



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

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



2022

INTERIM REPORT

Contents

| | |
|---|----|
| Corporate Information | 2 |
| Financial and Operational Highlights | 4 |
| Management Discussion and Analysis | 6 |
| Corporate Governance and Other Information | 55 |
| Consolidated Balance Sheet | 67 |
| Consolidated Income Statement | 72 |
| Consolidated Cash Flow Statement | 75 |
| Consolidated Statement of Changes in Owners' Equity | 78 |
| Company's Balance Sheet | 82 |
| Company's Income Statement | 85 |
| Company's Cash Flow Statement | 87 |
| Statement of Changes in Owners' Equity of the Company | 89 |
| Notes to the Financial Statements | 93 |



Corporate Information

BOARD OF DIRECTORS

The board (the “**Board**”) of directors (the “**Director(s)**”) of the Company comprises the following Directors:

Executive Directors

Mr. CHE Jianxing (*Chairman*)
Mr. GUO Binghe (*Vice Chairman*)
Ms. CHE Jianfang
Mr. JIANG Xiaozhong

Non-executive Directors

Ms. CHEN Shuhong
Mr. CHEN Zhaohui
Mr. JIANG Xiangyu
Ms. HU Xiao
Mr. YANG Guang

Independent Non-executive Directors

Mr. QIAN Shizheng
Mr. LEE Kwan Hung, Eddie
Mr. WANG Xiao
Ms. ZHAO Chongyi
Ms. QIN Hong

SUPERVISORS

Mr. PAN Ning (*Chairman*)
Ms. CHAO Yanpin
Mr. CHEN Gang
Mr. ZHENG Hongtao

AUDIT COMMITTEE

Mr. QIAN Shizheng (*Chairman*)
Mr. LEE Kwan Hung, Eddie
Mr. WANG Xiao

REMUNERATION AND EVALUATION COMMITTEE

Mr. QIAN Shizheng (*Chairman*)
Mr. CHE Jianxing
Mr. WANG Xiao

NOMINATION COMMITTEE

Mr. LEE Kwan Hung, Eddie (*Chairman*)
Mr. CHE Jianxing
Ms. ZHAO Chongyi

STRATEGY AND INVESTMENT COMMITTEE

Mr. CHE Jianxing (*Chairman*)
Mr. GUO Binghe
Mr. JIANG Xiaozhong
Ms. ZHAO Chongyi
Ms. QIN Hong
Ms. HU Xiao

JOINT COMPANY SECRETARIES

Ms. QIU Zhe
Ms. NG Sau Mei

AUTHORIZED REPRESENTATIVES

Mr. CHE Jianxing
Ms. QIU Zhe

REGISTERED OFFICE

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

HEADQUARTERS IN THE PRC

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

H SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wan Chai, Hong Kong

LEGAL ADVISORS

As to Hong Kong and the United States law

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

As to the PRC law

Llinks Law Offices
19/F One Lujiazui
68 Yin Cheng Road Middle
Shanghai 200120
The PRC

AUDITOR

Ernst & Young Hua Ming LLP
Level 16, Ernst & Young Tower, Oriental Plaza
No.1 East Changan Ave., Dongcheng District
Beijing
The PRC

PRINCIPAL BANKS

Industrial and Commercial Bank of China

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

Minsheng Bank

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

Bank of Communications

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

STOCK CODES

Hong Kong Stock Exchange: 1528
Shanghai Stock Exchange: 601828

COMPANY'S WEBSITE

www.chinaredstar.com

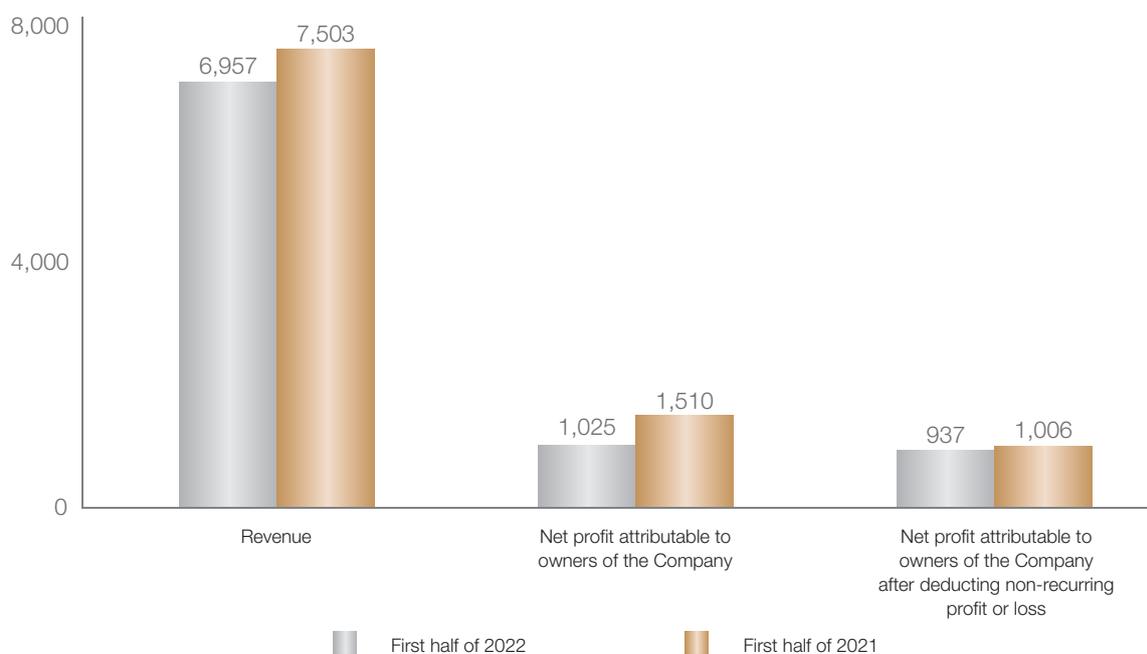
Financial and Operational Highlights

FINANCIAL HIGHLIGHTS

| | Six months ended 30 June | |
|--|---|---------------------|
| | 2022 (RMB'000, except otherwise stated) (Unaudited) | 2021 (Unaudited) |
| Revenue | 6,956,620 | 7,502,597 |
| Gross profit | 4,336,786 | 4,770,970 |
| Gross profit margin | 62.3% | 63.6% |
| Net profit | 975,948 | 1,644,912 |
| Net profit attributable to owners of the Company | 1,025,091 | 1,509,667 |
| Net profit margin attributable to owners of the Company | 14.7% | 20.1% |
| Net profit attributable to owners of the Company after deducting non-recurring profit or loss | 936,699 | 1,006,018 |
| Net profit margin attributable to owners of the Company after deducting non-recurring profit or loss | 13.5% | 13.4% |
| Earnings per share | RMB0.24 | RMB0.39 |

Key Financial Performance Indicators

RMB in million



Financial and Operational Highlights

OPERATIONAL HIGHLIGHTS

The following table sets forth certain operation data of Portfolio Shopping Malls⁽¹⁾ and Managed Shopping Malls⁽¹⁾ in operation as of the dates indicated:

| | As at 30 June 2022 | As at 31 December 2021 |
|---|--------------------------|------------------------------|
| Number of shopping malls | 374 | 373 |
| Operating area of shopping malls (<i>sq.m.</i>) | 22,270,040 | 22,303,548 |
| Number of cities covered | 224 | 224 |
| Number of Portfolio Shopping Malls | 94 | 95 |
| Operating area of Portfolio Shopping Malls (<i>sq.m.</i>) | 8,384,333 | 8,455,486 |
| Average occupancy rate of Portfolio Shopping Malls | 92.1% | 94.1% |
| Number of Managed Shopping Malls | 280 | 278 |
| Operating area of Managed Shopping Malls (<i>sq.m.</i>) | 13,885,707 | 13,848,062 |
| Average occupancy rate of Managed Shopping Malls | 90.1% | 91.4% |

Note: (1) See definitions in the 2021 annual report of the Company.

Management Discussion and Analysis

I. OVERVIEW

During the Reporting Period, the Group continued to focus on the strategic positioning of growing into an “omni-channel platform service provider for the pan-home improvement and furnishings industry”, and actively seized market development opportunities, aiming to enhance its delivery capabilities of home decoration design and its capabilities of online and offline traffic conversion, thereby providing customers with more personalized and high-quality home decoration services and a shopping experience closer to the needs of end consumers by using its original home furnishing shopping malls channel capabilities, strong supply chain integration capabilities and home furnishing industry operating experience accumulated over the years and leveraging its own home decoration business management platform and IMP intelligent marketing platform. Meanwhile, in terms of the business model, while maintaining the healthy growth of its Portfolio Shopping Malls, the Company continuously consolidated its core advantages, and improved its refinement of the operation and the management of platform, and made a shift from capital leveraging to management enablement.

As of the end of the Reporting Period, the Group operated 94 Portfolio Shopping Malls, 280 Managed Shopping Malls, 10 home furnishing shopping malls through strategic cooperation⁽¹⁾, and 59 franchised home improvement material projects⁽²⁾, which included a total of 475 home improvement material stores/industry streets⁽³⁾. The Portfolio Shopping Malls and Managed Shopping Malls that we operated cover 224 cities in 30 provinces, municipalities and autonomous regions, with a total shopping mall operating area of 22,270,040 sq.m. In the future, the Company will continue to pursue the long-term development goal of becoming the most advanced and professional “omni-channel platform service provider for the pan-home improvement and furnishings industry” in China.

I. OVERVIEW (continued)

During the Reporting Period, the Group achieved a revenue of RMB6,956.6 million, representing a decrease of 7.3% as compared with RMB7,502.6 million for the same period in 2021. Gross profit margin slightly decreased from 63.6% for the six months ended 30 June 2021 to 62.3% for the six months ended 30 June 2022. During the Reporting Period, net profit attributable to owners of the Company after deducting non-recurring profit or loss amounted to RMB936.7 million, representing a decrease of 6.9% as compared with RMB1,006.0 million for the same period in 2021. As of the end of the Reporting Period, the Group's cash and bank balances amounted to RMB6,134.6 million, representing a decrease of 11.1% as compared with RMB6,903.7 million as at the end of 2021. As of the end of the Reporting Period, the net gearing ratio⁽⁴⁾ of the Group decreased from 56.7% as at the end of 2021 to 54.4%.

- Notes:*
- (1) The Company held 46.5% of equity interests in Shandong Inzone Green Home Co., Ltd. (山東銀座家居有限公司), and became one of its largest shareholders ranked pari passu with Shandong Commercial Group Co., Ltd. (山東省商業集團有限公司). As of 30 June 2022, Shandong Inzone Green Home Co., Ltd. and its controlling subsidiaries operated 10 home furnishing shopping malls in total in the PRC. Shopping malls through strategic cooperation refer to the home furnishing shopping malls which, based on strategic objectives considered by the Company, were jointly invested, held and co-operated by the Group and its cooperation partners.
 - (2) Franchised home improvement material projects represent the home improvement material stores and home improvement material industry streets operated by the Group by way of franchising. For such franchised home improvement material stores/industry streets, the Group will not participate in the daily operation and management after commencement of the projects.
 - (3) For home improvement material stores/industry streets, the Group regards those with independent market logos as home improvement material stores/industry streets for the purpose of operation and management convenience after taking into full account the physical form of the property under operation and the types of products being sold.
 - (4) Net gearing ratio is a ratio calculated by dividing the amount of interest-bearing liabilities (including short-term loans, long-term loans, bonds payable, financial lease payables and commercial mortgage backed securities payable) less cash and bank balances by the total equity at the end of each period.

Management Discussion and Analysis

II. INDUSTRY REVIEW

In the first half of 2022, due to factors including the complex evolution of the international environment and the impact of the epidemic in China, the downward pressure on the economy increased significantly. Under the strong leadership of the CPC Central Committee, the Chinese people conscientiously implemented the decisions and arrangements made by the CPC Central Committee and the State Council, and relevant authorities coordinated the epidemic prevention and control and economic and social development efficiently and promoted the implementation of a package of policies and measures to stabilize the economy. As a result, the resurgence of the epidemic was effectively controlled, and China's economy was generally stable.

According to relevant data from the National Bureau of Statistics of China, in the first half of 2022, China's GDP increased by 2.5% year on year. Despite a decline in major production demand indicators in April and May 2022, China overcame difficulties to maintain growth, reflecting the strong resilience of its economy. The resident income increased steadily, and the per capita disposable income of all residents recorded a nominal increase of 4.7% over the same period of the previous year. After deducting price factors, the actual increase was 3.0%. In the first half of 2022, the per capita consumption expenditure of all residents recorded a nominal increase of 2.5% over the same period of the previous year. After deducting price factors, the actual increase was 0.8%. The growth of consumption expenditure of residents slowed down due to the epidemic. With the improvement in epidemic prevention and control, overall consumption expenditure was expected to gradually recover.

In the first half of 2022, the total retail sales of social consumer goods recorded a decrease of 0.7% over the previous year. Among the total retail sales of social consumer goods, the retail sales of goods increased by 0.1% year on year, with furniture fell by 9.0% year on year, and building and decoration materials fell by 2.9% year on year. In the first half of 2022, due to factors including frequent and sporadic outbreaks, the consumer market was affected significantly, with a year on year decrease in sales in the market. With the improvement in epidemic prevention and control and the achievements from the implementation of consumption promotion policies, the consumer market will gradually recover. Consumption is expected to continuously recover with the unchanged trend of increase in China's consumption scale, upgrading of the consumption structure and the innovation of consumption models, as well as the continuous improvement in social security and continuous achievements from the implementation of employment stabilization and consumption promotion policies.

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. The Company will give full play to the advantages as a leading enterprise and actively seize the development opportunities in the industry.

III. FINANCIAL REVIEW

1. Revenue

During the Reporting Period, the Group's revenue amounted to RMB6,956.6 million, representing a decrease of 7.3% as compared with RMB7,502.6 million for the same period in 2021. The decrease in revenue was primarily due to the delay in the progress of relevant services under the COVID-19 pandemic environment in the first half of the year. During the Reporting Period, the rental and related income of our Owned/Leased Portfolio Shopping Malls increased by 6.0%, which was mainly due to the increase in revenue of our shopping malls this year as a result of new shopping malls in the second half of 2021. During the Reporting Period, related income from our Managed Shopping Malls decreased by 22.7%, mainly due to the decrease in the number of projects for the revenue recognition of construction project and business consultation services for the year. During the Reporting Period, the Company was committed to providing one-stop and individualized high-quality home decoration services, and revenue from home decoration related and sales of merchandise decreased by 56.3% year on year. The change was mainly due to the decrease in the number of home decoration related projects and corresponding construction progress affected by the COVID-19 pandemic in the first half of the year compared with the same period of last year. The revenue from construction and design and other revenue had little change as same period of 2021.

The following table sets forth our revenue by business segments:

| | Six months ended 30 June | | | |
|--|------------------------------|--------------|------------------------------|------|
| | 2022 (RMB) (Unaudited) | % | 2021 (RMB) (Unaudited) | % |
| Owned/Leased Portfolio Shopping Malls | 4,153,357,244.38 | 59.7 | 3,917,677,242.14 | 52.3 |
| Managed Shopping Malls | 1,295,774,795.66 | 18.6 | 1,676,074,613.59 | 22.3 |
| Construction and design | 730,373,682.10 | 10.5 | 763,101,229.34 | 10.2 |
| Home decoration related and sales of merchandise | 250,985,366.60 | 3.6 | 573,725,462.84 | 7.6 |
| Others | 526,129,283.95 | 7.6 | 572,017,990.67 | 7.6 |
| Total | 6,956,620,372.69 | 100.0 | 7,502,596,538.58 | 100 |

Owned/Leased Portfolio Shopping Malls: the revenue increased from RMB3,917.7 million in the first half of 2021 to RMB4,153.4 million in the Reporting Period, representing an increase of 6.0%, which was mainly due to the increase in revenue of Portfolio Shopping Malls in the current period as compared with the same period of the previous year as a result of new shopping malls.

Management Discussion and Analysis

III. FINANCIAL REVIEW (continued)

1. Revenue (continued)

Managed Shopping Malls: the revenue decreased from RMB1,676.1 million in the first half of 2021 to RMB1,295.8 million in the Reporting Period, representing a decrease of 22.7%, mainly due to the decrease in revenue from the brand consulting and management service for the early stage of the project, commercial management and consultation fees for construction project and commercial consultation fees and tenant sourcing commissions.

Construction and design business: during the Reporting Period, the total revenue generated from construction and design business amounted to RMB730.4 million, representing a decrease of RMB32.7 million as compared with the same period in 2021, due to the decrease in the number of construction projects and progress affected by the COVID-19 pandemic in the first half of 2022 compared with the same period of last year.

2. Cost of Sales

The cost of sales of the Group mainly included the cost of operation and management of Owned/Leased Portfolio Shopping Malls, the cost of managed services, the cost of construction and design, and the cost of home decoration related and sales of merchandise, etc. During the Reporting Period, the cost of sales of the Group was RMB2,619.8 million, representing a decrease of 4.09% as compared with RMB2,731.6 million in the same period of 2021, mainly due to the Company's further strengthening of the effective control over various costs, and the reduction in revenue of some projects corresponds to the reduction in costs.

The following table sets forth our operating cost by business segments:

| | Six months ended 30 June | | | |
|--|--------------------------|-------|------------------|-------|
| | 2022 | | 2021 | |
| | (RMB) | % | (RMB) | % |
| | (Unaudited) | | (Unaudited) | |
| Owned/Leased Portfolio Shopping Malls | 977,239,989.65 | 37.3 | 942,152,412.10 | 34.5 |
| Managed Shopping Malls | 690,656,223.88 | 26.4 | 707,144,855.62 | 25.9 |
| Construction and design | 599,095,246.08 | 22.9 | 481,858,128.27 | 17.6 |
| Costs from home decoration related and sales of merchandise | 209,811,954.07 | 8.0 | 487,926,747.34 | 17.9 |
| Other costs | 143,030,335.52 | 5.5 | 112,544,002.21 | 4.1 |
| Total | 2,619,833,749.20 | 100.0 | 2,731,626,145.54 | 100.0 |

III. FINANCIAL REVIEW (continued)

3. Gross Profit and Gross Profit Margin

During the Reporting Period, the Group's gross profit achieved RMB4,336.8 million, representing a decrease of 9.1% as compared with RMB4,771.0 million for the same period in 2021; the comprehensive gross profit margin was 62.3%, representing a decrease of 1.3 percentage points as compared with 63.6% for the same period in 2021.

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

| | Six months ended 30 June | |
|--|--------------------------|---------------------|
| | 2022 (Unaudited) | 2021 (Unaudited) |
| Owned/Leased Portfolio Shopping Malls | 76.5% | 76.0% |
| Managed Shopping Malls | 46.7% | 57.8% |
| Construction and design | 18.0% | 36.9% |
| Home decoration related and sales of merchandise | 16.4% | 15.0% |
| Others | 72.8% | 80.3% |
| Total | 62.3% | 63.6% |

4. Distribution and Selling Expenses and General and Administrative Expenses

During the Reporting Period, the Group's distribution and selling expenses amounted to RMB598.8 million (accounting for 8.6% of the revenue), representing a decrease of 27.7% as compared with RMB828.7 million (accounting for 11.0% of the revenue) for the same period in 2021, primarily due to the decrease in advertising and promotional expenses as a result of the Company's strict control of the expenses in brand promotion and other activities.

During the Reporting Period, the Group's general and administrative expenses amounted to RMB612.0 million (accounting for 8.8% of the revenue), representing a decrease of 30.6% from RMB882.0 million (accounting for 11.8% of the revenue) for the same period in 2021, primarily due to the decrease in labor and office and administrative expenses in the current period.

III. FINANCIAL REVIEW (continued)

5. Financial Expenses

During the Reporting Period, the Group's financial expenses amounted to RMB1,172.6 million, representing a decrease of 3.8% as compared with RMB1,219.5 million for the same period in 2021; among which, the total interest expense amounted to RMB1,413.9 million, representing a decrease of 9.0% as compared with RMB1,553.4 million for the same period in 2021, primarily due to the decrease in the scale of the Company's interest bearing liabilities.

6. Investment Income

During the Reporting Period, the Group's investment income was RMB51.7 million, representing a decrease of 89.3% as compared with RMB482.4 million for the same period of 2021, mainly due to the relatively large investment income from the disposal of subsidiaries during the same period of last year.

7. Income Tax Expenses

During the Reporting Period, the income tax expenses of the Group amounted to RMB767.6 million, representing an increase of 32.9% as compared with RMB577.7 million for the same period in 2021, which was mainly due to the reversal of deferred tax assets in the current period.

8. Net Profit Attributable to Owners of the Company, Net Profit Attributable to Owners of the Company After Deducting Non-Recurring Profit or Loss and Earnings Per Share

During the Reporting Period, net profit attributable to owners of the Company amounted to RMB1,025.1 million, representing a decrease of 32.1% as compared with RMB1,509.7 million for the same period in 2021; the net profit attributable to owners of the Company after deducting non-recurring profit or loss amounted to RMB936.7 million, representing a decrease of 6.9% as compared with RMB1,006.0 million for the same period in 2021.

III. FINANCIAL REVIEW (continued)

8. Net Profit Attributable to Owners of the Company, Net Profit Attributable to Owners of the Company After Deducting Non-Recurring Profit or Loss and Earnings Per Share (continued)

| | Six months ended 30 June | | Increase/decrease |
|--|--------------------------|----------------------|-------------------------------------|
| | 2022 | 2021 | |
| | (RMB) (Unaudited) | (RMB) (Unaudited) | |
| Net profit attributable to owners of the Company | 1,025,091,463.05 | 1,509,666,712.02 | a decrease of 32.1% |
| Net profit margin attributable to owners of the Company | 14.7% | 20.1% | a decrease of 5.4 percentage points |
| Net profit attributable to owners of the Company after deducting non-recurring profit or loss | 936,699,183.78 | 1,006,018,420.19 | a decrease of 6.9% |
| Net profit margin attributable to owners of the Company after deducting non-recurring profit or loss | 13.5% | 13.4% | an increase of 0.1 percentage point |

During the Reporting Period, the Group's earnings per share was RMB0.24, and was RMB0.39 for the same period in 2021.

9. Accounts Receivable

As at the end of the Reporting Period, the book value of accounts receivable of the Group amounted to RMB2,256.6 million (including the balance of accounts receivable of RMB3,760.5 million and the bad debt allowance of RMB1,503.9 million), representing an increase of RMB298.9 million as compared with RMB1,957.7 million as at the end of 2021, mainly due to the delayed collection of rental and management fees under the impact of the COVID-19 pandemic during the Reporting Period.

III. FINANCIAL REVIEW (continued)

10. Investment Properties and Gain from Fair Value Changes

As at the end of the Reporting Period, the book value of the Group's investment properties amounted to RMB96,164.0 million, representing an increase of 0.6% as compared with RMB95,575.0 million as at the end of 2021. During the Reporting Period, the Group's gains from changes in fair value of investment properties were RMB95.6 million.

11. Dividends

The Board does not recommend payment of dividend for the six months ended 30 June 2022.

12. Capital Expenditure

During the Reporting Period, the Group's capital expenditure amounted to RMB762.5 million (the same period in 2021: RMB1,394.0 million), primarily including the expenditures incurred for the acquisition of land and construction expenditures related to investment properties.

III. FINANCIAL REVIEW (continued)

13. Cash and Bank Balances and Cash Flow

As at the end of the Reporting Period, the Group's cash and bank balances amounted to RMB6,134.6 million (of which, the balance of cash and cash equivalents amounted to RMB5,594.4 million), representing a decrease of RMB769.1 million as compared with RMB6,903.7 million (of which, the balance of cash and cash equivalents amounted to RMB6,098.0 million) as at the end of 2021.

| | Six months ended 30 June | |
|--|---------------------------|--------------------|
| | 2022 | 2021 |
| | (RMB) | (RMB) |
| | (Unaudited) | (Unaudited) |
| Net cash flow from operating activities | 2,001,276,530.19 | 2,083,776,163.70 |
| Net cash flow from investment activities | 81,819,465.57 | 255,757,247.88 |
| Net cash flow from financing activities | (2,586,611,504.24) | (3,825,721,734.37) |
| Impact of exchange rate changes on cash and cash equivalents | (53,158.05) | (362,631.26) |
| Net (decrease) in cash and cash equivalents | (503,568,666.53) | (1,486,550,954.05) |

During the Reporting Period, the Group's net cash inflow from operating activities amounted to RMB2,001.3 million, representing a decrease of RMB82.5 million as compared with RMB2,083.8 million for the same period in 2021, mainly due to the corresponding delay in the collection of rental and management fees in response to changes in the COVID-19 pandemic situation and support for the development of merchants in the current period.

During the Reporting Period, the Group's net cash inflow from investment activities amounted to RMB81.8 million, representing an increase of RMB122.4 million as compared with a net cash outflow of RMB40.6 million for the same period in 2021. It was primarily due to the decrease of capital expenditure in the current period as compared with the same period last year.

During the Reporting Period, the Group's net cash outflow from financing activities amounted to RMB2,586.6 million, representing a decrease of RMB942.8 million as compared with a net cash outflow of RMB3,529.4 million for the same period in 2021, mainly due to the decrease in cash outflow for repayment of debts in the current period as compared with the same period last year under the continuous optimization of the capital structure.

III. FINANCIAL REVIEW (continued)

14. Debt Profile and Debt Ratios

As of the end of the Reporting Period, the total amount of debt of the Group was RMB36,721.7 million, of which bank borrowings were RMB30,363.7 million, bonds payable were RMB3,043.5 million and commercial mortgage backed securities payables were RMB3,314.6 million.

The following table sets out our specific debt profile:

| | As at 30 June 2022 (Unaudited) (RMB'000) | As at 31 December 2021 (Audited) (RMB'000) |
|---|--|--|
| Bank and other borrowings | | |
| Secured | 30,113,246 | 28,071,850 |
| Unsecured | 250,420 | 665,970 |
| Total | 30,363,666 | 28,737,820 |
| Fixed-rate borrowings | 10,680,711 | 8,023,149 |
| Floating-rate borrowings | 19,682,955 | 20,714,671 |
| Total | 30,363,666 | 28,737,820 |
| The borrowings are repayable | | |
| Within one year or on demand | 6,827,030 | 7,131,503 |
| More than one year, but not exceeding two years | 3,536,101 | 3,577,115 |
| More than two years, but not exceeding five years | 9,157,248 | 8,987,156 |
| More than five years | 10,843,287 | 9,042,046 |
| Total | 30,363,666 | 28,737,820 |
| Actual interest rate range | | |
| Fixed-rate borrowings | 3.40-15.40 | 3.40-15.40 |
| Floating-rate borrowings | 4.25-11.00 | 4.25-8.00 |

III. FINANCIAL REVIEW (continued)

14. Debt Profile and Debt Ratios (continued)

| Name of bonds | Par value | Issue date | Maturity | As at | As at |
|---|------------------|------------|----------|---|---|
| | | | | 30 June 2022 (Unaudited) (RMB'000) | 31 December 2021 (Audited) (RMB'000) |
| 5-year US\$-denominated bonds of Hong Kong Red Star Macalline in 2017 | USD300 million | 2017 | 5 years | 2,011,308 | 1,906,609 |
| 7-year Corporate Bonds of 2016 of Red Star Macalline Group Corporation Ltd. (First tranche) | RMB1,500 million | 2016 | 7 years | 32,533 | 32,533 |
| First tranche of the medium-term notes of 2019 of Red Star Macalline Group Corporation Ltd. | RMB500 million | 2019 | 3 years | - | 499,927 |
| Public offering of Corporate Bonds of 2019 of Red Star Macalline Group Corporation Ltd. (First tranche) (Type 2) | RMB2,000 million | 2019 | 4 years | 829 | 829 |
| First tranche of the medium-term notes of 2020 of Red Star Macalline Group Corporation Ltd. | RMB500 million | 2020 | 3 years | 499,544 | 499,258 |
| Public offering of Corporate Bonds of 2020 of Red Star Macalline Group Corporation Ltd. (First tranche) | RMB500 million | 2020 | 3 years | - | 499,740 |
| Public offering of Corporate Bonds of 2020 of Red Star Macalline Group Corporation Ltd. (Second tranche) | RMB500 million | 2020 | 3 years | - | 499,300 |
| Public offering of Corporate Bonds of 2020 of Red Star Macalline Group Corporation Ltd. (First tranche) to professional investors | RMB500 million | 2020 | 3 years | 499,310 | 498,122 |
| Total | | | | 3,043,524 | 4,436,318 |

III. FINANCIAL REVIEW (continued)

14. Debt Profile and Debt Ratios (continued)

| | As at 30 June 2022 (Unaudited) (RMB'000) | As at 31 December 2021 (Audited) (RMB'000) |
|--|--|--|
| Commercial mortgage-backed securities | | |
| Securities due in 2022 | – | 2,151,308 |
| Securities due in 2023 | 579,430 | 512,201 |
| Securities due in 2024 | 2,735,125 | 2,778,808 |
| Total | 3,314,555 | 5,442,317 |

Among the total debts of the Group, the portion repayable within one year or on demand amounted to RMB10,650.7 million, the portion repayable over one year but less than two years amounted to RMB4,566.0 million, the portion repayable over two years but less than five years amounted to RMB11,171.4 million and the portion repayable over five years amounted to RMB11,080.6 million. The Group will promptly repay the above borrowings at the time of maturity.

The following table sets out our major debt ratios:

| | As at 30 June 2022 (Unaudited) | As at 31 December 2021 (Unaudited) |
|--------------------------------------|---|---|
| Asset-liability ratio ⁽¹⁾ | 57.0% | 57.4% |
| Net gearing ratio | 54.4% | 56.7% |

| | Six months ended 30 June 2022 (Unaudited) | 2021 (Unaudited) |
|---|---|---------------------|
| Interest expenses coverage ratio ⁽²⁾ | 2.39 | 2.17 |

III. FINANCIAL REVIEW (continued)

14. Debt Profile and Debt Ratios (continued)

- Notes:* (1) Asset-liability ratio is calculated as the total liabilities divided by total assets as at the end of each period.
- (2) Interest expense coverage ratio is our adjusted EBITDA divided by our interest expenses before capitalization for each period. Adjusted EBITDA represents profit before tax, adding back finance expenses, depreciation, amortisation and impairment, further adjusted to exclude gains on fair value changes, investment income, gains/(losses) from disposal of assets, other income, non-operating income and non-operating expenses.

15. Pledged Assets

As at the end of the Reporting Period, the Group had pledged investment properties and fixed assets with book value of RMB87,294.8 million and other equity instrument investments and restricted cash and bank balances with book balance of RMB319.5 million in order to obtain loans, and the balance of the loans obtained amounted to RMB33,439.5 million. The Group's restricted cash and bank balance of RMB143.7 million have been deposited in the Central Bank as deposit reserves or used on hedging business, etc.

16. Contingent Liabilities

As at the end of the Reporting Period, the Group had no contingent liability.

17. Capital Commitments

As at the end of the Reporting Period, the amount of capital expenditure in respect of the acquisition and development of investment properties which the Group has contracted for but not recognized in the financial statements was RMB1,034.0 million. In addition, the Group has entered into agreements with its partners, pursuant to which the Group's commitment to contribute funds for development of investment properties jointly with the partners amounted to RMB347.2 million.

18. Financial Resources

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

19. Material Acquisitions and Disposals

During the Reporting Period, the Group had no material acquisitions or disposals of subsidiaries or joint ventures/associates.

III. FINANCIAL REVIEW (continued)

20. Foreign Exchange Risk

As at the end of the Reporting Period, financial assets and liabilities denominated in currencies other than the functional currency of the Group mainly included the US\$300 million USD-denominated bonds issued on 21 September 2017 and certain deposits denominated in foreign currencies. To manage these additional risk exposures, the management of the Group has actively adopted relevant risk control measures to prepare for risk hedging, including selection of appropriate forward contracts and currency swaps and other foreign debt hedging instruments, enhancing internal control awareness and strategies, strengthening discussion with international banks, and closely monitored on trends of foreign exchange market. We believe that foreign exchange risks related to such assets and liabilities denominated in other currencies will not have material impacts on the operating results of the Group.

21. Significant Investment Held

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

III. FINANCIAL REVIEW (continued)

22. Human Resources

As at the end of the Reporting Period, the Group employed 20,526 employees (the same period in 2021: 24,191 employees) in total. The Group enters into labor contracts with employees according to the Labor Law of the PRC and the relevant provisions of the employee's locality. The Group determines the employee's basic salary and bonus level according to the employee's performance, work experience and the market salary standard, and pays social insurance and housing provident fund for the employees. During the Reporting Period, the Group paid a total of RMB1,697.9 million for salary expenditure (the same period in 2021: RMB1,797.5 million). Meanwhile, the Group also continued to invest resources in providing various education and training opportunities for the staff, aiming to standardize the management work and improve the operation performance, and continuously improve the knowledge and technology level as well as business practice competence of the employees.

23. A Share Option Incentive Scheme

The Board passed a resolution on 22 February 2020, which proposed the adoption of the A Share Option Incentive Scheme by the Company ("**A Share Option Incentive Scheme**" or the "**Scheme**"), and considered and approved the A Share Option Incentive Scheme at the 2020 first extraordinary general meeting, A Shareholders' Class Meeting and H Shareholders' Class Meeting on 21 April 2020. For details, please refer to the relevant announcements of the Company dated 23 February 2020, 21 April 2020, 14 May 2020, 11 August 2021 and 29 June 2022, respectively, and the relevant circular dated 27 March 2020.

As of 30 June 2022, all the share options to be granted under the Scheme have been cancelled or lapsed. Set out below are details of movements in the outstanding options granted under the A Share Option Incentive Scheme during the Reporting Period:

Management Discussion and Analysis

III. FINANCIAL REVIEW (continued)

23. A Share Option Incentive Scheme (continued)

| Relevant Grantee | Number of Shares under the Options | | Date of Grant | Exercise Period | Validity Period | Exercise Price | Closing Price of the Share immediately before the | | As of 31 December 2021 | Exercised during the period | Cancelled during the period | Lapsed during the period | Outstanding as of 30 June 2022 |
|---------------------|--|--|---------------|--|--|-------------------|--|---------------|------------------------------|-----------------------------------|-----------------------------------|--------------------------------|--------------------------------------|
| | Granted | | | | | | Date of Grant | Date of Grant | | | | | |
| Employees | 27,759,600 | | 13 May 2020 | 50% from the first trading day after the expiry of the 12th month from 13 May 2020 to the last trading day of the 24th month from 13 May 2020; | Form 13 May 2020 and end on the date on which all the Share Options granted to the Participants under the Scheme have been exercised or cancelled, and shall be no longer than 36 months | RMB9.79 | RMB9.55 | 12,811,700 | - | 12,811,700 | - | 0 | |

III. FINANCIAL REVIEW (continued)

23. A Share Option Incentive Scheme (continued)

The following is a summary of the principal terms of the Scheme:

23.1 Purpose of the A Share Option Incentive Scheme

For the purpose of further improving the corporate governance structure of the Company, establishing and enhancing the long-term incentive and constraint mechanism of the Company, attracting and retaining talents, fully mobilizing the proactiveness and creativities of the core cadres of the Company, effectively promoting the cohesiveness of the core team and the core competitiveness of the enterprise, effectively aligning the interests of Shareholders, the Company and the core team, enabling all parties to focus on the long-term development of the Company, and ensuring the achievements of the development strategies and operation objectives of the Company, the Scheme is made on the premise of fully protecting the interests of Shareholders and on the principle of income equivalent to contribution, and in accordance with the requirements under the relevant laws, regulations and normative documents including the Company Law of the People's Republic of China (the "**Company Law**"), the Securities Law of the People's Republic of China (the "**Securities Law**") and the Administrative Measures on Share Incentives of Listed Companies (the "**Administrative Measures**"), as well as the requirements under the Articles of Association.

23.2 Number and Scope of Participants

The First Grant under the Scheme involved a total of 982 Participants. The Participants included core cadres of the Company (including subsidiaries).

Pursuant to the Administrative Measures, the participants mentioned above did not include the Independent Directors, the Supervisors of the Company and any Shareholder or actual controller individually or jointly holding more than 5% of the shares of the Company and their spouse, parents and children.

III. FINANCIAL REVIEW (continued)

23. A Share Option Incentive Scheme (continued)

23.3 Number of Shares and the Upper Limit of the Share Options Granted to the Each Participants under the Scheme

Considering the completion by the Company of the 2019 profit distribution plan, on 11 August 2021, the Board considered and approved to adjust the number of the Scheme pursuant to the relevant provisions under the A Share Option Incentive Scheme. After adjustment, the number of A Share Options to be granted under the Scheme is 33,935,000, among which, the first grant of Share Options consists of 27,759,600 shares (the “**First Grant of Share Options**”), representing 81.80% of the total number of Share Options under the Grant; the reserved share options consist of 6,175,400 shares (the “**Reserved Share Options**”), representing 18.20% of the total number of Share Options under the Grant. The aggregate number of Shares to be granted to any participant under the A Share Option Incentive Scheme during the validity period shall not exceed 1.00% of the total share capital of the Company.

Each share option granted under the Scheme is entitled to purchase one A Share of the Company at the exercise price during the exercise period upon the fulfillment of vesting conditions and arrangement. The Share Options granted to the participants shall not be transferred, used for guarantee or repayment of debts during the vesting period. Share Options shall not be entitled to voting rights before being exercised, and do not involve in the distribution of stock bonus and dividends. Unless otherwise provided by the lock-up provisions under the Scheme, the participants shall be entitled to all the rights of ordinary shareholders and perform related obligations in respect of the A shares acquired by them in accordance with the law.

23.4 Validity Period, Date of Grant, Vesting Period, Exercise Arrangement and the Lock-up Period of the Scheme

23.4.1 Validity Period

The validity period of the Scheme shall commence from the date of grant of the Share Options, and end on the date on which all the Share Options granted to the participants under the Scheme have been exercised or cancelled, and shall not be longer than 36 months.

III. FINANCIAL REVIEW (continued)

23. A Share Option Incentive Scheme (continued)

23.4 Validity Period, Date of Grant, Vesting Period, Exercise Arrangement and the Lock-up Period of the Scheme (continued)

23.4.2 Date of Grant

In accordance with the relevant requirements of the Administrative Measures, the date of grant of the first grant of Share Options under the Scheme is 13 May 2020.

The date of grant of Reserved Share Options shall be confirmed by the Board within 12 months after the consideration and approval at the Shareholders' general meeting.

The date of grant of Share Options must be a trading day under SSE Listing Rules. If the date determined in accordance with the above principles is not a trading day, the date of grant shall be postponed to the first trading day thereafter.

23.4.3 Vesting Period

All Share Options granted to the participants are subject to different vesting periods, and each of such periods shall begin on the date in which the registration of the granted Share Options is completed.

The interval between the date of grant and the first exercise date of the Share Options shall not be less than 12 months.

III. FINANCIAL REVIEW (continued)

23. A Share Option Incentive Scheme (continued)

23.4 Validity Period, Date of Grant, Vesting Period, Exercise Arrangement and the Lock-up Period of the Scheme (continued)

23.4.4 Exercise Arrangement

The participants of the Scheme may begin to exercise Share Options upon the expiration of the vesting period. The exercise date must be the trading day within the validity period of the Scheme, but the Share Options cannot be exercised in the following periods:

- (i) 60 days prior to the announcement of the Company's annual reports, including the date of the announcement of the Company's annual report, or the period from the last day of the relevant financial year up to the date of the announcement of the Company's annual report (the shorter one prevails);
- (ii) 30 days prior to the review of the announcement of the interim report or the quarterly report, including the date of announcement of the interim report or the quarterly report, or the period from the last day of the relevant quarter or half-year up to the date of the announcement of the Company's periodical report (the shorter one prevails);
- (iii) 10 days prior to the release of the Company's results preview or preliminary report;
- (iv) the period starting from the date when a material event, which may significantly affect the trading price of the Company's stock and its derivatives, occurs or is in the process of decision-making, up to two trading days after the event being disclosed in accordance with laws;
- (v) other periods as stipulated by the CSRC and stock exchange.

