red Star Macalline Shibo Furniture Plaza Company Limited (昆明紅星美凱龍世博家居廣場有限公司)	20,055,000.00	34,226,538.89	54,281,538.89	Non fixed term
Red Star Ogloria Enterprise Management Company Limited (紅星歐麗洛雅企業管理有限公司)	63,355,322.62	(12,701,861.48)	50,653,461.14	Non fixed term

XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(4) Loans and borrowings of the related parties (continued)

2019 (continued)

Related party	Opening	Lending amount	Closing	Other instructions
	balance of 2019		balance of 2019	
Chongqing Xingkaike Home Furnishing Company Limited (重慶星凱科家居有限公司)	25,472,399.65	22,332,030.21	47,804,429.86	Non fixed term
Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司)	-	41,437,944.45	41,437,944.45	2019/5/21 - 2020/12/31
Hangzhou Red Star Macalline Shibo Home Living Company Limited (杭州紅星美凱龍世博家居有限公司)	30,099,061.11	8,347,416.67	38,446,477.78	Non fixed term
Red Star Macalline Home Living Mall Management Company Limited (紅星美凱龍家居商場管理有限公司)	-	34,584,620.88	34,584,620.88	Non fixed term
Nanjing Red Star International Home Furnishing Company Limited (南京紅星國際傢俱裝飾城有限公司)	15,041,708.33	11,958,291.67	27,000,000.00	Non fixed term
Shenyudao Cultural Tourism Holding Co., Ltd. (神玉島文化旅遊控股股份有限公司)	35,000,000.00	(9,400,000.00)	25,600,000.00	2018/11/5 - 2018/12/31
Shanghai Red Star Macalline Business Consulting Company Limited (上海紅星美凱龍商務諮詢有限公司)	129,738,399.72	(104,435,660.43)	25,302,739.29	Non fixed term
Shanghai Xingyijia Business Management Co., Ltd. (上海星藝佳商業管理有限公司)	-	20,609,777.78	20,609,777.78	Non fixed term
Shanghai Red Star Macalline Kaiheng Household Company Limited (上海紅星美凱龍楷恒家居有限公司)	20,055,611.11	167,383.33	20,222,994.44	Non fixed term

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XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(4) Loans and borrowings of the related parties (continued)

2019 (continued)

Related party	Opening	Lending amount	Closing	Other instructions
	balance of 2019		balance of 2019	
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)	17,859,900.00	190,850.00	18,050,750.00	Non fixed term
Yangzhou Red Star Macalline International Home Living Plaza Company Limited (揚州紅星美凱龍國際家居廣場有限公司)	27,075,075.00	(9,513,501.11)	17,561,573.89	Non fixed term
Shanghai Anjia Network Technology Company Limited (上海安家網絡科技有限公司)	-	15,263,079.24	15,263,079.24	Non fixed term
Shanghai Macalline Xinghe Asset Management Company Limited (上海美凱龍星荷資產管理有限公司)	15,041,708.33	133,500.01	15,175,208.34	Non fixed term
Lianyungang Red Star Macalline International Home Living Plaza Company Limited (連雲港紅星美凱龍國際家居廣場有限公司)	13,579,225.55	113,373.04	13,692,598.59	Non fixed term
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)	15,000,000.00	(5,000,000.00)	10,000,000.00	Non fixed term
Beijing Macalline Home Furnishing Market Company Limited (北京美凱龍傢俱建材市場有限公司)	20,000,000.00	(10,000,000.00)	10,000,000.00	Non fixed term
Langfang Kaihong Home Living Plaza Company Limited (廊坊市凱宏家居廣場有限公司)	-	3,933,575.71	3,933,575.71	Non fixed term
Shanghai Mengsheng Industrial Co., Ltd. (上海夢晟實業有限公司)	-	2,406,885.89	2,406,885.89	Non fixed term

XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(4) Loans and borrowings of the related parties (continued)

2019 (continued)

Related party	Opening	Lending amount	Closing	Other instructions
	balance of 2019		balance of 2019	
Shanghai Red Star Macalline Brand Management Company Limited Kunming Branch (上海紅星美凱龍品牌管理有限公司昆明分公司)	2,005,561.11	16,744.44	2,022,305.55	Non fixed term
Shanghai Interface Marketing Planning Co., Ltd (上海英太翡思營銷策劃有限公司)	2,005,561.11	15,737.54	2,021,298.65	Non fixed term
Changsha Red Star Macalline Home Living Plaza Company Limited (長沙紅星美凱龍家居生活廣場有限公司)	42,141,004.20	(40,662,755.82)	1,478,248.38	Non fixed term
Shanghai Red Star Macalline Brand Management Company Limited Baotou Branch (上海紅星美凱龍品牌管理有限公司包頭分公司)	-	500,000.00	500,000.00	Non fixed term
Shanghai Red Star Macalline Xinglong Home Furnish Company Limited (上海紅星美凱龍星龍家居有限公司)	-	45,818.99	45,818.99	Non fixed term
Shanghai Betterhome Decoration Engineering Co., Ltd. (上海家倍得裝飾工程有限公司)	53,300.00	(8,392.55)	44,907.45	Non fixed term
Shanghai Xingyijia Business Management Co., Ltd Yunyan Branch (上海星藝佳商業管理有限公司雲岩分公司)	-	3,972.22	3,972.22	Non fixed term
Shanghai Xinwei Property Company Limited (上海新偉置業有限公司)	472,135,485.79	(472,135,485.79)	-	Non fixed term
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)	102,829,503.43	(102,829,503.43)	-	Non fixed term

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XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

2. Major Transactions between the Company and Related Parties (continued)

(4) Loans and borrowings of the related parties (continued)

2019 (continued)

Related party	Opening	Lending amount	Closing	Other instructions
	balance of		balance of	
	2019		2019	
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)	41,085,494.44	(41,085,494.44)	-	Non fixed term
Shanghai Xingkai Chengpeng Business Management Company Limited (上海星凱程鵬企業管理有限公司)	40,078,750.74	(40,078,750.74)	-	Non fixed term
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)	20,000,000.00	(20,000,000.00)	-	Non fixed term
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)	5,535,675.68	(5,535,675.68)	-	Non fixed term
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)	2,005,561.11	(2,005,561.11)	-	Non fixed term
Changsha Red Star Macalline International Home Living Art Expo Company Limited (長沙紅星美凱龍國際家居藝術博覽中心有限公司)	195,375.21	(195,375.21)	-	Non fixed term
Total	13,895,680,272.85	3,378,978,400.48	17,274,658,673.33	

(5) Equity transfer to related parties

None

XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

3. Amounts due from/to related parties

	2020		2019	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
Accounts receivables				
Shanghai Jiazhan Construction Engineering Company Limited (上海嘉展建築裝潢工程有限公司)	13,000,000.00	13,000,000.00	13,000,000.00	13,000,000.00
Shenzhen Huasheng Home Furnishing Group Co., Ltd. (深圳華生大家居集團有限公司)	3,999,999.99	3,999,999.99	3,166,666.66	142,500.00
Wuhu Minghui Business Management Co., Ltd. (蕪湖明輝商業管理有限公司)	1,632,453.42	548,014.61	2,315,753.42	318,647.67
Zhejiang Zhongguang Electric Appliances Co., Ltd. (浙江中廣電器股份有限公司)	3,499,999.97	3,499,999.97	1,749,997.71	78,749.90
Xuzhou Red Star Macalline International Home Furnishings City Co., Ltd. (徐州紅星美凱龍國際傢俱裝飾城有限公司)	112,292.13	37,696.47	-	-
	22,244,745.51	21,085,711.04	20,232,417.79	13,539,897.57

Note: Amounts due to or from related companies are interest-free, unsecured and have no fixed repayment terms.