III. FINANCIAL REVIEW (continued)

23. A Share Option Incentive Scheme (continued)

23.4 Validity Period, Date of Grant, Vesting Period, Exercise Arrangement and the Lock-up Period of the Scheme (continued)

23.4.4 Exercise Arrangement (continued)

Upon the fulfillment of conditions of the exercise of the Share Options, the Share Options are exercisable in two tranches upon expiry of 12 months from the date of grant. The exercise arrangement for the first grant of Share Options and the Reserved Share Options are as follows respectively:

The exercise arrangement for the first grant of Share Options:

| <u>Exercise Arrangement</u> | <u>Exercise Period</u> | <u>Proportion of exercisable Share Options to the total number of Share Options granted</u> |
|-----------------------------|--|---|
| First Exercise Period | Commencing from the first trading day after the expiry of the 12th month from the date of grant of the first grant of Share Options, and ending on the last trading day of the 24th month from the date of grant | 50% |
| Second Exercise Period | Commencing from the first trading day after the expiry of the 24th month from the date of grant of the first grant of Share Options, and ending on the last trading day of the 36th month from the date of grant | 50% |

III. FINANCIAL REVIEW (continued)

23. A Share Option Incentive Scheme (continued)

23.4 Validity Period, Date of Grant, Vesting Period, Exercise Arrangement and the Lock-up Period of the Scheme (continued)

23.4.4 Exercise Arrangement (continued)

The exercise arrangement for the Reserved Share Options:

| <u>Exercise Arrangement</u> | <u>Exercise Period</u> | <u>Proportion of exercisable Share Options to the total number of Share Options granted</u> |
|-----------------------------|--|---|
| First Exercise Period | Commencing from the first trading day after the expiry of the 12th month from the date of grant of the Reserved Share Options, and ending on the last trading day of the 24th month from the date of grant | 50% |
| Second Exercise Period | Commencing from the first trading day after the expiry of the 24th month from the date of grant of the Reserved Share Options, and ending on the last trading day of the 36th month from the date of grant | 50% |

Share Options for which the exercise conditions are not fulfilled during the above agreed period shall not be exercised or deferred to the next exercise period, and the relevant Share Options of such participants shall be cancelled by the Company in accordance with the principles stipulated in the Scheme. After the end of each exercise period of the Share Options, the Share Options exercisable by the participants for the current period that have not been exercised shall be terminated and cancelled by the Company.

III. FINANCIAL REVIEW (continued)

23. A Share Option Incentive Scheme (continued)

23.4 Validity Period, Date of Grant, Vesting Period, Exercise Arrangement and the Lock-up Period of the Scheme (continued)

23.4.5 Lock-up Period

The lock-up requirements for Shares of the Company granted to the participants under the Scheme shall be implemented in accordance with the relevant laws, administrative regulations and normative documents including the Company Law and the Securities Law, as well as the Articles of Association. Details are as follows:

- (i) where a participant is a Director or a member of the senior management of the Company, the number of shares of the Company that may be transferred each year during his or her term of office shall not exceed 25% of the total number of shares of the Company held by him or her. No shares of the Company held by him or her shall be transferred within half a year after his or her termination of office;
- (ii) where a participant is a Director or a member of the senior management of the Company and he or she disposes of any shares of the Company within six months after acquisition or buys back such shares within six months after disposal, all gains arising therefrom shall be accounted to the Company and the Board will collect all such gains;
- (iii) if there is any amendment to the requirements regarding the transfer of shares by Directors and senior management of the Company under relevant laws, administrative regulations and normative documents including the Company Law and the Securities Law, as well as the Articles of Association during the validity period of the Scheme, such amended requirements thereunder shall apply to the shares transferred by such participants during the relevant times.

III. FINANCIAL REVIEW (continued)

23. A Share Option Incentive Scheme (continued)

23.5 Exercise Price and Basis of Determination

23.5.1 Exercise Price under the First Grant of Share Options

The exercise price under the first grant of Share Options under the Scheme shall be RMB11.02 per Share. Upon fulfillment of exercise conditions, each Share Option granted to the participants can purchase one share of the Company at the price of RMB11.02.

23.5.2 Basis of Determination of the Exercise Price under the First Grant of Share Options

The exercise price under the First Grant of Share Options shall not be less than the nominal value of the Shares and in principle the higher of:

- (i) the average trading price of the A Shares of the Company on the trading day immediately preceding the date of announcement of the Scheme (draft), being RMB11.02 per share;
- (ii) the average trading price of the A Shares of the Company for the 20 trading days immediately preceding the date of announcement of the Scheme (draft), being RMB11.02 per share.

23.5.3 Basis of Determination of the Exercise Price of the Reserved Share Options

The exercise price of the Reserved Share Options shall be consistent with the exercise price under the First Grant of Share Options.

In the event of capitalization of capital reserves, bonus issue, share subdivision, rights issue, share consolidation of the Company during the period from the date of announcement of the Scheme to the completion of share registration of Share Options by the participants, the number of the Share Options shall be adjusted accordingly.

III. FINANCIAL REVIEW (continued)

23. A Share Option Incentive Scheme (continued)

23.6 Previous Adjustments to the A Share Option Scheme

Considering the completion by the Company of the 2019 profit distribution plan, on 11 August 2021, the Board of Directors considered and approved the adjustments to the number of options and the exercise prices under the A Share Option Incentive Scheme in accordance with the relevant provisions of the Scheme. The adjusted exercise price of the Share Options initially granted is RMB9.79 per share.

On 11 August 2021, in view of the resignation of or voluntary waiver of options by 108 former participants under the A Share Option Incentive Scheme, the Board resolved to cancel a total of 2,136,200 Share Options granted to the participants but not yet exercised (including the shares acquired as a result of the conversion of capital reserve into share capital in the profit distribution by the Company in 2019). In addition, in light of the fact that the performance assessment targets at the company level in the first tranche of the Share Options under the first grant of the Scheme have not been met, the Board resolved to cancel a total of 12,811,700 exercisable Share Options for the participants in the year of the appraisal (excluding the portion which was triggered due to the above reasons but including the shares acquired as a result of the conversion of capital reserve into share capital in the profit distribution by the Company in 2019).

On 29 June 2022, in light of the fact that the performance assessment targets at the company level in the second exercised period of the Share Options under the First Grant of the Scheme have not been met, the Board resolved to cancel a total of 12,811,700 exercisable Share Options for the participants in the year of the appraisal (including the shares acquired as a result of the conversion of capital reserve into share capital in the profit distribution by the Company in 2019).

III. FINANCIAL REVIEW (continued)

24. Employee Stock Ownership Plan

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

The Employee Stock Ownership Plan does not involve granting the Company the option to issue new shares or any other new securities, and does not constitute a share option plan under Chapter 17 of the Listing Rules. The participants of the Employee Stock Ownership Plan are Directors, Supervisors, senior management of the Company and management and core personnel of its subsidiaries, the total number of which shall not be more than 800.

The source of the funds for the Employee Stock Ownership Plan includes the participant's self-raised funds, funds withdrawn by the Company from incentive payments and other sources as permitted under the laws and administrative regulations. The Company shall withdraw funds from the incentive payments for funding the Employee Stock Ownership Plan in the proportion of the amount of self-raised funds contributed by the employees. The funds raised shall not exceed RMB300 million in total, divided into "units" for subscription and each unit is equal to RMB1.00. The total number of Shares of the Company held by any Holder according to the number of units he/she subscribed for in the plan shall not exceed 0.10% of the total share capital of the Company.

The Employee Stock Ownership Plan will be managed by an appointed professional agency with asset management qualifications through the establishment of the Directional Plan. The source of shares of the Employee Stock Ownership Plan is the shares of the Company obtained and held through purchases on the secondary market or other means as permitted under the laws and regulations within six months after consideration and approval of the plan at the shareholders' general meeting. As of 13 May 2021, all purchases of stocks had been completed under the Employee Stock Ownership Plan, among which, 15,780,000 shares of the Company had been bought through the Trust Scheme, accounting for approximately 0.40% of the Company's total share capital as at the date of this report, with an average transaction price of approximately RMB9.50 per share and a total transaction amount of about RMB149,943,000.

The lock-up period of the Employee Stock Ownership Plan shall be 12 months, commencing from the date when the Company announces the registration of the last tranche of the Underlying Shares under the Trust Scheme, i.e. 13 May 2021 to 12 May 2022. As at 12 May 2022, the lock-up period already expired. The Management Committee will, within 12 months after the expiry of the lock-up period, be entitled to authorize the Asset Management Agency to sell or transfer the purchased Shares of the Company in accordance with the arrangements of the Employee Stock Ownership Plan and the prevailing market conditions. As of the date of this report, the shares held by the Employee Stock Ownership Plan have not changed.

IV. BUSINESS REVIEW

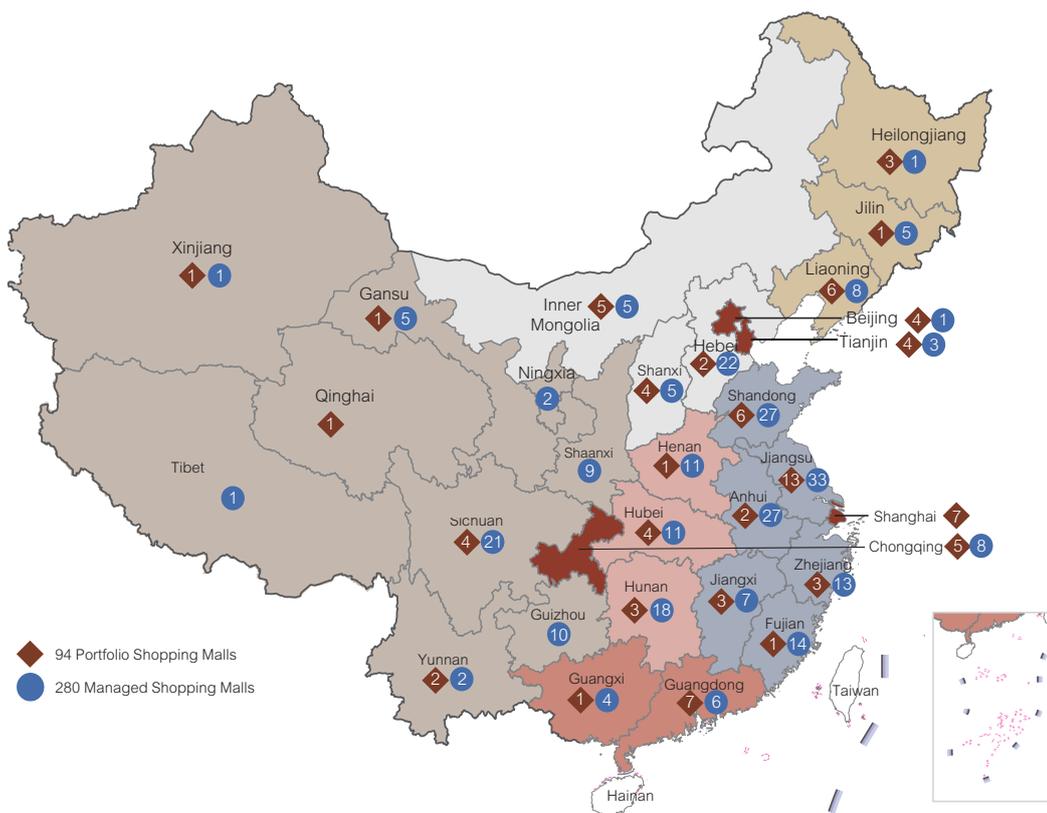
During the Reporting Period, the Company continued to focus on the strategic positioning of growing into an “omni-channel platform service provider for the pan-home improvement and furnishings industry”, actively seized market development opportunities, aiming to enhance the delivery capabilities of home decoration design and offline traffic conversion capabilities through online consumer reach, thereby providing customers with more personalized and high-quality home decoration services throughout the whole decoration period and a shopping experience closer to the needs of end consumers by using the efficient channel network capabilities of original home furnishing shopping malls, strong supply chain integration capabilities and home furnishing industry operational management experience accumulated over the years and leveraging its own home decoration business management platform and IMP intelligent marketing platform.

IV. BUSINESS REVIEW (continued)

1. Business Development and Arrangements: Continuous Expansion of Presence in Third and Lower-Tier Cities, and Establishment of a Nationwide Omni-Channel Commercial Network

1.1 Business development and arrangements

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

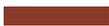


Note: Geographically, Northeast China includes Heilongjiang Province, Jilin Province, Liaoning Province; North China (excluding Beijing and Tianjin) includes Shanxi Province, Hebei Province, Inner Mongolia Autonomous Region; East China (excluding Shanghai) includes Shandong Province, Jiangsu Province,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

IV. BUSINESS REVIEW (continued)

1. Business Development and Arrangements: Continuous Expansion of Presence in Third and Lower-Tier Cities, and Establishment of a Nationwide Omni-Channel Commercial Network (continued)

1.1 Business development and arrangements (continued)

| Color | Region | Portfolio Shopping Malls | | Managed Shopping Malls | |
|---|-----------------|--------------------------|----------------------------------|--------------------------|----------------------------------|
| | | Number of shopping malls | Sub-total Operating Area (sq.m.) | Number of shopping malls | Sub-total Operating Area (sq.m.) |
|  | Beijing | 4 | 349,226 | 1 | 112,653 |
|  | Shanghai | 7 | 905,553 | 0 | 0 |
|  | Tianjin | 4 | 461,548 | 3 | 178,163 |
|  | Chongqing | 5 | 414,100 | 8 | 264,978 |
|  | Northeast China | 10 | 1,099,429 | 14 | 708,227 |
|  | North China | 11 | 671,509 | 32 | 1,577,040 |
|  | East China | 28 | 2,499,356 | 121 | 6,379,820 |
|  | Central China | 8 | 867,320 | 40 | 1,777,104 |
|  | South China | 8 | 359,831 | 10 | 502,199 |
|  | West China | 9 | 756,460 | 51 | 2,385,523 |
| | Total | 94 | 8,384,333 | 280 | 13,885,707 |

IV. BUSINESS REVIEW (continued)

1. Business Development and Arrangements: Continuous Expansion of Presence in Third and Lower-Tier Cities, and Establishment of a Nationwide Omni-Channel Commercial Network (continued)

1.1 Business development and arrangements (continued)

While maintaining the healthy growth of its Portfolio Shopping Malls, the Company continuously consolidates its core advantages, and improves its operation and management capabilities for platform refinement, and makes a shift from capital leveraging to management enablement. The Company continuously implements the business decision of “shift of focus from assets to operation”. By increasing the number of Managed Shopping Malls and franchised shopping malls, the Company steadily increases its market share while controlling the capital investment in the Company’s self-built shopping malls.

During the Reporting Period, the Company developed the city-wide positioning plan for multi-store shopping malls, and selected 100 Malls that represent the strategic arrangements of the Group for hierarchical and targeted management of merchandise and consumers: 32 No.1 Stores, 9 Grand Malls and 59 Benchmarking Shopping Malls. Meanwhile, the Company continuously implemented the strategy of “expansion of categories and focus on operation”, and optimized the brand structure. In the first half of 2022, the Company increased the number of main categories to ten, and accelerated the construction of category theme pavilions, so as to quickly gain traction with consumers in the mid-and high-end markets.

As of the end of the Reporting Period, the Company operated 94 Portfolio Shopping Malls, 280 Managed Shopping Malls and 10 shopping malls through strategic cooperation⁽¹⁾, 59 franchised home improvement material projects by way of franchising⁽²⁾, including a total of 475 home improvement material stores/industry streets⁽³⁾, covering 224 cities in 30 provinces, municipalities and autonomous regions in China, with a total operating area of 22,270,040 sq.m.

As of the end of the Reporting Period, the Company operated 94 Portfolio Shopping Malls, covering a total operating area of 8,384,333 sq.m., with an average occupancy rate of 92.1%, among which the operating area of Portfolio Shopping Malls in first-and second-tier cities accounted for more than 80%, thus building a strong moat, with the advantages of first-mover and site selection. The steady increase in the occupancy rate and rental income of the Portfolio Shopping Malls fully reflects the professional level and management ability of the Company as the leading home improvement and furnishings shopping mall operator, and plays a positive exemplary role in continuously attracting potential high-quality brand merchants, expanding and strengthening the cooperative relationship with partners of Managed Shopping Malls. During the Reporting Period, the Company opened 1 new Portfolio Shopping Mall, closed 1 Portfolio Shopping Mall, and changed a Portfolio Shopping Mall to a Managed Shopping Mall. As of the end of the Reporting Period, the Company had 19 pipeline Portfolio Shopping Malls.

IV. BUSINESS REVIEW (continued)

1. Business Development and Arrangements: Continuous Expansion of Presence in Third and Lower-Tier Cities, and Establishment of a Nationwide Omni-Channel Commercial Network (continued)

1.1 Business development and arrangements (continued)

As of the end of the Reporting Period, the Company operated 280 Managed Shopping Malls covering a total operating area of 13,885,707 sq.m., with an average occupancy rate of 90.1%, among which the operating area of Managed Shopping Malls in third and lower-tier cities accounted for approximately 70%. Managed Shopping Malls help the Company realize the regional coverage and rapid penetration of the third and lower-tier cities under the asset-light model. During the Reporting Period, the Company opened four new Managed Shopping Malls and closed three Managed Shopping Malls, and one Portfolio Shopping Mall was converted into Managed Shopping Mall. As of the end of the Reporting Period, among the pipeline Managed Shopping Malls, the Company has obtained land use rights certificate/land parcels for 323 contracted projects. Along with steady social and economic development of the country, further progress of urbanization strategy, and stable growth in disposable income per capita, the Company will focus on increasing the rate of expansion of our Managed Shopping Malls business throughout China.

Notes:

- (1) The Company held 46.5% of equity interests in Shandong Inzone Green Home Co., Ltd. (山東銀座家居有限公司), and became one of its largest shareholders ranked pari passu with Shandong Commercial Group Co., Ltd. (山東省商業集團有限公司). As of 30 June 2022, Shandong Inzone Green Home Co., Ltd. and its controlling subsidiaries operated 10 home furnishing shopping malls in total in the PRC. Shopping malls through strategic cooperation refer to the home furnishing shopping malls which, based on strategic objectives considered by the Company, were jointly invested, held and co-operated by the Group and its cooperation partners.
- (2) Franchised home improvement material projects represent the home improvement material stores and home improvement material industry streets operated by the Group by way of franchising. For such franchised home improvement material projects, the Group will partially participate in the daily operation and management after commencement of the projects.
- (3) For home improvement material stores/industry streets, the Group regards those with independent market logos as home improvement material stores/industry streets for the purpose of operation and management convenience after taking into full account the physical form of the property under operation and the types of products being sold.

IV. BUSINESS REVIEW (continued)

1. Business Development and Arrangements: Continuous Expansion of Presence in Third and Lower-Tier Cities, and Establishment of a Nationwide Omni-Channel Commercial Network (continued)

1.2 One-stop design and home improvement

As of the end of the Reporting Period, there were home decoration stores in more than 200 cities in 25 provinces, municipalities directly under the central government and autonomous regions in China, with the network of offline shopping malls of Red Star Macalline. The Company continuously defined the differentiated business positioning and carried out operations based on brands and clusters of customers. The Company has enhanced the construction of a new-generation home decoration platform system project. It has completed the development and construction of a traffic management platform (placement and aggregation, marketing website, CRM, and distribution), a business operation management platform (home decoration and public decoration), and a supply chain management platform (purchase management, bidding and tendering platform, etc.), and has established a professional digital marketing capability covering placement, acquisition and redistribution of traffic.

1.3 Online and offline integration

The Company has actively explored a city-wide new retail model, which has begun to show results. The effective arrangements for digital upgrading and online sources of traffic based on shopping malls start to bear fruit. During the Reporting Period, the Company's core shopping malls were digitally upgraded. In addition to the digital upgrading of shopping malls, the Company successively upgraded and innovated online product selection, content supply, digital operation, traffic acceptance and marketing models. 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.

IV. BUSINESS REVIEW (continued)

2. Continuous Upgrading of Operation Management, and Implementation of the Strategy of “Shift of Focus from Assets to Operation”, with a Focus on User Mentality

2.1 Tenant sourcing management

2.1.1 Multi-store plan, theme pavilions landing, expansion of new categories

In the face of changes of the market consumption situation and market competition trend, based on regional positioning, customer group classification, quality category selection and other more specific factors, the Company has successively constructed a high-end traffic ecosystem covering building materials, furniture and home appliances, in the 100 super Malls and ten major category theme shopping malls in China. In terms of upgrading of the store form in shopping malls, in 2022, the Company continuously promoted the implementation of the strategy of the one Benchmark Mall in one province. The Company developed the city-wide differentiated positioning plan for multi-store shopping malls, and selected 100 Malls that represent the strategic arrangements of the Group: 32 No.1 Stores, 9 Supreme Malls and 59 Benchmark Malls. The Company accelerated the construction.

We continuously 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. During the Reporting Period, the Company upgraded the category strategy to the ten theme pavilion strategy based on the original nine 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 and top floor space. 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. The three major store forms and ten major theme pavilions gather platform-wide traffic. Based on the digital and comprehensive analysis of merchandise and consumers, the Company subdivides categories and brands, and redistributes 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.

IV. BUSINESS REVIEW (continued)

2. Continuous Upgrading of Operation Management, and Implementation of the Strategy of “Shift of Focus from Assets to Operation”, with a Focus on User Mentality (continued)

2.1 Tenant sourcing management (continued)

2.1.1 Multi-store plan, theme pavilions landing, expansion of new categories (continued)

Combined with the extension category integration model, the Company actively expanded mid – and high-end consumer goods, and increased the proportion of rental area, so as to shorten the cycle of consumers visiting the stores and revitalize the traffic to the stores. Taking the smart electrical appliances hall as an example, it is different from traditional home appliance stores, with the new systematic, scenario-based and high-end features. Based on a rich and effective variety of consumer touch forms and marketing activities, it has improved consumers’ combined purchase rate and per customer transaction volume. In this way, the top and medium-ranking brands and dealers were highly attracted to shopping malls, thus driving the rapid establishment of multiple smart electrical appliances pavilions, and increasing the rental area of relevant categories.

2.1.2 Accelerate the implementation of the strategy of four cities and six exhibitions and the exhibition and store alliance, and develop the home furnishing marketing IP

The Company continues to promote the height, breadth and depth of strategic cooperation with CFTE, the largest home furnishing exhibition brand in China. After exclusively hosting CBD-IBCTF (Shanghai), China (Shanghai) International Furniture Fair, CBD Fair (Guangzhou), CBD Fair (Shenzhen) and China (Guangzhou) International Furniture Fair, the Company entered into a memorandum of strategic cooperation with CFTE again, pursuant to which the parties will jointly hold the Tianjin International Furniture Expo from 2023, thus entering the market in north China. By building a new development pattern for the chain exhibition platform of “seeing Guangzhou Pazhou in March and Shanghai pavilions Hongqiao in September”, it helped household brand manufacturers and distributors to outperform the new development of the regional market.

IV. BUSINESS REVIEW (continued)

2. Continuous Upgrading of Operation Management, and Implementation of the Strategy of “Shift of Focus from Assets to Operation”, with a Focus on User Mentality (continued)

2.1 Tenant sourcing management (continued)

2.1.2 Accelerate the implementation of the strategy of four cities and six exhibitions and the exhibition and store alliance, and develop the home furnishing marketing IP (continued)

In addition, the Company regarded “315” and “818” as the core node of offline marketing activities to incubate recognizable home furnishing marketing IP, and gradually strengthen the reputation and influence on the urban dealers side and the brand headquarters side. The Company has also invited brands and dealers to deeply participate in marketing activities to gradually enhance the brand reputation and awareness on the consumer side, and finally built “315” and “818” as the top stream IP to promote the home furnishing industry.

2.1.3 Establish a business middle-office for tenant sourcing to improve the ability to serve brands and dealers

During the Reporting Period, at the service terminal of brand factories, the Company continued to optimize the key customer service system, further upgrade functions such as data visualization of key customers, precise linkage with channel promotion. Meanwhile, it optimized and further opened the service platform for online communication between brands and customers, established exclusive service accounts, and improved the service efficiency and cooperation stickiness of key customers. At the dealer service terminal, the Company continued to strengthen the research on the core dealers’ information in shopping malls nationwide with the help of Longyi system, and form into data precipitation, so as to further improve the service ability of dealers, thereby improving the business efficiency of merchants and reducing operating costs.

The tenant sourcing business middle-office established by the Company integrates shopping malls, brand factories and dealers, and launched a new model of online road shows, namely, strictly selecting merchant sourcing, to integrate online and offline tenant sourcing. During the Reporting Period, the Company has provided a total of more than 30 commercial cooperations and new hot-selling potential brands with carefully selected investment promotion services. The Company’s team for carefully selected investment promotion helps commercial cooperative brands and new hot-selling brands to increase their ability to connect with distributors, and helps brands enhance the effect of investment promotion, thereby filling the gap in the market.

IV. BUSINESS REVIEW (continued)

2. Continuous Upgrading of Operation Management, and Implementation of the Strategy of “Shift of Focus from Assets to Operation”, with a Focus on User Mentality (continued)

2.1 Tenant sourcing management (continued)

2.1.4 Constantly improve the refined rental management level and achieve sustainable growth of rental income through category adjustment

During the Reporting Period, the Company used big data system to visually analyze and guide the daily rent pricing and renewal price adjustment of shopping malls, and further refined rent pricing management by adding the system and manual calibration functions. Meanwhile, the Company enhanced the management efficiency by improving the booth rent grading and pricing mechanism and by strengthening data analysis of abnormal booths, thus ensuring sound and sustainable growth in the overall rental income.

In terms of the location of specific categories, the theme pavilions has played an effective role in planning and adjusting the traffic of each floor area. By scheduling trend categories and high-gross-profit categories on high-rise floors, the rent value of high-rise floors effectively releases and further reduce differential floor rent. While improving the floor effect, through the category specific operation measures such as non-cross layer of secondary categories, the traffic to stores has been accurately operated, thus help the continuous growth of rental income.

2.2 Marketing management

2.2.1 “Super Category Carnival” helps realize category refined marketing

As the home furnishing industry gradually enters the era of refined operations, the “Super Category Carnival” came into being with the initial establishment of theme pavilions. It has become an extremely influential category marketing activity both inside and outside the industry. During the Reporting Period, a total of seven Super Category Carnivals activities were successfully held. Through in-depth cooperation with TOP 10 brands of various categories, the Company carried out category carnivals including joint-venture sofas, doors and windows, flooring, soft decoration, fashion, customized cabinets, wooden doors, sanitary ware, etc. around theme pavilion construction, category consumption upgrade, etc. Based on the orderly completion of the ten category pavilions in China, the “Super Category Carnival” activities normalized category marketing. Intensive and deep engagement in various activities categories contributed to supplementing daily traffic operation other than promotion activities of shopping malls, and further enhanced consumers’ stickiness to the brand of Red Star Macalline.

IV. BUSINESS REVIEW (continued)

2. Continuous Upgrading of Operation Management, and Implementation of the Strategy of “Shift of Focus from Assets to Operation”, with a Focus on User Mentality (continued)

2.2 Marketing management (continued)

2.2.1 “Super Category Carnival” helps realize category refined marketing (continued)

Meanwhile, the Company integrates and strengthens industry resources, further focuses on precision marketing of categories, and expands marketing differentiation. In the first half of 2022, the Company achieved a deep integration of “home decoration + home furnishings + Internet operation” for the first time, incubating the first marketing IP “Red Star Macalline 315FUN Sihai Shopping Festival (紅星美凱龍315FUN肆嗨購節)” in the home furnishing industry to stimulate spending and build a high-end traffic ecosystem. Meanwhile, through the creation of “annual 51 joyful shopping (一年一度51狂享購)” and “618 joyful season for ideal life (618理想生活狂歡季)” and other promotional activities, the Company continuously improved the practice of online and offline diversified marketing activities, and created diversified model cases. There was a total of over 1 billion impressions for the three major promotional activities.

2.2.2 Diversified marketing channels

During the Reporting Period, by focusing on 8 traffic operation channels, including community-based marketing, digital precision marketing, live streaming, membership marketing and property marketing, etc., we explored traffic operation SOP, so as to enable planning and marketing personnel of shopping malls in marketing and create private traffic pools of shopping malls. Meanwhile, with online operation capabilities, Red Star Macalline 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.

In terms of national marketing, the platform has achieved a steady increase in the base of marketing opinion leaders, with more than 750,000 opinion leaders. They were engaged in continuous dissemination and customer attraction and retention for home furnishing promotions, category carnival activities and top brands to achieve extremely low-cost social communication and precise customer retention.

IV. BUSINESS REVIEW (continued)

2. Continuous Upgrading of Operation Management, and Implementation of the Strategy of “Shift of Focus from Assets to Operation”, with a Focus on User Mentality (continued)

2.2 Marketing management (continued)

2.2.2 Diversified marketing channels (continued)

In terms of community operation, the Company completed the function iteration of the community-based marketing tool V2.0, including the addition and optimization of nearly 10 core function points in the three major segments, namely “traffic driving and customer acquisition”, “customer management” and “data center.” The Company also realized the delicacy management of users through functions including access to private numbers, synchronization of member information and the pool of leads in the malls, and created a private traffic pool for Red Star Macalline on WeChat. As of the end of the Reporting Period, the total number of users exceeded 200,000.

In terms of digital precision marketing, the Company 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. During the Reporting Period, there was a year-on-year decrease of over 20% in the costs of customer acquisition, an increase of nearly 30% in the overall intention rate, and a year-on-year increase of over 30% in the intention rate for regular customers. In terms of the we-media matrix, during the Reporting Period, the Company recorded a total of 0.6 billion impressions through operation on we-media platforms including WeChat, microblog, TikTok, video channel and Xiaohongshu (小紅書).

In terms of digital operation and management, the Company has focused on upgrading the core digital marketing tools covering the three major modules of “event marketing”, “traffic operation” and “marketing management”. In addition, the Company has realized full-link marketing from online customer attraction, user operation to offline conversion by fully linking the advantages of TikTok-based interaction, Tencent-based communication and Alibaba-based transaction. Meanwhile, a full closed-loop process of screening, triggering, distribution and deposition of traffic clues after acquisition can be realized by further iterating functions such as intelligent marketing core, labeling system for hidden number outbound calls and instant triggering. During the Reporting Period, the digital marketing tools have achieved full coverage of major core shopping malls.

IV. BUSINESS REVIEW (continued)

2. Continuous Upgrading of Operation Management, and Implementation of the Strategy of “Shift of Focus from Assets to Operation”, with a Focus on User Mentality (continued)

2.2 Marketing management (continued)

2.2.3 Introduce a joint marketing model, integrate upstream marketing resources and highlight the value-empowering function of the platform

The joint marketing model is a new attempt of the Company for joint construction of a win-win ecosystem in the industry, based on the targeted placement platform built by the Company, with the aim of cooperating with stakeholders in the household industry chain to create value for the ecosystem partners, with an open and inclusive attitude. Based on enablement by the IMP platform, the Company is continuously deepening the new joint marketing model of working with brand factories and distributors in online interactive traffic driving and offline experience and transaction in the home decoration industry, so as to enable the fast construction of digital, full-domain, scenario, chain and cycle user management consortium in the industry, thus gradually and fundamentally addressing pain points in marketing, including difficulties in gaining targeted traffic, high traffic costs, and low utilization rate of traffic. During the Reporting Period, the Company fully integrated the marketing resources of brand factories and merchants. Based on the city-wide marketing scenario for brands with the nationwide promotion, the “Super Category Carnival”, “Super Elected Ace” and “Super City-wide Shopping” as the core, the Company further improved the traffic operation ability, realized the cross-category and cross-brand combined and repeated purchase. Through persistent optimization of the quality case database and implementation of operational norms, and improvement of sales returns from joint marketing projects to brand factories and merchants, we attracted more brand factories and merchants to participate in the joint marketing by investing in effective advertising budgets. Under the background that the home furnishing industry is gradually entering stock competition and the traffic is increasingly scattered, the joint marketing model efficiently and quickly integrated the resources of the home decoration industry, thus achieving resource sharing and reducing marketing costs.

With the improvement in the reputation of core products including “Super City-wide Shopping” and “Super Elected Ace”, the Company continuously increased the scale of existing businesses for joint marketing by integrating more brands and tenants. Meanwhile, through new marketing solutions including “theme pavilion-based marketing”, “traffic distribution” and “turnkey solution for buildings”, the Company increased new sources of growth for joint marketing projects.

IV. BUSINESS REVIEW (continued)

2. Continuous Upgrading of Operation Management, and Implementation of the Strategy of “Shift of Focus from Assets to Operation”, with a Focus on User Mentality (continued)

2.3 Operational management

During the Reporting Period, the Company promoted the upgrading of operational management with a focus on on-site management, environmental publicity, service optimization, talent development. By means of upgrading intelligent customer service and operating risk control system, we updated and optimized the operational management standards, merchandise quality management system and merchant credit management system, to achieve all-round improvement of customer home furnishing consumption experience and satisfaction.

In terms of the product quality management system, the Company has fully upgraded the product quality management system and strictly controlled the quality risks of products sold in shopping malls. During the Reporting Period, it has 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.

In terms of environmental protection, Red Star Macalline, together with China Quality Certification Centre, launched the “Leading Green Home Brand” certification, with a focus on four core values, namely green, environmentally friendly, low-carbon and genuine. Red Star Macalline cooperated with more than 20 national and provincial laboratories to select the “Leading Green Home Brands” that met standards higher than the national standards. During the Reporting Period, the lists of furniture and building materials of leading green home projects were released, and 118 brands were rated as “Leading Green Home Brands”.

In terms of the merchant credit system, the Company continued to update the merchant credit management system, 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 terms of the customer service system, during the Reporting Period, the Company promoted a service-oriented member management model and established a customer management system with “customer first and service as the core.” Under the member management system, the increase in member value is driven by services, and meanwhile, high-end member services were properly provided to induce referral by members and repeated purchases.

IV. BUSINESS REVIEW (continued)

2. Continuous Upgrading of Operation Management, and Implementation of the Strategy of “Shift of Focus from Assets to Operation”, with a Focus on User Mentality (continued)

2.3 Operational management (continued)

Meanwhile, in 2022, the Company continued to deepen the value-added services based on the home-based services, and fully integrated the promotion activities including “315 World Consumer Rights Day”, “May Day” and “618.” Meanwhile, in consideration of the operation of theme pavilions in malls, the Company conducted in-depth cooperation with key categories and brands, successively launching a series of theme service month activities such as “April, Home Maintenance Service Month (4月家居維保服務月)”, “618 Home Care Service Season (618愛家服務季)” and “818 Home Appliance Cleaning Season (818家電清洗季).” As of the end of the Reporting Period, the Company provided three major types of product lines including home appliance cleaning and home appliance maintenance for 250,000 households, with service satisfaction reaching 96%.

As of the end of the Reporting Period, the net customer recommendation value was 71.99%, the service satisfaction rate was 95.38%, the delivery and installation satisfaction rate was 95.34%, the commodity satisfaction rate was 95.24%, and the environmental satisfaction rate was 96.86%.

3. Steady Development of Scalable Business: Continuous Upgrading of the “Home Improvement and Home Furnishings Integration, Online and Offline Integration” Strategy

3.1 Home improvement and home furnishings integration

Facing the market pattern of “big industry, small companies” in the home improvement industry, the Company has been committed to solving customers’ problems by relying on its strong supply chain integration capabilities and its nationwide physical shopping mall network. The Company has 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”. In addition, while maintaining the sustainable development of its businesses, the Company has continued to consolidate its core advantages, focusing on platform capabilities and refined management. Through the construction of the traffic operation and management platform and the home improvement/public decoration system platform, the Company has achieved the databased and scientific management process and ensured the construction period and quality of home improvement and public decoration projects.

IV. BUSINESS REVIEW (continued)

3. Steady Development of Scalable Business: Continuous Upgrading of the “Home Improvement and Home Furnishings Integration, Online and Offline Integration” Strategy (continued)

3.1 Home improvement and home furnishings integration (continued)

3.1.1 Diversified channel arrangements for promoting business growth

The Company has 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.

3.1.2 Full coverage of brands for supporting arrangements for differentiated markets

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, which enables 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.

IV. BUSINESS REVIEW (continued)

3. Steady Development of Scalable Business: Continuous Upgrading of the “Home Improvement and Home Furnishings Integration, Online and Offline Integration” Strategy (continued)

3.1 Home improvement and home furnishings integration (continued)

3.1.2 Full coverage of brands for supporting arrangements for differentiated markets (continued)

Specifically, Zhenyang, which is engaged in mansion decoration, and Macalline Space Design, took Shanghai as their business center, covering China. Red Star Macalline Home Decoration, which is engaged in personalized and customized full decoration, continued to develop towards the high-end level, implemented the strategic positioning of a differentiated urban business, and focused on building 11 segments in 8 cities, namely Shanghai, Beijing, Nanjing, Tianjin, Zhengzhou, Chongqing, Chengdu and Suzhou. Meanwhile, the Company made efforts to develop the full decoration business at a higher standard, strengthened its business in Shanghai and Beijing, expanded product differentiation, and enhanced its multi-channel marketing and customer acquisition capabilities, so as to increase its share in the standard full decoration market in Shanghai and Beijing.

3.1.3 Establishment of a technical middle platform to improve operation efficiency

In terms of digital construction, the Company has 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, the Company has made technological breakthroughs in anti-mildew, anti-seepage, anti-cracking, moisture-proof, villa noise reduction, etc., and obtained relevant utility new model patents. During the Reporting Period, the Company has 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, the Company has 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.

IV. BUSINESS REVIEW (continued)

3. Steady Development of Scalable Business: Continuous Upgrading of the “Home Improvement and Home Furnishings Integration, Online and Offline Integration” Strategy (continued)

3.1 Home improvement and home furnishings integration (continued)

3.1.3 Establishment of a technical middle platform to improve operation efficiency (continued)

During the Reporting Period, the Company focused on building a traffic operation platform. The Company developed interfaces connected to online placement platforms including Oceanengine (巨量引擎), Dianping (大眾點評) and Zhuxiaobang (住小幫) according to the demand for online placement. The Company initially formed a user dictionary and a conversion suggestion report based on big data of placement, so as to improve the order placement rate and the success rate of conversion. Meanwhile, the Company integrated the 3D cloud design capability, visualization capability, intelligent voice capability, BIM capability, etc., so as to create favorable conditions for comprehensive digitalization.

With regard to the construction of home decoration system platforms, the core business platform for home decoration is a digital tool for business personnel and management personnel to help them implement the core business process of home decoration. It helps achieve all home decoration processes from customer financing to construction settlement, including customer contact, visit to the store, house measurement, deposit payment, design, quotation, contract, construction and delivery of materials. It is mainly composed of five centers: sales center (customer, visit to the store, house measurement and deposit payment), design center (design), project center (quotation and contract) and construction center (construction plan, log and acceptance inspection). At present, the customer module realizes the appointment and automatic reminder for a visit to the store and house measurement through a unified to-do list and follow-up record section. It helps business personnel better follow up with their customers and reduce unnoticed orders and untimely follow-up due to human factors. In terms of quotation, contract management and selection of materials, the core business platform supports the package business as well as the semi-turnkey personalized business. After the platform introduces franchisees and platform partners in the future, the above modules will be flexibly configured to meet the requirements of more types of home decoration services; the construction plan template currently supports different construction plan templates defined in different cities, as well as a fully personalized definition of construction nodes. Meanwhile, it supports the configuration of sub-plans. It organically combines construction nodes with plans for ordering of main materials and auxiliary materials, and collection. It helps achieve the comprehensive management of the whole construction process covering construction, main and auxiliary materials and collection, improves the communication efficiency, and reduces project delay and on-site complaints caused by poor communication.

IV. BUSINESS REVIEW (continued)

3. Steady Development of Scalable Business: Continuous Upgrading of the “Home Improvement and Home Furnishings Integration, Online and Offline Integration” Strategy (continued)

3.2 Online and offline integration

3.2.1 City-wide retail

As a leading home furnishing retail company in China, in its new retail 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 industry 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 geographical 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.

IV. BUSINESS REVIEW (continued)

3. Steady Development of Scalable Business: Continuous Upgrading of the “Home Improvement and Home Furnishings Integration, Online and Offline Integration” Strategy (continued)

3.2 Online and offline integration (continued)

3.2.2 Online targeted traffic driving for enablement of merchants

With online operation capabilities, the Company has built an online and offline integrated service close-loop of new retail with the shortest chain to accelerate and improve the marketing efficiency of brand merchants in the process covering online marketing, recommendation, offline acceptance and conversion.

In terms of marketing, based on the intelligent labeling system and the group-based marketing system, the Company built a consumer conversion chain suitable for the Red Star system to realize the accurate classification and stratification of users, identification of the spending demand of users, and arrangements for the provision of services in appropriate shopping malls. After completing the service conversion, users are guided to enter the group system, for continuous provision of services and reach, thus achieving the purposes of re-purchase and referral. Meanwhile, based on the consumer conversion chain, the Company unified member platforms, ID, labels, profiling, order, and after-sales services of each business form. The Company created a middle platform of the Red Star system for members, provided a complete closed-loop of services for the home decoration needs of consumers, improved the utilization rate of marketing resources, and ultimately promoted the improvement in the unified collection rate in the business.

During the Reporting Period, 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.

IV. BUSINESS REVIEW (continued)

3. Steady Development of Scalable Business: Continuous Upgrading of the “Home Improvement and Home Furnishings Integration, Online and Offline Integration” Strategy (continued)

3.2 Online and offline integration (continued)

3.2.2 Online targeted traffic driving for enablement of merchants (continued)

During the Reporting Period, the Company launched and implemented the plan for 10,000 people live streaming of top shopping guides. Through the signature of contracts with leading talents in home decoration and the training of talented shopping guides of distributors, the Company cultivated top streamers of Red Star Macalline to enable 10,000 partners to carry out businesses, and enabled top shopping guides to sell products online.

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 (螢火引擎)”, 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 ROI of video marketing.

V. OUTLOOK AND PROSPECTS

The Group constantly shoulders the responsibility of “building cozy and harmonious homes and improving quality of consumption and home life” to provide consumers with better and more professional services. The Group will consolidate our leading position in the market as well as the professional status of “Red Star Macalline” as an expert of home life in our consumers’ minds, to pursue our enterprise development goal of growing into China’s most advanced and professional “omni-channel platform service provider for home decoration and furnishing industry”. Our future development plans are as follows:

1. We will continue to implement the business model of “asset-light and operation-heavy”, and consolidate the market leadership through strategic expansion of our shopping mall network and brand portfolio;
2. We will strengthen the brand image of “omni-channel service provider for the pan-home improvement and furnishing industry” by deeply promoting the business transformation and making a breakthrough in full-cycle services of home furnishing consumption;
3. We will build comprehensive service system and strive to become the new retail benchmark in the home decoration and furnishing industry;
4. We will enhance the long-term competitiveness of the Company through digital strategies;
5. We will be proactive in innovation and attach importance to the application of capital markets and financial instruments; and
6. We will continue to improve corporate governance, standardize our operation and implement social responsibilities.

Corporate Governance and Other Information

The Group is committed to maintaining high-standard corporate governance so as to protect the interest of the shareholders and promote the Company's value and accountability. H Shares of the Company were listed on the Main Board of the Hong Kong Stock Exchange on 26 June 2015. A Shares of the Company were listed on the Shanghai Stock Exchange on 17 January 2018.

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

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

During the six months ended 30 June 2022, other than deviation from code provision C.2.1 of the Corporate Governance Code (the "**Corporate Governance Code**") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), the Company has complied with all applicable code provisions of the Corporate Governance Code, which set out principles of good corporate governance in relation to, among other matters, the Directors, the chairman and chief executive officer, board composition, the appointment, re-election and removal of Directors, their responsibilities and remuneration, and communications with shareholders. The Directors are satisfied that sufficient corporate governance measures have been put in place to manage conflicts of interest between the Group and the controlling shareholders (as defined under the Listing Rules) and/or Directors to protect the interests of the minority shareholders.

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

Mr. CHE Jianxing ("**Mr. CHE**") is the Chairman of the Board and chief executive officer of the Company. In view of Mr. CHE's experience, personal profile and his roles in the Group and the fact that Mr. CHE has assumed the role of chief executive officer and the general manager of the Company since June 2007, the Board considers it beneficial to the business prospect and operational efficiency of the Group that Mr. CHE, in addition to acting as the Chairman of the Board, continues to act as the chief executive officer of the Company. While this will constitute a deviation from Code Provision C.2.1 of the Corporate Governance Code, the Board believes that this structure will not impair the balance of power and authority between the Board and the management of the Company, given that: (i) decisions to be made by the Board require approval by at least a majority of our Directors and that the Board comprises 5 independent non-executive Directors out of the 14 Directors, which is in compliance with the Listing Rules requirement that one-third of the Board shall be independent non-executive Directors, and the Company believes that there are sufficient checks and balances in the Board; (ii) Mr. CHE and other Directors are aware of and undertake to fulfill their fiduciary duties as Directors, which require, among other things, that they shall act for the benefit and in the best interests of the Company and will make decisions for the Group accordingly; and (iii) the balance of power and authority is ensured by the operations of the Board which comprises experienced and high caliber individuals who meet regularly to discuss issues affecting the operations of the Company. Moreover, the overall strategic and other key business, financial and operational policies of the Group are made collectively by the Board and the senior management after their thorough discussion.

The Board will continue to review the effectiveness of the corporate governance structure of the Group in order to assess whether separation of the roles of Chairman of the Board and general manager is necessary.

Corporate Governance and Other Information

COMPLIANCE WITH MODEL CODE

The Company has adopted a code of conduct regarding Directors' and supervisors' of the Company (the "**Supervisors**") securities transactions on terms as required under the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules. The Company has conducted specific enquiries to the Directors and Supervisors, and all Directors and Supervisors have confirmed that they had complied with all the provisions and standards set out in the Model Code during the six months ended 30 June 2022.

AUDIT COMMITTEE AND REVIEWING INTERIM REPORT

The Company have established an audit committee ("**Audit Committee**") with written terms of reference in compliance with the Listing Rules, the primary duties of which are to assist the Board by providing an independent view of the effectiveness of the financial reporting process, managing internal control and risk management systems of the Group, overseeing the audit process and performing other duties and responsibilities as assigned by the Board. As at the date of this report, the Audit Committee consisted of three independent non-executive Directors, namely Mr. QIAN Shizheng, Mr. LEE Kwan Hung, Eddie and Mr. WANG Xiao. Mr. QIAN Shizheng, who holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules, serves as the chairman of the Audit Committee.

The Audit Committee has reviewed and confirmed the Group's 2022 interim report and the unaudited financial statements for the six months ended 30 June 2022.

THE BOARD, THE BOARD OF SUPERVISORS AND COMMITTEES

From 1 January 2022 to the date of this interim report, save as changes below, no change was made to the information of the Board, Board of Supervisors, Strategy and Investment Committee, Audit Committee, Remuneration and Evaluation Committee and Nomination Committee, which was consistent with the contents as set out in the 2021 Annual Report of the Company.

From 1 January 2022 to the date of this interim report, the Board complied with the requirements of appointing at least three independent non-executive Directors (among whom at least one independent non-executive Director holds the appropriate professional qualifications or accounting or relevant financial management knowledge) set out in Rules 3.10(1) and 3.10(2) of the Listing Rules at any time. The Company also complied with the requirements of appointing independent non-executive Directors, accounting for one-third of the members of the Board set out in Rule 3.10A of the Listing Rules.

CHANGE IN DIRECTORATE AND INFORMATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The changes in Directors and Supervisors of the Company from 1 January 2022 to the date of this interim report, are set out below:

| Name | Position | Details of Change |
|----------------|------------------------|--|
| Mr. XU Hong | Non-executive Director | Resigned as a non-executive director of the Company on 19 January 2022 |
| Mr. JING Jie | Non-executive Director | Resigned as a non-executive director of the Company on 9 March 2022 |
| Ms. HU Xiao | Non-executive Director | Appointed as a non-executive Director on 29 March 2022 |
| Mr. YANG Guang | Non-executive Director | Appointed as a non-executive Director on 29 March 2022 |

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

The Group did not purchase, sell or redeem any listed securities of the Company during the six months ended 30 June 2022.

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

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

Corporate Governance and Other Information

DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES OR DEBENTURES (continued)

SHARES AND UNDERLYING SHARES OF THE COMPANY AND ASSOCIATED CORPORATIONS

(i) The Company

| Name of Shareholders | Title | Class of Shares | Nature of Interest | Number of Underlying Shares Held | Approximate Percentage of the Relevant Class of Shares ⁽¹⁾ | Approximate Percentage of Total Shares ⁽¹⁾ |
|-----------------------------------|--|-----------------|------------------------------------|----------------------------------|---|---|
| CHE Jianxing (車建興) ⁽²⁾ | Chairman, Chief Executive Officer and Executive Director | A Shares | Interest of controlled corporation | 2,636,081,007 | 72.95% | 60.53% |
| | | | | (Long position) | | |
| | | | 384,480,735 | 10.64% | 8.83% | |
| | | | (Short position) | | | |
| | | | Beneficial owner | 435,600 | 0.01% | 0.01% |
| | | | | (Long position) | | |
| | | | Interest of spouse | 48,620 | 0.00% | 0.00% |
| | | | | (Long position) | | |
| GUO Binghe (郭丙合) | Executive Director | A Shares | Beneficial owner | 288,420 | 0.01% | 0.01% |
| | | | | (Long position) | | |
| CHE Jianfang (車建芳) | Executive Director | A Shares | Beneficial owner | 123,420 | 0.00% | 0.00% |
| | | | | (Long position) | | |
| JIANG Xiaozhong (蔣小忠) | Executive Director | A Shares | Beneficial owner | 1,794,780 | 0.05% | 0.04% |
| | | | | (Long position) | | |
| CHEN Shuhong (陳淑紅) ⁽³⁾ | Non-executive Director | A Shares | Interest of spouse | 2,636,516,607 | 72.96% | 60.54% |
| | | | | (Long position) | | |
| | | | 384,480,735 | 10.64% | 8.83% | |
| | | | (Short position) | | | |
| | | | Beneficial owner | 48,620 | 0.00% | 0.00% |
| | | | | (Long position) | | |

Corporate Governance and Other Information

Notes:

- (1) As at 30 June 2022, the Company had 4,354,732,673 issued Shares in total, including 3,613,447,039 A Shares and 741,285,634 H Shares.
- (2) Mr. CHE Jianxing indirectly holds 60.53% of the total issued Shares of the Company through his 92.00% direct interest in Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) ("**RSM Holding**"), a limited liability company incorporated in the PRC, and is deemed to be interested in the 2,636,081,007 A Shares held by RSM Holding for the purpose of the SFO.
- (3) Ms. CHEN Shuhong is the spouse of Mr. CHE Jianxing. Under the SFO, Ms. CHEN Shuhong is deemed to be interested in the same number of Shares in which Mr. CHE Jianxing is interested.

(ii) Associated Corporation

| Name of Directors | Name of Associated Corporation | Nature of Interest | Equity Interest in the Associated Corporation Held | Approximate Percentage of the Relevant Class of Shares ⁽¹⁾ |
|-------------------|--------------------------------|---------------------|--|---|
| CHE Jianxing | RSM Holding ⁽¹⁾ | Beneficial interest | 184,000,000 (Long position) | 92% |
| CHE Jianfang | RSM Holding ⁽¹⁾ | Beneficial interest | 16,000,000 (Long position) | 8% |

Note:

- (1) RSM Holding is the investment holding company of the Company, which is held as to 92% by Mr. CHE Jianxing and as to 8% by Mr. CHE Jianxing's sister, Ms. CHE Jianfang and therefore an "associated corporation" of the Company within the meaning of Part XV of the SFO. As at 30 June 2022, RSM Holding held 2,636,081,007 A Shares of the Company which accounted for approximately 60.53% of the total issued Shares of the Company.

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

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

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

| Name of Shareholders | Class of Shares | Capacity/Nature of Interest | Number of Underlying Shares Held | Approximate Percentage in Relevant Class of Shares ⁽¹⁾ | Approximate Percentage in Total Share Capital ⁽¹⁾ |
|---|-----------------|------------------------------------|----------------------------------|---|--|
| RSM Holding | A Shares | Beneficial owner | 2,636,081,007 | 72.95% | 60.53% |
| | | | (Long position) | | |
| Alibaba Group Holding Limited ⁽²⁾ | A Shares | Interest of controlled corporation | 384,480,735 | 10.64% | 8.83% |
| | | | (Short position) | | |
| Alibaba Group Holding Limited ⁽²⁾ | H Shares | Interest of controlled corporation | 355,000,000 | 9.82% | 8.15% |
| | | | (Long position) | | |
| Alibaba Group Holding Limited ⁽²⁾ | H Shares | Interest of controlled corporation | 131,475,421 | 17.74% | 3.02% |
| | | | (Long position) | | |
| Taobao China Holding Limited ⁽²⁾ | A Shares | Interest of controlled corporation | 355,000,000 | 9.82% | 8.15% |
| | | | (Long position) | | |
| Taobao China Holding Limited ⁽²⁾ | H Shares | Beneficial owner | 65,737,711 | 8.87% | 1.51% |
| | | | (Long position) | | |
| Taobao Holding Limited ⁽²⁾ | A Shares | Interest of controlled corporation | 355,000,000 | 9.82% | 8.15% |
| | | | (Long position) | | |
| Taobao Holding Limited ⁽²⁾ | H Shares | Interest of controlled corporation | 65,737,711 | 8.87% | 1.51% |
| | | | (Long position) | | |
| Zhejiang Tmall Technology Co., Ltd. (浙江天貓技術有限公司) ⁽³⁾ | A Shares | Interest of controlled corporation | 355,000,000 | 9.82% | 8.15% |
| (Long position) | | | | | |
| Tao Bao (China) Software Co., Ltd. (淘寶(中國)軟件有限公司) ⁽³⁾ | A Shares | Interest of controlled corporation | 355,000,000 | 9.82% | 8.15% |
| (Long position) | | | | | |
| Alibaba (China) Technology Co., Ltd. (阿里巴巴(中國)網絡技術有限公司) ⁽³⁾ | A Shares | Beneficial owner | 355,000,000 | 9.82% | 8.15% |
| (Long position) | | | | | |
| Alibaba Investment Limited ⁽²⁾ | H Shares | Interest of controlled corporation | 65,737,710 | 8.87% | 1.51% |
| (Long position) | | | | | |
| New Retail Strategic Opportunities Fund GP, L.P. ⁽²⁾ | H Shares | Interest of controlled corporation | 65,737,710 | 8.87% | 1.51% |
| (Long position) | | | | | |

Corporate Governance and Other Information

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES (continued)

| Name of Shareholders | Class of Shares | Capacity/Nature of Interest | Number of Underlying Shares Held | Approximate Percentage in Relevant Class of Shares ⁽¹⁾ | Approximate Percentage in Total Share Capital ⁽¹⁾ |
|---|-----------------|------------------------------------|----------------------------------|---|--|
| New Retail Strategic Opportunities Fund, L.P. ⁽²⁾ | H Shares | Interest of controlled corporation | 65,737,710 (Long position) | 8.87% | 1.51% |
| New Retail Strategic Opportunities GP Limited ⁽²⁾ | H Shares | Interest of controlled corporation | 65,737,710 (Long position) | 8.87% | 1.51% |
| New Retail Strategic Opportunities Investments 4 Limited ⁽²⁾ | H Shares | Beneficial owner | 65,737,710 (Long position) | 8.87% | 1.51% |
| WONG Man Li ⁽⁴⁾ | H Shares | Interest of controlled corporation | 47,904,600 (Long position) | 6.46% | 1.10% |
| Man Wah Investments Limited ⁽⁴⁾ | H Shares | Beneficial owner | 47,904,600 (Long position) | 6.46% | 1.10% |
| HUI Wai Hing ⁽⁴⁾ | H Shares | Interest of the spouse | 47,904,600 (Long position) | 6.46% | 1.10% |
| WONG Luen Hei ⁽⁵⁾ | H Shares | Interest of controlled corporation | 60,442,281 (Long position) | 8.15% | 1.39% |
| UBS Trustees (B.V.I.) Limited ⁽⁵⁾ | H Shares | Interest of controlled corporation | 60,442,281 (Long position) | 8.15% | 1.39% |
| New Fortune Star Limited ⁽⁵⁾ | H Shares | Interest of controlled corporation | 60,442,281 (Long position) | 8.15% | 1.39% |
| Fuhui Capital Investment Limited ⁽⁵⁾ | H Shares | Interest of controlled corporation | 60,442,281 (Long position) | 8.15% | 1.39% |
| China Lesso Group Holdings Limited ⁽⁵⁾ | H Shares | Interest of controlled corporation | 60,442,281 (Long position) | 8.15% | 1.39% |
| UBS Group AG | H Shares | Interest of controlled corporation | 23,587,462 (Long position) | 3.18% | 0.54% |
| | | | 13,848,830 (Short position) | 1.87% | 0.32% |

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES (continued)

Notes:

(1) As at 30 June 2022, the Company had 4,354,732,673 issued Shares in total, comprised of 3,613,447,039 A Shares and 741,285,634 H Shares.

(2) New Retail Strategic Opportunities Investments 4 Limited is directly interested in the 65,737,710 H shares of the Company.

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

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

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

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

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

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

(3) On 14 May 2019, RSM Holding completed the 2019 Non-public Issuance of Exchangeable Corporate Bonds (First Tranche) (the "**Exchangeable Bonds**"), which had been fully subscribed by Alibaba (China) Technology Co., Ltd.. The Exchangeable Bonds are exchangeable into fully-paid A shares of the Company. Based on the initial conversion price of RMB12.28 per share upon the completion of issuance on 14 May 2019, the underlying shares of the Exchangeable Bonds were 355,000,000 A shares of the Company, which had still been held by RSM Holding as at 30 June 2022.

Alibaba (China) Technology Co., Ltd. was 57.59% and 35.75% controlled by Tao Bao (China) Software Co., Ltd. and Zhejiang Tmall Technology Co., Ltd. respectively. Therefore, Tao Bao (China) Software Co., Ltd. and Zhejiang Tmall Technology Co., Ltd. are deemed to be interested in the underlying A shares of the Exchangeable Bonds.

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

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

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

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

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

DIRECTORS' AND SUPERVISORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the 2022 interim report, at no time during the Reporting Period was the Company or any of its subsidiaries or holding company or any subsidiary of the Company's holding company, a party to any arrangement that would enable Directors or Supervisors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors or the Supervisors or any of their spouses or children under the age of 18 were granted any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

INTERIM DIVIDENDS

The Board does not recommend payment of dividend for the six months ended 30 June 2022.

A SHARE OFFERING AND USE OF PROCEEDS

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

Analysis of the use of proceeds from issuance of A shares as of 30 June 2022 is as follows:

| | |
|------------------------------|----------------------|
| | <i>Unit: RMB'000</i> |
| Total amount of funds raised | 3,222,450 |
| Issuance expense | 172,442 |
| Net funds raised | 3,050,008 |

Corporate Governance and Other Information

| Proposed investment projects | | Total investment planned (RMB'000) | Total amount utilized at the end of Reporting Period (RMB'000) | Balance of the investment amount (RMB'000) | Explanation |
|--|---|---------------------------------------|---|---|--|
| Home furnishing shopping mall construction project | Tianjin Beichen Shopping Mall Project | 245,137 | 245,137 | - | Fully invested |
| | Hohhot Yuquan Shopping Mall Project | 76,825 | 76,825 | - | Fully invested |
| | Dongguan Wanjiang Shopping Mall Project | 164,145 | 164,145 | - | Fully invested |
| | Harbin Songbei Shopping Mall Project | 294,809 | 294,809 | - | Fully invested |
| | Urumqi Convention and Exhibition Mall Project | 669,084 | 666,733 | 2,351 ⁽¹⁾ | Fully invested |
| | Changsha Jinxia Shopping Mall Project | 190,000 | 146,238 | 43,762 | Expected to be invested by May 2023 |
| | Xining Expo Shopping Mall Project | 110,000 | 110,013 ⁽²⁾ | (13) | Fully invested |
| | Sub-total | 1,750,000 | 1,703,900 | 46,100 | - |
| | New intelligent home furnishing shopping mall | 400,000 | 111,443 | 288,557 | Expected to be invested by December 2024 |
| Repayment of bank loans | 400,000 | 400,000 | - | Fully invested | |
| Supplement of liquidity | 150,008 | 150,008 | - | Fully invested | |
| Repayment of interest-bearing debts | 350,000 | 350,000 | - | Fully invested | |
| Total | 3,050,008 | 2,715,351 | 334,657 | - | |

Notes:

- (1) The Company would determine the actual usage of the remaining funds raised subject to the subsequent capital arrangements.
- (2) Including the interest generated from the account of raised funds and used for the project.

The expected timeline for using the unutilised net proceeds is based on the best estimation of the business market situations made by the Board and might be subject to changes based on the market conditions. Change in the timeline, if any, will be disclosed publicly by the Company in accordance with the requirements of the relevant rules as and when appropriate to update its shareholders and potential investors.

Corporate Governance and Other Information

NON-PUBLIC ISSUANCE OF A SHARES AND USE OF PROCEEDS

In September 2021, the Company issued 449,732,673 A shares to specific investors in the non-public issuance, at an issue price of RMB8.23 per share, with the total proceeds of RMB3,701,299,898.79. After deducting issuance expenses (exclusive of tax) of RMB22,936,099.50, the actual net proceeds were RMB3,678,363,799.29. For details, please refer to the announcements of the Company dated 3 May 2020, 3 June 2020, 23 June 2020, 19 April 2021, 18 May 2021 and 21 October 2021 and the circulars of the Company dated 3 June 2020 and 26 April 2021, the Company has utilized the net proceeds in accordance with the purposes as disclosed, and as of the end of the Reporting Period, the Group invested into the agreed proceeds-funded projects, a total of approximately 50% of the proceeds from the non-public issuance of A shares in 2021.

An analysis of the use of the proceeds from the non-public issuance of A shares as of 30 June 2022 is set out below:

| | |
|-------------------|----------------------|
| | <i>Unit: RMB'000</i> |
| Total Proceeds | 3,701,299.9 |
| Issuance expenses | 22,936.1 |
| Net proceeds | 3,678,363.8 |

| Proposed Investment Project | Total investment planned (RMB'000) | Investment amount at the end of the Reporting Period (RMB'000) | Balance of the investment amount (RMB'000) | Explanation |
|--|---------------------------------------|---|---|--|
| Tmall "Home Decoration Tongcheng Station" Project | 220,000.0 | – | 220,000.0 | Expected to be invested by December 2024 |
| 3D Shejiyun Platform Construction Project | 283,944.7 | 6,197.2 | 277,747.5 | Expected to be invested by December 2024 |
| Construction Project for New Generation Home Improvement Platform System | 350,000.0 | 1,529.6 | 348,470.4 | Expected to be invested by December 2024 |
| Home Furnishing Mall Construction Project | | | | |
| Foshan Lecong Shopping Mall Project | 1,000,000.0 | 200,000.0 | 800,000.0 | Expected to be invested by December 2023 |
| Nanning Dingqiu Shopping Mall Project | 560,000.0 | 360,348.6 | 199,651.4 | Expected to be invested by December 2022 |
| Nanchang Chaoyang Xincheng Shopping Mall Project | 160,910.0 | 160,910.0 | – | Fully invested |
| Sub-total | 1,720,910.0 | 721,258.6 | 999,651.4 | – |
| Repayment of Interest-bearing Debts of the Company | 1,103,509.1 | 1,103,509.1 | – | Fully invested |
| Total | 3,678,363.8 | 1,832,494.5 | 1,845,869.3 | – |

Corporate Governance and Other Information

The expected timeline for using the unutilised net proceeds is based on the best estimation of the business market situations made by the Board and might be subject to changes based on the market conditions. Change in the timeline, if any, will be disclosed publicly by the Company in accordance with the requirements of the relevant rules as and when appropriate to update its shareholders and potential investors.

EVENTS AFTER THE REPORTING PERIOD

Repurchase of A Shares

On 24 April 2022, the Company convened the forty-third extraordinary meeting of the fourth session of the Board, which considered and approved the Resolution on Considering Repurchase of Shares of the Company. As of 29 July 2022, by way of centralized bidding transaction, the Company repurchased 384,800 A shares, accounting for 0.0088% of the total share capital of the Company. The maximum and minimum purchase prices were RMB5.21 per share and RMB5.20 per share respectively. The total amount paid was RMB2,004,308.00 (excluding transaction costs). All A shares repurchased will be used for the employee stock ownership plans or option incentive schemes of the Company.

Issuance of US bonds

On 26 August 2022, the Company issued of 5.20% credit enhanced bonds due 2025 in the aggregate principal amount of U.S.\$249,700,000. The bonds are listed on the Hong Kong Stock Exchange. For further details, please refer to the relevant announcements of the Company dated 23 August 2022, 24 August 2022 and 29 August 2022, respectively.

Exempted from the rent and management fees of merchants in relevant self operated malls

In order to actively assume social responsibilities, jointly respond to the epidemic, support the sustainable development of merchants and home building materials industry, relevant merchants of self operated malls that meet the conditions will be exempted from part of the rent and management fees of merchants in relevant self operated malls. For details, please refer to the announcement disclosed by the Company in the designated domestic media on 27 August 2022 and on the website of the Hong Kong Stock Exchange (www.hkexnews.hk) on 26 August 2022.

MATERIAL LEGAL PROCEEDINGS

For the six months ended 30 June 2022, the Group did not have any material legal or arbitral proceedings. The Directors also are not aware of any material legal proceedings or claims which are pending or threatened against the Group.

Consolidated Balance Sheet

30 June 2022

Prepared by: Red Star Macalline Group Corporation Ltd.

Unit: Yuan Currency: RMB

| Items | Note | As at 30 June 2022 Unaudited | As at 31 December 2021 Audited |
|---|--------|------------------------------------|--------------------------------------|
| Current assets: | | | |
| Cash and bank balances | VII.1 | 6,134,638,539.93 | 6,903,715,249.53 |
| Settlement reserve | | | |
| Placements with banks and non-bank financial institutions | | | |
| Financial assets held for trading | VII.2 | 966,286,406.87 | 1,018,692,853.25 |
| Derivative financial assets | VII.3 | 22,053,071.50 | – |
| Notes receivable | VII.4 | 43,933,288.92 | 86,554,182.13 |
| Accounts receivable | VII.5 | 2,256,593,961.43 | 1,957,650,342.07 |
| Receivables financing | VII.6 | 2,000,000.00 | – |
| Prepayments | VII.7 | 304,558,762.97 | 305,043,459.08 |
| Insurance premium receivable | | | |
| Reinsurance premium receivable | | | |
| Reserves for reinsurance contracts receivable | | | |
| Other receivables | VII.8 | 949,396,796.53 | 935,666,616.98 |
| Including: Interests receivable | | 9,439,055.31 | 10,680,396.48 |
| Dividends receivable | | 31,000,000.00 | 31,000,000.00 |
| Purchases of resold financial assets | | | |
| Inventories | VII.9 | 325,890,380.60 | 329,087,511.33 |
| Contract assets | VII.10 | 1,767,871,960.59 | 1,705,475,178.70 |
| Assets held for sale | VII.11 | | |
| Non-current assets due within one year | VII.12 | 143,835,202.50 | 140,144,400.00 |
| Other current assets | VII.13 | 1,920,583,390.09 | 2,270,860,332.29 |
| Total current assets | | 14,837,641,761.93 | 15,652,890,125.36 |

Consolidated Balance Sheet

30 June 2022

Prepared by: Red Star Macalline Group Corporation Ltd.

Unit: Yuan Currency: RMB

| Items | Note | As at 30 June 2022 Unaudited | As at 31 December 2021 Audited |
|-------------------------------------|--------|------------------------------------|--------------------------------------|
| Non-current assets: | | | |
| Loans and advances granted | | | |
| Debt investments | VII.14 | | |
| Other debt investments | VII.15 | | |
| Long-term receivables | VII.16 | 481,755,470.84 | 433,325,229.21 |
| Long-term equity investments | VII.17 | 3,922,007,012.70 | 3,929,090,179.77 |
| Other equity instrument investments | VII.18 | 3,380,785,567.72 | 4,169,970,944.17 |
| Other non-current financial assets | VII.19 | 375,874,540.60 | 370,774,540.60 |
| Investment properties | VII.20 | 96,164,000,000.00 | 95,575,000,000.00 |
| Fixed assets | VII.21 | 2,565,779,080.33 | 2,655,001,955.04 |
| Construction in progress | VII.22 | 115,256,902.94 | 88,911,088.97 |
| Productive biological assets | | | |
| Oil and gas assets | | | |
| Right-of-use assets | VII.25 | 3,545,070,709.34 | 3,899,861,973.84 |
| Intangible assets | VII.26 | 111,122,981.37 | 125,191,951.03 |
| Development expenditure | VII.27 | 12,117,628.76 | 12,238,146.01 |
| Goodwill | VII.28 | 97,597,047.85 | 97,597,047.85 |
| Long-term prepaid expenses | VII.29 | 449,196,061.48 | 504,900,607.96 |
| Deferred tax assets | VII.30 | 2,594,103,376.43 | 2,670,232,754.70 |
| Other non-current assets | VII.31 | 5,279,463,007.37 | 5,002,555,455.51 |
| Total non-current assets | | 119,094,129,387.73 | 119,534,651,874.66 |
| Total assets | | 133,931,771,149.66 | 135,187,542,000.02 |

Consolidated Balance Sheet

30 June 2022

Prepared by: Red Star Macalline Group Corporation Ltd.

Unit: Yuan Currency: RMB

| Items | Note | As at 30 June 2022 Unaudited | As at 31 December 2021 Audited |
|--|--------|------------------------------------|--------------------------------------|
| Current liabilities: | | | |
| Short-term loans | VII.32 | 2,095,492,691.31 | 2,957,088,415.02 |
| Loans from central bank | | | |
| Placements from banks and other financial institutions | | | |
| Financial liabilities held for trading | VII.33 | | |
| Derivative financial liabilities | VII.34 | – | 18,167,670.06 |
| Notes payable | VII.35 | 84,631,799.24 | 9,000,000.00 |
| Accounts payable | VII.36 | 2,033,429,455.02 | 2,400,880,410.78 |
| Advance from customers | VII.37 | 903,017,356.56 | 1,692,678,416.28 |
| Contract liabilities | VII.38 | 2,020,198,252.98 | 1,925,076,587.06 |
| Amount from sales of repurchased financial assets | | | |
| Deposits from customers and other banks | | | |
| Brokerage for securities trading | | | |
| Brokerage for underwriting securities | | | |
| Payroll payable | VII.39 | 378,441,121.66 | 609,186,211.11 |
| Taxes payable | VII.40 | 1,134,146,064.87 | 828,853,545.05 |
| Other payables | VII.41 | 11,433,956,731.02 | 9,770,693,294.55 |
| Including: Interests payable | | | |
| Dividends payable | | 444,946,110.12 | – |
| Liabilities held for sale | | | |
| Non-current liabilities due within one year | VII.43 | 9,612,094,250.32 | 11,699,289,233.98 |
| Other current liabilities | VII.44 | 254,600,429.06 | 220,624,831.48 |
| Total current liabilities | | 29,950,008,152.04 | 32,131,538,615.37 |

Consolidated Balance Sheet

30 June 2022

Prepared by: Red Star Macalline Group Corporation Ltd.

Unit: Yuan Currency: RMB

| Items | Note | As at 30 June 2022 Unaudited | As at 31 December 2021 Audited |
|--------------------------------------|--------|------------------------------------|--------------------------------------|
| Non-current liabilities: | | | |
| Deposits for insurance contract | | | |
| Long-term loans | VII.45 | 23,536,635,867.64 | 21,606,316,908.01 |
| Bonds payable | VII.46 | 32,533,000.00 | 532,619,987.37 |
| Including: Preferred shares | | | |
| Perpetual bonds | | | |
| Lease liabilities | VII.47 | 3,729,555,100.80 | 3,957,786,655.49 |
| Long-term payables | VII.48 | 668,044,264.33 | 730,548,821.82 |
| Long-term payroll payable | | | |
| Provisions | | | |
| Deferred income | VII.51 | 215,974,965.32 | 213,857,300.87 |
| Deferred tax liabilities | VII.30 | 13,590,787,115.00 | 13,401,316,273.63 |
| Other non-current liabilities | VII.52 | 4,597,105,956.05 | 5,082,339,292.35 |
| Total non-current liabilities | | 46,370,636,269.14 | 45,524,785,239.54 |
| Total liabilities | | 76,320,644,421.18 | 77,656,323,854.91 |

Consolidated Balance Sheet

30 June 2022

Prepared by: Red Star Macalline Group Corporation Ltd.

Unit: Yuan Currency: RMB

| Items | Note | As at 30 June 2022 Unaudited | As at 31 December 2021 Audited |
|---|--------|------------------------------------|--------------------------------------|
| Owners' equity (or shareholders' equity): | | | |
| Paid-in capital (or Share capital) | VII.53 | 4,354,732,673.00 | 4,354,732,673.00 |
| Other equity instrument | | | |
| Including: Preferred shares | | | |
| Perpetual bonds | | | |
| Capital reserve | VII.55 | 6,880,844,645.27 | 6,880,495,088.02 |
| Less: Treasury stock | | | |
| Other comprehensive income | VII.57 | 1,517,930,562.95 | 1,877,732,755.94 |
| Special reserve | | | |
| Surplus reserve | VII.59 | 2,206,429,308.76 | 2,206,429,308.76 |
| General risk provisions | | | |
| Retained earnings | VII.60 | 39,277,680,095.07 | 38,662,409,591.69 |
| Total equity attributable to owners of the Company (or shareholders' equity) | | 54,237,617,285.05 | 53,981,799,417.41 |
| Non-controlling interests | | 3,373,509,443.43 | 3,549,418,727.70 |
| Total owners' equity (or shareholders' equity) | | 57,611,126,728.48 | 57,531,218,145.11 |
| Total liabilities and owners' equity (or shareholders' equity) | | 133,931,771,149.66 | 135,187,542,000.02 |

Person in charge of the Company:

CHE Jianxing

Person in charge of accounting:

XI Shichang

Person in charge of the
accounting department:

CAI Weichun

Consolidated Income Statement

January – June 2022

Unit: Yuan Currency: RMB

| Items | Note | Six months ended 30 June | |
|---|--------|--------------------------|-------------------|
| | | 2022 Unaudited | 2021 Unaudited |
| I. Total revenue | | 6,956,620,372.69 | 7,502,596,538.58 |
| Including: Revenue | VII.61 | 6,956,620,372.69 | 7,502,596,538.58 |
| Interest income | | | |
| Premium earned | | | |
| Fee and commission income | | | |
| II. Total cost of sales | | 5,232,583,056.62 | 5,897,466,610.74 |
| Including: Cost of sales | VII.61 | 2,619,833,749.20 | 2,731,626,145.54 |
| Interest expenses | | | |
| Fee and commission expenses | | | |
| Refunded premiums | | | |
| Net amount of compensation payout | | | |
| Net provisions for insurance contracts reserve | | | |
| Policy dividend payment | | | |
| Reinsured expenses | | | |
| Taxes and surcharges | VII.62 | 203,750,692.40 | 208,697,351.81 |
| Distribution and selling expenses | VII.63 | 598,847,159.25 | 828,707,485.02 |
| General and administrative expenses | VII.64 | 612,027,243.50 | 882,041,452.79 |
| Research and development expenses | VII.65 | 25,522,159.84 | 26,936,173.97 |
| Financial expenses | VII.66 | 1,172,602,052.43 | 1,219,458,001.61 |
| Including: Interest expenses | | 1,251,570,099.67 | 1,354,578,761.38 |
| Interest income | | 119,354,700.89 | 118,700,167.43 |
| Add: Other income | VII.67 | 50,580,879.56 | 52,812,889.76 |
| Investment income (losses are presented with “-”) | VII.68 | 51,687,956.30 | 482,387,012.63 |
| Including: Investment income from associates and joint ventures | | 36,551,415.64 | 12,486,427.18 |
| Derecognition income of financial assets measured at amortized cost (losses are presented with “-”) | | | |
| Exchange gain (losses are presented with “-”) | | | |
| Net gain on exposure hedging (losses are presented with “-”) | VII.69 | | |
| Gain from fair value changes (losses are presented with “-”) | VII.70 | 93,006,959.96 | 227,017,919.24 |
| Impairment losses of credit (losses are presented with “-”) | VII.71 | -157,101,112.20 | -151,764,612.97 |
| Impairment losses of assets (losses are presented with “-”) | VII.72 | -12,364,349.95 | -7,662,383.27 |
| Gain from disposal of assets (losses are presented with “-”) | VII.73 | 706,708.66 | 15,671,926.81 |

Consolidated Income Statement

January – June 2022

Unit: Yuan Currency: RMB

| Items | Note | Six months ended 30 June | |
|---|--------|--------------------------|-------------------|
| | | 2022 Unaudited | 2021 Unaudited |
| III. Operating profit (losses are presented with “-”) | | 1,750,554,358.40 | 2,223,592,680.04 |
| Add: Non-operating income | VII.74 | 8,496,674.07 | 18,356,160.52 |
| Less: Non-operating expenses | VII.75 | 15,527,966.18 | 19,318,046.10 |
| IV. Total profit (total losses are presented with “-”) | | 1,743,523,066.29 | 2,222,630,794.46 |
| Less: Income tax expense | VII.76 | 767,574,710.50 | 577,718,777.97 |
| V. Net profit (net losses are presented with “-”) | | 975,948,355.79 | 1,644,912,016.49 |
| (I) According to the classification of continuity of operation | | | |
| 1. Net profit from continuing operations (net losses are presented with “-”) | | 975,948,355.79 | 1,644,912,016.49 |
| 2. Net profit from discontinued operations (net losses are presented with “-”) | | | |
| (II) According to the classification of ownership | | | |
| 1. Net profit attributable to shareholders of the Company (net losses are presented with “-”) | | 1,025,091,463.05 | 1,509,666,712.02 |
| 2. Non-controlling interests (net losses are presented with “-”) | | -49,143,107.26 | 135,245,304.47 |
| VI. Other comprehensive income (after tax) | | -334,772,946.34 | 1,374,544,369.14 |
| (I) Other comprehensive income (after tax) attributable to owners of the Company | | -334,149,885.36 | 1,375,089,342.59 |
| 1. Other comprehensive income that will not be reclassified to profit or loss | | -297,781,929.66 | 1,364,493,781.24 |
| (1) Changes arising from the remeasurement of defined benefit plan | | | |
| (2) Other comprehensive income that can not be reclassified to profit or loss under equity method | | | |
| (3) Changes in fair value of other equity instrument investments | | -297,781,929.66 | 1,364,493,781.24 |
| (4) Changes in fair value of the enterprise’s credit risk | | | |

Consolidated Income Statement

January – June 2022

Unit: Yuan Currency: RMB

| Items | Note | Six months ended 30 June | |
|---|------|--------------------------|-------------------------|
| | | 2022 Unaudited | 2021 Unaudited |
| 2. Other comprehensive income that will be reclassified to profit or loss | | -36,367,955.70 | 10,595,561.35 |
| (1) Other comprehensive income that can be reclassified to profit or loss under equity method | | | |
| (2) Changes in fair value of other debt investments | | | |
| (3) Financial assets reclassified to other comprehensive income | | | |
| (4) Credit impairment provisions for other debt investment | | | |
| (5) Hedging reserves from cash flows | | | |
| (6) Exchange differences arising upon translation of financial statements denominated in foreign currencies | | -1,311,608.49 | -2,091,754.24 |
| (7) Others | | -35,056,347.21 | 12,687,315.59 |
| (II) Other comprehensive income (after tax) attributable to non-controlling interests | | -623,060.98 | -544,973.45 |
| VII. Total comprehensive income | | 641,175,409.45 | 3,019,456,385.63 |
| (I) Total comprehensive income attributable to owners of the Company | | 690,941,577.69 | 2,884,756,054.61 |
| (II) Total comprehensive income attributable to non-controlling interests | | -49,766,168.24 | 134,700,331.02 |
| VIII. Earnings per share: | | | |
| (I) Basic earnings per share (yuan/share) | | 0.24 | 0.39 |
| (II) Diluted earnings per share (yuan/share) | | N/A | N/A |

The net profit of the acquiree before the acquisition is RMB0 under the business combination under common control in the current period. The net profit of the acquiree for the previous period is RMB0.