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XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

3. Amounts due from/to related parties (continued)

	2020		2019	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
Other receivables				
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)	2,713,940,372.82	129,552,550.73	1,613,404,986.91	129,552,550.73
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)	1,375,346,571.06	-	913,814,821.73	-
Hangzhou Red Star Macalline Global Furniture Co., Ltd. (杭州紅星美凱龍環球家居有限公司)	1,055,996,500.29	-	-	-
Red Star Macalline Shibo (Tianjin) Home Furnishing Plaza Company Limited (紅星美凱龍世博(天津)家居生活廣場有限公司)	988,336,391.64	80,000,000.00	935,356,411.66	80,000,000.00
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)	926,182,191.84	-	593,860,209.80	-
Shenyang Mingdu Home Furnishing Plaza Company Limited (瀋陽名都家居廣場有限公司)	784,719,505.06	-	719,019,505.06	-
Nanjing Mingdu Home Furnishing Plaza Company Limited (南京名都家居廣場有限公司)	780,017,872.29	-	991,660,970.93	-
Shanghai Red Star Macalline Industrial Company Limited (上海紅星美凱龍實業有限公司)	706,236,981.99	-	507,850,311.05	-
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)	701,375,719.19	100,000,000.00	640,259,868.06	100,000,000.00

XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

3. Amounts due from/to related parties (continued)

	2020		2019	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
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)	609,237,067.23	-	413,993,421.77	-
Shanghai Yuxv Enterprise Management Company Limited (上海宇煦企業管理有限公司)	606,523,887.23	-	574,365,132.55	-
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)	602,870,275.23	-	518,742,300.91	-
Red Star Macalline Home Furnishing Mall Management Company Limited (紅星美凱龍家居商場管理有限公司)	590,403,522.53	-	3,406,379.12	-
Chongqing Red Star Ogloria Home Furnishing Company Limited (重慶紅星歐羅雅家居有限公司)	579,811,726.26	-	7,839,730.75	-
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)	560,185,548.08	-	703,594,017.06	-
Changzhou Hongyang Home Furnishing Plaza Company Limited (常州紅陽家居生活廣場有限公司)	523,809,400.00	-	478,759,400.00	-
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)	522,444,560.84	-	314,688,175.61	-
Tianjin Red Star Macalline Home Furnishings Plaza Company Limited (天津紅星美凱龍家居傢飾生活廣場有限公司)	498,987,474.75	-	475,347,389.44	-
Zhengzhou Red Star Macalline Shibo Home Living Company Limited (鄭州紅星美凱龍世博家居有限公司)	479,172,272.18	-	453,072,592.40	-

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XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

3. Amounts due from/to related parties (continued)

	2020		2019	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
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)	473,395,861.68	-	11,556,000.00	-
Shanghai Yuxiao Enterprise Management Company Limited (上海宇霄企業管理有限公司)	453,494,594.82	-	393,302,559.18	-
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)	438,123,376.21	-	411,033,777.56	-
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)	437,339,961.62	-	403,966,471.04	-
Shanghai Yuzhu Enterprise Management Company Limited (上海宇築企業管理有限公司)	431,971,213.45	-	383,689,383.82	-
Shanghai Yumu Enterprise Management Company Limited (上海宇慕企業管理有限公司)	430,565,332.50	-	407,560,560.19	-
Haikou Tangong Industrial Company Limited (海口檀宮實業有限公司)	414,701,783.42	-	362,278,175.83	-
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)	396,642,748.84	-	8,972,748.84	-
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)	386,407,097.11	-	279,207,097.11	-
Shanghai Hongxin Oukai Home Living Company Limited (上海虹欣歐凱家居有限公司)	381,316,352.94	-	430,779,291.34	-
Khorgos Red Star Yiming Venture Capital Company Limited (霍爾果斯紅星易鳴創業投資有限公司)	356,980,133.34	-	194,095,333.34	-

XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

3. Amounts due from/to related parties (continued)

	2020		2019	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
Daqing Red Star Macalline Shibo Furniture Plaza Company Limited (大慶紅星美凱龍世博家居有限公司)	352,081,008.95	-	299,786,566.32	-
Red Star Zhongying Investment Company Limited (紅星眾盈投資有限公司)	331,817,906.67	-	254,516,775.00	-
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)	275,918,622.06	-	245,488,622.06	-
Shenyang Red Star Macalline Home Living Expo Company Limited (瀋陽紅星美凱龍博覽家居有限公司)	271,933,808.54	-	260,876,521.64	-
Shanghai Xingkai Chengpeng Business Management Company Limited (上海星凱程騰企業管理有限公司)	269,997,918.75	-	74,000,000.00	-
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)	265,933,085.38	-	240,544,212.33	-
Hangzhou Weiliang Electromechanical Hardware Market Co., Ltd. (杭州偉量機電五金市場有限公司)	254,149,742.13	-	-	-
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)	251,914,727.79	-	326,041,637.79	-
Shanghai Hongmei E-Commerce Company Limited (上海紅美電子商務有限公司)	239,653,662.81	-	219,092,136.81	-
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)	227,242,353.15	-	169,789,405.73	-

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XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

3. Amounts due from/to related parties (continued)

	2020		2019	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
Beijing Century Europe and America Business Investment Company Limited (北京世紀歐美商業投資有限公司)	223,664,573.49	-	210,695,591.95	-
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)	220,663,887.66	-	-	-
Red Star Macalline (Shanghai) Business Management Company Limited (紅星美凱龍(上海)企業管理有限公司)	216,549,448.29	-	171,222,332.71	-
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)	214,195,441.66	-	87,801,308.32	-
Kunming Diken Trading Company Limited (昆明迪肯商貿有限公司)	210,977,805.61	-	137,777,834.23	-
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)	203,981,060.00	-	191,059,321.67	-
Shanghai Red Star Macalline Xinglong Home Furnish Company Limited (上海紅星美凱龍星龍家居有限公司)	200,330,466.47	-	-	-
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)	195,219,616.66	-	91,497,139.17	-
Chongqing Red Star Macalline Logistics Company Limited (重慶紅星美凱龍物流有限公司)	192,986,934.87	-	151,351,139.29	-
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)	177,727,409.22	-	147,434,934.38	-

XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

3. Amounts due from/to related parties (continued)

	2020		2019	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
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)	168,224,664.48	-	124,784,638.62	-
Tibet Red Star Macalline Business Management Company Limited (西藏紅星美凱龍企業管理有限公司)	155,813,047.49	-	3,110,575.82	-
Shanghai Mingyi Enterprise Development Co., Ltd. (上海名藝商業企業發展有限公司)	149,960,000.50	7,498,000.03	131,600,000.50	6,580,000.03
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)	145,832,445.92	-	122,125,970.00	-
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)	145,706,180.68	-	96,985,674.08	-
Wuhu Red Star Macalline Shimao Furniture Plaza Company Limited (蕪湖紅星美凱龍世貿家居廣場有限公司)	145,705,758.65	-	133,609,521.31	-
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)	140,228,264.54	-	372,624,084.54	-
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)	139,005,647.10	-	186,769,430.35	-
Shanghai Red Star Macalline Trading Company Limited (上海紅星美凱龍商貿有限公司)	136,723,151.31	-	170,469,629.73	-

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XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

3. Amounts due from/to related parties (continued)

	2020		2019	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
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)	135,813,456.48	30,772,151.83	118,511,590.16	30,772,151.83
Anhui Shengshi Dingtong Logistics Company Limited (安徽盛世鼎通物流有限公司)	131,081,271.66	-	124,615,271.66	-
Beijing Xingkai Jingzhou Furniture Plaza Company Limited (北京星凱京洲傢俱廣場有限公司)	130,636,717.93	17,874,886.21	133,507,766.22	17,874,886.21
Changsha Yinhong Home Furnishing Company Limited (長沙市銀紅家居有限公司)	128,902,352.65	-	126,998,361.24	-
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)	122,389,493.57	-	132,397,951.90	-
Shanghai Jingdu Investment Company Limited (上海晶都投資有限公司)	120,390,868.24	-	115,300,851.98	-
Red Star Xizhao Investment Company Limited (紅星喜兆投資有限公司)	100,000,000.00	-	1,828,319.45	-
Foshan Junda Enterprise Management Co., Ltd. (佛山郡達企業管理有限公司)	99,479,990.00	-	330,442,657.54	-
Shanghai Red Star Macalline Brand Management Company Limited (上海紅星美凱龍品牌管理有限公司)	97,372,096.01	-	-	-
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)	95,705,739.73	-	-	-
Kunshan Red Star Macalline Decoration Materials Company Limited (昆山紅星美凱龍裝飾材料有限公司)	93,720,911.54	-	231,347,446.66	-

XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

3. Amounts due from/to related parties (continued)

	2020		2019	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
Shanghai Xinwei Home Purchasing Company Limited (上海新偉置業有限公司)	91,000,000.00	-	164,501,978.31	-
Khorgos Yarui Venture Capital Company Limited (霍爾果斯雅睿創業投資有限公司)	88,188,855.00	-	193,013,770.83	-
Yantai Red Star Macalline Home Furnishing Company Limited (煙台紅星美凱龍家居有限公司)	87,944,430.05	-	107,571,813.97	-
Red Star Macalline Enterprise Management and Consultancy Company Limited (紅星美凱龍企業管理諮詢有限公司)	75,500,000.00	-	-	-
Shanghai Xingjia Decoration and Building Materials Company Limited (上海星家裝飾建材有限公司)	70,650,000.00	61,811,558.73	70,650,000.00	61,811,558.73
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)	69,260,984.79	-	23,448,962.79	-
Shanghai Jianliu Enterprise Management Company Limited (上海簡柳企業管理有限公司)	57,955,443.67	-	48,103,201.67	-
Tianjin Red Star Macalline Home Fashion Plaza Company Limited (天津紅星美凱龍時尚家居廣場有限公司)	55,665,808.79	50,219,635.10	54,559,655.10	50,219,635.10
Wuxi Red Star International Home Furnishing Company Limited (無錫紅星美凱龍國際傢俱裝飾有限公司)	55,500,000.00	-	203,000,000.00	-
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)	53,086,873.12	-	31,019,817.49	-

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XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

3. Amounts due from/to related parties (continued)

	2020		2019	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
Shanghai Red Star Ogloria Brand Management Company Limited (上海紅星歐麗洛雅品牌管理有限公司)	52,316,138.75	-	32,385,216.66	-
Shijiazhuang Bochen Industrial Company Limited (石家莊博宸實業有限公司)	51,924,920.58	-	-	-
Huaihua Xingxin Commercial Management Co., Ltd. (懷化星欣商業管理有限公司)	50,265,500.00	-	-	-
Shaanxi Red Star Macalline Logistics Company Limited (陝西紅星美凱龍物流有限公司)	46,463,385.11	-	45,348,755.28	-
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)	46,122,000.00	20,000,000.00	30,991,751.11	20,000,000.00
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)	42,473,111.12	-	40,277,111.12	-
Shanghai Red Star Macalline Business Consulting Company Limited (上海紅星美凱龍商務諮詢有限公司)	41,467,084.46	-	36,322,971.00	-
Nantong Hongmei Shibo Furniture Plaza Company Limited (南通紅美世博家居廣場有限公司)	41,414,782.66	-	40,348,672.70	-
Shanghai Red Star Macalline Brand Management Company Limited Wuhan Zhuyeshan Branch (上海紅星美凱龍品牌管理有限公司武漢竹葉山分公司)	39,676,842.59	-	-	-
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)	39,210,097.54	-	28,284,764.80	-

XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

3. Amounts due from/to related parties (continued)

	2020		2019	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
Zhengzhou Red Star Macalline International Home Furnishing Company Limited (鄭州紅星美凱龍國際家居有限公司)	39,000,000.00	-	-	-
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)	38,728,655.32	-	281,860,311.25	-
Shanghai Enliu Enterprise Management Company Limited (上海蔥柳企業管理有限公司)	38,468,327.67	-	31,580,567.33	-
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)	38,334,779.63	20,674,970.00	38,324,779.63	20,674,970.00
Nantong Longmei International Home Furnishing Company Limited (南通龍美國際家居生活廣場有限公司)	35,466,209.65	-	49,126,005.09	-
Baoxiang Red Star Macalline (Xiamen) Global Home Plaza Co., Ltd. (寶象紅星美凱龍(廈門)全球家居廣場有限公司)	32,500,000.00	7,772,631.31	35,500,000.00	2,683,603.06
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)	31,530,261.91	-	-	-
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)	30,907,333.46	-	162,029,852.17	-
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)	29,716,000.00	-	3,000,000.00	-

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XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

3. Amounts due from/to related parties (continued)

	2020		2019	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
Qianzhi (Shanghai) Home Living Company Limited (乾智(上海)家居有限公司)	27,739,909.99	-	14,401,166.66	-
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)	27,600,000.00	-	388,919,112.50	-
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)	24,500,000.00	-	-	-
Shanghai Dingshi Enterprise Management Partnership (Limited Partnership) (上海鼎識企業管理合夥企業(有限合夥))	24,155,555.56	-	22,932,222.22	-
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)	23,583,791.24	-	107,614,589.83	-
Shanghai Red Star Macalline Global Home Furnishing Company Limited (上海紅星美凱龍全球家居有限公司)	21,236,976.09	-	-	-
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)	17,644,796.76	-	9,665,437.90	-
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)	17,147,876.08	-	7,071,678.68	-
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)	15,000,000.00	-	40,000,000.00	-
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)	14,576,526.01	-	46,484,693.28	-

XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

3. Amounts due from/to related parties (continued)

	2020		2019	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
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)	13,226,368.40	-	1,921,540.06	-
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)	12,478,125.00	-	-	-
Shanghai Betterhome Industrial Company Limited (上海家倍得實業有限公司)	11,983,999.99	-	20,208,333.33	-
Hefei Red Star Macalline Logistics Company Limited (合肥紅星美凱龍物流有限公司)	11,793,445.29	-	52,364,608.20	-
Zhengzhou Juankai Enterprise Management Consultation Company Limited (鄭州雋鑑企業管理諮詢有限公司)	11,536,279.70	-	12,536,279.70	-
Shanghai Red Star Macalline Home Furnishing Company Limited (上海紅星美凱龍星家居用品有限公司)	11,400,977.86	-	-	-
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)	11,276,350.00	-	50,772,259.43	-
Shanghai Hongmei Network Technology Company Limited (上海紅美網絡科技有限公司)	10,900,000.00	-	10,900,000.00	-
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)	10,240,642.23	-	10,240,642.23	-
Beijing Century Kailong Business Investment Company Limited (北京世紀凱隆商業投資有限公司)	10,106,940.90	-	9,688,155.04	-

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XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

3. Amounts due from/to related parties (continued)

	2020		2019	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
Tianjin Red Star Macalline Logistics Company Limited (天津紅星美凱龍物流有限公司)	10,083,346.66	-	-	-
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)	10,000,000.00	-	-	-
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)	9,529,332.69	-	353.64	-
Chengdu Red Star Ogloria Brand Management Company Limited (成都紅星歐麗洛雅品牌管理有限公司)	9,500,000.00	-	-	-
Langfang Kaihong Home Living Plaza Company Limited (廊坊市凱宏家居廣場有限公司)	9,327,529.51	-	1,337.50	-
Shanghai Anjia Network Technology Company Limited (上海安家網絡科技有限公司)	9,230,333.33	-	-	-
Shanghai Bencheng Enterprise Management Company Limited (上海賽程企業管理有限公司)	8,294,096.21	-	156,512,835.42	-
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)	7,611,975.66	-	8,104,435.28	-
Shenyang Red Star Macalline Home Furnishing Company Limited (瀋陽紅星美凱龍家居有限公司)	7,519,147.06	-	-	-
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)	7,422,683.33	7,350,000.00	7,422,683.33	7,350,000.00

XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

3. Amounts due from/to related parties (continued)

	2020		2019	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
Shanghai Red Star Ogloria Brand Management Company Limited Zibo Branch (上海紅星歐麗洛雅品牌管理有限公司 濰博分公司)	6,430,000.00	-	-	-
Shanghai Red Star Macalline Exhibition service Company Limited (上海紅星美凱龍展覽服務有限公司)	6,325,570.93	-	98,656,335.42	-
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)	5,589,173.99	-	-	-
Changshu Red Star Macalline Global Home Furnishing Company Limited (常熟紅星美凱龍全球家居有限公司)	5,309,100.00	-	5,958,075.69	-
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)	5,265,234.65	2,029,406.27	5,265,234.65	1,378,169.01
Shanghai Betterhome Decoration Engineering Company Limited (上海家倍得裝飾工程有限公司)	5,097,373.53	-	8,392.55	-
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)	5,054,979.17	-	5,220,520.83	-
Red Star Macalline Chengdu Business Management Company Limited (紅星美凱龍成都商業管理有限公司)	5,000,000.00	-	5,160,341.09	-
Shanghai Hezhu Enterprise Management Partnership (Limited Partnership) (上海合祝企業管理合夥企業(有限合夥))	4,649,555.55	-	4,405,555.55	-

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XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