Person in charge of the Company:

CHE Jianxing

Person in charge of accounting:

XI Shichang

Person in charge of the accounting department:

CAI Weichun

Consolidated Cash Flow Statement

January – June 2022

Unit: Yuan Currency: RMB

| Items | Note | Six months ended 30 June | |
|---|--------|--------------------------|-------------------------|
| | | 2022 Unaudited | 2021 Unaudited |
| I. Cash Flows from Operating Activities: | | | |
| Cash received from the sales of goods and rendering of services | | 6,369,460,211.66 | 7,550,538,404.92 |
| Net increase in deposits from customer and interbank | | | |
| Net increase in loans from central bank | | | |
| Net increase in placements from other financial institutions | | | |
| Cash received from premiums under original insurance contracts | | | |
| Net cash received from reinsurance business | | | |
| Net increase in deposits and investments from policyholders | | | |
| Cash received from interest, fee and commission | | | |
| Net increase in placements from banks and other financial institutions | | | |
| Net increase in capital from repurchase business | | | |
| Net cash from brokerage for trading securities | | | |
| Refunds of taxes received | | | |
| Other cash received relating to operating activities | VII.78 | 453,721,502.24 | 452,084,944.94 |
| Sub-total of cash inflow from operating activities | | 6,823,181,713.90 | 8,002,623,349.86 |
| Cash payments for goods purchased and services received | | 1,239,693,080.00 | 1,383,325,163.91 |
| Net increase in loans and advances to customers | | | |
| Net increase in deposits with central bank and other banks | | | |
| Cash paid for compensation payments under original insurance contracts | | | |
| Net increase in placements with banks and non-bank financial institutions | | | |
| Cash paid for interest, fee and commission | | | |
| Cash paid for policyholder dividends | | | |
| Cash payments to and on behalf of employees | | 1,697,899,952.70 | 2,104,417,051.69 |
| Payments of various types of taxes | | 569,237,784.02 | 1,130,986,060.22 |
| Other cash payments relating to operating activities | VII.78 | 1,315,074,366.99 | 1,300,118,910.34 |
| Sub-total of cash outflow from operating activities | | 4,821,905,183.71 | 5,918,847,186.16 |
| Net cash flows from operating activities | | 2,001,276,530.19 | 2,083,776,163.70 |

Consolidated Cash Flow Statement

January – June 2022

Unit: Yuan Currency: RMB

| Items | Note | Six months ended 30 June | |
|---|--------|--------------------------|-------------------|
| | | 2022 Unaudited | 2021 Unaudited |
| II. Cash Flows from Investing Activities: | | | |
| Cash received from disposal of investments | | 467,320,144.69 | 535,190,407.87 |
| Cash received from investment income | | 18,385,403.39 | 273,159,949.00 |
| Net cash received from disposal of fixed assets, intangible assets and other long-term assets | | 1,775,347.32 | 19,152,291.30 |
| Net cash paid for disposal of subsidiaries and other business units | | – | 161,375,763.33 |
| Other cash received relating to investing activities | VII.78 | 1,992,213,734.23 | 4,023,562,200.23 |
| Sub-total of cash inflow from investing activities | | 2,479,694,629.63 | 5,012,440,611.73 |
| Cash paid to purchase and construct fixed assets, intangible assets and other long-term assets | | 762,478,845.52 | 1,394,003,077.67 |
| Cash paid for investments | | 19,950,238.12 | 202,076,693.12 |
| Net increase in pledged loans | | | |
| Net cash paid for acquisition of subsidiaries and other business units | | – | 7,103,868.97 |
| Other cash paid relating to investing activities | VII.78 | 1,615,446,080.42 | 3,449,812,833.06 |
| Sub-total of cash outflow from investing activities | | 2,397,875,164.06 | 5,052,996,472.82 |
| Net cash flow from investing activities | | 81,819,465.57 | -40,555,861.09 |

Consolidated Cash Flow Statement

January – June 2022

Unit: Yuan Currency: RMB

| Items | Note | Six months ended 30 June | |
|---|--------|--------------------------|--------------------------|
| | | 2022 Unaudited | 2021 Unaudited |
| III. Cash Flows from Financing Activities: | | | |
| Cash receipts from capital contributions | | 2,230,000.00 | 67,754,880.00 |
| Including: Cash receipts from capital contributions from minority shareholders of subsidiaries | | 2,230,000.00 | 67,754,880.00 |
| Cash received from borrowings | | 5,901,810,833.33 | 6,163,884,465.86 |
| Other cash received relating to financing activities | VII.78 | 1,727,122,888.89 | 1,381,670,003.78 |
| Sub-total of cash inflow from financing activities | | 7,631,163,722.22 | 7,613,309,349.64 |
| Cash repayments of borrowings | | 8,054,716,954.67 | 8,505,251,986.13 |
| Cash payments for distribution of dividends or profits or settlement of interest expenses | | 1,395,976,833.91 | 1,456,796,827.51 |
| Including: Payments for distribution of dividends or profits to minority shareholders of subsidiaries | | 73,350,000.00 | 71,221,145.89 |
| Other cash paid relating to financing activities | VII.78 | 767,081,437.88 | 1,180,669,161.40 |
| Sub-total of cash outflow from financing activities | | 10,217,775,226.46 | 11,142,717,975.04 |
| Net cash flow from financing activities | | -2,586,611,504.24 | -3,529,408,625.40 |
| IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents | | -53,158.05 | -362,631.26 |
| V. Net Increase in Cash and Cash Equivalents | VII.79 | -503,568,666.53 | -1,486,550,954.05 |
| Add: Opening balance of cash and cash equivalents | VII.79 | 6,097,986,723.20 | 5,901,061,909.81 |
| VI. Closing Balance of Cash and Cash Equivalents | VII.79 | 5,594,418,056.67 | 4,414,510,955.76 |

Person in charge of the Company:

CHE Jianxing

Person in charge of accounting:

XI Shichang

Person in charge of the
accounting department:

CAI Weichun

Consolidated Statement of Changes in Owners' Equity

January – June 2022

Unit: Yuan Currency: RMB

| Six months ended 30 June 2022 | | | | | | | | | | | | | | | |
|---|--|------------------|--------------------------|------------------|----------------|-------|----------------------------|-----------------|------------------|-------------------------|-------------------|--------|-------------------|---------------------------|-------------------|
| Items | Equity attributable to owners of the Company | | | | | | | | | | | | | | |
| | Paid-in capital (or share capital) | Preferred shares | Other equity instruments | Capital reserve | Treasury stock | Less: | Other comprehensive income | Special reserve | Surplus reserve | General risk provisions | Retained earnings | Others | Sub-total | Non-controlling interests | Total equity |
| (M) Internal transfer of equity | | | | | | | | | | | | | | | |
| 1. Transfer to capital (or share capital) from capital reserve | | | | | | | | | | | 25,652,307.63 | | | | |
| 2. Transfer to capital (or share capital) from surplus reserve | | | | | | | | | | | | | | | |
| 3. Surplus reserves for making up losses | | | | | | | | | | | | | | | |
| 4. Changes in defined benefit plan converted to retained earnings | | | | | | | | | | | | | | | |
| 5. Other comprehensive income converted to retained earnings | | | | | | | -25,652,307.63 | | | | 25,652,307.63 | | | | |
| 6. Others | | | | | | | | | | | | | | | |
| (M) Special reserve | | | | | | | | | | | | | | | |
| 1. Appropriation of current period | | | | | | | | | | | | | | | |
| 2. Application of current period | | | | | | | | | | | | | | | |
| (M) Others | | | | | | | | | | | | | | | |
| IV. Closing balances for the period | 4,354,732,673.00 | | | 6,880,844,646.27 | | | 1,517,930,562.95 | | 2,206,423,308.76 | | 39,277,680,095.07 | | 54,227,617,285.05 | 3,373,599,448.43 | 57,611,267,284.48 |

Consolidated Statement of Changes in Owners' Equity

January – June 2022

Unit: Yuan Currency: RMB

| Items | Six months ended 30 June 2021 | | | | | | | | | | Total equity | | | | |
|---|--|------------------|--------------------------|------------------|----------------|-------|----------------------------|-----------------|------------------|-------------------------|-------------------|--------|-------------------|---------------------------|-------------------|
| | Equity attributable to owners of the Company | | | | | | | | | | | | | | |
| | Paid-in capital (or share capital) | Preferred shares | Other equity instruments | Capital reserve | Treasury stock | Less: | Other comprehensive income | Special reserve | Surplus reserve | General risk provisions | Retained earnings | Others | Sub-total | Non-controlling interests | |
| (M) Internal transfer of equity | | | | | | | | | | | | | | | |
| 1. Transfer to capital (or share capital) from capital reserve | | | | | | | | -238,922,379.04 | | | 238,922,379.04 | | | | |
| 2. Transfer to capital (or share capital) from surplus reserve | | | | | | | | | | | | | | | |
| 3. Surplus reserves for making up losses | | | | | | | | | | | | | | | |
| 4. Changes in defined benefit plan converted to retained earnings | | | | | | | | | | | | | | | |
| 5. Other comprehensive income converted to retained earnings | | | | | | | | -238,922,379.04 | | | 238,922,379.04 | | | | |
| 6. Others | | | | | | | | | | | | | | | |
| (M) Special reserve | | | | | | | | | | | | | | | |
| 1. Appropriation of current period | | | | | | | | | 2,076,468,432.95 | | | | | | |
| 2. Application of current period | | | | | | | | | | | | | | | |
| (M) Others | | | | | | | | | | | | | | | |
| IV. Closing balances for the period | 3,905,000,000.00 | | | 3,658,175,075.26 | | | 2,856,752,925.29 | | 2,076,468,432.95 | | 37,951,615,114.42 | | 50,456,029,947.92 | 3,700,992,081.87 | 54,157,022,029.79 |

Person in charge of the accounting department:

CAI Weichun

Person in charge of accounting:

XI Shichang

Person in charge of the Company:

CHE Jianxing

Company's Balance Sheet

30 June 2022

Prepared by: Red Star Macalline Group Corporation Ltd.

Unit: Yuan Currency: RMB

| Items | Note | Closing balance | Opening balance |
|--|--------|--------------------------|--------------------------|
| Current assets: | | | |
| Cash and bank balances | | 1,337,673,551.92 | 1,233,562,517.05 |
| Financial assets held for trading | | 81,112,438.36 | 2,000,000.00 |
| Derivative financial assets | | | |
| Notes receivable | | 700,000.00 | – |
| Accounts receivable | XVII.1 | 278,628,754.37 | 257,521,066.44 |
| Receivables financing | | | |
| Prepayments | | 34,980,173.68 | 11,006,551.03 |
| Other receivables | XVII.2 | 30,569,202,965.39 | 29,364,073,537.36 |
| Including: Interests receivable | | 9,036,367.60 | 9,069,537.29 |
| Dividends receivable | | 2,544,508,338.07 | 2,215,821,972.63 |
| Inventories | | 4,481,002.21 | 2,040,824.23 |
| Contract assets | | 50,601,724.54 | 61,971,407.50 |
| Assets held for sale | | | |
| Non-current assets due within one year | | 120,909,191.92 | 121,095,664.22 |
| Other current assets | | 563,636,132.83 | 560,236,376.95 |
| Total current assets | | 33,041,925,935.22 | 31,613,507,944.78 |
| Non-current assets: | | | |
| Debt investments | | | |
| Other debt investments | | | |
| Long-term receivables | | 1,063,552,932.24 | 1,102,171,612.39 |
| Long-term equity investments | XVII.3 | 21,418,369,182.91 | 20,575,617,082.41 |
| Other equity instrument investments | | 2,393,734,077.05 | 2,434,914,911.35 |
| Other non-current financial assets | | 525,100,000.00 | 10,100,000.00 |
| Investment properties | | | |
| Fixed assets | | 19,309,901.77 | 22,799,667.34 |
| Construction in progress | | 79,278,667.89 | 57,489,241.90 |
| Productive biological assets | | | |
| Oil and gas assets | | | |
| Right-of-use assets | | 1,818,777,854.25 | 1,852,722.70 |
| Intangible assets | | 47,397,120.39 | 52,281,703.75 |
| Development expenditure | | | |
| Goodwill | | | |
| Long-term prepaid expenses | | 17,932,434.68 | 20,225,578.99 |
| Deferred tax assets | | 362,348,485.16 | 570,245,925.04 |
| Other non-current assets | | 2,308,727,333.51 | 2,440,002,186.56 |

Company's Balance Sheet

30 June 2022

Prepared by: Red Star Macalline Group Corporation Ltd.

Unit: Yuan Currency: RMB

| Items | Note | Closing balance | Opening balance |
|---|------|--------------------------|-------------------|
| Total non-current assets | | 30,054,527,989.85 | 27,287,700,632.43 |
| Total assets | | 63,096,453,925.07 | 58,901,208,577.21 |
| Current liabilities: | | | |
| Short-term loans | | 3,594,621,947.86 | 4,013,080,706.29 |
| Financial liabilities held for trading | | | |
| Derivative financial liabilities | | | |
| Notes payable | | 150,000,000.00 | 300,000,000.00 |
| Accounts payable | | 63,334,874.31 | 88,061,036.18 |
| Advance from customers | | 57,281,032.93 | 110,519,917.12 |
| Contract liabilities | | 765,166,614.86 | 707,694,264.58 |
| Payroll payable | | 86,625,042.32 | 133,682,565.41 |
| Taxes payable | | 122,070,191.24 | 18,161,897.37 |
| Other payables | | 25,591,077,285.29 | 21,860,315,249.86 |
| Including: Interests payable | | | |
| Dividends payable | | 435,473,267.30 | – |
| Liabilities held for sale | | | |
| Non-current liabilities due within one year | | 2,547,983,683.15 | 3,548,699,740.29 |
| Other current liabilities | | 114,747,662.45 | 92,888,660.23 |
| Total current liabilities | | 33,092,908,334.41 | 30,873,104,037.33 |

Company's Balance Sheet

30 June 2022

Prepared by: Red Star Macalline Group Corporation Ltd.

Unit: Yuan Currency: RMB

| Items | Note | Closing balance | Opening balance |
|---|------|--------------------------|--------------------------|
| Non-current liabilities: | | | |
| Long-term loans | | 2,474,393,321.24 | 2,564,143,400.80 |
| Bonds payable | | 32,533,000.00 | 532,619,987.37 |
| Including: Preferred shares Perpetual bonds | | | |
| Lease liabilities | | 1,590,797,136.86 | 62,402.08 |
| Long-term payables | | 97,379,762.18 | 83,936,885.48 |
| Long-term payroll payable | | | |
| Provisions | | | |
| Deferred income | | 57,783.09 | 76,385.89 |
| Deferred tax liabilities | | | |
| Other non-current liabilities | | 1,934,644,722.80 | 1,721,782,171.80 |
| Total non-current liabilities | | 6,129,805,726.17 | 4,902,621,233.42 |
| Total liabilities | | 39,222,714,060.58 | 35,775,725,270.75 |
| Owners' equity (or shareholders' equity): | | | |
| Paid-in capital (or Share capital) | | 4,354,732,673.00 | 4,354,732,673.00 |
| Other equity instrument | | | |
| Including: Preferred shares Perpetual bonds | | | |
| Capital reserve | | 8,162,137,684.71 | 8,162,137,697.40 |
| Less: Treasury stock | | | |
| Other comprehensive income | | 905,477,358.73 | 921,462,032.09 |
| Special reserve | | | |
| Surplus reserve | | 2,026,610,741.53 | 2,026,610,741.53 |
| Retained earnings | | 8,424,781,406.52 | 7,660,540,162.44 |
| Total owners' equity (or shareholders' equity) | | 23,873,739,864.49 | 23,125,483,306.46 |
| Total liabilities and owners' equity (or shareholders' equity) | | 63,096,453,925.07 | 58,901,208,577.21 |

Person in charge of the Company:

CHE Jianxing

Person in charge of accounting:

XI Shichang

Person in charge of the
accounting department:

CAI Weichun

Company's Income Statement

January – June 2022

Unit: Yuan Currency: RMB

| Items | Note | Six months ended 30 June | |
|---|--------|--------------------------|----------------|
| | | 2022 | 2021 |
| I. Revenue | XVII.4 | 697,696,248.96 | 824,165,599.92 |
| Less: Cost of sales | XVII.4 | 80,181,379.35 | 169,837,031.20 |
| Taxes and surcharges | | 3,378,101.58 | 7,234,285.97 |
| Distribution and selling expenses | | 45,031,305.82 | 85,872,626.27 |
| General and administrative expenses | | 254,993,671.92 | 400,855,575.14 |
| Research and development expenses | | | |
| Financial expenses | | 291,657,982.05 | 280,756,450.07 |
| Including: Interest expenses | | 743,787,048.30 | 772,019,191.36 |
| Interest income | | 511,346,486.03 | 524,236,514.19 |
| Add: Other income | | 2,756,055.29 | 2,821,630.82 |
| Investment income (losses are presented with "-") | XVII.5 | 1,400,399,945.78 | 906,486,609.63 |
| Including: Investment income from associates and joint ventures | | 31,485,013.22 | 18,911,663.45 |
| Derecognition income of financial assets measured at amortized cost (losses are presented with "-") | | | |
| Net gain on exposure hedging (losses are presented with "-") | | | |
| Gain from fair value changes (losses are presented with "-") | | -2,637,105.25 | - |
| Impairment losses of credit (losses are presented with "-") | | 57,458,255.16 | 93,495,820.47 |
| Impairment losses of assets (losses are presented with "-") | | 11,369,682.96 | -26,487,260.56 |
| Gain from disposal of assets (losses are presented with "-") | | -285.43 | 67,999.73 |
| II. Operating profit (losses are presented with "-") | | 1,354,144,480.51 | 721,977,311.54 |
| Add: Non-operating income | | 475,124.92 | 1,158,261.64 |
| Less: Non-operating expenses | | 1,076,145.59 | 158,920.85 |
| III. Total profit (total losses are presented with "-") | | 1,353,543,459.84 | 722,976,652.33 |
| Less: Income tax expense | | 226,794,489.65 | 71,369,022.27 |

Company's Income Statement

January – June 2022

Unit: Yuan Currency: RMB

| Items | Note | Six months ended 30 June | |
|--|------|--------------------------|------------------|
| | | 2022 | 2021 |
| IV. Net profit (net losses are presented with "-") | | 1,126,748,970.19 | 651,607,630.06 |
| (I) Net profit from continuing operations (net losses are presented with "-") | | 1,126,748,970.19 | 651,607,630.06 |
| (II) Net profit from discontinued operations (net losses are presented with "-") | | | |
| V. Other comprehensive income (after tax) | | 56,980,867.83 | 558,941,443.92 |
| (I) Other comprehensive income that will not be reclassified to profit or loss | | 56,980,867.83 | 558,941,443.92 |
| 1. Changes arising from the remeasurement of defined benefit plan | | | |
| 2. Other comprehensive income that can not be reclassified to profit or loss under equity method | | | |
| 3. Changes in fair value of other equity instrument investments | | 56,980,867.83 | 558,941,443.92 |
| 4. Changes in fair value of the enterprise's credit risk | | | |
| (II) Other comprehensive income that will be reclassified to profit or loss | | | |
| 1. Other comprehensive income that can be reclassified to profit or loss under equity method | | | |
| 2. Changes in fair value of other debt investments | | | |
| 3. Financial assets reclassified to other comprehensive income | | | |
| 4. Credit impairment provisions for other debt investment | | | |
| 5. Hedging reserves from cash flows | | | |
| 6. Exchange differences arising upon translation of financial statements denominated in foreign currencies | | | |
| 7. Others | | | |
| VI. Total comprehensive income | | 1,183,729,838.02 | 1,210,549,073.98 |
| VII. Earnings per share: | | | |
| (I) Basic earnings per share (yuan/share) | | | |
| (II) Diluted earnings per share (yuan/share) | | | |

Person in charge of the Company:

CHE Jianxing

Person in charge of accounting:

XI Shichang

Person in charge of the accounting department:

CAI Weichun

Company's Cash Flow Statement

January – June 2022

Unit: Yuan Currency: RMB

| Items | Note | Six months ended 30 June | |
|--|------|--------------------------|-------------------------|
| | | 2022 | 2021 |
| I. Cash Flows from Operating Activities: | | | |
| Cash received from the sales of goods and rendering of services | | 588,844,551.66 | 562,067,813.62 |
| Refunds of taxes received | | | |
| Other cash received relating to operating activities | | 153,531,606.54 | 183,152,510.33 |
| Sub-total of cash inflow from operating activities | | 742,376,158.20 | 745,220,323.95 |
| Cash payments for goods purchased and services received | | 22,396,784.35 | 187,726,055.99 |
| Cash payments to and on behalf of employees | | 235,171,845.21 | 420,743,017.96 |
| Payments of various types of taxes | | 43,899,684.65 | 241,056,330.34 |
| Other cash payments relating to operating activities | | 98,439,733.70 | 214,033,719.62 |
| Sub-total of cash outflow from operating activities | | 399,908,047.91 | 1,063,559,123.91 |
| Net cash flows from operating activities | | 342,468,110.29 | -318,338,799.96 |
| II. Cash Flows from Investing Activities: | | | |
| Cash received from disposal of investments | | 117,155,324.70 | 89,006,990.00 |
| Cash received from investment income | | 119,954,094.67 | 2,023,610,053.07 |
| Net cash received from disposal of fixed assets, intangible assets and other long-term assets | | 30.00 | 67,999.73 |
| Net cash paid for disposal of subsidiaries and other business units | | 1,338,094,472.45 | 178,401,663.31 |
| Other cash received relating to investing activities | | 3,730,171,639.74 | 6,181,347,739.18 |
| Sub-total of cash inflow from investing activities | | 5,305,375,561.56 | 8,472,434,445.29 |
| Cash paid to purchase and construct fixed assets, intangible assets and other long-term assets | | 27,217,309.81 | 22,408,316.75 |
| Cash paid for investments | | 1,370,000,000.00 | 203,350,000.00 |
| Net cash paid for acquisition of subsidiaries and other business units | | 568,000.00 | 255,225,000.00 |
| Other cash paid relating to investing activities | | 4,716,202,457.03 | 5,062,513,849.24 |
| Sub-total of cash outflow from investing activities | | 6,113,987,766.84 | 5,543,497,165.99 |
| Net cash flow from investing activities | | -808,612,205.28 | 2,928,937,279.30 |

Company's Cash Flow Statement

January – June 2022

Unit: Yuan Currency: RMB

| Items | Note | Six months ended 30 June | |
|--|------|--------------------------|-------------------|
| | | 2022 | 2021 |
| III. Cash Flows from Financing Activities: | | | |
| Cash receipts from capital contributions | | | 7,021,006,780.00 |
| Cash received from borrowings | | 6,247,000,000.00 | |
| Other cash received relating to financing activities | | 5,315,474,776.07 | 4,406,206,394.26 |
| Sub-total of cash inflow from financing activities | | 11,562,474,776.07 | 11,427,213,174.26 |
| Cash repayments of borrowings | | 8,464,888,040.00 | 10,366,210,110.00 |
| Cash payments for distribution of dividends or profits or settlement of interest expenses | | 422,938,095.35 | 482,406,561.80 |
| Other cash paid relating to financing activities | | 1,979,414,815.54 | 3,524,962,877.01 |
| Sub-total of cash outflow from financing activities | | 10,867,240,950.89 | 14,373,579,548.81 |
| Net cash flow from financing activities | | 695,233,825.18 | -2,946,366,374.55 |
| IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents | | 8,012.74 | -41,548.22 |
| V. Net Increase in Cash and Cash Equivalents | | 229,097,742.93 | -335,809,443.43 |
| Add: Opening balance of cash and cash equivalents | | 933,562,517.05 | 1,070,463,274.29 |
| VI. Closing Balance of Cash and Cash Equivalents | | 1,162,660,259.98 | 734,653,830.86 |

Person in charge of the Company:

CHE Jianxing

Person in charge of accounting:

XI Shichang

Person in charge of the
accounting department:

CAI Weichun

Statement of Changes in Owners' Equity of the Company

January – June 2022

Unit: Yuan Currency: RMB

| Items | Six months ended 30 June 2022 | | | | | | | | | | |
|--|---------------------------------------|---------------------|--------------------------|--------------------|----------------|-------|----------------------------------|------------------|------------------|----------------------|--------------|
| | Paid-in capital (or Share capital) | Preferred shares | Other equity instruments | Capital reserve | Treasury stock | Less: | Other comprehensive income | Special reserve | Surplus reserve | Retained earnings | Total equity |
| I. Prior year's closing balance | 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 | |
| Add: Changes in accounting policies | | | | | | | | | | | |
| Corrections of prior periods errors | | | | | | | | | | | |
| Others | | | | | | | | | | | |
| II. Opening balance in current 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 | |
| III. Changes in the current period (decrease is presented with "-") | | | | | | | | | | | |
| (I) Total comprehensive income | | | | -12.69 | | | -15,984,673.36 | | 764,241,244.03 | 748,256,558.03 | |
| (II) Owners' contributions and reduction in capital | | | | | | | 56,980,867.83 | | 1,126,748,970.19 | 1,183,729,838.02 | |
| 1. Ordinary shares from owners | | | | | | | | | | | |
| 2. Capital input by holders of other equity instrument | | | | | | | | | | | |
| 3. Share-based payment recorded in owners' equity | | | | | | | | | | | |
| 4. Others | | | | -12.69 | | | | | | -12.69 | |
| (III) Profit distribution | | | | | | | | | | | |
| 1. Appropriation to surplus reserve | | | | | | | | | | | |
| 2. Distributions to owners (or shareholders) | | | | | | | | | -435,473,267.30 | -435,473,267.30 | |
| 3. Others | | | | | | | | | | | |

Statement of Changes in Owners' Equity of the Company

January – June 2022

Unit: Yuan Currency: RMB

| Items | Six months ended 30 June 2022 | | | | | | | | | | | | |
|---|---------------------------------------|---------------------|--------------------------|--------------------|--------|--------------------|----------------|-------|----------------------------------|------------------|-----------------|----------------------|-------------------|
| | Paid-in capital (or Share capital) | Preferred shares | Other equity instruments | Perpetual bonds | Others | Capital reserve | Treasury stock | Less: | Other comprehensive income | Special reserve | Surplus reserve | Retained earnings | Total equity |
| (V) Internal transfer of equity | | | | | | | | | -72,965,541.19 | | | 72,965,541.19 | |
| 1. Transfer to capital (or share capital) from capital reserve | | | | | | | | | | | | | |
| 2. Transfer to capital (or share capital) from surplus reserve | | | | | | | | | | | | | |
| 3. Surplus reserves for making up losses | | | | | | | | | | | | | |
| 4. Changes in defined benefit plan converted to retained earnings | | | | | | | | | | | | | |
| 5. Other comprehensive income converted to retained earnings | | | | | | | | | -72,965,541.19 | | | 72,965,541.19 | |
| 6. Others | | | | | | | | | | | | | |
| (VI) Special reserve | | | | | | | | | | | | | |
| 1. Appropriation of current period | | | | | | | | | | | | | |
| 2. Application of current period | | | | | | | | | | | | | |
| (VI) Others | | | | | | | | | | | | | |
| IV. Closing balance for the period | 4,354,732,673.00 | | | | | 8,162,137,664.71 | | | 905,477,368.73 | 2,026,610,741.53 | | 8,424,761,406.52 | 23,873,739,864.49 |

Statement of Changes in Owners' Equity of the Company

January – June 2022

Unit: Yuan Currency: RMB

| Items | Six months ended 30 June 2021 | | | | | | | Total equity | | | |
|--|---------------------------------------|---------------------|--------------------|--------|--------------------|----------------|---|----------------|------------------|------------------|----------------------|
| | Paid-in capital (or Share capital) | Preferred shares | Perpetual bonds | Others | Capital reserve | Treasury stock | Less: Other comprehensive income | | Special reserve | Surplus reserve | Retained earnings |
| I. Prior year's closing balance | 3,935,000,000.00 | | | | 4,825,621,385.84 | | | 789,631,598.82 | 1,896,667,885.72 | 6,220,580,617.93 | 17,637,501,468.31 |
| Add: Changes in accounting policies | | | | | | | | | | | |
| Corrections of prior periods errors | | | | | | | | | | | |
| Others | | | | | | | | | | | |
| II. Opening balance in current year | 3,935,000,000.00 | | | | 4,825,621,385.84 | | | 789,631,598.82 | 1,896,667,885.72 | 6,220,580,617.93 | 17,637,501,468.31 |
| III. Changes in the current period (decrease is presented with "-") | | | | | | | | | | | |
| (I) Total comprehensive income | | | | | 107,885,185.27 | | | 388,973,700.47 | | 821,675,373.51 | 1,318,434,259.25 |
| (II) Owners' contributions and reduction in capital | | | | | | | | | | 651,607,630.06 | 1,210,549,073.98 |
| 1. Ordinary shares from owners | | | | | | | | | | | |
| 2. Capital input by holders of other equity instrument | | | | | | | | | | | |
| 3. Share-based payment recorded in owners' equity | | | | | | | | | | | |
| 4. Others | | | | | 107,885,185.27 | | | | | | 107,885,185.27 |
| (III) Profit distribution | | | | | | | | | | | |
| 1. Appropriation to surplus reserve | | | | | | | | | | | |
| 2. Distributions to owners (or shareholders) | | | | | | | | | | | |
| 3. Others | | | | | | | | | | | |
| | | | | | 107,885,185.27 | | | | | | 107,885,185.27 |

Statement of Changes in Owners' Equity of the Company

January – June 2022

Unit: Yuan Currency: RMB

| Items | Six months ended 30 June 2021 | | | | | | | Total equity | | | | |
|---|-------------------------------|------------------|-----------------|--------|------------------|----------------|----------------------------------|--------------|------------------|------------------|-------------------|-------------------|
| | Other equity instruments | Preferred shares | Perpetual bonds | Others | Capital reserve | Treasury stock | Less: Other comprehensive income | | Special reserve | Surplus reserve | Retained earnings | |
| (V) Internal transfer of equity | | | | | | | | | | | | |
| 1. Transfer to capital (or share capital) from capital reserve | | | | | | | | | | | | 169,967,743.45 |
| 2. Transfer to capital (or share capital) from surplus reserve | | | | | | | | | | | | |
| 3. Surplus reserves for making up losses | | | | | | | | | | | | |
| 4. Changes in defined benefit plan converted to retained earnings | | | | | | | | | | | | |
| 5. Other comprehensive income converted to retained earnings | | | | | | | | | | | | 169,967,743.45 |
| 6. Others | | | | | | | | | | | | |
| (VI) Special reserve | | | | | | | | | | | | |
| 1. Appropriation of current period | | | | | | | | | | | | |
| 2. Application of current period | | | | | | | | | | | | |
| (VII) Others | | | | | | | | | | | | |
| IV. Closing balance for the period | 3,935,000,000.00 | | | | 4,933,506,571.11 | | 1,173,605,239.29 | | 1,896,667,665.72 | 7,042,155,991.44 | | 18,955,935,727.56 |

Person in charge of the Company:

CHE Jianxing

Person in charge of accounting:

XI Shichang

Person in charge of the accounting department:

CAI Weichun

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

III. GENERAL INFORMATION OF THE COMPANY

1. Company Overview

Applicable Not Applicable

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家飾品有限公司) 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 period ended 30 June 2022

RMB

III. GENERAL INFORMATION OF THE COMPANY (continued)

1. Company Overview (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.** (天津紅星美凱龍家飾有限公司). 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, construction materials and decoration 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.

III. GENERAL INFORMATION OF THE COMPANY (continued)

1. Company Overview (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 period ended 30 June 2022

RMB

III. GENERAL INFORMATION OF THE COMPANY (continued)

1. Company Overview (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 of the Issuance of Overseas-listed Foreign 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 were listed and traded 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 number of RMB-denominated shares (A shares) subject to trading moratorium was 2,561,103,969 shares; the number of RMB-denominated shares (A shares) not subject to trading moratorium was 315,000,000 shares, and the number 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.

III. GENERAL INFORMATION OF THE COMPANY (continued)

1. Company Overview (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 paid-in capital (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.

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

III. GENERAL INFORMATION OF THE COMPANY (continued)

1. Company Overview (continued)

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. (Products involving quota license or special management provisions shall be subject to relevant state regulations) (with license if required).

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 August 2022.

2. Scope of Consolidated Financial Statements

Applicable Not Applicable

The consolidation scope of these consolidated financial statements shall be determined on the basis of control. Refer to “Financial Reports VIII. Changes in Consolidation Scope” for the change of scope for the year.

IV. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

1. Basis of preparation

The financial statements of the Company have been prepared on a going concern basis.

2. Going concern

Applicable Not Applicable

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 30 June 2022, the Group’s current liabilities in aggregate exceeded its current assets in aggregate with an amount of RMB15.112 billion. The management of the Group had assessed its ongoing operation for the 12 months starting from 1 July 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 30 June 2022, believed that the Group can obtain sufficient working capital to ensure its continuing operations during the year from 1 July 2022 to 30 June 2023. 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.

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

Specific accounting policies and accounting estimates are indicated as follows:

Applicable Not Applicable

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 of the Company have been prepared in accordance with ASBEs, and presented truly and completely the Company's financial position, operating results, changes in shareholders' equity, cash flows and other relevant information.

2. Accounting Period

Accounting year of the Company is the calendar year from 1 January to 31 December.

3. Operating Cycle

Applicable Not Applicable

Operating cycle refers to the period from the purchase of assets used for processing to the realization of cash or cash equivalents. The Group's brand consulting and management service for the early stage of the project has an operating cycle that starts from the permission for relevant managed shopping malls to use the brands that are intangible assets of the Group and ends upon the opening of such managed shopping malls. The Group's commercial management and consultation service for construction project has an operating cycle that starts from the provision of relevant consultation service for the construction of managed shopping malls and ends upon the opening of such managed shopping malls. The Group's business of Owned/Leased Portfolio Shopping Malls, business relating to managed shopping malls other than the brand consulting and management service for the early stage of the project, business of product sales and relevant services as well as other businesses have an operating cycle of or less than 12 months. The Group takes 12 months as the liquidity criterion to categorize assets and liabilities.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

4. 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.

5. The Accounting Treatment of Business Combinations Involving Enterprises Under Common Control and Not Under Common Control

Applicable Not Applicable

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.

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

5. The Accounting Treatment of Business Combinations Involving Enterprises Under Common Control and Not Under Common Control (continued)

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.

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.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

6. Preparation Method of Consolidated Financial Statements

Applicable Not Applicable

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.

For a subsidiary acquired through business combinations involving enterprises not 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 enterprises 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.

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

7. Classification of Joint Arrangements and Accounting Treatment for Joint Operations

Applicable Not Applicable

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.

8. Recognition Standard for Cash and Cash Equivalents

Cash equivalents are enterprises' short-term (it generally expires within three months from the acquisition date), highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

9. Translation of Transactions and Financial Statements Denominated in Foreign Currencies

Applicable Not Applicable

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.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

10. Financial Instrument

Applicable Not Applicable

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.

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

10. 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.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

10. Financial Instrument (continued)

Classification and measurement of financial assets (continued)

The subsequent measurement of a financial asset is determined by its category (continued):

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.

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.

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

10. Financial Instrument (continued)

Classification and measurement of financial assets (continued)

The subsequent measurement of a financial asset is determined by its category (continued):

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.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

10. Financial Instrument (continued)

Classification and measurement of financial assets (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.

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

10. Financial Instrument (continued)

Impairment of financial instrument (continued)

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.

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 Financial Reports X. Risks Related to Financial Instruments 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.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

10. Financial Instrument (continued)

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

For the period ended 30 June 2022

RMB

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

10. 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.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

11. Notes receivable

Determination and accounting treatment of the ECL of notes receivable

Applicable Not Applicable

The relevant accounting policies of notes receivable have been included in “Financial Reports V.10. Financial Instrument”.

12. Accounts receivable

Determination and accounting treatment of the ECL of accounts receivable

Applicable Not Applicable

The relevant accounting policies of accounts receivable have been included in “Financial Reports V.10. Financial Instrument”.

13. Receivables financing

Applicable Not Applicable

The relevant accounting policies of receivables financing have been included in “Financial Reports V.10. Financial Instrument”.

14. Other receivables

Determination and accounting treatment of the ECL of other receivables

Applicable Not Applicable

The relevant accounting policies of other receivables have been included in “Financial Reports V.10. Financial Instrument”.

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

15. Inventories

Applicable Not Applicable

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.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

16. Contract Assets

(1) Recognition and standard of contract assets

Applicable Not Applicable

The Group presents contract assets or contract liabilities in the balance sheet based on the relationship between performance obligations and customer payments. The Group offsets contract assets and contract liabilities of same contract and presents in net amount.

Contract assets refer to the right to receive consideration in exchange for goods or services that the Group has transferred to customers, and that right is conditioned on factors other than the passage of time.

(2) Determination and accounting treatment of expected credit loss of contract assets

Applicable Not Applicable

For the Group's methods for determining expected credit loss of contract assets and accounting treatment methods, please refer to "Financial Reports V.10. Financial Instruments".

17. Assets held for sale

Applicable Not Applicable

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

18. Debt investments

Determination and accounting treatment of expected credit loss of debt investments

Applicable Not Applicable

19. Other debt investments

Determination and accounting treatment of expected credit loss of other debt investments

Applicable Not Applicable

20. Long-term Receivables

Determination and accounting treatment of expected credit loss of long-term receivables

Applicable Not Applicable

For the Group's methods for determining expected credit loss of long-term receivables and accounting treatment methods, please refer to "Financial Reports V.10. Financial Instruments".

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

21. Long-term Equity Investments

Applicable Not Applicable

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 instrument 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.

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

21. Long-term Equity Investments (continued)

Long-term Equity Investments (continued)

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.

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.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

21. Long-term Equity Investments (continued)

Long-term Equity Investments (continued)

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.