3. Amounts due from/to related parties (continued)

	2020		2019	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
Shanghai Juzun Enterprise Management Partnership (Limited Partnership) (上海聚尊企業管理合夥企業(有限合夥))	4,649,555.55	-	4,405,555.55	-
Jiangsu Sunan Construction Company Limited (江蘇蘇南建築安裝工程有限公司)	4,601,242.80	-	-	-
Shanghai Ozing Digital Technology Company Limited (上海好記星數碼科技有限公司)	4,500,472.56	-	-	-
Shanghai Macalline Wenshang Business Management Co., Ltd. (上海美凱龍文商商業管理有限公司)	3,954,391.58	-	-	-
Jilin Red Star Macalline Logistics Company Limited (吉林紅星美凱龍物流有限公司)	3,517,790.00	-	42,037,230.00	-
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)	3,064,187.44	-	121,683,010.60	-
Shanghai Lihao Creative Design Co., Ltd. (上海麗浩創意設計有限公司)	2,841,966.66	-	910,950.00	-
Shanghai Jiliang Enterprise Management Partnership (Limited Partnership) (上海集量企業管理合夥企業(有限合夥))	2,324,777.77	-	2,202,777.77	-
Guizhou Red Star Macalline Logistics Company Limited (貴州紅星美凱龍物流有限公司)	1,773,970.32	-	1,484,015.31	-
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)	1,667,228.30	-	1,650,000.00	-

XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

3. Amounts due from/to related parties (continued)

	2020		2019	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
Shanghai Xingyi Tonghui Business Service Company Limited (上海星易通匯商務服務有限公司)	1,652,519.60	-	1,600,000.00	-
Wuhu Red Star Macalline Shimao Furniture Plaza Company Limited Jinghu Branch (蕪湖紅星美凱龍世貿家居廣場有限公司鏡湖分公司)	1,000,000.00	-	-	-
Chengdu Red Star Macalline Xinnan Business Management Company Limited Gaoxin Branch (成都紅星美凱龍新南商業管理有限公司高新分公司)	950,000.00	-	950,000.00	-
Shanghai Red Star Macalline Building Design Company Limited (上海紅星美凱龍建築設計有限公司)	854,635.32	-	-	-
Anhui Tenghui Investment Group Hefei Co., Ltd. (安徽騰輝投資集團合肥有限公司)	500,000.00	34,255.38	-	-
Shanghai Red Star Macalline International Trading Company Limited (上海紅星美凱龍國際貿易有限公司)	372,020.98	-	5,775,611.11	-
Suzhou Xingtong Enterprise Management Consultation Company Limited (宿州星通企業管理諮詢有限公司)	300,000.00	-	-	-
Red Star Macalline Shibo Business Management Co., Ltd. (紅星美凱龍世博商業管理有限公司)	200,000.00	-	-	-
Shanghai Huojing Business Management Company Limited (上海或京商業管理有限公司)	169,870.23	169.87	-	-

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XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

3. Amounts due from/to related parties (continued)

	2020		2019	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
Red Star Macalline Business Management Company Limited (紅星美凱龍商業管理有限公司)	138,861.67	-	-	-
Red Star Macalline Management Consulting Service Co., Ltd. (紅星美凱龍管理諮詢服務有限公司)	50,000.00	-	-	-
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)	20,707.67	-	756,888.00	-
Shanghai Xinghe Zhaipei Home Furnishing Service Company Limited (上海星和宅配家居服務有限公司)	14,360.13	-	-	-
Shanghai Red Star Macalline Brand Management Company Limited Anhui Branch (上海紅星美凱龍品牌管理有限公司安徽分公司)	11,423.01	-	-	-
Shanghai Jiainsuo Investment Holding Company Limited (上海家金所投資控股有限公司)	10,000.00	-	72,135,000.00	-
Khorgos Hongju Corporate Management Co.Ltd. (霍爾果斯紅居企業管理有限公司)	7,466.67	-	-	-
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)	6,536.30	-	-	-
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)	6,080.00	-	535,626.36	-
Shanghai Ersai Enterprise Management Company Limited (上海灝賽企業管理有限公司)	5,221.12	-	5,023.56	-

XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

3. Amounts due from/to related parties (continued)

	2020		2019	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
Shanghai Rongmei Industrial Co., Ltd. (上海榮美實業有限公司)	2,021.51	-	-	-
Yintai (Yongqing) New City Investment Co., Ltd. (銀泰(永清)新城投資有限公司)	-	-	750,385,131.93	-
Shanghai Red Star Macalline Home Decorating Company Limited (上海美凱龍裝飾工程集團有限公司)	-	-	735,393,442.26	-
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)	-	-	350,121,108.65	-
Shanghai Red Star Macalline Assets Management Company Limited (上海紅星美凱龍資產管理有限公司)	-	-	51,116,666.66	-
Shanghai Youmei Home Furnishing Company Limited (上海悠美家居有限公司)	-	-	44,395,456.79	-
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)	-	-	25,000,000.00	-
Shanghai Shanhai Art Furniture Company Limited (上海山海藝術傢俱有限公司)	-	-	21,574,680.63	-
Guangzhou Red Star Macalline Home Furnishing Building Material Company Limited (廣州紅星美凱龍家居建材有限公司)	-	-	5,712,916.67	-
Shanghai Huaixing Culture Company Limited (上海懷星文化發展有限公司)	-	-	5,075,525.00	-
Shanghai Red Star Macalline Commercial Factoring Company Limited (上海紅星美凱龍商業保理有限公司)	-	-	2,744,509.84	-

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XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

3. Amounts due from/to related parties (continued)

	2020		2019	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
Shanghai Red Star Macalline Global Home Furnishing Design Expo Company Limited (上海紅星美凱龍環球家居設計博覽有限公司)	-	-	1,127,607.00	-
Shanghai Mengsheng Industrial Company Limited (上海夢晟實業有限公司)	-	-	672,114.11	-
Foshan Red Star Macalline Home Furnishing Plaza Company Limited (佛山紅星美凱龍家居生活廣場有限公司)	-	-	103,939.17	-
Shanghai Red Star Macalline Brand Management Company Limited Liu'an Yingbin Branch (上海紅星美凱龍品牌管理有限公司六安迎賓分公司)	-	-	5,482.00	-
Changsha Red Star Macalline International Home Furnishing Art Expo Company Limited (長沙紅星美凱龍國際家居藝術博覽中心有限公司)	-	-	4,624.79	-
Total	29,561,440,961.51	535,590,215.46	25,184,733,916.29	528,897,524.70

XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

3. Amounts due from/to related parties (continued)

	2020		2019	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
Dividend receivables				
Red Star Macalline Home Living Mall Management Company Limited (紅星美凱龍家居商場管理有限公司)	1,137,000,000.00	-	1,037,000,000.00	-
Shanghai Xingkai Chengpeng Business Management Company Limited (上海星凱程鵬企業管理有限公司)	1,188,856,949.26	-	608,856,949.26	-
Red Star Macalline Enterprise Management Consulting Co., Ltd. (紅星美凱龍企業管理諮詢有限公司)	150,000,000.00	-	570,000,000.00	-
Red Star Xizhao Investment Company Limited (紅星喜兆投資有限公司)	-	-	360,000,000.00	-
Shanghai Red Star Macalline Global Home Living Company Limited (上海紅星美凱龍全球家居有限公司)	352,000,000.00	-	352,000,000.00	-
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)	-	-	246,000,000.00	-
Shanghai Red Star Macalline Home Furnishing City Company Limited (上海紅星美凱龍裝飾傢俱城有限公司)	-	-	121,440,000.00	-
Nanjing Mingdu Home Living Plaza Company Limited (南京名都家居廣場有限公司)	62,400,000.00	-	62,400,000.00	-

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XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

3. Amounts due from/to related parties (continued)

	2020		2019	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
Changzhou Macalline International Computer and Electronics Furnishing Plaza Company Limited (常州美凱龍國際電腦家電裝飾城有限公司)	-	-	36,000,000.00	-
Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司)	31,000,000.00	-	31,000,000.00	-
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)	8,000,000.00	-	8,000,000.00	-
Shanghai Jisheng Wellborn Global Home Living Brand Management Company Limited (上海吉盛偉邦環球家居品牌管理有限公司)	6,000,000.00	-	6,000,000.00	-
Changsha Red Star Macalline International Home Living Art Expo Company Limited (長沙紅星美凱龍國際家居藝術博覽中心有限公司)	3,000,000.00	-	3,000,000.00	-
	2,938,256,949.26	-	3,441,696,949.26	-

	2020		2019	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
Long-term receivables				
Xiamen Baoxiang Red Star Macalline Home Furnishing Plaza Company Limited (廈門寶象紅星美凱龍家居生活廣場有限公司)	30,043,099.85	300,431.00	25,100,000.00	251,000.00
Hangzhou Red Star Macalline Global Home Living Company Limited (杭州紅星美凱龍環球家居有限公司)	-	-	332,148,745.00	3,321,487.45
	30,043,099.85	300,431.00	357,248,745.00	3,572,487.45

XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

3. Amounts due from/to related parties (continued)

	2020		2019	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
Other non-current assets				
Chengdu Red Star Macalline Real Estate Co., Ltd. (成都紅星美凱龍置業有限公司)	247,705,000.00	-	247,705,000.00	-
Shenzhen Red Star Macalline Business Management Company Limited (深圳紅星美凱龍商業管理有限公司)	4,205,600.00	-	-	-
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)	-	-	331,500,000.00	-
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)	-	-	331,500,000.00	-
Kunming Diken Trading Company Limited (昆明迪肯商貿有限公司)	-	-	179,565,152.35	-
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)	-	-	138,900,000.00	-
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)	-	-	71,236,187.86	712,361.88
	251,910,600.00	-	1,300,406,340.21	712,361.88

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XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

3. Amounts due from/to related parties (continued)

	2020		2019	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
Other current assets				
Xiamen Baoxiang Red Star Macalline Home Furnishing Plaza Company Limited (廈門寶象紅星美凱龍家居生活廣場有限公司)	98,839,000.00	-	-	-
	98,839,000.00	-	-	-

	2020		2019	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
Prepayments				
Shanghai Xingzhiyu Commercial Management Co., Ltd. (上海星之域商業經營管理有限公司)	3,351,717.60	-	-	-
	3,351,717.60	-	-	-

XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

3. Amounts due from/to related parties (continued)

	2020	2019
Other payables		
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)	1,719,183,666.66	1,736,539,571.12
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)	1,634,446,624.60	1,747,619,546.16
Shanghai Shanhai Art Furniture Co., Ltd. (上海山海藝術傢俱有限公司)	1,614,470,508.38	757,430,809.00
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)	1,514,993,353.48	1,022,652,688.52
Shanghai Xinwei Home Purchasing Company Limited (上海新偉置業有限公司)	1,373,963,096.18	5,593,702.97
Jiangsu Sunan Construction Company Limited (江蘇蘇南建築安裝工程有限公司)	1,263,005,303.19	816,041,647.95
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)	1,164,858,681.17	566,515,199.54
Shenyang Red Star Macalline Home Furnishing Company Limited (瀋陽紅星美凱龍家居有限公司)	1,102,856,627.85	1,016,557,487.84
Hong Kong Red Star Macalline Global Home Furnishing Company Limited (香港紅星美凱龍全球家居有限公司)	987,883,139.57	1,020,270,337.58
Changzhou World Furniture and Home Plaza Co., Ltd. (常州世界傢俱家居廣場有限公司)	915,939,313.02	816,187,984.50
Shanghai Red Star Macalline Global Home Furnishing Company Limited (上海紅星美凱龍全球家居有限公司)	880,414,803.91	131,425,441.67
Wuxi Red Star International Home Furnishing Company Limited (無錫紅星美凱龍國際傢俱裝飾有限公司)	833,209,811.79	482,750,135.34
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)	770,453,180.73	583,592,083.34

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XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

3. Amounts due from/to related parties (continued)

	2020	2019
Zhengzhou Red Star Macalline International Home Furnishing Company Limited (鄭州紅星美凱龍國際家居有限公司)	685,300,000.00	608,916,862.38
Red Star Xizhao Investment Company Limited (紅星喜兆投資有限公司)	606,315,826.11	268,500,000.00
Shanghai Red Star Macalline Financial Leasing Company Limited (上海紅星美凱龍融資租賃有限公司)	591,808,583.33	899,855,883.33
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)	573,193,559.98	639,610,861.02
Red Star Macalline Chengdu Business Management Company Limited (紅星美凱龍成都商業管理有限公司)	538,584,774.56	723,299,251.57
Red Star Macalline Enterprise Management and Consultancy Company Limited (紅星美凱龍企業管理諮詢有限公司)	511,057,121.47	718,992,619.84
Changzhou Macalline International Computer and Electronics Furnishing Plaza Company Limited (常州美凱龍國際電腦家電裝飾城有限公司)	460,259,801.59	434,026,657.39
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)	404,802,386.11	350,000,000.00
Shenyang Red Star Macalline Shibo Home Furnishing Company Limited (瀋陽紅星美凱龍世博家居有限公司)	373,992,415.78	390,498,065.90
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)	344,325,031.53	325,714,061.32
Shanghai Red Star Macalline Brand Management Company Limited (上海紅星美凱龍品牌管理有限公司)	229,534,770.35	271,053,188.28
Shanghai Red Star Macalline Global Home Furnishing Design Expo Company Limited (上海紅星美凱龍環球家居設計博覽有限公司)	224,707,633.57	103,700,000.00

XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

3. Amounts due from/to related parties (continued)

	2020	2019
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)	184,808,673.33	121,353,905.56
Shanghai Xingyi Tonghui Business Service Company Limited (上海星易通匯商務服務有限公司)	155,900,889.18	145,606,653.22
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)	145,185,344.24	–
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)	91,937,213.85	–
Hangzhou Red Star Macalline Shibo Furniture Plaza Company Limited (杭州紅星美凱龍世博家居有限公司)	88,211,566.67	38,446,477.78
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)	86,297,366.67	54,281,538.89
Red Star Ogloria Enterprise Management Company Limited (紅星歐麗洛雅企業管理有限公司)	82,197,792.32	50,653,461.14
Chongqing Liangjiang New Area Red Star Macalline Business Management Co., Ltd. (重慶兩江新區紅星美凱龍商業管理有限公司)	80,173,861.11	–
Shanghai Red Star Macalline Business Consulting Company Limited (上海紅星美凱龍商務諮詢有限公司)	76,277,142.54	61,625,710.29
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)	64,561,265.16	–
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)	64,324,065.29	107,328,862.05
Chengdu Red Star Ogloria Brand Management Company Limited (成都紅星歐麗洛雅品牌管理有限公司)	63,464,031.79	78,993,975.99

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XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

3. Amounts due from/to related parties (continued)

	2020	2019
Red Star Macalline Business Management Company Limited (紅星美凱龍商業管理有限公司)	60,361,138.33	-
Shanghai Xingyijia Business Management Company Limited (上海星藝佳商業管理有限公司)	55,693,041.67	-
Shanghai Jiajinsuo Financial Technology Information Services Company Limited (上海家金所金融科技信息服務有限公司)	50,139,027.78	-
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)	43,390,761.76	17,561,573.89
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)	42,937,022.22	18,050,750.00
Xinsheng Property Management (Shanghai) Co., Ltd. (鑫笙物業管理(上海)有限公司)	30,167,750.00	-
Shanghai Red Star Macalline Commercial Factoring Company Limited (上海紅星美凱龍商業保理有限公司)	29,970,463.89	-
Nanjing Red Star International Home Furnishing Mall Company Limited (南京紅星國際傢俱裝飾城有限公司)	27,000,000.00	27,000,000.00
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)	21,116,372.67	99,227,304.00
Shanghai Red Star Macalline Assets Management Company Limited (上海紅星美凱龍資產管理有限公司)	20,007,333.33	-
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)	16,000,000.00	10,000,000.00
Shanghai Macalline Xinghe Asset Management Company Limited (上海美凱龍星荷資產管理有限公司)	15,049,625.00	15,175,208.34

XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

3. Amounts due from/to related parties (continued)

	2020	2019
Lianyungang Red Star International Home Furnishing Plaza Company Limited (連雲港紅星美凱龍國際家居廣場有限公司)	13,579,225.55	13,692,598.59
Shanghai Hongmei E-commerce Company Limited (上海紅星美凱龍家居品會電子商務有限公司)	12,037,338.89	–
Shanghai Red Star Macalline Kaiheng Household Company Limited (上海紅星美凱龍楷恒家居有限公司)	9,626,693.33	20,222,994.44
Beijing Red Star Macalline Furnishing Market Company Limited (北京紅星美凱龍家居市場有限公司)	8,009,319.44	–
Longzhihui (Shanghai) Facility Management Services Company Limited (龍之惠(上海)設施管理服務有限公司)	7,013,963.89	–
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)	7,000,000.00	–
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)	4,773,404.66	–
Langfang Kaihong Home Living Plaza Company Limited (廊坊市凱宏家居廣場有限公司)	4,132,133.70	3,934,913.21
Shanghai Red Star Macalline Brand Management Company Limited Kunming Branch (上海紅星美凱龍品牌管理有限公司包頭分公司)	2,011,183.33	2,022,305.55
Shanghai Mengsheng Industrial Company Limited (上海夢晟實業有限公司)	1,984,502.72	3,079,000.00
Changsha Red Star Macalline International Home Furnishing Art Expo Company Limited (長沙紅星美凱龍國際家居藝術博覽中心有限公司)	773,404.66	–
Shanghai Red Star Macalline Brand Management Company Limited Baotou Branch (上海紅星美凱龍品牌管理有限公司包頭分公司)	500,000.00	500,000.00
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)	–	191,899,724.09