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

22. Investment Property

(1) When adopting the model of fair value measurement

The basis to select fair value measurement

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.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

23. Fixed Assets

(1) Conditions for recognition

Applicable Not Applicable

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 conditions for recognition are 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.

(2) Method for depreciation

Applicable Not Applicable

| Category | Method for depreciation | Useful life of depreciation (year) | Residual value rate | Annual depreciation rate |
|--|-------------------------|------------------------------------|---------------------|--------------------------|
| Houses and buildings | Straight-line method | 40 years | 5% | 2.38% |
| Dedicated equipment | Straight-line method | 10 years | 5% | 9.50% |
| Electronic equipment, appliances and home appliances | Straight-line method | 3-5 years | 5% | 19.00-31.67% |
| Transportation equipment | Straight-line method | 5 years | 5% | 19.00% |

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

23. Fixed Assets (continued)

(2) Method for depreciation (continued)

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.

(3) Identification basis, valuation and depreciation methods for fixed assets held under a finance lease

Applicable Not Applicable

24. Construction in Progress

Applicable Not Applicable

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.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

25. Borrowing Costs

Applicable Not Applicable

Borrowing costs are interests and other related cost arising from the 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.

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

25. 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.

26. Biological assets

Applicable Not Applicable

27. Oil and gas assets

Applicable Not Applicable

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

28. Right-of-use Assets

Applicable Not Applicable

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 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 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 need to be further reduced, the Group accounts for the remaining amount in the current profit and loss.

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

29. Intangible Assets

(1) Measurement, useful life and impairment test

Applicable Not Applicable

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 |

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

29. Intangible Assets (continued)

(2) Accounting policy on internal research and development expenditure

Applicable Not Applicable

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 expenditures that do not meet the above conditions are recognized in profit or loss for the current period when incurred.

30. Impairment on Long-term Assets

Applicable Not Applicable

The Group determines impairment of assets excluding inventory, contract assets, investment property measured at fair value model, deferred income taxes, 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 recoverable amount is estimated and impairment test is carried out. 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.

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

30. Impairment on Long-term Assets (continued)

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 that are difficult to be 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.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

31. Long-term Prepaid Expenses

Applicable Not Applicable

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 |

32. Contract Liabilities

Recognition method of contract liabilities

Applicable Not Applicable

The Group presents contract assets or contract liabilities in the balance sheet based on the relationship between the fulfilment of performance obligations and customers' payments.

The Group presents the obligation to transfer goods to customers for the consideration received or receivable from customers as contract liabilities, such as payments received by the enterprise prior to the transfer of the promised goods.

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

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

33. Employee Remuneration

(1) Accounting treatment for short-term remuneration

Applicable Not Applicable

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.

(2) Accounting treatment for post-employment benefits

Applicable Not Applicable

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.

(3) Accounting treatment for termination benefits

Applicable Not Applicable

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.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

33. Employee Remuneration (continued)

(4) Accounting treatment for other long-term employee benefits

Applicable Not Applicable

34. Lease Liabilities

Applicable Not Applicable

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.

35. Provisions

Applicable Not Applicable

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

36. Share-based Payment

Applicable Not Applicable

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. Fair value of equity instruments is determined using a binomial model.

During the period of meeting the service period conditions, the cost or expenses of equity-settled share-based payment shall be confirmed, and capital reserve shall be increased accordingly. Before the exercise date, the cumulative amount recognized for equity-settled share-based payment on each balance sheet date reflects the portion of the waiting period that has expired and the Group's best estimate of the number of equity instruments with final exercisable rights.

No cost or expense 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.

37. Preference Shares, Perpetual Bonds and Other Financial Instruments

Applicable Not Applicable

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

38. Revenue

(1) Accounting policies used in revenue recognition and measurement

Applicable Not Applicable

Rental and related revenue

It refers to the revenue received by the Group from provision of booth leases and related services for tenants who signed up lease contracts to run business at its Owned or Leased Portfolio Shopping Malls and such rental and related revenue belong to operating leases. The revenue is determined according to the rental area, unit price, contractual term and so on stipulated in the relevant contracts or agreements and recognized on a straight-line basis during the lease term.

Revenue excluding rental and related revenue

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.

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

38. Revenue (continued)

(1) Accounting policies used in revenue recognition and measurement (continued)

Revenue relating to Managed Shopping Malls (continued)

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 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.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

38. Revenue (continued)

(1) Accounting policies used in revenue recognition and measurement (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.

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

38. Revenue (continued)

(1) Accounting policies used in revenue recognition and measurement (continued)

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.

Revenue from home decoration related services and sales of merchandise

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.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

38. Revenue (continued)

(1) Accounting policies used in revenue recognition and measurement (continued)

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.

(2) Differences in revenue recognition accounting policies arising from different business models of similar businesses

Applicable Not Applicable

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

39. Contract Costs

Applicable Not Applicable

The Group's assets related to contract costs include contract performance costs, and are presented in the inventories according to liquidity.

The incremental costs of obtaining a contract which are expected to be recovered shall be recognized as an asset as contract acquisition costs, except for it when the amortization period of such asset is no longer than one year.

The cost of the Group for the performance of the contract is recognized as an asset as contract performance cost, if it does not apply to the scope of the relevant standards of inventories, fixed assets or intangible assets and meets the following conditions:

- (1) Such cost directly relates to an existing or expected contract, including direct labour, direct materials, manufacturing expenses (or similar expenses) or other costs expressly to be borne by customers and incidental only to the contract;
- (2) Such cost increases the resources of the enterprise for future performance obligations;
- (3) Such cost is expected to be recovered.

The Group's assets related to contract costs are amortised on the same basis as those for the revenue recognition relating to such assets and included in profit or loss for the current period.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

40. Government Grants

Applicable Not Applicable

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.

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 current period when the assets are disposed of.

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

41. Deferred Tax Assets/Deferred Tax Liabilities

Applicable Not Applicable

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.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

41. Deferred Tax Assets/Deferred Tax Liabilities (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.

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

41. Deferred Tax Assets/Deferred Tax Liabilities (continued)

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.

42. Leases

(1) Accounting method for operating leases

Applicable Not Applicable

(2) Accounting method for finance leases

Applicable Not Applicable

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

42. Leases (continued)

(3) Determination and accounting treatment of leases under the new lease standard

Applicable Not Applicable

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.

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

42. Leases (continued)

(3) Determination and accounting treatment of leases under the new lease standard (continued)

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.

As a lessee

For the general accounting treatment of the Group as a lessee, please refer to "Financial Reports V. 28. Right-of-Use Assets" and "Financial Reports V. 34. Lease Liabilities".

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

42. Leases (continued)

(3) Determination and accounting treatment of leases under the new lease standard (continued)

As a lessee (continued)

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 re-determines the lease term, and re-measures 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.

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

42. Leases (continued)

(3) Determination and accounting treatment of leases under the new lease standard (continued)

As a lessee (continued)

Lease modifications (continued)

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.

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 chooses 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.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

42. Leases (continued)

(3) Determination and accounting treatment of leases under the new lease standard (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 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.

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

42. Leases (continued)

(3) Determination and accounting treatment of leases under the new lease standard (continued)

As a lessor (continued)

As a lessor under finance leases (continued)

If the finance leases modify and meet 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 V. 28.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

42. Leases (continued)

(3) Determination and accounting treatment of leases under the new lease standard (continued)

As a lessor (continued)

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.

43. Other Significant Accounting Policies and Accounting Estimates

Applicable Not Applicable

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.

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

43. Other Significant Accounting Policies and Accounting Estimates (continued)

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.

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.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

43. Other Significant Accounting Policies and Accounting Estimates (continued)

Judgments (continued)

Methods for determining the performance schedule of construction contracts

The Group determines the performance schedule of the brand consulting and management service and construction service contracts for the project in accordance with the input method. Specifically, the Group determines the performance schedule based on the percentage of cumulative actual costs in the estimated total costs. The cumulative actual costs include the direct and indirect costs incurred by the Group in transferring goods and services to customers. The Group believes that the price of the construction contract with the customer is determined on the basis of the construction cost, and the percentage of actual construction costs in the estimated total costs can accurately reflect the performance schedule of the construction service. The brand consulting and management service and construction service contracts for the project may span certain accounting periods. In particular, the Group thinks that the price of construction service contract with the customer is determined on the basis of the construction cost, and the percentage of actual construction costs in the estimated total costs can accurately reflect the performance schedule of the construction service. The Group will review and revise the budget as the construction service contract advances and adjust revenue recognition accordingly.

Business models

The classification of financial assets at initial recognition depends on the business model of the Group's management of financial assets. In judging the business model, the Group takes into account the corporate evaluation and ways to report the performance of financial assets to key management personnel, risks affecting the performance of financial assets and their management style, and the manner in which relevant business management personnel are paid. In assessing whether the business model aims at the collection of contractual cash flows, the Group needs to analyse and judge the reasons, timing, frequency and value of the sale of financial assets before the maturity date.

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

43. Other Significant Accounting Policies and Accounting Estimates (continued)

Judgments (continued)

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.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

43. Other Significant Accounting Policies and Accounting 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.

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

43. Other Significant Accounting Policies and Accounting Estimates (continued)

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.

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.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

43. Other Significant Accounting Policies and Accounting Estimates (continued)

Estimation uncertainty (continued)

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.

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.

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

43. Other Significant Accounting Policies and Accounting Estimates (continued)

Estimation uncertainty (continued)

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.

44. Changes in Significant Accounting Policies and Accounting Estimates

(1) Changes in significant accounting policies

Applicable Not Applicable

(2) Changes in significant accounting estimates

Applicable Not Applicable

45. Others

Applicable Not Applicable

VI. TAXATION

1. Major Categories of Tax and Tax Rate

Major categories of taxes and tax rates

✓ Applicable Not Applicable

| Category | Tax basis | Tax rate |
|--|--|---|
| Value-added tax (VAT) | Revenue from sales of goods | 13% |
| VAT | Taxable service revenue | 6% |
| VAT | Sales amount of the small-scale taxpayers calculated as relevant tax rules | 1% |
| VAT | Income from site-leasing businesses and management services | 5%, 9% |
| VAT | Revenue from construction contracts | 3%, 9% |
| Consumption tax | | |
| Business tax | | |
| Urban maintenance and construction tax | Actually paid VAT and business tax | For city urban area tax rate is 7%; for counties and towns, tax rate is 5%; for other, tax rate is 1% |
| Enterprise income tax | Taxable income | 25% (except for the companies 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 | 1.2% |
| Property tax | For properties subject to taxation based on rental income, tax should be paid based on the rental income | 12% |
| Land use tax | Paid as actual tax rate | |
| Stamp duty | Paid as actual tax rate | |

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

VI. TAXATION (continued)

1. Major Categories of Tax and Tax Rate (continued)

Taxpayers subject to different enterprise income tax rate are disclosed as follows:

✓ Applicable Not Applicable

| Name of taxpayer | Income tax rate (%) |
|---|---------------------|
| 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) | 15 |
| 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) | 15 |
| Chengdu Red Star Ogloria Brand Management Company Limited (成都紅星歐麗洛雅品牌管理有限公司) | 15 |
| Red Star Macalline Chengdu Business Management Company Limited (紅星美凱龍成都商業管理有限公司) | 15 |
| Red Star Xizhao Investment Company Limited (紅星喜兆投資有限公司) | 15 |
| Red Star Macalline Home Furnishing Mall Management Company Limited (紅星美凱龍家居商場管理有限公司) | 15 |
| Red Star Zhongying Investment Company Limited (紅星眾盈投資有限公司) | 15 |
| Tibet Red Star Macalline Enterprise Management Company Limited (西藏紅星美凱龍企業管理有限公司) | 15 |
| Shanghai Red Star Macalline Building Design Company Limited (上海紅星美凱龍建築設計有限公司) | 15 |
| Red Star Macalline Enterprise Management and Consultancy Company Limited (紅星美凱龍企業管理諮詢有限公司) | 15 |
| Red Star Ogloria Enterprise Management Company Limited (紅星歐麗洛雅企業管理有限公司) | 15 |
| 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 |
| Red Star Macalline Shibo Business Management Co., Ltd. (紅星美凱龍世博商業管理有限公司) | 0 |

VI. TAXATION (continued)

2. Tax Preference

Applicable Not Applicable

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, and Red Star Macalline Chengdu Business Management 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》.

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.

Red Star Macalline Enterprise Management and Consultancy Company Limited, Red Star Ogloria Enterprise Management Company Limited and Khorgos Red Star Macalline Business Management Company Limited, all of which are subsidiaries of the Company, paid enterprise income tax at the rate of 15% during the year, in accordance with the Notice on Preferential Income Tax Policy for Newly-Established Enterprises in Struggling Regions in Xinjiang (CAI SHUI [2011] No.53); 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 is 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》.

3. Others

Applicable Not Applicable

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

VII. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

1. Cash and Bank Balances

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Items | Closing balance | Opening balance |
|--|-------------------------|------------------|
| Cash on hand | 5,661,353.53 | 7,523,570.17 |
| Bank deposits | 5,584,285,735.89 | 6,094,644,142.41 |
| Other cash and bank balance | 544,691,450.51 | 801,547,536.95 |
| Total | 6,134,638,539.93 | 6,903,715,249.53 |
| Including: Total amount of deposits abroad | 76,344,786.51 | 142,400,776.53 |

Others:

As at 30 June 2022, in the Group's other cash and bank balances, RMB149,877,905.98 was used as deposits and certificates of deposit for borrowings (31 December 2021: RMB266,797,879.55); RMB19,473,746.41 (31 December 2021: RMB33,184,807.81) was frozen; RMB91,305,151.70 (31 December 2021: RMB91,794,170.10) was deposit reserve placed with the People's Bank of China by the Group; RMB4,886,636.42 (31 December 2021: RMB5,950,178.56) was deposited investment fund placed with securities accounts; and RMB246,677,042.75 (31 December 2021: RMB386,075,637.30) was deposits. RMB32,470,967.25 (31 December 2021: RMB17,744,863.63) was the monetary funds deposited on the third-party platform.

As at 30 June 2022, the Group's cash and bank balances deposited overseas was RMB76,344,786.51 (31 December 2021: RMB142,400,776.53).

As at 30 June 2022, in the Group's RMB bank deposits, time deposits with maturity of more than three months amounted to RMB28,000,000 (31 December 2021: RMB21,925,853.01).

Interest income earned on the Bank's current deposits is calculated by using its current deposit interest rate. The deposit periods for time deposits depend on the cash requirements of the Group and the Group earned interest income according to the respective time deposit rates of the Bank.

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

VII. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

1. Cash and Bank Balances (continued)

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.

2. Financial Assets Held for Trading

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Items | Closing balance | Opening balance |
|--|-----------------|------------------|
| Financial assets at fair value through profit or loss | | |
| Including: | | |
| Funds | – | 353,477,750.00 |
| Equity instrument investments | 27,138,848.23 | 26,804,549.59 |
| Debt instrument investments | 939,147,558.64 | 638,410,553.66 |
| Financial assets designated at fair value through profit or loss | | |
| Including: | | |
| Total | 966,286,406.87 | 1,018,692,853.25 |

Others:

Applicable Not Applicable

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

VII. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. Derivative Financial Assets

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Items | Closing balance | Opening balance |
|--------------------|-----------------|-----------------|
| Hedging instrument | 22,053,071.50 | - |
| Total | 22,053,071.50 | - |

Others:

Explanation of the hedging instrument, please refer to the disclosure of "Financial Reports VII.83. Hedging".

4. Notes Receivable

(1) Presentation of bills receivable by classification

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Items | Closing balance | Opening balance |
|----------------------------|-----------------|-----------------|
| Bank acceptance bill | 10,514,660.20 | 27,044,660.20 |
| Commercial acceptance bill | 33,418,628.72 | 59,509,521.93 |
| Total | 43,933,288.92 | 86,554,182.13 |

VII. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. Notes Receivable (continued)

(2) Notes receivable pledged by the Company as at the end of the period

Applicable Not Applicable

(3) Notes receivable that were not matured as at the balance sheet date but had been endorsed or discounted by the Company as at the end of the period

Applicable Not Applicable

(4) Notes which were transferred by the Company to accounts receivable due to non-performance of the drawer as at the end of the period

Applicable Not Applicable

(5) Classified disclosure by the method of bad debt provision

Applicable Not Applicable

(6) Bad debt provision

Applicable Not Applicable

(7) Notes receivable written off during the period

Applicable Not Applicable

Others:

Applicable Not Applicable

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

VII. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. Accounts Receivable

(1) Disclosure by aging

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Aging | Closing book balance |
|--|----------------------|
| Within 1 year Including: Sub-item within 1 year | |
| Sub-total within 1 year | 1,572,787,220.13 |
| 1 to 2 years | 495,105,768.33 |
| 2 to 3 years | 306,955,499.89 |
| Over 3 years | 1,385,634,574.43 |
| 3 to 4 years | |
| 4 to 5 years | |
| Over 5 years | |
| Total | 3,760,483,062.78 |

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

VII. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. Accounts Receivable (continued)

(2) Classified disclosure by the method of bad debt provision

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Category | Closing balance | | | | | Opening balance | | | | |
|---|------------------|--------|--------------------|-------|------------------|------------------|--------|--------------------|-------|------------------|
| | Book balance | | Bad debt allowance | | Book value | Book balance | | Bad debt allowance | | Book value |
| | Percentage | | Proportion | | | Percentage | | Proportion | | |
| | Amount | (%) | Amount | (%) | | Amount | (%) | Amount | (%) | |
| Receivables for which bad debt allowance is provided individually | 845,567,259.86 | 22.49 | 831,761,721.81 | 98.37 | 13,805,538.05 | 852,768,282.65 | 25.32 | 835,725,727.04 | 98.00 | 17,042,555.61 |
| Including: Receivables for which bad debt allowance is provided collectively | 2,914,915,802.92 | 77.51 | 672,127,379.54 | 23.06 | 2,242,788,423.38 | 2,514,635,068.35 | 74.68 | 574,027,281.89 | 22.83 | 1,940,607,786.46 |
| Including: Brand consulting and management services for the early stage of project | 961,058,621.63 | 25.56 | 398,177,638.50 | 41.43 | 562,880,983.13 | 966,458,621.63 | 28.70 | 353,546,800.39 | 36.58 | 612,911,821.24 |
| Construction and design services | 875,227,380.91 | 23.27 | 104,649,720.67 | 11.96 | 770,577,660.24 | 1,035,135,282.06 | 30.74 | 99,329,625.20 | 9.60 | 935,805,656.86 |
| Other consulting services | 361,856,094.28 | 9.62 | 137,045,203.59 | 37.87 | 224,810,890.69 | 285,112,839.08 | 8.47 | 110,894,081.65 | 38.89 | 174,218,757.43 |
| Rental and related income | 555,781,815.82 | 14.78 | 25,010,181.71 | 4.50 | 530,771,634.11 | 101,838,129.65 | 3.02 | 4,582,715.83 | 4.50 | 97,255,413.82 |
| Others | 160,991,890.28 | 4.28 | 7,244,635.07 | 4.50 | 153,747,255.21 | 126,090,195.93 | 3.75 | 5,674,058.82 | 4.50 | 120,416,137.11 |
| Total | 3,760,483,062.78 | 100.00 | 1,503,889,101.35 | 39.99 | 2,256,593,961.43 | 3,367,403,351.00 | 100.00 | 1,409,753,008.93 | 41.86 | 1,957,650,342.07 |

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

VII. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. Accounts Receivable (continued)

(2) Classified disclosure by the method of bad debt provision (continued)

Accounts receivable for which bad debt allowance is provided individually:

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Name | Book balance | Closing balance | | Reason for provision |
|---|-----------------------|-----------------------|----------------|--|
| | | Bad debt allowance | Proportion (%) | |
| 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 |
| Others | 687,878,123.52 | 674,072,585.47 | 97.99 | |
| Total | 845,567,259.86 | 831,761,721.81 | 98.37 | / |

Explanation of accounts receivable for which bad debt allowance is provided individually:

Applicable Not Applicable

For details, please refer to “Financial Reports V.10. Financial Instrument”.

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

VII. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. Accounts Receivable (continued)

(2) Classified disclosure by the method of bad debt provision (continued)

Accounts receivable for which bad debt allowance is provided collectively:

Applicable Not Applicable

Items of provision on group basis: The brand consulting and management service for the early stage of the project

Unit: Yuan Currency: RMB

| Name | Closing balance | | Proportion (%) |
|---------------|---------------------|--------------------|----------------|
| | Accounts receivable | Bad debt allowance | |
| Within 1 year | 62,900,000.00 | 10,957,180.00 | 17.42 |
| 1 to 2 years | 181,370,000.00 | 39,393,564.00 | 21.72 |
| 2 to 3 years | 151,416,329.96 | 42,093,739.73 | 27.80 |
| 3 to 4 years | 179,132,291.67 | 61,890,206.77 | 34.55 |
| 4 to 5 years | 224,450,000.00 | 116,983,340.00 | 52.12 |
| 5 to 6 years | 89,040,000.00 | 54,109,608.00 | 60.77 |
| Over 6 years | 72,750,000.00 | 72,750,000.00 | 100.00 |
| Total | 961,058,621.63 | 398,177,638.50 | 41.43 |

Recognition standard and description of provision for bad debts made on a group basis:

Applicable Not Applicable

For details, please refer to "Financial Reports V.10. Financial Instrument".

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

VII. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. Accounts Receivable (continued)

(2) Classified disclosure by the method of bad debt provision (continued)

Items of provision on group basis: Construction and design services

Unit: Yuan Currency: RMB

| Name | Accounts receivable | Closing balance | |
|---------------|---------------------|--------------------|----------------|
| | | Bad debt allowance | Proportion (%) |
| Within 1 year | 644,384,242.49 | 50,970,793.58 | 7.91 |
| 1 to 2 years | 195,153,086.87 | 40,669,903.30 | 20.84 |
| 2 to 3 years | 35,690,051.55 | 13,009,023.79 | 36.45 |
| Total | 875,227,380.91 | 104,649,720.67 | 11.96 |

Recognition standard and description of provision for bad debts made on a group basis:

Applicable Not Applicable

For details, please refer to "Financial Reports V.10. Financial Instrument".

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

VII. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. Accounts Receivable (continued)

(2) Classified disclosure by the method of bad debt provision (continued)

Items of provision on group basis: Other consulting services

Unit: Yuan Currency: RMB

| Name | Accounts receivable | Closing balance | |
|---------------|---------------------|--------------------|----------------|
| | | Bad debt allowance | Proportion (%) |
| Within 1 year | 181,133,273.04 | 29,470,383.52 | 16.27 |
| 1 to 2 years | 81,052,067.87 | 27,622,544.73 | 34.08 |
| 2 to 3 years | 48,904,955.43 | 29,186,477.40 | 59.68 |
| Over 3 years | 50,765,797.94 | 50,765,797.94 | 100.00 |
| Total | 361,856,094.28 | 137,045,203.59 | 37.87 |

Recognition standard and description of provision for bad debts made on a group basis:

Applicable Not Applicable

For details, please refer to "Financial Reports V.10. Financial Instrument".

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

VII. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. Accounts Receivable (continued)

(2) Classified disclosure by the method of bad debt provision (continued)

Items of provision on group basis: Rental and related income

Unit: Yuan Currency: RMB

| Name | Accounts receivable | Closing balance | |
|---------------|---------------------|--------------------|----------------|
| | | Bad debt allowance | Proportion (%) |
| Within 1 year | 521,752,764.24 | 23,478,874.39 | 4.50 |
| 1 to 2 years | 14,962,763.11 | 673,324.34 | 4.50 |
| Over 2 year | 19,066,288.47 | 857,982.98 | 4.50 |
| Total | 555,781,815.82 | 25,010,181.71 | 4.50 |

Recognition standard and description of provision for bad debts made on a group basis:

Applicable Not Applicable

For details, please refer to "Financial Reports V.10. Financial Instrument".

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

VII. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. Accounts Receivable (continued)

(2) Classified disclosure by the method of bad debt provision (continued)

Items of provision on group basis: Others

Unit: Yuan Currency: RMB

| Name | Accounts receivable | Closing balance | |
|---------------|---------------------|--------------------|----------------|
| | | Bad debt allowance | Proportion (%) |
| Within 1 year | 119,102,672.04 | 5,359,620.24 | 4.50 |
| 1 to 2 years | 17,282,514.89 | 777,713.17 | 4.50 |
| 2 to 3 years | 24,606,703.35 | 1,107,301.66 | 4.50 |
| Total | 160,991,890.28 | 7,244,635.07 | 4.50 |

Recognition standard and description of provision for bad debts made on a group basis:

Applicable Not Applicable

For details, please refer to "Financial Reports V.10. Financial Instrument".

For bad debt provisions under the general model of expected credit losses, see the disclosure of other receivables:

Applicable Not Applicable

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

VII. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. Accounts Receivable (continued)

(3) Bad debt allowance status

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Category | Opening balance | Provision | Increase/decrease during the period | | Other changes | Closing balance |
|---------------------|------------------|----------------|-------------------------------------|---------------------------|---------------|-------------------------|
| | | | Recovery or reversal | Write-off or cancellation | | |
| Accounts Receivable | 1,409,753,008.93 | 114,076,104.88 | | 19,940,012.46 | | 1,503,889,101.35 |
| Total | 1,409,753,008.93 | 114,076,104.88 | | 19,940,012.46 | | 1,503,889,101.35 |

Significant recovery or reversal of bad debt provision during the period:

Applicable Not Applicable

VII. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. Accounts Receivable (continued)

(4) The situation of actual write-off of accounts receivable for the period

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Items | Amount write-off |
|---|------------------|
| Actual write-off of accounts receivable | 19,940,012.46 |

Significant accounts receivable written off

Applicable Not Applicable

Description of accounts receivable written off:

Applicable Not Applicable

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

VII. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. Accounts Receivable (continued)

(5) Accounts receivable with top five closing balances collected as per the borrowers

Applicable Not Applicable

| | Balance | Proportion to total balance of accounts receivable (%) | Balance of bad debt allowance |
|---|---------------|--|-------------------------------|
| Beijing Urban Construction Chengdu Properties Co., Ltd. (北京城建成都置業有限公司) | 92,304,137.24 | 2.45 | 7,301,257.26 |
| Shenyang Hongxing Real Estate Co., Ltd. (瀋陽紅興置業有限公司) | 63,934,957.47 | 1.70 | 6,298,535.14 |
| Changzhou Wujin Construction Engineering Co., Ltd. (常州市武進建設工程有限公司) | 55,000,000.00 | 1.46 | 55,000,000.00 |
| Zhengzhou Huashanghui Real Estate Development Co., Ltd (鄭州華商匯房地產開發有限公司) | 46,000,000.00 | 1.22 | 9,586,400.00 |
| Fengyang Zhongzhi Construction Development Co., Ltd. (鳳陽中置建設發展有限公司) | 42,000,000.00 | 1.12 | 15,796,200.00 |

(6) Accounts receivable derecognized due to the transfer of financial assets

Applicable Not Applicable

(7) Assets and liabilities arising out of the transfer of accounts receivable and continuing involvement

Applicable Not Applicable

Others:

Applicable Not Applicable

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

VII. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

6. Receivables financing

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Items | Closing balance | Opening balance |
|----------------------------|-----------------|-----------------|
| Commercial acceptance bill | – | – |
| Bank acceptance bill | 2,000,000.00 | – |
| Total | 2,000,000.00 | – |

Increase or decrease in receivables financing and changes in their fair value in the period:

Applicable Not Applicable

For bad debt provisions under the general model of expected credit losses, see the disclosure of other receivables:

Applicable Not Applicable

Others:

Applicable Not Applicable

The notes receivable that have been endorsed or discounted but have not yet expired on the balance sheet date were RMB100,000.00 (31 December 2021: RMB24,490,000.00).

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

VII. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

7. Prepayments

(1) Presentation of prepayments by aging

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Aging | Closing balance | | Opening balance | |
|---------------|-----------------|----------------|-----------------|----------------|
| | Amount | Percentage (%) | Amount | Percentage (%) |
| Within 1 year | 257,276,691.76 | 84.48 | 275,928,392.87 | 90.45 |
| 1 to 2 years | 27,157,915.18 | 8.92 | 16,189,813.04 | 5.31 |
| 2 to 3 years | 11,687,301.76 | 3.84 | 8,485,785.78 | 2.78 |
| Over 3 years | 8,436,854.27 | 2.76 | 4,439,467.39 | 1.46 |
| Total | 304,558,762.97 | 100.00 | 305,043,459.08 | 100.00 |

Description of the reasons why the prepayments aged over 1 year with a significant amount were not settled in a timely manner:

As at 30 June 2022, none of the Group's significant prepayments aged more than one year.

VII. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

7. Prepayments (continued)

(2) Top five prepayments by closing balance collection of prepaid targets

Applicable Not Applicable

| Name of entity | Closing balance | Percentage to the total amount of prepayments (%) |
|--|-----------------|---|
| Jiaxing Xingguang (Chongqing) Film & Television Culture Co., Ltd. (嘉行星光(重慶)影視文化有限公司) | 12,522,405.72 | 4.11 |
| Guangzhou Otis Elevator Co., Ltd. (廣州奧的斯電梯有限公司) | 6,896,200.00 | 2.26 |
| IPES.R.L | 6,400,108.30 | 2.10 |
| Shanghai Macalline Property Management Services Co., Ltd. (上海美凱龍物業管理服務有限公司) | 5,818,385.37 | 1.91 |
| State Grid Shanghai Municipal Electric Power Company (國網上海市電力公司) | 5,626,749.72 | 1.85 |
| Total | 37,263,849.11 | 12.24 |

Others:

Applicable Not Applicable

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

VII. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

8. Other Receivables

Breakdown of items

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Items | Closing balance | Opening balance |
|----------------------|-----------------|-----------------|
| Interests receivable | 9,439,055.31 | 10,680,396.48 |
| Dividends receivable | 31,000,000.00 | 31,000,000.00 |
| Other receivables | 908,957,741.22 | 893,986,220.50 |
| Total | 949,396,796.53 | 935,666,616.98 |

Others:

Applicable Not Applicable

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

VII. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

8. Other Receivables (continued)

Interests receivable

(1) *Classification of Interests receivable*

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Items | Closing balance | Opening balance |
|----------------------|---------------------|-----------------|
| Time deposits | | |
| Entrusted loans | | |
| Bond investments | | |
| Interests receivable | 9,439,055.31 | 10,680,396.48 |
| Total | 9,439,055.31 | 10,680,396.48 |

(2) *Significant default interest*

Applicable Not Applicable

(3) *Bad debt provision*

Applicable Not Applicable

Others:

Applicable Not Applicable

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

VII. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

8. Other Receivables (continued)

Dividends receivable

(1) *Dividends receivable*

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Items (or investee) | Closing balance | Opening balance |
|---|-----------------|-----------------|
| Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司) | 31,000,000.00 | 31,000,000.00 |
| Total | 31,000,000.00 | 31,000,000.00 |

(2) *Significant dividends receivable aged over 1 year*

Applicable Not Applicable

(3) *Bad debt provision*

Applicable Not Applicable

Others:

Applicable Not Applicable

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

VII. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

8. Other Receivables (continued)

Other receivables

(1) *Disclosure by aging*

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Aging | Closing book balance |
|-----------------------------------|----------------------|
| Within 1 year | |
| Including: Sub-item within 1 year | |
| Sub-total within 1 year | 599,033,024.81 |
| 1 to 2 years | 223,372,644.44 |
| 2 to 3 years | 76,670,680.28 |
| Over 3 years | 410,033,803.35 |
| 3 to 4 years | |
| 4 to 5 years | |
| Over 5 years | |
| Total | 1,309,110,152.88 |

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

VII. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

8. Other Receivables (continued)

Other receivables (continued)

(2) Classification by nature of the amount

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Nature of the amount | Closing book balance | Opening book balance |
|--|----------------------|----------------------|
| Loan and advances | 426,865,794.35 | 408,880,022.33 |
| Sales proceeds collected and paid on behalf of the tenants | 232,484,983.93 | 303,122,173.95 |
| Deposits | 169,563,447.63 | 134,813,513.39 |
| Others | 80,043,515.31 | 47,170,510.83 |
| Total | 908,957,741.22 | 893,986,220.50 |

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

VII. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

8. Other Receivables (continued)

Other receivables (continued)

(3) Provision for bad debts

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Bad debt allowance | Stage 1 | Stage 2 | Stage 3 | Total |
|--|--|---|--|----------------|
| | Expected credit losses in the next 12 months | Lifetime expected credit losses (without credit impairment) | Lifetime expected credit losses (with credit impairment) | |
| Balance on 1 January 2022 | 183,353,666.09 | | 187,678,471.03 | 371,032,137.12 |
| Balance on 1 January 2022 for the period | | | | |
| – Transfer to stage 2 | | | | |
| – Transfer to stage 3 | | | | |
| – Reverse to stage 2 | | | | |
| – Reverse to stage 1 | | | | |
| Provision for the period | 28,951,578.50 | | 5,766,792.29 | 34,718,370.79 |
| Reversal for the period | | | | |
| Charge off for the period | | | | |
| Write-off for the period | -2,598,096.25 | | -3,000,000.00 | -5,598,096.25 |
| Other changes | | | | |
| Balance on 30 June 2022 | 209,707,148.34 | | 190,445,263.32 | 400,152,411.66 |

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

VII. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

8. Other Receivables (continued)

Other receivables (continued)

(3) Provision for bad debts (continued)

Description of significant changes in the book balance of other receivables with changes in loss provisions during the period:

Applicable Not Applicable

The amount of bad debt provisions and the basis for assessing whether there was a significant increase in the credit risk of financial instruments during the period:

Applicable Not Applicable

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

VII. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

8. Other Receivables (continued)

Other receivables (continued)

(4) Provision for bad debts

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Category | Opening balance | Increase/decrease during the period | | | Other changes | Closing balance |
|----------|-----------------|-------------------------------------|----------------------|---------------------------|---------------|-----------------|
| | | Provision | Recovery or reversal | Write-off or cancellation | | |
| | 371,032,137.12 | 34,718,370.79 | - | 5,598,096.25 | - | 400,152,411.66 |
| Total | 371,032,137.12 | 34,718,370.79 | - | 5,598,096.25 | - | 400,152,411.66 |

Significant reversal or recovery of bad debt provision during the period:

Applicable Not Applicable

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

VII. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

8. Other Receivables (continued)

Other receivables (continued)

(5) *The situation of the actual write-off of other receivables for the period*

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Items | Amount write-off |
|---------------------------------------|------------------|
| Actual write-off of other receivables | 5,598,096.25 |

Other receivables which were significant and written off:

Applicable Not Applicable

Description of other receivables written off:

Applicable Not Applicable

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

VII. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

8. Other Receivables (continued)

Other receivables (continued)

(6) Other receivable with top five closing balances collected as per the borrowers

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Name of entity | Nature of the amount | Closing balance | Aging | Proportion to total closing balance of other receivable (%) | Closing balance of bad debt allowance |
|--|----------------------|-----------------|--------------------------------|---|---------------------------------------|
| Shanghai Mingyi Enterprise Development Co., Ltd. (上海名藝商業企業發展有限公司) | Loan and advances | 173,000,000.50 | Over 5 years | 13.22% | 8,650,000.03 |
| Xiamen Baoxiang International Trading Company Limited (廈門寶象國際貿易有限公司) | Loan and advances | 44,659,328.91 | Within 1 year and 2 to 3 years | 3.41% | 26,668,543.55 |
| Guangxi Shengli Decoration Engineering Co. Ltd. (廣西晟力裝飾工程有限公司) | Deposits | 44,068,857.00 | Within 1 year | 3.37% | 44,068.86 |
| 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) | Loan and advances | 41,118,279.56 | Within 1 year | 3.14% | 41,118.28 |
| Liu Peng (劉鵬) | Loan and advances | 41,000,000.00 | Over 5 years | 3.13% | 41,000,000.00 |
| Total | / | 343,846,465.97 | / | 26.27% | 76,403,730.72 |

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

VII. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

8. Other Receivables (continued)

Other receivables (continued)

(7) *Receivables involving government grant*

Applicable Not Applicable

(8) *Other receivables derecognized due to the transfer of financial assets*

Applicable Not Applicable

(9) *Assets and liabilities arising out of the transfer of other receivables and continuing involvement*

Applicable Not Applicable

Others:

Applicable Not Applicable

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

VII. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

9. Inventories

(1) Classification of inventories

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Items | Closing Balance | | | Opening Balance | | |
|-------------------------------|-----------------------|-----------------|-----------------------|-----------------------|-----------------|-----------------------|
| | Book Balance | Cost Impairment | Book Value | Book Balance | Cost Impairment | Book Value |
| Raw materials | | | | | | |
| Unfinished products | | | | | | |
| Commodities in inventory | 277,306,292.97 | | 277,306,292.97 | 290,921,505.43 | | 290,921,505.43 |
| Revolving materials | | | | | | |
| Consumptive biological assets | | | | | | |
| Contract performance cost | | | | | | |
| Low-value consumables | 48,584,087.63 | | 48,584,087.63 | 38,166,005.90 | | 38,166,005.90 |
| Total | 325,890,380.60 | | 325,890,380.60 | 329,087,511.33 | | 329,087,511.33 |

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

VII. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

9. Inventories (continued)

(2) Provision for inventory impairment and provision for contract performance cost impairment

Applicable Not Applicable

(3) Description of inclusion of borrowing cost capitalization in the closing balance of inventory

Applicable Not Applicable

(4) Description of amortization of contract performance costs for the period

Applicable Not Applicable

Others:

Applicable Not Applicable

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

VII. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

10. Contract Assets

(1) Contract assets status

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Items | Closing balance | | | Opening balance | | |
|--|-------------------------|-----------------------|-------------------------|-------------------------|-----------------------|-------------------------|
| | Book balance | Impairment allowance | Book value | Book balance | Impairment allowance | Book value |
| Construction and design | 1,213,091,934.63 | 7,208,343.68 | 1,205,883,590.95 | 1,192,252,138.30 | 7,084,511.01 | 1,185,167,627.29 |
| The brand consulting and management service for the early stage of the project | 880,340,032.62 | 318,351,662.98 | 561,988,369.64 | 841,352,487.07 | 321,044,935.66 | 520,307,551.41 |
| Total | 2,093,431,967.25 | 325,560,006.66 | 1,767,871,960.59 | 2,033,604,625.37 | 328,129,446.67 | 1,705,475,178.70 |

(2) The amount and reason for the significant change in the book value during the Reporting Period

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Items | Change amount | Reason for change |
|--|----------------------|--|
| Construction and design | 20,715,963.66 | New projects and the further progress of original projects |
| The brand consulting and management service for the early stage of the project | 41,680,818.23 | New projects and the further progress of original projects |
| Total | 62,396,781.89 | / |

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

VII. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

10. Contract Assets (continued)

(3) Provision for impairment of contract assets in the period

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Items | Provision during the period | Reversal during the period | Cancellation/write off during the period | Reason |
|-------|-----------------------------|----------------------------|--|--|
| | 12,364,349.95 | | 14,933,789.96 | Project status changes during the period |
| Total | 12,364,349.95 | | 14,933,789.96 | / |

For bad debt provisions under the general model of expected credit losses, see the disclosure of other receivables:

Applicable Not Applicable

| | Book balance of expected credit losses | Expected credit loss rate (%) | Lifetime expected credit loss |
|--|--|-------------------------------|-------------------------------|
| Construction and design | 1,213,091,934.63 | 0.59 | 7,208,343.68 |
| The brand consulting and management service for the early stage of the project | 880,340,032.62 | 36.16 | 318,351,662.98 |
| Total | 2,093,431,967.25 | 15.55 | 325,560,006.66 |

Others:

Applicable Not Applicable

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

VII. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

11. Assets Held for Sale

Applicable Not Applicable

12. Non-current Assets Due within One Year

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Items | Closing balance | Opening balance |
|---|-----------------------|-----------------|
| Debt investments due within one year | | |
| Other debt investments due within one year | | |
| Entrusted loans and lending due within one year | 151,288,083.33 | 147,560,000.00 |
| Financial lease receivables due within one year | - | - |
| Less: bad debt allowance for non-current assets due within one year | -7,452,880.83 | -7,415,600.00 |
| Total | 143,835,202.50 | 140,144,400.00 |

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

VII. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

12. Non-current Assets Due within One Year (continued)

Significant debt investments and other debt investments at the end of the period:

✓ Applicable □ Not Applicable

Unit: Yuan Currency: RMB

| Items | Closing balance | | | | Opening balance | | | |
|--|-----------------------|-------------|-------------------------|-----------------|-----------------------|-------------|-------------------------|-----------------|
| | Par value | Coupon rate | Effective interest rate | Expiration date | Par value | Coupon rate | Effective interest rate | Expiration date |
| Hancheng Xinding Real Estate Development Co., Ltd. (韓城市鑫鼎房地產開發有限責任公司) | 80,000,000.00 | 9.00% | 9.00% | April 2023 | 80,000,000.00 | 9.00% | 9.00% | March 2022 |
| Henan Zhongheng Construction Development Co., Ltd. (河南中亨建設開發有限公司) (Note 1) | 47,550,000.00 | 5.23% | 5.23% | Overdue | 47,550,000.00 | 5.23% | 5.23% | Overdue |
| Zhejiang Mingdu Investment Company Limited (浙江名都投資有限公司) | 13,770,000.00 | 5.78% | 5.78% | January 2023 | 13,770,000.00 | 5.78% | 5.78% | July 2022 |
| Total | 141,320,000.00 | / | / | / | 141,320,000.00 | / | / | / |

Others:

Note 1: As of 30 June 2022, 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. There is no special impairment risk for this loan.

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

VII. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

13. Other Current Assets

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Items | Closing balance | Opening balance |
|--|-------------------------|------------------|
| contract acquisition cost | | |
| Cost of return receivable | | |
| Tax prepaid (Note 1) | 814,905,315.95 | 1,029,620,294.04 |
| Factoring receivables | | |
| Financial lease receivables | | |
| Entrusted loans and lending | 1,256,674,332.39 | 1,387,185,617.94 |
| Less: impairment allowance of other current assets | -150,996,258.25 | -145,945,579.69 |
| Total | 1,920,583,390.09 | 2,270,860,332.29 |

Others:

Note 1: The Group's tax prepaid is mainly VAT to be deducted, which is expected to be deductible within the next year.

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

VII. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

14. Debt investments

(1) Debt investments

Applicable Not Applicable

(2) Significant debt investments as at the end of the period

Applicable Not Applicable

(3) Impairment allowance

Applicable Not Applicable

15. Other debt investments

(1) Other debt investments

Applicable Not Applicable

(2) Other debt investments which were significant as at the end of the period

Applicable Not Applicable

(3) Impairment allowance

Applicable Not Applicable

Others:

Applicable Not Applicable

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

VII. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

16. Long-term Receivables

(1) Long-term receivables status

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Items | Closing balance | | | Opening balance | | | Range of discount rate |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|------------------------|
| | Book balance | Bad debt allowance | Book value | Book balance | Bad debt allowance | Book value | |
| Finance lease payment Including: unconfirmed financing gains | | | | | | | |
| Installments receivable for sale of products | | | | | | | |
| Installments receivable for rendering labor services | | | | | | | |
| Deposits | 229,628,558.33 | -36,193,628.56 | 193,434,929.77 | 236,632,000.00 | -36,200,632.00 | 200,431,368.00 | |
| Project loan | 231,171,292.15 | -10,231,712.92 | 220,939,579.23 | 180,230,201.39 | -9,722,302.02 | 170,507,899.37 | |
| Lease deposit | 67,448,410.26 | -67,448.42 | 67,380,961.84 | 62,448,410.26 | -62,448.42 | 62,385,961.84 | |
| Total | 528,248,260.74 | -46,492,789.90 | 481,755,470.84 | 479,310,611.65 | -45,985,382.44 | 433,325,229.21 | / |

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

VII. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

16. Long-term Receivables (continued)

(2) Provision for bad debts

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Bad debt allowance | Stage 1 Expected credit losses in the next 12 months | Stage 2 Lifetime expected credit losses (without credit impairment) | Stage 3 Lifetime expected credit losses (with credit impairment) | Total |
|---|--|--|---|---------------|
| Balance on 1 January 2022 | 1,432,253.44 | 553,129.00 | 44,000,000.00 | 45,985,382.44 |
| Balance on 1 January 2022 for the period | | | | |
| – Transfer to stage 2 | | | | |
| – Transfer to stage 3 | | | | |
| – Reverse to stage 2 | | | | |
| – Reverse to stage 1 | | | | |
| Provision for the period | 514,410.90 | | | 514,410.90 |
| Reversal for the period | -7,003.44 | | | -7,003.44 |
| Charge off for the period | | | | |
| Write-off for the period | | | | |
| Other changes | | | | |
| Balance on 30 June 2022 | 1,939,660.90 | 553,129.00 | 44,000,000.00 | 46,492,789.90 |

VII. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

16. Long-term Receivables (continued)

(2) Provision for bad debts (continued)

Description of significant changes in the book balance of long-term receivables with changes in loss provisions in the period:

Applicable Not Applicable

The amount of bad debt provisions and the basis for assessing whether there was a significant increase in the credit risk of financial instruments during the period:

Applicable Not Applicable

(3) Long-term receivables derecognized due to the transfer of financial assets

Applicable Not Applicable

(4) Assets and liabilities arising out of the transfer of long-term receivables and continuing involvement

Applicable Not Applicable

Others:

Applicable Not Applicable

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

VII. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

17. Long-term Equity Investments

Unit: Yuan Currency: RMB

| Investee | Opening balance | Increase in investment | Decrease in investment | Increase/decrease during the period | | | Cash dividend or profit declared | Provision made for impairment allowance | Others | Closing balance | Closing balance of impairment allowance |
|---|------------------|------------------------|------------------------|--|--|-------------------------|----------------------------------|---|--------|------------------|---|
| | | | | Investment gain/loss under equity method | Adjustment of other comprehensive income | Other changes to equity | | | | | |
| I. Joint ventures | | | | | | | | | | | |
| Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司) | 833,102,391.58 | - | - | 9,581,698.48 | - | - | - | - | - | 842,684,090.06 | |
| Shanghai Mingyi Enterprise Development Co., Ltd. (上海名藝商業企業發展有限公司) | 91,658,773.52 | - | - | 18,613,692.80 | - | - | - | - | - | 110,272,466.32 | |
| Shanghai CTME Economy & Trade Development Co., Ltd. (上海中實美凱龍經貿發展有限公司) | 96,213,795.70 | - | - | -1,397,367.34 | - | - | - | - | - | 94,816,428.36 | |
| Xiamen Xiazhe Investment Partnership (Limited Partnership) (廈門廈拓投資合夥企業(有限合夥)) | 77,139,092.40 | - | - | 2,291,421.58 | - | - | - | - | - | 79,430,513.98 | |
| Wuhu Minghui Business Management Co., Ltd. (蕪湖明輝商業管理有限公司) | 42,851,535.77 | - | - | 3,747,016.11 | - | - | - | - | - | 46,598,551.88 | |
| 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) | 11,013,309.88 | - | - | - | - | - | - | - | - | 11,013,309.88 | |
| 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) | 8,828,756.90 | - | - | -2,686,923.62 | - | - | - | - | - | 6,141,833.28 | |
| 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) | 820,549.10 | - | - | 1,074,440.36 | - | - | - | - | - | 1,894,989.46 | |
| Hefei Longmao Xiansen Home Furnishing Co., Ltd. (合肥龍貓先森家居有限公司) | - | 500,000.00 | - | -51.07 | - | - | - | - | - | 499,948.93 | |
| Shenzhen Red Star Macalline Business Management Company Limited (深圳紅星美凱龍商業管理有限公司) | - | - | - | - | - | - | - | - | - | - | |
| 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) | - | - | - | - | - | - | - | - | - | - | |
| Sub-total | 1,161,628,204.85 | 500,000.00 | - | 31,223,927.30 | - | - | - | - | - | 1,193,352,132.15 | |

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

VII. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

17. Long-term Equity Investments (continued)

| Investee | Opening balance | Increase in investment | Decrease in investment | Increase/decrease during the period | | | Cash dividend or profit declared | Provision made for impairment allowance | Others | Closing balance | Closing balance of impairment allowance |
|---|-----------------|------------------------|------------------------|--|--|-------------------------|----------------------------------|---|--------|-----------------|---|
| | | | | Investment gain/loss under equity method | Adjustment of other comprehensive income | Other changes to equity | | | | | |
| II. Associates | | | | | | | | | | | |
| Haier Consume Financing Company Limited (海爾消費金融有限公司) | 434,336,037.46 | - | - | 34,209,160.44 | - | - | - | - | - | 468,545,197.90 | |
| Shandong Inzone Green Home Co., Ltd. (山東銀座家居有限公司) | 426,626,993.16 | - | - | 316,452.74 | - | - | - | - | - | 426,943,445.90 | |
| Yaxiya New Materials Technology Co., Ltd. (亞細亞新材料科技股份有限公司) | 324,567,214.75 | - | - | -6,345,351.50 | - | - | - | - | - | 318,221,863.25 | |
| Shenyudao Cultural Tourism Holding Co., Ltd. (神玉島文化旅遊控股股份有限公司) | 174,421,343.21 | - | - | - | - | - | - | - | - | 174,421,343.21 | |
| Guangdong Sanweijia Information Technology Co., Ltd. (廣東三維家信息科技有限公司) | 85,041,029.60 | - | - | -12,556,889.16 | - | - | - | - | - | 72,484,140.44 | |
| Sunseaparking Inc | 94,974,140.20 | - | - | - | - | - | - | - | - | 94,974,140.20 | |
| Wuhan Zhengkai Logistics Co., Ltd. (武漢市正凱物流有限公司) | 83,065,909.26 | - | - | 4,690,036.10 | - | - | - | - | - | 87,755,945.36 | |
| Guangdong VIFA Customized Home Furnishings Co., Ltd. (廣東威法定制家居股份有限公司) | 57,424,348.04 | - | - | 2,850,927.63 | - | -2,047,500.70 | - | - | - | 58,227,774.97 | |
| Weifang Binxing Properties Co., Ltd. (濰坊濱星置業有限公司) | 89,408,777.76 | - | - | -215,373.25 | - | - | - | - | - | 89,193,404.51 | |
| Zhejiang Zhongguang Electric Appliances Group Co., Ltd. (浙江中廣電器集團股份有限公司) | 95,881,260.85 | - | - | - | - | - | - | - | - | 95,881,260.85 | |
| Shanghai Xincheng'an Construction Co., Ltd. (上海鑫誠安建設有限公司) | 72,887,347.01 | - | - | -830,956.55 | - | -2,378,875.00 | - | - | - | 69,677,515.46 | |

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

VII. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

17. Long-term Equity Investments (continued)

| Investee | Opening balance | Increase in investment | Decrease in investment | Increase/decrease during the period | | | Cash dividend or profit declared | Provision made for impairment allowance | Others | Closing balance | Closing balance of impairment allowance |
|--|-----------------|------------------------|------------------------|--|--|-------------------------|----------------------------------|---|--------|-----------------|---|
| | | | | Investment gain/loss under equity method | Adjustment of other comprehensive income | Other changes to equity | | | | | |
| Shanghai Tianhe Smart Home Technology Company Ltd. (上海天合智能科技股份有限公司) | 69,605,194.81 | - | - | - | - | - | - | - | - | 69,605,194.81 | |
| LEAWOD Door and Window Group Co., Ltd. (良木道門窗集團有限公司) | 71,710,620.95 | - | - | -1,341,148.15 | - | - | - | - | - | 70,369,472.80 | |
| Suzhou Supin Home Culture Co., Ltd. (蘇州市蘇品宅配文化有限公司) | 59,206,347.17 | - | - | -917,038.70 | - | - | - | - | - | 58,289,308.47 | |
| 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) | 45,059,343.73 | - | - | -20,853.75 | - | - | - | - | - | 45,038,489.98 | |
| Ant live (Tianjin) Network Technology Co., Ltd. (蟻安居(天津)網絡技術有限公司) | 38,724,004.48 | - | - | -2,158,249.83 | - | - | - | - | - | 36,565,754.65 | |
| Beijing Bilin Hongke Technology Co., Ltd. (北京比鄰弘科科技有限公司) | 39,365,768.38 | - | - | - | - | - | - | - | - | 39,365,768.38 | |
| Shanghai Qiangshang Environmental Technology Company Limited (上海強尚環保科技有限公司) | 29,522,818.49 | - | - | -1,325,187.58 | - | - | - | - | - | 28,197,630.91 | |
| Shanghai CONJOINT Construction Technology Co., Ltd. (上海開裝建築科技有限公司) | 35,054,326.59 | - | -35,054,326.59 | - | - | - | - | - | - | - | |
| Icolor Private Limited | 35,458,205.62 | - | - | - | - | - | - | - | - | 35,458,205.62 | |
| Ultimate IOT (Shanghai) Technology Co., Ltd. (超級智慧家(上海)物聯網科技有限公司) | 33,542,634.41 | - | - | -2,680,822.32 | - | - | - | - | - | 30,861,812.09 | |
| Chengdu Rhine Etam Furniture Co., Ltd. (成都艾格傢俱有限公司) | 30,523,565.63 | - | - | -535,403.60 | - | - | - | - | - | 29,988,162.03 | |
| Jiangsu Baili Aijia Home Technology Co., Ltd. (江蘇佰麗愛家居科技有限公司) | 24,261,612.41 | - | - | -2,857,917.20 | - | - | - | - | - | 21,403,695.21 | |

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

VII. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

17. Long-term Equity Investments (continued)

| Investee | Opening balance | Increase in investment | Decrease in investment | Increase/decrease during the period | | | Cash dividend or profit declared | Provision made for impairment allowance | Others | Closing balance | Closing balance of impairment allowance |
|---|-----------------|------------------------|------------------------|--|--|-------------------------|----------------------------------|---|--------|-----------------|---|
| | | | | Investment gain/loss under equity method | Adjustment of other comprehensive income | Other changes to equity | | | | | |
| Shanghai Jinjiang United Purchasing Supply Chain Co., Ltd. (上海錦江聯採供應鏈有限公司) | 29,111,303.68 | - | - | -565,467.15 | - | - | - | - | - | 28,545,836.53 | |
| BigZone Information Technology (Shanghai) Company Limited (大域信息科技(上海)有限公司) | 18,962,132.39 | - | - | - | - | - | - | - | - | 18,962,132.39 | |
| ArtPollo Network Technology (Beijing) Company Limited (愛菠蘿網絡科技(北京)有限公司) | - | - | - | - | - | - | - | - | - | - | -13,396,307.27 |
| Shengbao (Shanghai) Intelligent Technology Co., Ltd. (晟葆(上海)智能科技有限公司) | 13,178,578.15 | - | - | -310,032.28 | - | - | - | - | - | 12,868,545.87 | |
| Beijing Canny-Robot Technology Co., Ltd. (北京康力優藍機器人科技有限公司) | 11,861,412.33 | - | - | - | - | - | - | - | - | 11,861,412.33 | |
| Shanghai Jiazhan Construction Engineering Company Limited (上海嘉展建築裝潢工程有限公司) | 5,206,897.09 | - | - | -1,151,399.75 | - | - | - | - | - | 4,055,497.34 | |
| Guangzhou Huoshu Yinhua Information Technology Co., Ltd. (廣州火數銀花信息科技有限公司) | 4,659,292.35 | - | - | -211,350.31 | - | - | - | - | - | 4,447,942.04 | |
| Shenzhen Huasheng Home Furnishing Group Co., Ltd. (深圳華生大家居集團有限公司) | 4,459,100.59 | - | - | 296,596.08 | - | - | - | - | - | 4,755,696.67 | |
| Yimeijisi Optoelectronics Technology (Fujian) Co., Ltd. (詠美吉斯光電科技(福建)有限公司) | 3,388,424.70 | - | - | - | - | - | - | - | - | 3,388,424.70 | |
| Anka Household Products (Shanghai) Co., Ltd. (安咖家居用品(上海)有限公司) | 2,293,774.19 | - | - | - | - | - | - | - | - | 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) | 1,105,385.51 | - | - | -491,715.19 | - | - | - | - | - | 613,670.32 | |
| Wuhu Meihe Asset Management Company Limited (蕪湖美和資產管理有限公司) | 384,087.23 | - | - | -384,087.23 | - | - | - | - | - | - | |
| Shanghai AI.Pure Intelligent Technology Co., Ltd. (上海智諦智能科技有限公司) | - | - | - | - | - | - | - | - | - | - | |

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

VII. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

17. Long-term Equity Investments (continued)

| Investee | Opening balance | Increase in investment | Decrease in investment | Increase/decrease during the period | | | | | | Closing balance | Closing balance of impairment allowance |
|---|------------------|------------------------|------------------------|--|--|-------------------------|----------------------------------|---|--------|------------------|---|
| | | | | Investment gain/loss under equity method | Adjustment of other comprehensive income | Other changes to equity | Cash dividend or profit declared | Provision made for impairment allowance | Others | | |
| Shanghai Zhenyang Decoration Co., Ltd. (上海振洋建築裝潢工程有限公司) | 26,337,014.98 | - | - | -4,119,075.27 | - | - | - | - | - | 22,217,939.71 | |
| Meishang (Guangzhou) Cosmetics Co., Ltd. (美尚(廣州)化妝品股份有限公司) | 53,076,588.93 | - | - | -8,594,081.26 | - | - | - | - | - | 44,482,507.67 | |
| Shanghai Weilaishi Decoration Technology Co., Ltd. (上海威來適裝飾科技有限公司) | 2,791,650.63 | - | - | -2,066,446.43 | - | - | - | - | - | 725,204.20 | |
| Shanghai Shimao Smart Home Technology Co., Ltd. (上海世茂美居家居科技有限公司) | - | - | - | - | - | - | - | - | - | - | |
| Zhongzhuang Central Purchasing (Beijing) Information Technology Co., Ltd. (中裝集採(北京)信息技術有限公司) | 576,603.74 | - | - | 6,403.49 | - | - | - | - | - | 583,007.23 | |
| Xingpai Commercial Property Management (Guangzhou) Co., Ltd. (星派商業物業經營(廣州)有限公司) | 571,213.88 | - | - | -571,213.88 | - | - | - | - | - | - | |
| CSSC Cruise Industry Development (Shanghai) Co., Ltd. (中船郵輪產業發展(上海)有限公司) | 57,761,822.09 | - | - | 636,038.26 | - | - | - | - | - | 58,397,860.35 | |
| Shanghai Macalline Property Management Service Co., Ltd. (上海美凱龍物業管理服務有限公司) | 81,067,848.49 | - | - | 12,571,933.94 | - | - | -4,653,880.42 | - | - | 88,985,902.01 | |
| Sub-total | 2,767,461,974.92 | - | -35,054,326.59 | 5,327,488.34 | - | - | -9,080,256.12 | - | - | 2,728,654,880.55 | -13,396,307.27 |
| Total | 3,929,090,179.77 | 500,000.00 | -35,054,326.59 | 36,551,415.64 | - | - | -9,080,256.12 | - | - | 3,922,007,012.70 | -13,396,307.27 |

Others

* The associates renamed in 2022 is as follows: Shanghai Shimao Macalline Home Technology Co., Ltd. was renamed Shanghai Shimao Smart Home Technology Co., Ltd.

VII. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

18. Other Equity Instrument Investments

(1) Other equity instrument investments status

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Items | Closing balance | Opening balance |
|--|-----------------|------------------|
| 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)) | 819,220,550.17 | 1,189,829,987.13 |
| De Rucci Bedding Co., Ltd. (慕思健康睡眠股份有限公司) | 441,540,000.00 | 165,493,421.56 |
| 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)) | 237,080,376.69 | 250,408,026.73 |
| Chengdu Xinchao Media Group Co., Ltd. (成都新潮傳媒集團有限公司) | 224,112,116.17 | 224,112,116.17 |
| Oriental Standard Human Resources Holdings Limited | 174,168,692.65 | 178,109,600.00 |
| Sinostone (Guangdong) Co. Ltd. (廣東中旗新材料股份有限公司) | 138,944,740.00 | 106,558,380.00 |
| Aibbe Inc. | 130,930,205.43 | 130,930,205.43 |
| Black Sesame International Holding Limited | 130,677,673.17 | 130,677,673.17 |
| Shenzhen Yuanchao Smart Life Co., Ltd. (深圳遠超智慧生活股份有限公司) | 114,776,128.89 | 114,776,128.89 |
| 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)) | 84,486,649.21 | 84,486,649.21 |
| Beijing Parking Easy Information Technology Co. Ltd. (北京停簡單信息技術有限公司) | 81,856,313.49 | 15,146,639.23 |
| Qingdao Yeelight Smart Technology Co., Ltd. (青島易來智能科技股份有限公司) | 81,096,519.19 | 81,096,519.19 |
| Guangzhou Snimay Home Furnishing Co., Ltd. (廣州市詩尼曼家居股份有限公司) | 79,737,026.86 | 79,737,026.86 |
| ARROW Home Group Co., Ltd. (箭牌家居集團股份有限公司) | 75,231,049.31 | 54,673,906.00 |
| Keeson Technology Corporation Limited (麒盛科技股份有限公司) | 69,496,358.68 | 119,659,469.58 |
| Weride Inc | 68,983,466.67 | 68,983,466.67 |

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

VII. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

18. Other Equity Instrument Investments (continued)

(1) Other equity instrument investments status (continued)

| Items | Closing balance | Opening balance |
|--|-------------------------|-------------------------|
| Zhejiang Hik Smart Home Co., Ltd. (浙江喜爾康智能家居股份有限公司) | 49,835,186.70 | 49,835,186.70 |
| Belan Information Technology (Shanghai) Co., Ltd. (斑瀾信息科技(上海)有限公司) | 46,447,068.73 | 46,447,068.73 |
| Harbin Sayyas Windows Stock Co., Ltd. (哈爾濱森鷹窗業股份有限公司) | 42,829,486.03 | 45,061,563.96 |
| Meicai (Wuhan) Technology Co., Ltd. (美材(武漢)科技有限公司) | 36,188,048.72 | 36,188,048.72 |
| Shenzhen Angstrong Technology Co., Ltd. (深圳市安思疆科技有限公司) | 34,580,822.64 | 28,660,192.59 |
| AUPU Home Co., Ltd. (奧普家居股份有限公司) | 32,481,746.28 | 118,441,758.44 |
| Guangdong Huangpai Custom Home Furnishing Group Co., Ltd. (廣東皇派定制家居集團股份有限公司) | 29,913,044.14 | 29,913,044.14 |
| Dingdong (Cayman) Limited | 29,800,237.54 | 608,662,977.87 |
| Shenzhen ORVIBO Technology Co., Ltd. (深圳市歐瑞博科技股份有限公司) | 24,300,000.00 | 24,300,000.00 |
| Shenzhen Building Decoration (Group) Co., Ltd. (深圳市建築裝飾(集團)有限公司) | 20,000,000.00 | – |
| Hangzhou Water Show Culture GROUP Co., Ltd. (杭州水秀文化集團有限公司) | 19,439,024.17 | 18,242,733.12 |
| Shenzhen Shushijia Environment Technology Co., Ltd. (深圳舒適家環境科技有限公司) | 5,000,000.00 | 5,000,000.00 |
| YunDing Network Technology (Beijing) Co., Ltd. (雲丁網絡技術(北京)有限公司) | – | 42,839,143.22 |
| Zhejiang Entive Intellectual Kitchen Electricity Co., Ltd. (浙江億田智能廚電股份有限公司) | – | 35,454,976.00 |
| Gold Medal Kitchen Cabinet Home Technology Co., Ltd. (金牌廚櫃家居科技股份有限公司) | – | 17,095,578.50 |
| Others | 57,633,036.19 | 69,149,456.36 |
| Total | 3,380,785,567.72 | 4,169,970,944.17 |

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

VII. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

18. Other Equity Instrument Investments (continued)

(2) Investment in equity instruments held for non-trading purpose

✓ Applicable □ Not Applicable

Unit: Yuan Currency: RMB

| Items | Dividend income recognised during the period | Cumulative gains | Cumulative losses | Amount | Reason |
|--|--|---------------------|----------------------|--|--|
| | | | | of other comprehensive income carried forward to retained earning | Reason for other designated as at fair value through other comprehensive income earning |
| 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)) | 694,590,655.29 | | | 73,114,210.21 | Partial disposal |
| De Rucci Bedding Co., Ltd. (慕思健康睡眠股份有限公司) | 311,040,000.00 | | | | |
| 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)) | 2,076,561.55 | 102,080,376.69 | | | |
| Chengdu Xinchao Media Group Co., Ltd. (成都新潮傳 媒集團有限公司) | | 24,112,116.17 | | | |
| Oriental Standard Human Resources Holdings Limited | | 118,665,031.99 | | | |
| Sinostone (Guangdong) Co. Ltd. (廣東中旗新材料股份有限公司) | 989,400.00 | 105,964,740.00 | | | |
| Aibbe Inc. | | 53,999,065.82 | | | |
| Black Sesame International Holding Limited | | 118,183,929.09 | | | |
| Shenzhen Yuanchao Smart Life Co., Ltd. (深圳遠超智慧生活股份有限公司) | | 13,557,128.89 | | | |
| 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)) | | 64,526,649.21 | | | |
| Beijing Parking Easy Information Technology Co. Ltd. (北京停簡單信息技術有限公司) | | 39,356,313.49 | | | |

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

VII. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

18. Other Equity Instrument Investments (continued)

(2) Investment in equity instruments held for non-trading purpose (continued)

| Items | Dividend income recognised during the period | Cumulative gains | Cumulative losses | Amount of other comprehensive income carried forward to retained earning | Reason designated as at fair value through other comprehensive income | Reason for other comprehensive income carried forward to retained earning |
|---|--|------------------|-------------------|--|---|---|
| Qingdao Yeelight Smart Technology Co., Ltd. (青島易來智能科技股份有限公司) | | 66,396,519.19 | | | | |
| Guangzhou Snimay Home Furnishing Co., Ltd. (廣州市詩尼曼家居股份有限公司) | | 46,127,026.86 | | | | |
| ARROW Home Group Co., Ltd. (箭牌家居集團股份有限公司) | | 21,124,449.31 | | | | |
| Keeson Technology Corporation Limited (麒盛科技股份有限公司) | 1,607,521.20 | 37,138,844.28 | | 8,004,417.01 | | Partial disposal |
| Weride Inc | | 48,782,995.02 | | | | |
| Zhejiang Hilk Smart Home Co., Ltd. (浙江喜爾康智能家居股份有限公司) | | 2,784,386.70 | | | | |
| Belan Information Technology (Shanghai) Co., Ltd. (斑瀾信息科技(上海)有限公司) | | 6,447,068.73 | | | | |
| Harbin Sayyas Windows Stock Co., Ltd. (哈爾濱森鷹窗業股份有限公司) | | 20,457,136.04 | | | | |
| Meicai (Wuhan) Technology Co., Ltd. (美材(武漢)科技有限公司) | | 14,188,048.72 | | | | |
| Shenzhen Angstrong Technology Co., Ltd. (深圳市安思疆科技有限公司) | | 14,580,822.64 | | | | |
| AUPU Home Co., Ltd. (奧普家居股份有限公司) | 4,531,358.40 | | -22,770,291.65 | -39,561,919.82 | | Partial disposal |
| Guangdong Huangpai Custom Home Furnishing Group Co., Ltd. (廣東皇派定制家居集團股份有限公司) | 1,151,795.20 | 5,707,348.14 | | | | |
| Dingdong (Cayman) Limited | | 15,732,914.74 | | -56,096,946.19 | | Partial disposal |

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

VII. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

18. Other Equity Instrument Investments (continued)

(2) Investment in equity instruments held for non-trading purpose (continued)

| Items | Dividend income recognised during the period | Cumulative gains | Cumulative losses | Amount | Reason | Reason |
|--|--|---------------------|----------------------|--|--|---|
| | | | | of other comprehensive income carried forward to retained earning | designated as at fair value through other comprehensive income | for other comprehensive income carried forward to retained earning |
| Shenzhen ORVIBO Technology Co., Ltd. (深圳市歐瑞博科技股份有限公司) | | 14,300,000.00 | | | | |
| Shenzhen Building Decoration (Group) Co., Ltd. (深圳市建築裝飾(集團)有限公司) | | | | | | |
| Hangzhou Water Show Culture GROUP Co., Ltd. (杭州水秀文化集團有限公司) | | 5,966,024.17 | | | | |
| Shenzhen Shushijia Environment Technology Co., Ltd. (深圳舒適家環境科技有限公司) | | | | | | |
| YunDing Network Technology (Beijing) Co., Ltd. (雲丁網絡技術(北京)有限公司) | | | | 35,555,933.19 | | Disposal |
| Zhejiang Entive Intellectual Kitchen Electricity Co., Ltd. (浙江億田智能廚電股份有限公司) | | | | 7,249,271.03 | | Disposal |
| Gold Medal Kitchen Cabinet Home Technology Co., Ltd. (金牌廚櫃家居科技股份有限公司) | | | -5,623,345.99 | -2,612,657.81 | | Disposal |
| Others | | 9,035,737.65 | -122,195,569.87 | | | |

Others:

Applicable Not Applicable

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 RMB455,339,824.69 (2021: RMB671,878,638.66), and accumulated profit and loss totaling RMB25,652,307.63 (2021: RMB531,924,137.17) were carried forward from other comprehensive income to retained earning.

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

VII. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

19. Other Non-Current Financial Assets

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Items | Closing balance | Opening balance |
|---|-----------------------|-----------------|
| Financial assets at fair value through profit or loss | 375,874,540.60 | 370,774,540.60 |
| Total | 375,874,540.60 | 370,774,540.60 |

Others:

Nil

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

VII. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

20. Investment Property

Measurement model for investment properties

(1) Investment property adopting fair value measurement model

Unit: Yuan Currency: RMB

| Items | Houses and buildings | Properties under construction | Total |
|---|----------------------|-------------------------------|-------------------|
| I. Opening balance | 88,337,000,000.00 | 7,238,000,000.00 | 95,575,000,000.00 |
| II. Changes in the current period | 467,000,000.00 | 122,000,000.00 | 589,000,000.00 |
| Add: Purchases | 79,106,955.29 | 378,496,396.93 | 457,603,352.22 |
| Transfer from inventories/ fixed assets/projects under construction | 35,755,740.47 | | 35,755,740.47 |
| Increases on business combinations | | | |
| Less: Disposal | | | |
| Other transfers | | | |
| Changes in fair value | 352,137,304.24 | -256,496,396.93 | 95,640,907.31 |
| III. Closing balance | 88,804,000,000.00 | 7,360,000,000.00 | 96,164,000,000.00 |

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

VII. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

20. Investment Property (continued)

Measurement model for investment properties (continued)

(2) *The situation of the investment properties with ownership certificate not settled:*

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Items | Book value | Reason for not yet settling |
|---|----------------|--|
| Lanzhou Shibo Home Furnishing Plaza (蘭州世博家居商場) | 477,000,000.00 | Application for ownership certificate is in progress |
| Hangzhou Shibo Furniture Plaza (杭州世博家居商場) | 274,000,000.00 | Application for ownership certificate is in progress |
| Taiyuan International Home Furnishing Plaza (太原全球家居廣場) | 503,000,000.00 | Application for ownership certificate is in progress |
| Guangzhou Market Operation Management (廣州市場經營管理) | 612,000,000.00 | Application for ownership certificate is in progress |

VII. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

20. Investment Property (continued)

Measurement model for investment properties (continued)

(2) *The situation of the investment properties with ownership certificate not settled: (continued)*

Others

Applicable Not Applicable

Such investment properties are rented to the third party under operating lease.

The amount of interest capitalization included in investment properties during the current period was RMB162,349,451.04.

As at 30 June 2022, the investment properties valued RMB85,045,000,000.00 was held by the Group as security to acquire borrowings and commercial mortgage-backed securities of RMB32,344,129,793.00. Please refer to Note VII. 81. Assets with Restricted Ownership or Use Right.

As at 30 June 2022, the investment properties at fair value of RMB2,111,000,000.00 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.

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

VII. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

21. Fixed Assets

Breakdown of items

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Items | Closing balance | Opening balance |
|--------------------------|------------------|------------------|
| Fixed assets | 2,565,779,080.33 | 2,655,001,955.04 |
| Disposal of fixed assets | | |
| Total | 2,565,779,080.33 | 2,655,001,955.04 |

Others:

Nil

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

VII. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

21. Fixed Assets (continued)

Fixed Assets

(1) Fixed assets

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Items | Houses and buildings | Mechanical equipment | Transportation tool | Special equipment | Transportation equipment | Electronic equipment, appliances and fixtures | Total |
|--|----------------------|----------------------|---------------------|-------------------|--------------------------|---|------------------|
| I. Original book value: | | | | | | | |
| 1. Opening balance | 2,418,836,175.82 | | | 183,801,075.22 | 138,103,340.80 | 458,455,651.39 | 3,199,196,243.23 |
| 2. Increased amount in the current period | 9,463,507.27 | | | 989,499.84 | 997,656.04 | 11,687,627.55 | 23,138,290.70 |
| (1) Purchase | 7,007,629.35 | | | 989,499.84 | 997,656.04 | 11,687,627.55 | 20,682,412.78 |
| (2) Transfer from construction in progress | 2,455,877.92 | | | | | | 2,455,877.92 |
| (3) Increases on business combinations | | | | | | | |
| 3. Reduced amount in the current period | 37,495,678.63 | | | | 3,037,972.62 | 7,803,221.02 | 48,336,872.27 |
| (1) Disposal or retirement | | | | | 3,037,972.62 | 7,803,221.02 | 10,841,193.64 |
| (2) Transferred to investment properties | 37,495,678.63 | | | | | | 37,495,678.63 |
| 4. Closing balance | 2,390,804,004.46 | | | 184,790,575.06 | 136,063,024.22 | 462,340,057.92 | 3,173,997,661.66 |

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

VII. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

21. Fixed Assets (continued)

Fixed Assets (continued)

(1) Fixed assets (continued)

Unit: Yuan Currency: RMB

| Items | Houses and buildings | Mechanical equipment | Transportation tool | Special equipment | Transportation equipment | Electronic equipment, appliances and fixtures | Total |
|---|----------------------|----------------------|---------------------|-------------------|--------------------------|---|------------------|
| II. Accumulated depreciation | | | | | | | |
| 1. Opening balance | 108,818,509.76 | | | 43,282,419.46 | 88,733,772.80 | 303,359,586.17 | 544,194,288.19 |
| 2. Increased amount in the current period | 26,919,916.79 | | | 9,301,372.79 | 6,986,514.52 | 30,589,044.02 | 73,796,848.12 |
| (1) Provision | 26,919,916.79 | | | 9,301,372.79 | 6,986,514.52 | 30,589,044.02 | 73,796,848.12 |
| 3. Reduced amount in the current period | 1,739,938.16 | | | | 2,601,073.96 | 5,431,542.86 | 9,772,554.98 |
| (1) Disposal or retirement | | | | | | | |
| (2) Transferred to investment properties | 1,739,938.16 | | | | 2,601,073.96 | 5,431,542.86 | 9,772,554.98 |
| 4. Closing balance | 133,998,488.39 | | | 52,583,792.25 | 93,119,213.36 | 328,517,087.33 | 608,218,581.33 |
| III. Impairment allowance | | | | | | | |
| 1. Opening balance | | | | | | | |
| 2. Increased amount in the current period | | | | | | | |
| (1) Provision | | | | | | | |
| 3. Reduced amount in the current period | | | | | | | |
| (1) Disposal or retirement | | | | | | | |
| 4. Closing balance | | | | | | | |
| IV. Closing balance | | | | | | | |
| 1. Closing book value | 2,256,805,516.07 | | | 132,206,782.81 | 42,943,810.86 | 133,822,970.59 | 2,565,779,080.33 |
| 2. Opening book value | 2,310,017,666.06 | | | 140,518,655.76 | 49,369,568.00 | 155,096,065.22 | 2,655,001,955.04 |

VII. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

21. Fixed Assets (continued)

Fixed Assets (continued)

(2) *Fixed assets which were temporarily idle*

Applicable Not Applicable

(3) *Fixed assets rented in under finance lease*

Applicable Not Applicable

(4) *Fixed assets leased by way of operating lease*

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Item | Closing book value |
|-----------------------|--------------------|
| Engineering equipment | 121,210,373.10 |

(5) *Fixed assets with ownership certificate not settled*

Applicable Not Applicable

Others:

Applicable Not Applicable

As of 30 June 2022, the Group's fixed assets with value of RMB2,249,797,886.71 were used as mortgaged collateral to obtain loans of RMB813,798,722.87. Please refer to "Financial Reports VII. 81. Assets with restricted ownership or use right".