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XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

3. Amounts due from/to related parties (continued)

	2020	2019
Shanghai Red Star Macalline Building Design Company Limited (上海紅星美凱龍建築設計有限公司)	–	122,503,409.12
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)	–	116,467,423.29
Chongqing Xingkaike Home Furnishing Company Limited (重慶星凱科家居有限公司)	–	47,804,429.86
Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司)	–	41,437,944.45
Red Star Macalline Home Furnishing Mall Management Company Limited (紅星美凱龍家居商場管理有限公司)	–	37,991,000.00
Shenyudao Cultural Tourism Holding Co., Ltd. (神玉島文化旅遊控股股份有限公司)	–	25,600,000.00
Shanghai Xingyijia Business Management Company Limited (上海星藝佳商業管理有限公司) and its branches	–	20,613,750.00
Shanghai Anjia Network Technology Company Limited (上海安家網絡科技有限公司)	–	15,263,079.24
Beijing Macalline Home Furnishing Material Market Company Limited (北京美凱龍傢俱建材市場有限公司)	–	10,000,000.00
Shanghai Interface Marketing Planning Co., Ltd. (上海英太翡思營銷策劃有限公司)	–	2,021,298.65
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)	–	1,478,248.38
Nanjing Mingdu Home Furnishing Plaza Company Limited (南京名都家居廣場有限公司)	–	1,067,684.27
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)	–	745,202.78

XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

3. Amounts due from/to related parties (continued)

	2020	2019
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)	–	716,463.55
Shanghai Xingkai Chengpeng Business Management Company Limited (上海星凱程鵬企業管理有限公司)	–	294,139.95
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)	–	157,866.67
Shanghai Betterhome Decoration Engineering Company Limited (上海家倍得裝飾工程有限公司)	–	53,300.00
Shanghai Red Star Macalline Xinglong Home Furnish Company Limited (上海紅星美凱龍星龍家居有限公司)	–	45,818.99
	22,986,172,933.88	17,962,262,102.79

APPENDIX A – FORM OF IRREVOCABLE STANDBY LETTER OF CREDIT

FM: BANK OF SHANGHAI CO., LTD., BEIJING BRANCH (SWIFT: BOSHCNSHBJA)

ADDRESS: NO. C12 JIANGUOMENWAI ST. CHAOYANG DISTRICT, BEIJING, CHINA

DATE: 26 AUGUST 2022

TO BENEFICIARY: CITICORP INTERNATIONAL LIMITED (SWIFT: CITIHKHX, FACSIMILE NUMBER: +852 2621 3183) (“**YOU**” OR THE “**BENEFICIARY**”) IN ITS CAPACITY AS TRUSTEE (THE “**TRUSTEE**”, WHICH EXPRESSION SHALL INCLUDE ANY SUCCESSOR OR CO-TRUSTEE) FOR ITSELF AND ON BEHALF OF THE HOLDERS (THE “**BONDHOLDERS**”) OF THE U.S.\$249,700,000 IN AGGREGATE PRINCIPAL AMOUNT OF 5.20 PER CENT. CREDIT ENHANCED BONDS DUE 2025 (THE “**BONDS**”) (ISIN: XS2516930489/COMMON CODE: 251693048), TO BE ISSUED BY RED STAR MACALLINE GROUP CORPORATION LTD. (紅星美凱龍家居集團股份有限公司) (THE “**BOND ISSUER**”) AND TO BE CONSTITUTED BY A TRUST DEED DATED 26 AUGUST 2022 (THE “**BOND ISSUE DATE**”) BETWEEN THE BOND ISSUER AND THE TRUSTEE (AS FURTHER AMENDED OR SUPPLEMENTED OR MODIFIED FROM TIME TO TIME, THE “**TRUST DEED**”).

DEAR SIRs,

RE: OUR IRREVOCABLE STANDBY LETTER OF CREDIT NO. *[NUMBER]*

AT THE REQUEST OF THE BOND ISSUER, WE, BANK OF SHANGHAI CO., LTD., BEIJING BRANCH (THE “**ISSUING BANK**”, “**OUR**”, “**US**” OR “**WE**”), HEREBY ISSUE OUR IRREVOCABLE STANDBY LETTER OF CREDIT NO. *[NUMBER]* IN YOUR FAVOUR, AND FOR THE ACCOUNT OF THE BOND ISSUER IN RESPECT OF AND IN CONNECTION WITH (1) THE TERMS AND CONDITIONS OF THE BONDS SCHEDULED TO THE TRUST DEED (THE “**CONDITIONS**”) AND (2) THE TRUST DEED. THIS IRREVOCABLE STANDBY LETTER OF CREDIT IS MADE AVAILABLE BY US FOR PAYMENT AGAINST OUR RECEIPT OF A DEMAND SUBSTANTIALLY IN THE FORM SET OUT IN APPENDIX A-1 (A “**DEMAND**”) PRESENTED IN ACCORDANCE WITH THIS IRREVOCABLE STANDBY LETTER OF CREDIT STATING THAT (A) THE BOND ISSUER HAS FAILED TO COMPLY WITH CONDITION 4.2 OF THE BONDS IN RELATION TO PRE-FUNDING THE AMOUNT THAT IS REQUIRED TO BE PRE-FUNDED UNDER THE CONDITIONS AND/OR HAS FAILED TO PROVIDE THE REQUIRED CONFIRMATIONS (AS DEFINED IN THE CONDITIONS) IN ACCORDANCE WITH CONDITION 4.2 OF THE BONDS OR (B) AN EVENT OF DEFAULT (AS DEFINED IN CONDITION 10 OF THE BONDS) HAS OCCURRED AND THE TRUSTEE, HAS GIVEN NOTICE TO THE BOND ISSUER THAT THE BONDS ARE IMMEDIATELY DUE AND PAYABLE IN ACCORDANCE WITH CONDITION 10 OF THE BONDS.

SUBJECT TO THE TERMS OF THIS IRREVOCABLE STANDBY LETTER OF CREDIT, WE UNCONDITIONALLY AND IRREVOCABLY UNDERTAKE TO YOU THAT, ON AND AFTER THE BOND ISSUE DATE AND FOLLOWING RECEIPT BY US OF A DEMAND BY 6:00 P.M. (HONG KONG TIME) PRESENTED BY YOU OR ON YOUR BEHALF IN RELATION TO THIS IRREVOCABLE STANDBY LETTER OF CREDIT ON A BUSINESS DAY, WE SHALL BY 10:00 A.M. (HONG KONG TIME) ON THE FOURTH BUSINESS DAY (OR, IF A DEMAND IS RECEIVED AFTER 6:00 P.M. (HONG KONG TIME) ON A BUSINESS DAY, THEN BY 10:00 A.M. (HONG KONG TIME) ON THE FIFTH BUSINESS DAY) AFTER SUCH BUSINESS DAY PAY TO,

OR TO THE ORDER OF, THE BENEFICIARY THE AMOUNT IN U.S. DOLLARS SPECIFIED IN THE DEMAND TO THE ACCOUNT SPECIFIED IN THE DEMAND. "BUSINESS DAY" MEANS A DAY (OTHER THAN A SATURDAY, A SUNDAY OR A PUBLIC HOLIDAY) ON WHICH BANKS ARE OPEN FOR BUSINESS IN HONG KONG, BEIJING, LONDON AND NEW YORK CITY.

SUBJECT TO THE TERMS OF THIS IRREVOCABLE STANDBY LETTER OF CREDIT, OUR OBLIGATION TO PAY YOU IS UNCONDITIONAL AND ABSOLUTE AND ANY DEMAND BY YOU UNDER THIS IRREVOCABLE STANDBY LETTER OF CREDIT SHALL BE HONOURED WITHOUT ANY FURTHER ENQUIRY AS TO YOUR RIGHTS TO MAKE SUCH DEMAND.