Fixed Assets Liquidation

Applicable Not Applicable

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

VII. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

22. Construction in Progress

Breakdown of Items

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Items | Closing balance | Opening balance |
|--------------------------|-----------------|-----------------|
| Construction in progress | 115,256,902.94 | 88,911,088.97 |
| Total | 115,256,902.94 | 88,911,088.97 |

Others:

Nil

Construction in Progress

(1) Construction in progress

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Items | Closing balance | | | Opening balance | | |
|--------------------------|-----------------|----------------------|----------------|-----------------|----------------------|---------------|
| | Book balance | Impairment allowance | Book value | Book balance | Impairment allowance | Book value |
| Construction in progress | 115,256,902.94 | | 115,256,902.94 | 88,911,088.97 | | 88,911,088.97 |
| Total | 115,256,902.94 | | 115,256,902.94 | 88,911,088.97 | | 88,911,088.97 |

VII. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

22. Construction in Progress (continued)

Construction in Progress (continued)

(2) *Changes in significant construction in progress during the period*

Applicable Not Applicable

(3) *Provision for impairment of construction in progress during the period*

Applicable Not Applicable

Others

Applicable Not Applicable

Goods for Construction

Applicable Not Applicable

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

VII. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

23. Bearer Biological Assets

(1) Bearer biological assets measured at cost

Applicable Not Applicable

(2) Bearer biological assets measured at fair value

Applicable Not Applicable

Others

Applicable Not Applicable

24. Oil and Gas Assets

Applicable Not Applicable

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

VII. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

25. Right-of-Use Assets

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Item | Houses and buildings | Other equipments | Total |
|--|----------------------|------------------|------------------|
| I. Original book value | | | |
| 1. Opening balance | 6,249,708,570.37 | 24,321,055.16 | 6,274,029,625.53 |
| 2. Increased amount in the current period | 31,256,094.79 | | 31,256,094.79 |
| Addition | 31,256,094.79 | | 31,256,094.79 |
| Business combinations involving enterprises not under common control | | | |
| 3. Reduced amount in the current period | 84,583,273.82 | | 84,583,273.82 |
| Disposal | 84,583,273.82 | | 84,583,273.82 |
| 4. Closing balance | 6,196,381,391.34 | 24,321,055.16 | 6,220,702,446.50 |
| II. Accumulated depreciation | | | |
| 1. Opening balance | 2,359,372,343.13 | 14,795,308.56 | 2,374,167,651.69 |
| 2. Increased amount in the current period | 310,239,867.06 | 608,026.38 | 310,847,893.44 |
| (1) Provision | 310,239,867.06 | 608,026.38 | 310,847,893.44 |
| 3. Reduced amount in the current period | 9,383,807.97 | | 9,383,807.97 |
| (1) Disposal | 9,383,807.97 | | 9,383,807.97 |
| 4. Closing balance | 2,660,228,402.22 | 15,403,334.94 | 2,675,631,737.16 |

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

VII. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

25. Right-of-Use Assets (continued)

Unit: Yuan Currency: RMB

| Item | Houses and buildings | Other equipments | Total |
|---|----------------------|------------------|------------------|
| III. Impairment allowance | | | |
| 1. Opening balance | | | |
| 2. Increased amount in the current period | | | |
| (1) Provision | | | |
| 3. Reduced amount in the current period | | | |
| (1) Disposal | | | |
| 4. Closing balance | | | |
| IV. Book value | | | |
| 1. Closing book value | 3,536,152,989.12 | 8,917,720.22 | 3,545,070,709.34 |
| 2. Opening book value | 3,890,336,227.24 | 9,525,746.60 | 3,899,861,973.84 |

Others:

Nil

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

VII. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

26. Intangible Assets

(1) Information about intangible assets

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Items | Land use rights | Patent rights | Non-patent technology | Softwares | Trademark use rights | Others | Total |
|--|-----------------|---------------|-----------------------|----------------|----------------------|---------------|----------------|
| I. Original book value | | | | | | | |
| 1. Opening balance | | | | 250,634,775.66 | 525,000,000.00 | 27,550,687.39 | 803,185,463.05 |
| 2. Increased amount in the current period | | | | 3,230,460.90 | | 2,605,929.06 | 5,836,389.96 |
| (1) Purchase | | | | 884,722.85 | | 201,345.14 | 1,086,067.99 |
| (2) Internal research and development | | | | 120,517.25 | | | 120,517.25 |
| (3) Increases on business combinations | | | | | | | |
| (4) Transfer from construction in progress | | | | 2,225,220.80 | | 2,404,583.92 | 4,629,804.72 |
| 3. Reduced amount in the current period | | | | | | | |
| (1) Disposal | | | | | | | |
| 4. Closing balance | | | | 253,865,236.56 | 525,000,000.00 | 30,156,616.45 | 809,021,853.01 |
| II. Accumulated amortization | | | | | | | |
| 1. Opening balance | | | | 140,298,692.75 | 110,414,311.81 | 12,694,819.27 | 263,407,823.83 |
| 2. Increased amount in the current period | | | | 16,887,062.08 | | 3,018,297.54 | 19,905,359.62 |
| (1) Provision | | | | 16,887,062.08 | | 3,018,297.54 | 19,905,359.62 |
| 3. Reduced amount in the current period | | | | | | | |
| (1) Disposal | | | | | | | |
| 4. Closing balance | | | | 157,185,754.83 | 110,414,311.81 | 15,713,116.81 | 283,313,183.45 |

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

VII. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

26. Intangible Assets (continued)

(1) Information about intangible assets (continued)

Unit: Yuan Currency: RMB

| Items | Land use rights | Patent rights | Non-patent technology | Softwares | Trademark use rights | Others | Total |
|---|-----------------|---------------|-----------------------|----------------|----------------------|---------------|----------------|
| III. Impairment allowance | | | | | | | |
| 1. Opening balance | | | | 414,585,688.19 | | | 414,585,688.19 |
| 2. Increased amount in the current period | | | | | | | |
| (1) Provision | | | | | | | |
| 3. Reduced amount in the current period | | | | | | | |
| (1) Disposal | | | | | | | |
| 4. Closing balance | | | | 414,585,688.19 | | | 414,585,688.19 |
| IV. Book value | | | | | | | |
| 1. Closing book value | | | | 96,679,481.73 | - | 14,443,499.64 | 111,122,981.37 |
| 2. Opening book value | | | | 110,336,082.91 | - | 14,855,868.12 | 125,191,951.03 |

At the end of the period, intangible assets formed through internal research and development accounted for 15.43% of the balance of intangible assets

(2) Land use rights without a property right certificate

Applicable Not Applicable

Other descriptions:

Applicable Not Applicable

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

VII. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

27. Development Expenditure

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Items | Opening balance | Increased amount in the current period | | Decreased amount in the current period | | Closing balance |
|------------------------------------|-----------------|---|--------|--|--|----------------------|
| | | Internal research and development expenditure | Others | Recognized as intangible assets | Transfer to the current profit or loss | |
| Home improvement and data platform | 12,238,146.01 | | | 120,517.25 | | 12,117,628.76 |
| Total | 12,238,146.01 | | | 120,517.25 | | 12,117,628.76 |

Others:

Nil

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

VII. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

28. Goodwill

(1) Original carrying amount of goodwill

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Name of the investee or item resulting in goodwill | Opening balance | Increase in the current period From business combination | Decrease in the current period Disposal | 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 |
| Total | 97,597,047.85 | | | 97,597,047.85 |

(2) Provision for goodwill impairment

Applicable Not Applicable

(3) Information on an asset group or a set of asset groups to which goodwill was allocated

Applicable Not Applicable

(4) Description of the process of the goodwill impairment test, key parameters (e.g. the growth rates for the forecast period and the stable period, profit margin, discount rate, forecast period, in estimating the present value of future cash flows, where applicable) and the method of recognition of goodwill impairment loss

Applicable Not Applicable

(5) Impact of goodwill impairment tests

Applicable Not Applicable

Other descriptions:

Applicable Not Applicable

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

VII. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

29. Long-term Prepaid Expenses

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Items | Opening balance | Increased amount in the current period | Amortisation in the current period | Other decreased amount | Closing balance |
|-----------------------------|-----------------|--|------------------------------------|------------------------|-----------------|
| Improvement of fixed assets | 287,430,917.52 | 5,995,018.62 | 34,712,984.60 | - | 258,712,951.54 |
| Others | 217,469,690.44 | 22,292,128.95 | 49,278,709.45 | - | 190,483,109.94 |
| Total | 504,900,607.96 | 28,287,147.57 | 83,991,694.05 | - | 449,196,061.48 |

Others:

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.

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

VII. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

30. Deferred Tax Assets/Deferred Tax Liabilities

(1) Deferred tax assets that are not offset

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Items | Closing balance | | Opening balance | |
|--|--------------------------|-------------------------|--------------------------|-------------------------|
| | Deductible | Deferred | Deductible | Deferred |
| | temporary difference | tax assets | temporary difference | tax assets |
| Provision for impairment of assets | 3,020,947,202.60 | 680,647,028.59 | 2,876,669,577.56 | 656,600,657.56 |
| Unrealized profit in internal transactions | | | | |
| Deductible loss | 4,386,804,131.21 | 1,091,691,282.26 | 4,555,486,485.31 | 1,135,652,411.25 |
| Provision for unpaid expenses | 1,346,197,077.05 | 331,694,682.10 | 1,471,329,565.86 | 361,699,613.64 |
| Asset-related deferred income | 174,897,602.08 | 43,724,159.52 | 177,821,773.65 | 44,455,052.50 |
| One-off discount account charged for early purchase of 20-year property services | 962,536,346.00 | 240,634,086.50 | 999,546,928.11 | 249,886,732.03 |
| Cost overruns for advertising expenses | 464,549,923.48 | 111,949,701.21 | 578,353,597.68 | 140,645,254.54 |
| Long-term assets capitalized in Group's internal transaction | 375,049,745.00 | 93,762,436.25 | 330,247,543.68 | 82,561,885.92 |
| Total | 10,730,982,027.42 | 2,594,103,376.43 | 10,989,455,471.85 | 2,671,501,607.44 |

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

VII. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

30. Deferred Tax Assets/Deferred Tax Liabilities (continued)

(2) Deferred tax liabilities that are not offset

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Items | Closing balance | | Opening balance | |
|--|-------------------------------|--------------------------|-------------------------------|--------------------------|
| | Taxable temporary differences | Deferred tax liabilities | Taxable temporary differences | Deferred tax liabilities |
| Asset valuation appreciation of business combinations involving enterprises not under common control | | | | |
| Changes in fair value of other debt investments | | | | |
| Changes in fair value of other equity instrument investments | 1,921,275,961.62 | 383,053,957.17 | 2,427,264,237.43 | 479,051,092.59 |
| Changes in fair value of investment properties | 50,930,275,038.44 | 12,733,813,700.60 | 49,793,478,542.24 | 12,449,614,576.52 |
| Adjustment to the fair value arising from business combination | 1,895,677,828.92 | 473,919,457.23 | 1,895,677,828.92 | 473,919,457.23 |
| Total | 54,747,228,828.98 | 13,590,787,115.00 | 54,116,420,608.59 | 13,402,585,126.34 |

(3) Offsetting of balances of deferred tax assets or liabilities

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Items | Closing set-off amount of deferred tax assets and liabilities | Closing balance of deferred tax assets or liabilities after offsetting | Opening balance | |
|--------------------------|---|--|---|--|
| | | | Opening set-off amount of deferred tax assets and liabilities | Opening balance of deferred tax assets or liabilities after offsetting |
| Deferred tax assets | - | 2,594,103,376.43 | 1,268,852.74 | 2,670,232,754.70 |
| Deferred tax liabilities | - | 13,590,787,115.00 | 1,268,852.74 | 13,401,316,273.63 |

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

VII. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

30. Deferred Tax Assets/Deferred Tax Liabilities (continued)

(4) Details of unrecognized deferred tax assets

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Items | Closing balance | Opening balance |
|---------------------------------|-------------------------|------------------|
| Deductible temporary difference | 26,851,277.51 | 113,679,940.22 |
| Deductible loss | 5,362,682,761.61 | 5,370,927,853.50 |
| Total | 5,389,534,039.12 | 5,484,607,793.72 |

(5) Deductible loss, for which deferred tax assets are not recognized, will expire in the following years

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Year | Closing balance | Opening balance | Remarks |
|-------|-------------------------|------------------|---------|
| 2021 | | | |
| 2022 | 415,111,209.44 | 347,715,961.00 | |
| 2023 | 1,124,923,379.79 | 530,377,164.93 | |
| 2024 | 1,654,852,140.24 | 1,265,812,402.43 | |
| 2025 | 1,322,490,438.27 | 1,713,906,683.42 | |
| 2026 | 845,305,593.87 | 1,513,115,641.72 | |
| Total | 5,362,682,761.61 | 5,370,927,853.50 | / |

Others:

Applicable Not Applicable

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

VII. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

31. Other Non-current Assets

✓ Applicable □ Not Applicable

Unit: Yuan Currency: RMB

| Items | Closing balance | | | Opening balance | | |
|--|-------------------------|--------------------------|-------------------------|-------------------------|--------------------------|-------------------------|
| | Book balance | Provision for impairment | Book value | Book balance | Provision for impairment | Book value |
| Contract obtainment cost | | | | | | |
| Contract performance cost | | | | | | |
| Cost of return receivables | | | | | | |
| Contract assets | | | | | | |
| Prepayments for construction and advance payment for land compensation | 1,455,879,946.35 | -64,680,380.61 | 1,391,199,565.74 | 1,352,194,924.60 | -63,759,448.90 | 1,288,435,475.70 |
| Earning right related to land consolidation (Note 1) | 1,835,867,940.18 | | 1,835,867,940.18 | 1,835,867,940.18 | | 1,835,867,940.18 |
| Prepayments for purchasing properties (Note 2) | 372,705,127.77 | | 372,705,127.77 | 372,705,127.77 | | 372,705,127.77 |
| Entrusted loans and lending (Note 3) | 1,229,679,662.87 | -12,296,796.62 | 1,217,382,866.25 | 1,050,645,863.72 | -10,506,458.64 | 1,040,139,405.08 |
| Prepayments for equity transfer | 193,400,000.00 | | 193,400,000.00 | 191,400,000.00 | | 191,400,000.00 |
| Prepayments for repurchase | 247,705,000.00 | | 247,705,000.00 | 247,705,000.00 | | 247,705,000.00 |
| Prepayments for land | - | | - | - | | - |
| Deposits | 21,202,507.43 | | 21,202,507.43 | 26,302,506.78 | | 26,302,506.78 |
| Others | - | | - | - | | - |
| Total | 5,356,440,184.60 | -76,977,177.23 | 5,279,463,007.37 | 5,076,821,363.05 | -74,265,907.54 | 5,002,555,455.51 |

Others:

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 at 30 June 2022, prepayments for purchasing properties were mainly prepayments made by the Group for the purchase of several commercial properties and office buildings.

Note 3: As of 30 June 2022, 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 RMB559,287,897.13, which was all listed as other non-current assets at the end of the period;

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 RMB96,390,000.00 as at the end of the period, with a term from September 2020 to January 2030. According to the repayment plan stipulated in the contract, RMB96,390,000.00 was accounted as other non-current assets as at the end of the year.

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

VII. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

32. Short-term Loans

(1) Classification of short-term loans

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Items | Closing balance | Opening balance |
|---------------------|------------------|------------------|
| Pledge loans | 281,627,606.36 | 213,041,171.15 |
| Mortgage loans | 1,502,201,892.31 | 2,037,694,511.95 |
| Guaranteed loans | – | 80,061,000.00 |
| Credit loans | 250,420,055.55 | 568,969,591.62 |
| Mortgage and pledge | 61,243,137.09 | 57,322,140.30 |
| Total | 2,095,492,691.31 | 2,957,088,415.02 |

Description of classification of short-term loans:

As at 30 June 2022, the aforesaid loans carried interest rates at 3.40% to 15.40% per annum (31 December 2021: 3.40% to 15.40%).

As at 30 June 2022, there were no overdue loans (31 December 2021: Nil).

(2) Outstanding short-term borrowings that were overdue

Applicable Not Applicable

Other descriptions:

Applicable Not Applicable

33. Financial Liabilities Held for Trading

Applicable Not Applicable

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

VII. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

34. Derivative Financial Liabilities

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Item | Closing Balance | Opening Balance |
|----------------------------------|-----------------|-----------------|
| Derivative financial liabilities | - | 18,167,670.06 |
| Total | - | 18,167,670.06 |

Other descriptions:

For a description of the hedging instruments, refer to the disclosure in "Financial Reports VII. 83. Hedging".

35. Notes Payable

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Type | Closing balance | Opening balance |
|----------------------------|-----------------|-----------------|
| Commercial acceptance bill | 80,189,528.26 | - |
| Bank acceptance bill | 4,442,270.98 | 9,000,000.00 |
| Total | 84,631,799.24 | 9,000,000.00 |

The total notes payable due but not paid at the end of the period was nil.

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

VII. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

36. Accounts Payable

(1) Accounts payable presented

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Items | Closing balance | Opening balance |
|--|-------------------------|------------------|
| Amounts payable for construction | 1,506,442,546.22 | 1,830,593,397.18 |
| Amounts payable for goods for construction or advertisements | 526,986,908.80 | 570,287,013.60 |
| Total | 2,033,429,455.02 | 2,400,880,410.78 |

(2) Significant accounts payable aged over one year

Applicable Not Applicable

Others:

Applicable Not Applicable

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

VII. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

37. Advance from Customers

(1) Advance from customers presented

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Items | Closing balance | Opening balance |
|------------------------------|-----------------------|------------------|
| Rental and relevant payments | 903,017,356.56 | 1,692,678,416.28 |
| Total | 903,017,356.56 | 1,692,678,416.28 |

(2) Significant advance from customers aged more than 1 year

Applicable Not Applicable

Others:

Applicable Not Applicable

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

VII. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

38. Contract Liabilities

(1) Contract liabilities

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Items | Closing balance | Opening balance |
|--|------------------|------------------|
| The brand consulting and management service for the early stage of the project | 405,458,683.79 | 393,097,176.79 |
| Annual brand consulting and management service for the project | 135,102,016.08 | 182,863,758.12 |
| Commercial consultation fees and tenant sourcing commissions | 211,209,275.89 | 221,008,432.16 |
| Construction and design service | 67,438,022.11 | 117,780,996.88 |
| Marketing service and others | 1,200,990,255.11 | 1,010,326,223.11 |
| Total | 2,020,198,252.98 | 1,925,076,587.06 |

(2) The amount and reason for the significant change in the book value during the Reporting Period

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Items | Change amount | Reason for change |
|--|----------------|---|
| Annual brand consulting and management service for the project | -47,761,742.04 | Due to the decrease of the advance from customers of the project agreed in the contract |
| Construction and design service | -50,342,974.77 | Due to the further progress of the project |
| Marketing service and others | 190,664,032.00 | Due to the new projects of strategic consultation and joint marketing for the period |
| Total | 92,559,315.19 | / |

Others:

Applicable Not Applicable

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

VII. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

39. Payroll Payable

(1) Payroll payable presented

Applicable Not Applicable

| Items | Unit: Yuan Currency: RMB | | | |
|--|--------------------------|--------------------------------|--------------------------------|-----------------------|
| | Opening balance | Increase in the current period | Decrease in the current period | Closing balance |
| I. Short-term compensation | 593,092,691.46 | 1,308,882,766.00 | 1,537,148,002.73 | 364,827,454.73 |
| II. Retirement benefits – defined contribution plans | 13,013,352.47 | 142,810,392.95 | 143,112,352.51 | 12,711,392.91 |
| III. Termination benefits | 3,080,167.18 | 15,461,704.30 | 17,639,597.46 | 902,274.02 |
| IV. Other benefits due within one year | | | | |
| Total | 609,186,211.11 | 1,467,154,863.25 | 1,697,899,952.70 | 378,441,121.66 |

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

VII. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

39. Payroll Payable (continued)

(2) Short-term compensation presented

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Items | Opening balance | Increase in the current period | Decrease in the current period | Closing balance |
|---|-----------------------|--------------------------------|--------------------------------|-----------------------|
| I. Wages or salaries, bonuses, allowances and subsidies | 571,902,625.14 | 1,087,199,296.93 | 1,314,540,082.72 | 344,561,839.35 |
| II. Staff welfare | 422,964.13 | 54,575,453.79 | 54,720,320.42 | 278,097.50 |
| III. Social insurance | 8,265,919.50 | 81,622,154.61 | 81,871,169.37 | 8,016,904.74 |
| Including: Medical insurance | 7,827,906.34 | 76,433,287.28 | 76,727,996.06 | 7,533,197.56 |
| Work injury insurance | 277,961.07 | 3,397,930.78 | 3,356,735.72 | 319,156.13 |
| Maternity insurance | 160,052.09 | 1,790,936.55 | 1,786,437.59 | 164,551.05 |
| IV. Housing fund | 9,727,598.60 | 72,293,205.42 | 72,548,798.34 | 9,472,005.68 |
| V. Labour union and staff education fund | 2,773,584.09 | 13,192,655.25 | 13,467,631.88 | 2,498,607.46 |
| VI. Short-term paid absence | | | | |
| VII. Short-term profit-sharing plan | | | | |
| Total | 593,092,691.46 | 1,308,882,766.00 | 1,537,148,002.73 | 364,827,454.73 |

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

VII. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

39. Payroll Payable (continued)

(3) Defined contribution plan presented

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Items | Opening balance | Increase in the current period | Decrease in the current period | Closing balance |
|-----------------------------------|-----------------|--------------------------------|--------------------------------|----------------------|
| 1. Basic pension insurance | 12,883,502.35 | 138,053,736.40 | 138,355,113.22 | 12,582,125.53 |
| 2. Unemployment insurance premium | 129,850.12 | 4,756,656.55 | 4,757,239.29 | 129,267.38 |
| 3. Enterprise annuity payment | | | | |
| Total | 13,013,352.47 | 142,810,392.95 | 143,112,352.51 | 12,711,392.91 |

Others:

Applicable Not Applicable

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

VII. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

40. Taxes Payable

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Items | Closing balance | Opening balance |
|--|------------------|-----------------|
| Value-added tax | 205,757,396.34 | 117,825,553.02 |
| Consumption tax | | |
| Business tax | | |
| Enterprise income tax | 815,722,447.47 | 609,815,253.10 |
| Individual income tax | | |
| Urban maintenance and construction tax | | |
| Property tax | 70,440,309.00 | 60,519,143.08 |
| Others | 42,225,912.06 | 40,693,595.85 |
| Total | 1,134,146,064.87 | 828,853,545.05 |

Others:

Nil

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

VII. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

41. Other Payables

Items presented

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Items | Closing balance | Opening balance |
|-------------------|-------------------|------------------|
| Interests payable | | |
| Dividends payable | 444,946,110.12 | – |
| Other payables | 10,989,010,620.90 | 9,770,693,294.55 |
| Total | 11,433,956,731.02 | 9,770,693,294.55 |

Others:

Applicable Not Applicable

Interests payable

Applicable Not Applicable

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

VII. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

41. Other Payables (continued)

Dividends payable

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Items | Closing balance | Opening balance |
|--|-----------------|-----------------|
| Ordinary share dividends | 435,473,267.30 | |
| Preferred share\perpetual bond dividends classified as equity instruments | | |
| Preferred share\perpetual bond dividends – XXX | | |
| Preferred share\perpetual bond dividends – XXX | | |
| Dividends payable – XXX | | |
| Dividends payable – XXX | | |
| Dividends payable – Shanghai Liaoman Enterprise Management Consulting Service Center (LIMITED PARTNERSHIP) (上海療曼企業管理諮詢服務中心(有限合夥)) | 1,270,815.37 | – |
| Dividends payable – Shanghai Liaokai Enterprise Management Consulting Service Center (LIMITED PARTNERSHIP) (上海療凱企業管理諮詢服務中心(有限合夥)) | 1,456,223.06 | – |
| Dividends payable – Yunnan Guiyunhe Investment Co., Ltd. (雲南貴雲和投資有限公司) | 6,745,804.39 | |
| Total | 444,946,110.12 | – |

Others, including significant dividends payable aged over 1 year which were not paid, should disclose the reasons for the failure to repay:

Nil

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

VII. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

41. Other Payables (continued)

Other payables

(1) *Other payables presented by nature of amount*

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Items | Closing balance | Opening balance |
|---|--------------------------|------------------|
| Amounts due to partners | 4,468,161,044.85 | 3,041,579,942.58 |
| Deposit from tenants | 2,638,738,518.95 | 2,579,297,828.41 |
| Proceeds collected on behalf of the tenants | 858,870,260.22 | 1,418,021,404.41 |
| Rental deposits from tenants | 639,342,566.73 | 500,514,879.68 |
| Amounts payable to construction contractors | 532,338,113.85 | 562,641,968.36 |
| Amounts payable for property purchase | 1,044,467,095.49 | 1,056,332,095.49 |
| Accrued expenses | 358,084,217.78 | 241,680,959.90 |
| Amounts payable to equity transfer | 59,097,008.91 | 40,067,427.31 |
| Amounts payable to prepaid cards | 62,344,686.33 | 35,395,541.57 |
| Others | 327,567,107.79 | 295,161,246.84 |
| Total | 10,989,010,620.90 | 9,770,693,294.55 |

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

VII. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

41. Other Payables (continued)

Other payables (continued)

(2) Significant other payables aged over 1 year

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Items | Closing balance | Reasons for non-payment or reverse |
|---|-----------------|------------------------------------|
| Shanxi Yunjinsheng Technology Co., Ltd. (山西雲錦盛科技有限公司) | 172,821,635.38 | Not yet paid |
| Yao Liangbo (姚良柏) | 170,000,000.00 | Not yet paid |
| Zhengzhou Huashanghui Holding Co., Ltd. (鄭州華商匯控股有限公司) | 130,740,250.03 | 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 |
| 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 |
| Total | 668,876,348.98 | / |

Others:

Applicable Not Applicable

42. Liabilities held for sale

Applicable Not Applicable

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

VII. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

43. Non-current Liabilities Due Within One Year

✓ Applicable □ Not Applicable

Unit: Yuan Currency: RMB

| Items | Closing balance | Opening balance |
|--|-------------------------|-------------------|
| Long-term loans due within one year | 4,731,536,510.94 | 4,174,414,497.59 |
| Bonds payable due within one year | 3,010,992,145.39 | 3,903,697,116.05 |
| Lease liabilities due within one year | 876,205,989.22 | 854,769,905.59 |
| Commercial mortgage backed securities due within one year – principal | 579,429,602.20 | 2,151,307,811.16 |
| Commercial mortgage backed securities due within one year – interest | 11,616,438.38 | 19,944,444.45 |
| Financial lease payables due within one year | 221,032,512.78 | 337,732,502.20 |
| Discount charged for early purchase of 20-year property services due within one year | 73,834,691.92 | 74,021,164.22 |
| Long-term loans due within one year – interest | 53,960,186.29 | 73,399,378.88 |
| Bonds payable due within one year – interest | 53,486,173.20 | 110,002,413.84 |
| Total | 9,612,094,250.32 | 11,699,289,233.98 |

Others:

Nil

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

VII. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

44. Other Current Liabilities

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Items | Closing balance | Opening balance |
|------------------------------|-----------------|-----------------|
| Short-term bonds payable | - | - |
| Refund payable | - | - |
| Output VAT to be transferred | 254,600,429.06 | 220,624,831.48 |
| Total | 254,600,429.06 | 220,624,831.48 |

Increase or decrease in short-term bonds payable:

Applicable Not Applicable

Others:

Applicable Not Applicable

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

VII. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

45. Long-term Loans

(1) Classification of long-term loans

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Items | Closing balance | Opening balance |
|--|--------------------------|-------------------|
| Pledge loans | – | – |
| Mortgage loans | 7,010,017,085.48 | 7,647,993,688.73 |
| Guaranteed loans | – | – |
| Credit loans | – | – |
| Mortgage and guaranteed loans | 5,956,616,437.14 | 6,267,604,471.30 |
| Mortgage and pledge loans | 6,550,660,914.63 | 5,236,837,451.15 |
| Mortgage and pledge and guaranteed loans | 4,019,341,430.39 | 2,453,881,296.83 |
| Total | 23,536,635,867.64 | 21,606,316,908.01 |

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

VII. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

45. Long-term Loans (continued)

(1) Classification of long-term loans (continued)

Description of the classification of long-term loans:

Mortgage loans: Loans secured by investment properties and fixed assets.

Mortgage and guaranteed loans: Loans secured by investment properties and guaranteed by unconsolidated related parties or third parties.

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 or the equity of our Group during the loan period.

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.

Others, including interest rate intervals:

Applicable Not Applicable

As at 30 June 2022, the aforesaid borrowings carried interest at 4.25% to 11.00% per annum (31 December 2021: 4.25% to 10.00%).

At the end of the year, there were no overdue loans in the long-term loans.

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

VII. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

46. Bonds Payable

(1) Bonds payable

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Items | Closing balance | Opening balance |
|--|----------------------|-----------------|
| Public offering of Corporate Bonds of 2016 of Red Star Macalline Group Corporation Ltd. (First tranche) (7-year) | 32,533,000.00 | 32,533,000.00 |
| Public offering of Corporate Bonds of 2019 of Red Star Macalline Group Corporation Ltd. (First tranche) | – | 829,000.00 |
| First tranche of the medium-term notes of 2020 of Red Star Macalline Group Corporation Ltd. | – | 499,257,987.37 |
| Total | 32,533,000.00 | 532,619,987.37 |

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

VII. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

46. Bonds Payable (continued)

(2) Changes in bonds payable (excluding preference shares, perpetual bonds and other financial instruments classified as financial liabilities)

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Name of bonds | Par value | Issue date | Maturity | Issue amount | Opening balance | Issued in the period | Accrued interest at par value | Amortization of premium and for discount | Repayments in the period | Effect of foreign 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: 1) | 100.00 | 13 July 2016 | 7 years | 1,476,127,358.48 | 32,533,000.00 | - | 860,497.85 | - | 860,497.85 | | 32,533,000.00 |
| First tranche of the medium-term notes of 2019 of Red Star Macalline Group Corporation Ltd. (Note: 2) | 100.00 | 25 January 2019 | 3 years | 497,508,490.57 | 499,926,764.18 | - | 14,375,000.00 | 73,235.82 | 514,375,000.00 | | - |
| Public offering of Corporate Bonds of 2019 of Red Star Macalline Group Corporation Ltd. (First tranche) (Type 2) (Note: 3) | 100.00 | 10 June 2019 | 4 years | 1,987,756,792.45 | 829,000.00 | - | 22,175.75 | - | 22,175.75 | | 829,000.00 |
| First tranche of the medium-term notes of 2020 of Red Star Macalline Group Corporation Ltd. (Note: 4) | 100.00 | 20 January 2020 | 3 years | 497,414,150.94 | 499,257,987.37 | - | 7,125,000.00 | 286,138.37 | 7,125,000.00 | | 499,544,125.74 |
| Public offering of Corporate Bonds of 2020 of Red Star Macalline Group Corporation Ltd. (First tranche) (Note:5) | 100.00 | 10 March 2020 | 3 years | 496,793,301.89 | 499,739,642.35 | - | 14,250,000.00 | 260,357.65 | 514,250,000.00 | | - |
| Public offering of Corporate Bonds of 2020 of Red Star Macalline Group Corporation Ltd. (Second tranche) (Note:6) | 100.00 | 3 June 2020 | 3 years | 496,726,320.75 | 499,299,682.63 | - | 12,375,000.00 | 700,317.37 | 512,375,000.00 | | - |
| Public offering of Corporate Bonds of 2020 of Red Star Macalline Group Corporation Ltd. (First tranche) to professional investors (type 1) (Note:7) | 100.00 | 30 October 2020 | 3 years | 496,053,063.27 | 498,122,345.29 | - | 15,500,000.00 | 1,188,151.09 | 15,500,000.00 | | 498,310,496.38 |
| USD Bonds of 2017 of Hong Kong Red Star Macalline (5-year) (Note:8) | 1,000.00 | 21 September 2017 | 5 years | 1,937,306,895.63 | 1,906,608,681.60 | - | 33,976,462.50 | 4,045,032.88 | 33,976,462.50 | 100,654,808.79 | 2,011,308,523.27 |
| Less: Bonds payable due within one year | / | / | / | | -3,903,697,116.05 | - | | | | | -3,010,992,145.39 |
| Total | / | / | / | 7,885,686,373.98 | 532,619,987.37 | - | 98,484,136.10 | 6,553,233.18 | 1,598,484,136.10 | 100,654,808.79 | 32,533,000.00 |

VII. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

46. Bonds Payable (continued)

(2) Changes in bonds payable (excluding preference shares, perpetual bonds and other financial instruments classified as financial liabilities) (continued)

Note 1: The Company issued Corporate Bonds of 2016 of Red Star Macalline Group Corporation Ltd. (First tranche) in July 2016. The bonds 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. Since 13 July, 2018, the coupon rates have been adjusted from 4.29% to 5.29%, with the Company’s option to adjust the coupon rate and investors’ resale option at the end of the fifth year(2021), 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 2: 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 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. The above borrowings were due and repaid in January 2022.

Note 3: 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, which will be carried forward to non-current liabilities due within one year.

Note 4: The Group’s issuance in 2020. On 6 June 2019, the Company received the “Letter on Reducing the Registration Amount of Medium-Term Notes of Red Star Macalline Group Co., Ltd.” (Zhong Shi Xie Zhu No. [2019]567) issued by NAFMII, and agreed to reduce the registration amount of RMB3 billion of medium-term notes under the aforementioned “Notice for Acceptance of Registration” (Zhong Shi Xie Zhu No. [2018]MTN506). Under the “Notice for Acceptance of Registration” (Zhong Shi Xie Zhu No. [2018]MTN506), the original registered amount is RMB5 billion, after being reduced by RMB3 billion, the remaining effective registration amount 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. The bond of RMB499,544,125.74 will mature in January 2023 and will be transferred to non-current liabilities due within one year.

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

VII. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

46. Bonds Payable (continued)

(2) Changes in bonds payable (excluding preference shares, perpetual bonds and other financial instruments classified as financial liabilities) (continued)

Note 5: The Group issued the “Corporate Bonds of 2020 of Red Star Macalline Group Corporation Ltd. (First Tranche)” or “20 Hongmei 01” in 2020. The bonds of up to RMB4,000 million (inclusive) were issued in tranches. The bonds of up to RMB500 million (inclusive) for the tranche were issued, with a face value of RMB100, for a maturity period of 3 years (with the issuer’s option to adjust the coupon rate and the investor’s option to sell back at the end of the second year). The bonds were fully redeemed during the sell-back period in March 2022.

Note 6: The Group issued the “Corporate Bonds of 2020 of Red Star Macalline Group Corporation Ltd. (Second Tranche) or “20 Hongmei 02” in June 2020. Issue size: The bonds of up to RMB4,000 million (inclusive) were issued in tranches. The bonds of up to RMB500 million (inclusive) for the tranche were issued, with a face value of RMB100, for a maturity period of 3 years (with the issuer’s option to adjust the coupon rate and the investor’s option to sell back at the end of the second year). The bonds were fully redeemed during the sell-back period in June 2022.

Note 7: The Group issued the “Public offering of Corporate Bonds of 2020 of Red Star Macalline Group Corporation Ltd. (First tranche) to professional investors” in October 2020. The Bond has an issue price of RMB100 par value and a duration of 3 years, with interest paid annually and the option to adjust the coupon rate and investors’ resale option at the end of the second year (2022). The actual issuance scale was RMB500 million, with a coupon rate of 6.20%. The bonds of RMB499,310,496.38 will mature in October 2022 and will be transferred to liabilities due within one year.

Note 8: Hong Kong Red Star Macalline Global Home Furnishing Company Limited, a subsidiary of the Group, issued USD bonds in 2017 with a total face value of US\$300 million, a bond code B2022(5278), a fixed interest rate, a coupon rate of 3.375%, a maturity period of 5 years, and payment of interest on a semi-annual basis. The loans of RMB2,011,308,523.27 will be due in September 2022 and will be transferred to liabilities due within one year.

VII. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

46. Bonds Payable (continued)

(3) Description of conditions and timing of conversion of convertible corporate bonds

Applicable Not Applicable

(4) Description of other financial instruments classified as financial liabilities

Basic information on other financial instruments including preferred shares and perpetual bonds outstanding at the end of the period

Applicable Not Applicable

Statement of changes in financial instruments including preferred shares and perpetual bonds outstanding as at the end of the period

Applicable Not Applicable

Description of bases for classifying other financial instruments as financial liabilities

Applicable Not Applicable

Others:

Applicable Not Applicable

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

VII. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

47. Lease Liabilities

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Items | Closing balance | Opening balance |
|---|-------------------------|------------------|
| Lease Liabilities | 4,605,761,090.02 | 4,812,556,561.08 |
| Less: lease Liabilities due within one year | -876,205,989.22 | -854,769,905.59 |
| Total | 3,729,555,100.80 | 3,957,786,655.49 |

Others:

Nil

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

VII. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

48. Long-term Payables

Items presented

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Items | Closing balance | Opening balance |
|--------------------|-----------------|-----------------|
| Long-term payables | 668,044,264.33 | 730,548,821.82 |
| Special payables | | |
| Total | 668,044,264.33 | 730,548,821.82 |

Others:

Nil

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

VII. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

48. Long-term Payables (continued)

Long-term payables

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Items | Closing balance | Opening balance |
|--------------------------|-----------------------|-----------------|
| Amounts due to partners | 546,618,625.78 | 537,181,239.17 |
| Financial lease payables | 121,425,638.55 | 193,367,582.65 |
| Total | 668,044,264.33 | 730,548,821.82 |

Others:

Nil

Special payables

Applicable Not Applicable

49. Long-term Payroll Payable

Applicable Not Applicable

50. Provisions

Applicable Not Applicable

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

VII. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

51. Deferred Income

Deferred income

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Items | Opening balance | Increase in the current period | Decrease in the current period | Closing balance | Formation reasons |
|--------------------------|-----------------------|--------------------------------|--------------------------------|-----------------------|-------------------|
| Government grant | 177,821,773.65 | - | 2,924,289.12 | 174,897,484.53 | |
| VAT additional deduction | 36,035,527.22 | 15,674,079.44 | 10,632,125.87 | 41,077,480.79 | |
| Total | 213,857,300.87 | 15,674,079.44 | 13,556,414.99 | 215,974,965.32 | / |

Items related to government grants:

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Liability item | Opening balance | Additions of grants for the period | Accounted in non-operating income for the period | Recognized in other income for the period | Other changes | Closing balance | Related to assets/profit |
|--------------------------------------|-----------------|------------------------------------|--|---|---------------|-----------------------|--------------------------|
| Subsidy for land supporting expenses | 177,821,773.65 | - | - | 2,924,289.12 | - | 174,897,484.53 | Related to assets |

Others:

Applicable Not Applicable

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

VII. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

52. Other Non-current Liabilities

✓ Applicable □ Not Applicable

Unit: Yuan Currency: RMB

| Items | Closing balance | Opening balance |
|---|-------------------------|-------------------------|
| Contract liabilities | – | – |
| Charges for the brand consulting and management for the early stage of the project (Note 1) | 720,259,665.04 | 865,805,478.62 |
| Commercial mortgage-backed securities (Note 2) | 2,735,124,642.78 | 3,291,008,049.84 |
| Discount received on pre-purchase of property service for 20 years (Note 3) | 888,701,654.08 | 925,525,763.89 |
| Others | 253,019,994.15 | – |
| Total | 4,597,105,956.05 | 5,082,339,292.35 |

Others:

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 Hongmeici”, 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 Hongmeici, 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 RMB63,000,000.00 was carried forward to 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 Hongmeici”, 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 Hongmeici, subscribed RMB150 million with no annualized return and a maturity of 21 years. The above asset-backed notes were repaid in 2022.

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

VII. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

52. Other Non-current Liabilities (continued)

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. RMB516,429,602.20 corresponding to “Deppon-Wuxi Red Star Macalline Home Living Plaza No. 1 Store Asset-backed Special Project” due within one year was included in non-current liabilities due within one year.

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”) in 2021 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 at 30 June 2022, the unamortized balance totaled RMB962,536,346.00, of which RMB73,834,691.92 to be amortized before 30 June 2023 was included in other non-current liabilities due within one year, RMB888,701,654.08 to be amortized after 30 June 2023 and thereafter was included in other non-current liabilities.