OUR AGGREGATE LIABILITY UNDER THIS IRREVOCABLE STANDBY LETTER OF CREDIT SHALL BE EXPRESSED AND PAYABLE IN U.S. DOLLARS AND SHALL NOT IN ANY CIRCUMSTANCES EXCEED U.S.\$257,192,200 (THE "MAXIMUM LIMIT"), WHICH INCLUDES AN AMOUNT REPRESENTING THE AGGREGATE PRINCIPAL AMOUNT OF THE BONDS PLUS THE AMOUNT OF INTEREST PAYABLE IN RESPECT OF ONE INTEREST PERIOD IN ACCORDANCE WITH THE CONDITIONS, AND AN AMOUNT OF U.S.\$1,000,000 BEING THE MAXIMUM AMOUNT PAYABLE UNDER THIS IRREVOCABLE STANDBY LETTER OF CREDIT FOR ALL FEES, COSTS, EXPENSES, INDEMNITY PAYMENTS AND ALL OTHER AMOUNTS PAYABLE TO THE TRUSTEE IN CONNECTION WITH THE BONDS, THE TRUST DEED, THE AGENCY AGREEMENT (AS DEFINED IN THE CONDITIONS) AND/OR ANY OTHER TRANSACTION DOCUMENT RELATING TO THE BONDS.

THIS IRREVOCABLE STANDBY LETTER OF CREDIT TAKES EFFECT FROM THE DATE HEREOF AND SHALL REMAIN VALID AND IN FULL FORCE UNTIL 5:00 P.M. (HONG KONG TIME) ON 26 SEPTEMBER 2025 (THE "EXPIRY DATE") AND SHALL EXPIRE AT THE COUNTERS OF THE ISSUING BANK. THIS IRREVOCABLE STANDBY LETTER OF CREDIT WILL BECOME NULL AND VOID UPON EXPIRY WHETHER THE ORIGINAL STANDBY LETTER OF CREDIT HAS BEEN RETURNED TO US OR NOT.

PAYMENT WILL BE EFFECTED AFTER OUR RECEIPT OF A DEMAND PRESENTED IN ACCORDANCE WITH THIS IRREVOCABLE STANDBY LETTER OF CREDIT, WHICH IS PRESENTED ON OR AFTER THE BOND ISSUE DATE AND ON OR BEFORE 5:00 P.M. (HONG KONG TIME) ON THE EXPIRY DATE.

ANY DEMAND UNDER THIS IRREVOCABLE STANDBY LETTER OF CREDIT IS TO BE PRESENTED TO US BY WAY OF AN AUTHENTICATED SWIFT PRESENTED BY OR ON BEHALF OF THE TRUSTEE TO US (SWIFT: BOSH CNSHBJA) WITHOUT THE NEED TO PHYSICALLY PRESENT AN ORIGINAL OF THAT DEMAND AT OUR COUNTER; PROVIDED THAT IN THE EVENT THAT THE SWIFT SYSTEM IS NOT AVAILABLE FOR ANY REASON, THE TRUSTEE MAY INSTEAD PRESENT A DEMAND TO US VIA FACSIMILE TRANSMISSION AT +86 10-57610044 DURING OUR NORMAL BRANCH OPENING HOURS ON OR AFTER THE BOND ISSUE DATE AND ON OR BEFORE THE EXPIRY DATE. NEITHER THE ORIGINAL OF THE DEMAND SO PRESENTED NOR OF ANY OTHER DOCUMENTATION SHALL BE REQUIRED TO BE PHYSICALLY PRESENTED.

ONLY ONE DRAWING UNDER THIS IRREVOCABLE STANDBY LETTER OF CREDIT IS PERMITTED.

ALL CHARGES ARE FOR THE ACCOUNT OF THE BOND ISSUER AND, FOR THE AVOIDANCE OF DOUBT, ARE NOT FOR THE ACCOUNT OF THE TRUSTEE.

SHOULD ANY DEDUCTION OR WITHHOLDING ON ACCOUNT OF TAX, SET-OFF OR OTHERWISE BE REQUIRED, NOTWITHSTANDING THE MAXIMUM LIMIT, ALL PAYMENTS UNDER THIS IRREVOCABLE STANDBY LETTER OF CREDIT SHALL BE MADE IN U.S. DOLLARS AND FOR VALUE ON THE DATE SPECIFIED IN THE DEMAND IN IMMEDIATELY AVAILABLE FUNDS WITHOUT ANY DEDUCTION OR WITHHOLDING ON ACCOUNT OF TAX, SET-OFF, COUNTER-CLAIM OR OTHERWISE. IN THE EVENT THAT ANY DEDUCTION OR WITHHOLDING IS REQUIRED BY LAW, THE ISSUING BANK SHALL PAY SUCH ADDITIONAL AMOUNTS AS WILL RESULT IN RECEIPT BY THE TRUSTEE FOR THE BONDHOLDERS OF SUCH AMOUNTS AS WOULD HAVE BEEN RECEIVED BY IT HAD NO SUCH DEDUCTION OR WITHHOLDING BEEN SO REQUIRED BY LAW.

THE TRUSTEE'S RIGHTS UNDER THIS IRREVOCABLE STANDBY LETTER OF CREDIT MAY BE TRANSFERRED OR RE-TRANSFERRED IN WHOLE OR IN PART TO ANY ADDITIONAL OR REPLACEMENT TRUSTEE APPOINTED IN RESPECT OF THE BONDS IN ACCORDANCE WITH THE TRUST DEED SUBJECT ONLY TO AT LEAST 15 BUSINESS DAYS' NOTICE HAVING BEEN GIVEN TO US BY OR ON BEHALF OF YOU AS TRUSTEE FOR THE BONDHOLDERS BY AUTHENTICATED SWIFT OR IN THE EVENT THAT THE SWIFT SYSTEM IS NOT AVAILABLE FOR ANY REASON VIA FACSIMILE TRANSMISSION TO US AT +86 10-57610044. WE SHALL, ACTING REASONABLY, EFFECT THE TRANSFER.

WE MAY NOT TRANSFER OR NOVATE ANY OF OUR OBLIGATIONS UNDER THIS IRREVOCABLE STANDBY LETTER OF CREDIT.

NOTWITHSTANDING THE FOREGOING PROVISIONS OF THIS IRREVOCABLE STANDBY LETTER OF CREDIT, INCLUDING WITHOUT LIMITATION ARTICLE 29 AND ARTICLE 36 OF UCP600 (AS DEFINED BELOW), IN THE UNEXPECTED EVENT THAT WE ARE CLOSED FOR ANY REASON, INCLUDING WITHOUT LIMITATION THE COVID-19 PANDEMIC, WHICH IS A BUSINESS DAY OR SWIFT IS UNAVAILABLE WHEN THE TRUSTEE WISHES TO PRESENT A DEMAND HEREUNDER ON THE DAY AND AT THE TIME A DEMAND IS ABLE TO BE PRESENTED IN ACCORDANCE WITH THIS IRREVOCABLE STANDBY LETTER OF CREDIT, WE AGREE THAT THE TRUSTEE CAN PRESENT THE DEMAND BY AUTHENTICATED SWIFT OR VIA FACSIMILE TRANSMISSION TO US AT +86 10-57610044. FROM THE DATE ON WHICH WE NOTIFY YOU OF OUR RESUMPTION OF OUR BUSINESS OR, IN THE CASE OF UNAVAILABILITY OF SWIFT, THE DATE ON WHICH SWIFT BECOMES AVAILABLE; PROVIDED THAT IF WE ARE CLOSED ON THE EXPIRY DATE FOR ANY REASON, INCLUDING WITHOUT LIMITATION THE COVID-19 PANDEMIC, WHICH IS A BUSINESS DAY, SUCH PRESENTATION SHALL BE MADE WITHIN FIVE BUSINESS DAYS AFTER THE DATE ON WHICH WE NOTIFY YOU OF THE RESUMPTION OF OUR BUSINESS.

ANY SETTLEMENT OR DISCHARGE OF OUR OBLIGATIONS UNDER THIS IRREVOCABLE STANDBY LETTER OF CREDIT SHALL BE CONDITIONAL UPON PAYMENT TO THE TRUSTEE OR TO THE HOLDERS OF THE BONDS BY THE BOND ISSUER OR ANY OTHER PERSON ON BEHALF OF THE BOND ISSUER NOT BEING AVOIDED (BY VIRTUE OF ANY LAWS RELATING TO BANKRUPTCY, INSOLVENCY, LIQUIDATION OR SIMILAR LAWS OF GENERAL APPLICATION FOR THE TIME BEING IN FORCE). IN THE EVENT OF ANY SUCH PAYMENT BEING SO AVOIDED, THE TRUSTEE SHALL BE ENTITLED TO RECOVER THE AMOUNT BY WHICH SUCH PAYMENT IS SO AVOIDED FROM US SUBSEQUENTLY AS IF SUCH SETTLEMENT OR DISCHARGE HAD NOT OCCURRED.

EXCEPT TO THE EXTENT IT IS INCONSISTENT WITH THE EXPRESS TERMS OF THIS IRREVOCABLE STANDBY LETTER OF CREDIT, THIS IRREVOCABLE STANDBY LETTER OF CREDIT IS SUBJECT TO THE UNIFORM CUSTOMS AND PRACTICE FOR DOCUMENTARY CREDITS (2007 REVISION), INTERNATIONAL CHAMBER OF COMMERCE PUBLICATION NO. 600 (“**UCP600**”).

WE HAVE IRREVOCABLY APPOINTED BOSC INTERNATIONAL COMPANY LIMITED AT 34/F, CHAMPION TOWER, 3 GARDEN ROAD, CENTRAL, HONG KONG AS OUR PROCESS AGENT IN HONG KONG TO RECEIVE SERVICE OF PROCESS IN ANY LEGAL ACTION OR PROCEEDINGS ARISING OUT OF OR IN CONNECTION WITH THIS IRREVOCABLE STANDBY LETTER OF CREDIT IN HONG KONG. IF FOR ANY REASON WE CEASE TO HAVE SUCH A PROCESS AGENT IN HONG KONG, WE WILL PROMPTLY APPOINT A SUBSTITUTE PROCESS AGENT AND NOTIFY THE BENEFICIARY OF SUCH APPOINTMENT WITHIN 30 DAYS OF SUCH CESSATION. NOTHING HEREIN SHALL AFFECT THE RIGHT TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY LAW.

THIS IRREVOCABLE STANDBY LETTER OF CREDIT, AND ANY NON-CONTRACTUAL OBLIGATIONS ARISING OUT OF OR IN CONNECTION WITH IT, IS GOVERNED BY ENGLISH LAW. THE COURTS OF HONG KONG SHALL HAVE EXCLUSIVE JURISDICTION TO SETTLE ANY DISPUTE ARISING OUT OF OR IN CONNECTION WITH THIS IRREVOCABLE STANDBY LETTER OF CREDIT.

THIS CABLE IS AN OPERATIVE INSTRUMENT AND NO MAIL CONFIRMATION WILL FOLLOW.

APPENDIX A-1 – FORM OF DEMAND

TO: BANK OF SHANGHAI CO., LTD., BEIJING BRANCH (SWIFT: BOSHCNSHBJA)

ADDRESS: NO. C12 JIANGUOMENWAI ST. CHAOYANG DISTRICT, BEIJING, CHINA

[DATE]

DEAR SIRs,

RE: DEMAND UNDER THE IRREVOCABLE STANDBY LETTER OF CREDIT NO. [NUMBER] IN RESPECT OF (1) THE TERMS AND CONDITIONS (THE “CONDITIONS”) OF THE U.S.\$249,700,000 IN AGGREGATE PRINCIPAL AMOUNT OF 5.20 PER CENT. CREDIT ENHANCED BONDS DUE 2025 (THE “BONDS”), SUCH CONDITIONS BEING SCHEDULED TO THE TRUST DEED DATED 26 AUGUST 2022 AMONG RED STAR MACALLINE GROUP CORPORATION LTD. (紅星美凱龍家居集團股份有限公司) (THE “BOND ISSUER”) AND CITICORP INTERNATIONAL LIMITED (THE “TRUSTEE”) (AS FURTHER AMENDED OR SUPPLEMENTED OR MODIFIED FROM TIME TO TIME, THE “TRUST DEED”) AND (2) THE TRUST DEED.

THIS DEMAND IS MADE BY CITICORP INTERNATIONAL LIMITED UNDER YOUR IRREVOCABLE STANDBY LETTER OF CREDIT NO. [NUMBER] (THE “**IRREVOCABLE STANDBY LETTER OF CREDIT**”). TERMS USED HEREIN WHICH ARE NOT DEFINED SHALL HAVE THE MEANINGS GIVEN TO THEM IN THE IRREVOCABLE STANDBY LETTER OF CREDIT.

1 THIS DEMAND IS MADE IN CONNECTION WITH THE FOLLOWING:

[DELETE INAPPROPRIATE PARAGRAPHS TO SHOW REASON FOR THE DEMAND]

- THE BOND ISSUER HAS FAILED TO COMPLY WITH CONDITION 4.2 OF THE BONDS IN RELATION TO PRE-FUNDING THE AMOUNT THAT IS REQUIRED TO BE PRE-FUNDED UNDER THE CONDITIONS OF THE BONDS AND/OR HAS FAILED TO PROVIDE THE REQUIRED CONFIRMATIONS (AS DEFINED IN THE CONDITIONS OF THE BONDS) IN ACCORDANCE WITH CONDITION 4.2 OF THE BONDS.

- AN EVENT OF DEFAULT (AS DEFINED IN CONDITION 10 OF THE BONDS) HAS OCCURRED AND THE TRUSTEE HAS GIVEN NOTICE TO THE BOND ISSUER THAT THE BONDS ARE IMMEDIATELY DUE AND PAYABLE IN ACCORDANCE WITH CONDITION 10 OF THE BONDS.

2 WE HEREBY DEMAND YOU TO PAY U.S.\$[AMOUNT] REPRESENTING:

- INTEREST AND/OR PRINCIPAL DUE IN RESPECT OF THE BONDS AND/OR UNPAID FEES, COSTS, EXPENSES, INDEMNITY PAYMENTS AND OTHER AMOUNTS PAYABLE TO THE TRUSTEE IN CONNECTION WITH THE BONDS, THE TRUST DEED, THE AGENCY AGREEMENT (AS DEFINED IN THE CONDITIONS OF THE BONDS) AND/OR ANY OTHER TRANSACTION DOCUMENT RELATING TO THE BONDS.

3 WE HEREBY REQUEST YOU TO PAY THE ABOVE AMOUNTS (IN AGGREGATE U.S.\$[AMOUNT]) AFTER YOU RECEIVE THIS DEMAND IN ACCORDANCE WITH THE IRREVOCABLE STANDBY LETTER OF CREDIT.

4 THE PROCEEDS OF THE DRAWING UNDER THIS DEMAND ARE TO BE CREDITED TO THE FOLLOWING ACCOUNT:

[INSERT ACCOUNT DETAILS]

FOR AND ON BEHALF OF

CITICORP INTERNATIONAL LIMITED

AS BENEFICIARY

BY: _____

NAME: _____

TITLE: _____

ISSUER

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

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

PRINCIPAL PAYING AGENT AND TRANSFER AGENT

**Citibank, N.A., London
Branch**
Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB
United Kingdom

TRUSTEE AND REGISTRAR

**Citicorp International
Limited**
20th Floor, Citi Tower
One Bay East
83 Hoi Bun Road
Kwun Tong, Kowloon
Hong Kong

LC PROCEEDS ACCOUNT BANK AND PREFUNDING ACCOUNT BANK

**Citibank, N.A., Hong Kong
Branch**
9th Floor, Citi Tower
One Bay East
83 Hoi Bun Road
Kwun Tong, Kowloon
Hong Kong

LEGAL ADVISORS TO THE ISSUER

As to Hong Kong and English law
Davis Polk & Wardwell
18/F, The Hong Kong Club Building
3A Chater Road
Hong Kong

As to PRC law
Llinks Law Offices
19/F One Lujiazui
68 Yin Cheng Road Middle
Shanghai 200120
PRC

LEGAL ADVISORS TO THE JOINT LEAD MANAGERS

As to Hong Kong and English law
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27th Floor, Jardine House
One Connaught Place
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As to PRC law
Commerce & Finance Law Offices
6/F NCI Tower
A12 Jianguomenwai Avenue
Chaoyang District
Beijing
PRC

LEGAL ADVISOR TO THE TRUSTEE

As to English Law
Herbert Smith Freehills
23rd Floor
Gloucester Tower
15 Queen's Road Central
Hong Kong

INDEPENDENT AUDITORS OF THE COMPANY

Ernst & Young Hua Ming LLP
Level 16, Ernst & Young Tower
Oriental Plaza, No. 1 East Changan Ave.
Dongcheng District
Beijing, the PRC