53. Share Capital

Applicable Not Applicable

Unit: Yuan Currency: RMB

| | Opening balance | Increase or decrease in the period (+, -) | | | | Sub-total | Closing balance |
|-------|------------------|---|---------------|-----------------------------|--------|-----------|------------------|
| | | Issue of new shares | Shares giving | Capital reserve transferred | Others | | |
| Total | 4,354,732,673.00 | - | - | - | - | - | 4,354,732,673.00 |

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

VII. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

53. Share Capital (continued)

Others:

Attached Table:

| | Opening balance | Issue of new shares | Changes during the year | | | Sub-total | Closing balance |
|--|------------------|------------------------|-------------------------|-------------------------------------|--------|-----------------|------------------|
| | | | Shares giving | Reserve transferred to shares | 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 | 396,269,734.00 | | | -396,269,734.00 | | -396,269,734.00 | - |
| Including: Domestic non-stated- owned corporate shares | 384,119,066.00 | | | -384,119,066.00 | | -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 | 449,732,673.00 | | | -449,732,673.00 | | -449,732,673.00 | - |
| II. Unrestricted shares | | | | | | | |
| 1. RMB-denominated ordinary shares | 3,163,714,366.00 | | | 449,732,673.00 | | 449,732,673.00 | 3,613,447,039.00 |
| 2. Overseas listed foreign shares | 741,285,634.00 | | | - | | - | 741,285,634.00 |
| Total unrestricted shares | 3,905,000,000.00 | | | 449,732,673.00 | | 449,732,673.00 | 4,354,732,673.00 |
| Total | 4,354,732,673.00 | | | - | | - | 4,354,732,673.00 |

VII. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

54. Other Equity Instruments

- (1) Basic information on other financial instruments including preferred shares and perpetual bonds outstanding at the end of the period

Applicable Not Applicable

- (2) Statement of changes in financial instruments including preferred shares and perpetual bonds outstanding as at the end of the period

Applicable Not Applicable

Description of increase or decrease in other equity instruments during the period, the reasons for the changes, and the bases for relevant accounting:

Applicable Not Applicable

Others:

Applicable Not Applicable

55. Capital Reserve

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Items | Opening balance | Increase in the current period | Decrease in the current period | Closing balance |
|---------------------------------|------------------|--------------------------------|--------------------------------|------------------|
| Capital premium (share premium) | 6,908,425,185.75 | - | - | 6,908,425,185.75 |
| Other capital reserve | -27,930,097.73 | 349,557.25 | - | -27,580,540.48 |
| Total | 6,880,495,088.02 | 349,557.25 | - | 6,880,844,645.27 |

Others, including changes in the period and reason for the changes:

Nil

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

VII. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

56. Treasury Stock

Applicable Not Applicable

57. Other Comprehensive Income

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Items | Opening balance | Amount before income tax in the current period | Amount incurred in the current period | | | | After-tax amount attributable to non-controlling interests | Closing balance |
|---|-------------------------|--|--|---|---------------------------|--|--|-------------------------|
| | | | Less: Previously included in other comprehensive income converted to profit or loss for the current period | Less: Previously included in other comprehensive income converted to retained earnings for the current period | Less: Income tax expenses | After-tax amount attributable to the Company | | |
| I. Other comprehensive income that will not be reclassified to profit or loss | 1,713,165,931.71 | -347,244,791.61 | | 25,652,307.63 | -48,839,800.97 | -323,434,237.29 | -623,060.98 | 1,389,731,694.42 |
| Including: Changes arising from the remeasurement of defined benefit plan | | | | | | | | |
| Other comprehensive income that can not be transferred to profit or loss under equity method | | | | | | | | |
| Change in fair value of other investment in equity instruments | 1,713,165,931.71 | -347,244,791.61 | | 25,652,307.63 | -48,839,800.97 | -323,434,237.29 | -623,060.98 | 1,389,731,694.42 |
| Change in fair value of credit risk of corporate | | | | | | | | |
| II. Other comprehensive income that will be reclassified to profit or loss | 164,566,824.23 | -43,548,171.39 | | | -7,180,215.69 | -36,367,955.70 | | 128,198,868.53 |
| Including: Other comprehensive income that can be transferred to profit or loss under equity method | | | | | | | | |
| Changes in fair value of other debt investments | | | | | | | | |
| Financial assets reclassified to other comprehensive income | | | | | | | | |
| Credit impairment provisions for other debt investment | | | | | | | | |
| Hedging reserves from cash flows | | | | | | | | |
| Exchange differences arising upon translation of financial statements denominated in foreign currencies | -3,703,033.13 | -1,311,608.49 | | | | -1,311,608.49 | | -5,014,641.62 |
| Changes in fair value of hedging | 86,871,478.93 | -42,236,562.90 | | | -7,180,215.69 | -35,056,347.21 | | 51,815,131.72 |
| Transfer from owner-occupied properties to investment properties measured at fair value | 81,398,378.43 | | | | | | | 81,398,378.43 |
| Total of other comprehensive income | 1,877,732,755.94 | -390,792,963.00 | | 25,652,307.63 | -56,020,016.66 | -359,802,192.99 | -623,060.98 | 1,517,930,562.95 |

Others, including adjustments to the initially recognized amount of the hedged item arising out of the conversion of the effective portion of profit or loss from cash flow hedge:

Nil

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

VII. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

58. Special Reserve

Applicable Not Applicable

59. Surplus Reserve

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Item | Opening Balance | Increase During the Period | Decrease During the Period | Closing Balance |
|-------------------------------|------------------|-------------------------------|-------------------------------|------------------|
| Statutory surplus reserve | 2,206,429,308.76 | | | 2,206,429,308.76 |
| Discretionary surplus reserve | | | | |
| Reserve funds | | | | |
| Corporate development funds | | | | |
| Others | | | | |
| Total | 2,206,429,308.76 | | | 2,206,429,308.76 |

Description of surplus reserve, including the increase or decrease during the period and the reasons for the changes:

Nil

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

VII. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

60. Retained Earnings

✓ Applicable □ Not Applicable

Unit: Yuan Currency: RMB

| Items | Current period | Previous year |
|--|--------------------------|-------------------|
| Closing balance of retained earnings for previous period before adjustment | 38,662,409,591.69 | 36,213,026,423.36 |
| Adjustments to opening balance of retained earnings (increase +, decrease -) | | |
| Opening balance of retained earnings after adjustment | 38,662,409,591.69 | 36,213,026,423.36 |
| Add: Net profit attributable to owners of the Company for the current period | 1,025,091,463.05 | 2,047,401,906.98 |
| Less: Appropriation to statutory surplus reserve | | 129,942,875.81 |
| Appropriation to discretionary surplus reserve | | |
| Appropriation to general risk provisions | | |
| Dividend payable for ordinary shares | 435,473,267.30 | – |
| Dividend for ordinary shares transferred to capital | | |
| Other comprehensive income converted to retained earnings | -25,652,307.63 | -531,924,137.16 |
| Closing balance of retained earnings | 39,277,680,095.07 | 38,662,409,591.69 |

Breakdown of the adjustments to the opening balance of retained earnings:

1. Due to retrospective adjustment under Accounting Standard for Business Enterprises and related new regulations, the opening balance of retained earnings was affected by RMB0.
2. Due to changes in accounting policies, the opening balance of retained earning was affected by RMB0.
3. Due to the correction of major accounting errors, the opening balance of retained earning was affected by RMB0.
4. Due to the change of scope after merger under the same control, the opening balance of retained earning was reduced by RMB0.
5. Due to other adjustments, the opening balance of retained earning was affected by RMB0.

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

VII. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

61. Revenue and Cost of Sales

(1) Revenue and cost of sales

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Items | Amount incurred in the current period | | Amount incurred in the previous period | |
|--------------------|---------------------------------------|-------------------------|--|-------------------------|
| | Revenue | Costs | Revenue | Costs |
| Principal business | 6,815,220,142.18 | 2,490,571,839.39 | 7,302,205,394.39 | 2,660,825,085.40 |
| Other business | 141,400,230.51 | 129,261,909.81 | 200,391,144.19 | 70,801,060.14 |
| Total | 6,956,620,372.69 | 2,619,833,749.20 | 7,502,596,538.58 | 2,731,626,145.54 |

(2) Revenue from contracts

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Breakdown of contracts | Entrusted Management related business segment | Construction and design business segment | Sales of good and home decoration business segment | Other business segments | Total |
|------------------------------------|---|--|--|-------------------------|-------------------------|
| | | | | | |
| Product type | | | | | |
| By operating region | | | | | |
| Mainland China | 1,295,774,795.66 | 730,373,682.10 | 250,985,366.60 | 487,878,752.84 | 2,765,012,597.20 |
| Type of market or customer | | | | | |
| Contract category | | | | | |
| By the timing of transfer of goods | | | | | |
| By contract term | | | | | |
| By sales channel | | | | | |
| Total | 1,295,774,795.66 | 730,373,682.10 | 250,985,366.60 | 487,878,752.84 | 2,765,012,597.20 |

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

VII. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

61. Revenue and Cost of Sales (continued)

(2) Revenue from contracts (continued)

Description of revenue from contracts:

| | 2022 | 2021 |
|---|------------------|------------------|
| Revenue from the brand consulting and management service for the early stage of the project | 146,057,826.32 | 403,990,268.96 |
| Revenue from annual brand consulting and management service for the project | 1,125,279,363.32 | 1,063,007,813.21 |
| Revenue from commercial management and consultation fees for construction project | 6,990,566.04 | 26,415,094.34 |
| Revenue from commercial consultation fees and tenant sourcing commissions | 17,447,039.98 | 182,661,437.08 |
| Revenue from construction and design service | 730,373,682.10 | 763,101,229.34 |
| Revenue from home decoration related services and sales of goods | 250,985,366.60 | 573,725,462.84 |
| Other revenues | 487,878,752.84 | 572,017,990.67 |
| Total | 2,765,012,597.20 | 3,584,919,296.44 |

(3) Description of performance obligations

✓ Applicable Not Applicable

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.

Revenue from commercial management and consultation fees 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.

VII. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

61. Revenue and Cost of Sales (continued)

(3) Description of performance obligations (continued)

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.

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.

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

VII. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

61. Revenue and Cost of Sales (continued)

(4) Apportionment to the remaining performance obligations

Applicable Not Applicable

The amount of revenue corresponding to the performance obligations that were signed but not fulfilled or not completely fulfilled at the end of the reporting period was RMB16,152,636,652.25, of which: RMB3,076,436,984.63 was estimated to be recognised as revenue during the period from July 2022 to June 2023.

Others:

Nil

62. Taxes and Surcharges

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Items | Amount incurred in the current period | Amount incurred in the previous period |
|--|---------------------------------------|--|
| Consumption tax | | |
| Business tax | | |
| Urban maintenance and construction tax | 14,704,329.36 | 19,518,227.36 |
| Education surcharge | 7,187,718.64 | 11,768,016.32 |
| Resource tax | | |
| Property tax | 155,420,512.01 | 146,348,802.66 |
| Land use tax | 13,451,373.85 | 14,809,286.11 |
| Vehicle usage tax | | |
| Stamp duty | 4,161,118.15 | 5,253,796.44 |
| Others | 8,825,640.39 | 10,999,222.92 |
| Total | 203,750,692.40 | 208,697,351.81 |

Others:

Nil

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

VII. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

63. Sale Expenses

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Items | Amount incurred in the current period | Amount incurred in the previous period |
|--------------------------------------|---------------------------------------|--|
| Advertising and promotional expenses | 300,917,189.69 | 463,377,820.14 |
| Energy and maintenance expenses | 187,847,967.39 | 218,259,014.14 |
| Salary, bonus and benefits | 55,274,083.67 | 84,043,214.03 |
| After-sales service expenses | 10,821,715.94 | 12,657,121.00 |
| Office and administrative expenses | 8,007,690.05 | 14,619,343.25 |
| Depreciation and amortization | 11,193,155.61 | 16,507,489.97 |
| Others | 24,785,356.90 | 19,243,482.49 |
| Total | 598,847,159.25 | 828,707,485.02 |

Others:

Nil

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

VII. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

64. Management Expenses

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Items | Amount incurred in the current period | Amount incurred in the previous period |
|--------------------------------------|---------------------------------------|--|
| Salary, bonus and benefits | 361,897,300.00 | 489,784,657.82 |
| Office and administrative expenses | 82,103,771.37 | 167,338,815.30 |
| Other professional services expenses | 52,622,999.45 | 73,788,370.61 |
| Depreciation and amortization | 66,441,916.13 | 83,396,814.01 |
| Network communications fees | 20,715,605.01 | 35,340,379.99 |
| Others | 28,245,651.54 | 32,392,415.06 |
| Total | 612,027,243.50 | 882,041,452.79 |

Others:

Nil

65. Research and Development Costs

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Items | Amount incurred in the current period | Amount incurred in the previous period |
|-------------------------------|---------------------------------------|--|
| Salary, bonus and benefits | 23,239,333.90 | 24,463,219.34 |
| Depreciation and amortization | 1,163,374.59 | 1,178,189.49 |
| Others | 1,119,451.35 | 1,294,765.14 |
| Total | 25,522,159.84 | 26,936,173.97 |

Others:

Nil

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

VII. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

66. Financial Expenses

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Items | Amount incurred in the current period | Amount incurred in the previous period |
|--|---------------------------------------|--|
| Interest expenses | 1,413,919,550.71 | 1,553,402,452.97 |
| Less: Interest income | 119,354,700.89 | 118,700,167.43 |
| Less: Amounts to interest capitalization | 162,349,451.04 | 198,823,691.59 |
| Exchange gains and losses | 24,571,969.05 | -44,257,319.62 |
| Others | 15,814,684.60 | 27,836,727.28 |
| Total | 1,172,602,052.43 | 1,219,458,001.61 |

Others:

The amounts to borrowing costs capitalization have been included in investment properties.

67. Other Income

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Items | Amount incurred in the current period | Amount incurred in the previous period |
|--|---------------------------------------|--|
| Subsidy for land supporting expenses | 2,924,289.12 | 3,099,369.12 |
| Other government grants relating to daily operational activities | 47,656,590.44 | 49,713,520.64 |
| Total | 50,580,879.56 | 52,812,889.76 |

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

VII. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

67. Other Income (continued)

Others:

Other government grants relating to daily activities are as follows:

| | Amount incurred in the current period | Amount incurred in the previous period | Related to assets/profit |
|------------------------------------|--|---|-----------------------------|
| Subsidies (Note 1) | 15,695,089.33 | 33,204,259.01 | Related to profit |
| Special government grants (Note 2) | 30,861,941.44 | 16,250,393.26 | Related to profit |
| Reward support (Note 3) | 1,099,559.67 | 258,868.37 | Related to profit |
| Total | 47,656,590.44 | 49,713,520.64 | |

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.

VII. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

68. Investment income

✓ Applicable Not Applicable

Unit: Yuan Currency: RMB

| Items | Amount incurred in the current period | Amount incurred in the previous period |
|--|---------------------------------------|--|
| Long-term equity interest investment income calculated by equity method | 36,551,415.64 | 12,486,427.01 |
| Investment gain from disposal of long-term equity investments | – | – |
| Investment gain on financial assets held for trading during the period of holding | – | – |
| Dividend income from investment in other equity instruments during the period of holding | 10,356,636.35 | 25,448,389.04 |
| Interest income from debt investments during the period of holding | – | – |
| Interest income from investment in other equity instruments during the period of holding | – | – |
| Investment gain from disposal of financial assets held for trading | 10,982,730.90 | -25,460,720.81 |
| Investment gain from disposal of investment in other equity instruments | | |
| Investment gain from disposal of debt investments | | |
| Investment gain from disposal of other equity investments | | |
| Debt restructuring gain | | |
| Investment gain (loss) from disposal of investments in subsidiaries | | 454,326,709.03 |
| Investment gain from disposal of investments in joint ventures | -7,293,326.59 | 12,786,208.36 |
| Bonuses received from other non-current financial assets | 1,090,500.00 | 2,800,000.00 |
| Total | 51,687,956.30 | 482,387,012.63 |

Others:

In the first quarter of 2021, the Group entered into an equity transfer agreement with CIFI Ever Sunshine (Hainan) Investment Company Limited (“CIFI Ever Sunshine”) to transfer 90.1% of the shares of Shanghai Xingyue Property Service Co., Ltd. (“Xingyue Property”), a subsidiary of the Group, to CIFI Ever Sunshine, and a corresponding equity transfer gain was recognized in the second quarter.

In the fourth quarter of 2021, the Group entered into an equity transfer agreement with CIFI Ever Sunshine to transfer an 80% equity interest in Shanghai Macalline Property Management Service Co., Ltd. (“Macalline Property”), a subsidiary of the Group, to CIFI Ever Sunshine. Meanwhile, the Group entered into an equity transfer agreement with Macalline Property to transfer 9.9% of the shares held by the Group in Xingyue Property to Macalline Property. Upon completion of the transfer, Macalline Property held 100% of the shares of Xingyue Property, which became a wholly-owned subsidiary of Macalline Property (Macalline Property and Xingyue Property are collectively referred to as “Macalline Property Group”).

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

VII. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

68. Investment income (continued)

In the above transfer agreements, the Group signed property service agreements with the Macalline Property Group for various Portfolio Shopping Malls, and provided CIFI Ever Sunshine with a reasonable performance commitment of the Macalline Property Group for the next 20 years. The management of the Group believes that the above equity transfer agreements should be treated as a package of transactions, in comprehensive consideration of relevant accounting.

Based on the principle of prudence, the transfer consideration received by the Group can be regarded as a one-off discounted payment based on the property service commitment for the next 20 years, which is recognized on a pro-rata basis over the period of subsequent receipt of the property service, to offset related property service fees. Based on this, the Group made a related adjustment to the investment gain on the transfer of shares of Xingyue Property recognized in the second quarter of 2021.

69. Gains on net exposure hedge

Applicable Not Applicable

70. Gains from changes in fair value

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Sources of gains from changes in fair value | Amount incurred in the current period | Amount incurred in the previous period |
|--|---------------------------------------|--|
| Financial assets held for trading Including: Gains from changes in fair value derived from derivative financial instruments | -2,633,947.35 | 23,017,058.89 |
| Financial liabilities held for trading | | |
| Investment properties measured at fair value | 95,640,907.31 | 212,750,860.35 |
| Other non-current financial assets | - | -8,750,000.00 |
| Total | 93,006,959.96 | 227,017,919.24 |

Others:

Nil

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

VII. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

71. Impairment Losses of Credit

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Items | Amount incurred in the current period | Amount incurred in the previous period |
|---|---------------------------------------|--|
| Bad debt losses of notes receivable | | |
| Bad debt losses of accounts receivable | 114,076,104.88 | 112,586,794.69 |
| Bad debt losses of other receivables | 34,718,370.79 | 21,321,400.11 |
| Impairment losses of debt investments | | |
| Impairment losses of other debt investments | | |
| Bad debt losses of long-term receivables | 507,407.46 | -267,847.97 |
| Impairment losses of contract assets | | |
| Impairment losses of other current assets | 5,050,678.55 | 15,720,795.32 |
| Impairment losses of other non-current assets | 2,711,269.69 | -264,133.65 |
| Impairment losses of non-current assets due within one year | 37,280.83 | 2,667,604.47 |
| Total | 157,101,112.20 | 151,764,612.97 |

Others:

Nil

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

VII. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

72. Impairment Losses of Assets

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Items | Amount incurred in the current period | Amount incurred in the previous period |
|---|---------------------------------------|--|
| 1. Bad debt losses | | |
| 2. Inventory impairment losses and losses of contract performance costs | | |
| 3. Impairment losses of long-term equity interest investments | | |
| 4. Impairment losses of investment properties | | |
| 5. Impairment losses of fixed assets | | |
| 6. Impairment losses of goods for construction | | |
| 7. Impairment losses of construction in progress | | |
| 8. Impairment losses of productive biological assets | | |
| 9. Impairment losses of oil and gas assets | | |
| 10. Impairment losses of intangible assets | | |
| 11. Impairment losses of goodwill | | |
| 12. Others | | |
| 13. Impairment losses of contract assets | 12,364,349.95 | 7,662,383.27 |
| Total | 12,364,349.95 | 7,662,383.27 |

Others:

Nil

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

VII. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

73. Gains from Disposal of Assets

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Items | Amount incurred in the current period | Amount incurred in the previous period |
|-------------------------------------|---------------------------------------|--|
| Gains from disposal of fixed assets | 706,708.66 | 15,671,926.81 |
| Total | 706,708.66 | 15,671,926.81 |

Others:

Applicable Not Applicable

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

VII. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

74. Non-operating Income

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Items | Amount incurred in the current period | Amount incurred in the previous period | Amount included in non-recurring profit or loss for the current period |
|---|---------------------------------------|--|--|
| Total gains on disposal of non-current assets | | | |
| Including: Gains on disposal of fixed assets | | | |
| Gains on disposal of intangible assets | | | |
| Gains on debt restructuring | | | |
| Gains on swap of non-monetary assets | | | |
| Acceptance of donations | | | |
| Government grants | | | |
| Income from default compensation | 1,302,265.73 | 1,575,555.37 | 1,302,265.73 |
| Others (Note) | 7,194,408.34 | 16,780,605.15 | 7,194,408.34 |
| Total | 8,496,674.07 | 18,356,160.52 | 8,496,674.07 |

Note: Others mainly refer to other income not relating to ordinary operation such as accounts without payment.

Government grants credited to profit or loss for the current period

Applicable Not Applicable

Others:

Applicable Not Applicable

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

VII. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

75. Non-operating Expenses

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Items | Amount incurred in the current period | Amount incurred in the previous period | Amount included in non-recurring profit or loss for the current period |
|---|---------------------------------------|--|--|
| Total losses on disposal of non-current assets Including: Losses on disposal of fixed assets Losses on disposal of intangible assets Losses on debt restructuring Losses on swap of non-monetary assets | | | |
| External donations | 1,086,726.36 | 199,689.38 | 1,086,726.36 |
| Compensation expenses | 5,310,188.62 | 8,257,591.68 | 5,310,188.62 |
| Others | 9,131,051.20 | 10,860,765.04 | 9,131,051.20 |
| Total | 15,527,966.18 | 19,318,046.10 | 15,527,966.18 |

Others:

Nil

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

VII. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

76. Income Tax Expenses

(1) Table of income tax expenses

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Items | Amount incurred in the current period | Amount incurred in the previous period |
|------------------------------|---------------------------------------|--|
| Current income tax expenses | 393,055,447.53 | 326,937,907.07 |
| Deferred income tax expenses | 361,597,354.99 | 211,843,133.37 |
| Tax filling | 12,921,907.98 | 38,937,737.53 |
| Total | 767,574,710.50 | 577,718,777.97 |

(2) Reconciliation of income tax expenses to the accounting profit

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Items | Amount incurred in the current period |
|--|---------------------------------------|
| Total profits | 1,743,523,066.29 |
| Income tax expenses calculated based on statutory/applicable tax rate | 435,880,766.24 |
| Impact of different tax rates applicable to subsidiaries | -16,009,854.70 |
| Impact of adjustment of income tax of previous periods | 12,921,907.98 |
| Impact of non-taxable income | -2,861,784.08 |
| Impact of non-deductible costs, expenses and losses | 4,913,424.91 |
| Impact of utilising deductible loss of deferred tax assets unrecognized in previous periods | -98,688,498.53 |
| Impact of deductible temporary difference or deductible loss of deferred tax assets unrecognized in current period | 213,701,489.96 |
| Profits and losses attributable to joint ventures and associates | -11,806,359.39 |
| Tax impact of disposal of subsidiaries | 229,523,618.11 |
| Income tax expenses | 767,574,710.50 |

Others:

Applicable Not Applicable

VII. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

77. Other Comprehensive Income

Applicable Not Applicable

Please see “Financial Reports VII.57. Other comprehensive income” for details.

78. Items in the Cash Flow Statements

(1) Other cash received in connection with operating activities

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Items | Amount incurred in the current period | Amount incurred in the previous period |
|--|---------------------------------------|--|
| Deposits received | 373,276,284.44 | 221,362,798.58 |
| Non-operating income and government grants | 56,153,264.51 | 71,169,050.28 |
| Interest income | 23,802,934.89 | 16,294,396.13 |
| Reserves with central bank | 489,018.40 | 4,223,566.44 |
| Others | – | 139,035,133.51 |
| Total | 453,721,502.24 | 452,084,944.94 |

Description of other cash received in connection with operating activities:

Nil

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

VII. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

78. Items in the Cash Flow Statements (continued)

(2) Other cash paid in connection with operating activities

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Items | Amount incurred in the current period | Amount incurred in the previous period |
|---|---------------------------------------|--|
| Payment of expenses and other proceeds | 795,217,761.93 | 1,101,043,484.23 |
| Bank charges and other expenses | 15,814,684.60 | 27,836,727.29 |
| Non-operating expenses | 15,527,966.18 | 19,318,046.10 |
| Net proceeds collected and paid on behalf of others | 488,513,954.28 | 151,920,652.72 |
| Total | 1,315,074,366.99 | 1,300,118,910.34 |

Description of other cash paid in connection with operating activities:

Nil

(3) Other cash received in connection with investing activities

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Items | Amount incurred in the current period | Amount incurred in the previous period |
|---|---------------------------------------|--|
| Project-related current account | 358,451,117.40 | 3,603,098,046.64 |
| Recovery of the project-related entrusted loan | 2,800,000.00 | 60,000,000.00 |
| Interest income from loans and borrowings | 38,474,951.64 | 38,143,987.56 |
| Redemption of the wealth management products | 710,121,099.68 | 72,035,807.75 |
| Redemption of restricted funds | 860,440,712.50 | 242,311,114.86 |
| Redemption of fixed bank deposits due after over 3 months | 21,925,853.01 | 7,973,243.42 |
| Total | 1,992,213,734.23 | 4,023,562,200.23 |

Description of other cash received in connection with investing activities:

Nil

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

VII. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

78. Items in the Cash Flow Statements (continued)

(4) Other cash paid in connection with investing activities

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Items | Amount incurred in the current period | Amount incurred in the previous period |
|---|---------------------------------------|--|
| Project-related current account | 356,244,613.72 | 812,913,774.41 |
| Granting the project-related entrusted loan | – | 113,491,973.57 |
| Purchase of wealth management products | 641,853,925.86 | 688,904,293.68 |
| Payment of restricted funds | 589,347,540.84 | 1,819,502,791.40 |
| Fixed bank deposits due after over 3 months | 28,000,000.00 | 15,000,000.00 |
| Total | 1,615,446,080.42 | 3,449,812,833.06 |

Description of other cash paid in connection with investing activities:

Nil

(5) Other cash received in connection with financing activities

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Items | Amount incurred in the current period | Amount incurred in the previous period |
|---|---------------------------------------|--|
| Project-related current account disposal income of properties | 1,727,122,888.89 | 1,085,356,894.81 |
| | – | 296,313,108.97 |
| Total | 1,727,122,888.89 | 1,381,670,003.78 |

Description of other cash received in connection with financing activities:

Nil

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

VII. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

78. Items in the Cash Flow Statements (continued)

(6) Other cash paid in connection with financing activities

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Items | Amount incurred in the current period | Amount incurred in the previous period |
|---|---------------------------------------|--|
| Project-related current account | 446,468,138.02 | 811,506,166.31 |
| Acquisition of non-controlling interests | 450,000.00 | – |
| Rental paid for leased Portfolio Shopping Malls | 320,163,299.86 | 369,162,995.09 |
| Total | 767,081,437.88 | 1,180,669,161.40 |

Description of other cash paid in connection with financing activities:

Nil

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

VII. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

79. Supplementary Information of Cash Flow Statements

(1) Supplementary information of cash flow statements

✓ Applicable □ Not Applicable

Unit: Yuan Currency: RMB

| Supplementary information | Amount for the current period | Amount for the previous period |
|--|-------------------------------|--------------------------------|
| 1. Reconciliation of net profits to cash flow from operating activities: | | |
| Net profits | 975,948,355.79 | 1,644,912,016.49 |
| Add: Impairment allowance of assets | 12,364,349.95 | 7,662,383.27 |
| Impairment losses of credit | 157,101,112.20 | 151,764,612.97 |
| Depreciation of fixed assets, depletion of oil and gas assets and depreciation of productive biological assets | 73,796,848.12 | 78,550,927.23 |
| Amortization of right-of-use assets | 310,847,893.44 | 356,932,874.38 |
| Amortization of intangible assets | 19,905,359.62 | 23,474,178.20 |
| Amortization of long-term prepaid expenses | 83,991,694.05 | 80,090,984.39 |
| Losses on disposal of fixed assets, intangible assets and other long-term assets ("-" for gains) | -706,708.66 | -15,671,926.81 |
| Losses from damage and scrap of fixed assets ("-" for gains) | | |
| Losses from changes in fair value ("-" for gains) | -93,006,959.96 | -227,017,919.24 |
| Financial expense ("-" for gains) | 1,180,590,302.71 | 1,147,107,005.52 |
| Investment losses ("-" for gains) | -51,687,956.30 | -482,387,012.63 |
| Decrease in deferred income tax assets ("-" for increase) | 76,129,378.27 | -22,742,297.19 |
| Increase in deferred income tax liabilities ("-" for decrease) | 238,310,642.34 | 153,582,236.00 |
| Decrease in inventories ("-" for increase) | 3,197,130.73 | -26,454,158.27 |
| Decrease in operating receivables ("-" for increase) | -405,082,004.38 | -688,268,542.02 |
| Increase in operating payables ("-" for decrease) | -580,422,907.73 | -97,759,198.59 |
| Others | | |
| Net cash flows from operating activities | 2,001,276,530.19 | 2,083,776,163.70 |

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

VII. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

79. Supplementary Information of Cash Flow Statements (continued)

(1) Supplementary information of cash flow statements (continued)

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Supplementary information | Amount for the current period | Amount for the previous period |
|--|-------------------------------|--------------------------------|
| 2. Major investment and financing activities not involved cash receipts and payments: | | |
| Conversion of debt to capital | | |
| Convertible corporate bonds due within one year | | |
| Financing leased fixed assets | | |
| 3. Net changes in cash and cash equivalents: | | |
| Closing balance of cash | 5,594,418,056.67 | 4,414,510,955.76 |
| Less: Opening balance of cash | 6,097,986,723.20 | 5,901,061,909.81 |
| Add: Closing balance of cash equivalents | | |
| Less: Opening balance of cash equivalents | | |
| Net increase in cash and cash equivalents | -503,568,666.53 | -1,486,550,954.05 |

(2) Net cash paid for acquisition of subsidiaries in the current period

Applicable Not Applicable

(3) Net cash received from disposal of subsidiaries in the current period

Applicable Not Applicable

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

VII. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

79. Supplementary Information of Cash Flow Statements (continued)

(4) Cash and cash equivalents composition

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Items | Closing balance | Opening balance |
|--|-------------------------|------------------|
| I. Cash | 5,594,418,056.67 | 6,097,986,723.20 |
| Including: Cash on hand | 5,661,353.53 | 7,523,570.17 |
| Bank deposits readily to be withdrawn on demand | 5,556,285,735.89 | 6,072,718,289.40 |
| Other currency readily to be withdrawn on demand | 32,470,967.25 | 17,744,863.63 |
| Deposits with central bank readily to be withdrawn on demand | | |
| Deposits with other banks | | |
| Loans from other banks | | |
| II. Cash equivalents | | |
| Including: Bond investments due within 3 months | | |
| III. Closing balance of cash and cash equivalents | 5,594,418,056.67 | 6,097,986,723.20 |
| Including: Restricted cash and cash equivalents used by the Company or subsidiaries within the Group | | |

Others:

Applicable Not Applicable

80. Notes for Items in the Statement of Changes in Owners' Equity

Description of items in "Others" whose closing balances for the previous year were adjusted and the adjustments:

Applicable Not Applicable

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

VII. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

81. Assets with Restricted Ownership or Use Right

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Items | Book value at the end of period | Reasons for limitation |
|---|---------------------------------|--|
| Cash and bank balances | 512,220,483.26 | Including: Long-term Loan pledge; Hedging deposit; Guarantee deposit; Migrant worker deposit; Note deposit; Court freezing; Deposited investment fund; Reserves deposited in the Central Bank. |
| Investments in other equity instruments | 69,496,358.68 | Loan mortgage |
| Investment properties | 85,045,000,000.00 | Loans, CMBS, Trust pledge/mortgage |
| Fixed assets | 2,249,797,886.71 | Loan pledge |
| Total | 87,876,514,728.65 | / |

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, Zhongshan Shibo, Zhengzhou Red Star, Xi'an Chanba, Ningbo Aoyang, Tianjin Hedong, Shanghai Pujiang, Wuhan Etouwan and Beijing West Four Ring during relevant loan periods was used for loan pledge. The revenue of property operation from Beijing East Four Ring, Yantai Red Star, Wuxi Red Star and Wuhan Hanyang during relevant periods was used for CMBS pledge.

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

VII. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

82. Monetary Items Denominated in Foreign Currency

(1) Monetary items denominated in foreign currency

Applicable Not Applicable

Unit: Yuan

| Items | Balance of foreign currency at the end of the period | Exchange rate | Balance of RMB equivalent at the end of the period |
|---|--|---------------|--|
| Cash and bank balances | - | - | - |
| Including: USD | 2,754,374.22 | 6.7114 | 18,485,707.14 |
| EUR | 6,211,267.32 | 7.0084 | 43,531,045.89 |
| HKD | 509,227.31 | 0.8552 | 435,491.01 |
| Accounts receivable | - | - | - |
| Including: USD | - | - | - |
| EUR | - | - | - |
| HKD | - | - | - |
| Non-current liabilities due within one year – | | | |
| Bonds payable | - | - | - |
| Including: USD | 299,768,531.31 | 6.7114 | 2,011,866,521.03 |
| EUR | - | - | - |
| HKD | - | - | - |

Others:

Nil

(2) Description of overseas operating entities, including (in the case of major overseas operating entities) overseas major premises, functional currencies and the basis for selection of functional currencies, and the reasons for changes in the functional currencies

Applicable Not Applicable

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

VII. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

83. Hedging

Applicable Not Applicable

Disclosure of hedged projects and relevant hedging instruments based on hedge categories, and qualitative and quantitative information about hedged risks:

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 2 April, 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 9 May, 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 period is not significant.

Book value and fair value movement of hedging instruments are as follows:

Six months ended 30 June 2022

| | 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 2022 |
|------------------------------|---|---|--|---|
| Structured currency swaps | USD150,000,000 | 20,464,173.91 | Derivative financial instruments | 2,355,000.00 |
| Option portfolio | USD100,000,000 | 1,588,897.59 | Derivative financial instruments | 680,000.00 |
| | | 22,053,071.50 | | 3,035,000.00 |

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

VII. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

83. Hedging (continued)

Fair value hedging (continued)

Book value of the hedged items and the related adjustments are as follows:

Six months ended 30 June 2022

| | Book value of hedged items | Cumulative amount of fair value hedging adjustment of the hedged item- (included in the book value of the hedged item) | 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 2022 |
|---------------------|----------------------------|--|--|---|
| USD-dominated bonds | 1,677,850,000.00 | 23,615,000.00 | Bonds payable | -3,035,000.00 |

84. Government Grants

1. Basic information on government grants

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Category | Amount | Presented items | Amount included in profit and loss |
|-------------------|----------------|---------------------------|------------------------------------|
| Related to profit | 15,695,089.33 | Subsidies | 15,695,089.33 |
| Related to profit | 30,861,941.44 | Special government grants | 30,861,941.44 |
| Related to profit | 1,099,559.67 | Reward support fund | 1,099,559.67 |
| Related to assets | 174,895,920.88 | Land matching grants | 2,924,289.12 |

2. Refund of government grants

Applicable Not Applicable

Others

Nil

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

VII. NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

85. Others

Applicable Not Applicable

VIII. CHANGES IN CONSOLIDATION SCOPE

1. Business Combinations Involving Enterprises Not Under Common Control

Applicable Not Applicable

2. Business Combination Involving Enterprises Under Common Control

Applicable Not Applicable

3. Counter Purchase

Applicable Not Applicable

4. Disposal of Subsidiaries

Whether there is a single disposal of investments in subsidiaries and loss of control

Applicable Not Applicable

Others:

Applicable Not Applicable

VIII. CHANGES IN CONSOLIDATION SCOPE (continued)

5. Changes in Consolidation Scope for Other Reasons

Explain the changes in the consolidation scope due to other reasons (e.g. newly established subsidiaries and clearing of subsidiaries, etc.) and the related conditions:

Applicable Not Applicable

| Subsidiary name | Main business site | Place of incorporation | Business nature | Shareholding ratio Direct (%) | Shareholding ratio Indirect (%) | Reason of changes |
|--|--------------------|------------------------|---------------------------------------|-------------------------------|---------------------------------|---|
| Shanghai Chentan Industry Co., Ltd. (上海宸檀實業有限公司) | Shanghai | Shanghai | Enterprise management and consultancy | | 100 | Subsidiaries acquired through establishment or investment |
| Wuhu Yuanche Yuqi Investment Center (Limited Partnership) (蕪湖遠澈翼祺投資中心(有限合夥)) | Anhui | Anhui | Investment management | 100 | | Subsidiaries acquired through establishment or investment |
| Tianjin Yuanmi Enterprise Management Consulting Co., Ltd. (天津遠密企業管理諮詢有限公司) | Tianjin | Tianjin | Investment management | | 100 | Subsidiaries acquired through establishment or investment |

6. Others

Applicable Not Applicable

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

IX. INTERESTS IN OTHER ENTITIES

1. Interests in Subsidiaries

(1) Composition of enterprise group

Applicable Not Applicable

| Subsidiary name | Main business site | Place of incorporation | Business nature | Shareholding ratio (%) | | Acquisition method |
|--|--------------------|------------------------|-------------------------|------------------------|----------|---|
| | | | | Direct | Indirect | |
| 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) | Hunan | Hunan | Site leasing management | 100 | - | Subsidiaries acquired through establishment or investment |
| 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) | Shanghai | Shanghai | Site leasing management | - | 97 | Subsidiaries acquired through establishment or investment |
| Hangzhou Red Star Macalline Shibo Furniture Plaza Company Limited (杭州紅星美凱龍世博家居有限公司) | Zhejiang | Zhejiang | Site leasing management | 100 | - | Subsidiaries acquired through establishment or investment |
| Shanghai Red Star Macalline Brand Management Company Limited (上海紅星美凱龍品牌管理有限公司) | Shanghai | Shanghai | Brand management | 100 | - | Subsidiaries acquired through establishment or investment |
| 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) | Chongqing | Chongqing | Site leasing management | 100 | - | Subsidiaries acquired through establishment or investment |
| 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) | Hubei | Hubei | Site leasing management | 100 | - | Subsidiaries acquired through establishment or investment |
| Beijing Xingkai Jingzhou Furniture Plaza Co., Ltd. (北京星凱京洲傢俱廣場有限公司) | Beijing | Beijing | Site leasing management | - | 51 | Subsidiaries acquired through establishment or investment |
| 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) | Shanghai | Shanghai | Site leasing management | - | 100 | Subsidiaries acquired through establishment or investment |
| 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) | Shanghai | Shanghai | Market company | - | 100 | Subsidiaries acquired through establishment or investment |
| Yantai Red Star Macalline Home Living Company Limited (煙台紅星美凱龍家居有限公司) | Shandong | Shandong | Site leasing management | 100 | - | Subsidiaries acquired through establishment or investment |
| Shenyang Mingdu Home Furnishing Plaza Company Limited (瀋陽名都家居廣場有限公司) | Liaoning | Liaoning | Site leasing management | 60 | 40 | Subsidiaries acquired through establishment or investment |
| Beijing Century Europe and America Business Investment Company Limited (北京世紀歐美商業投資有限公司) | Beijing | Beijing | Site leasing management | - | 80 | Subsidiaries acquired through establishment or investment |
| 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) | Chongqing | Chongqing | Site leasing management | 100 | - | Subsidiaries acquired through establishment or investment |
| Changsha Yinhong Home Furnishing Company Limited (長沙市銀紅家居有限公司) | Hunan | Hunan | Site leasing management | 100 | - | Subsidiaries acquired through establishment or investment |
| Shanghai Jingdu Investment Company Limited (上海晶都投資有限公司) | Shanghai | Shanghai | Investment management | 51 | - | Subsidiaries acquired through establishment or investment |

IX. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in Subsidiaries (continued)

(1) Composition of enterprise group (continued)

| Subsidiary name | Main business site | Place of incorporation | Business nature | Shareholding ratio (%) | | Acquisition method |
|---|--------------------|------------------------|-------------------------------|------------------------|----------|---|
| | | | | Direct | Indirect | |
| 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) | Tianjin | Tianjin | Site leasing management | 100 | - | Subsidiaries acquired through establishment or investment |
| 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) | Liaoning | Liaoning | Site leasing management | 100 | - | Subsidiaries acquired through establishment or investment |
| Shanghai Red Star Macalline Business Consulting Company Limited (上海紅星美凱龍商務諮詢有限公司) | Shanghai | Shanghai | Investment management | 65 | - | Subsidiaries acquired through establishment or investment |
| Shenyang Red Star Macalline Home Furnishing Company Limited (瀋陽紅星美凱龍家居有限公司) | Liaoning | Liaoning | Site leasing management | 100 | - | Subsidiaries acquired through establishment or investment |
| Shanghai Red Star Macalline Trading Company Limited (上海紅星美凱龍商貿有限公司) | Shanghai | Shanghai | Investment management | 100 | - | Subsidiaries acquired through establishment or investment |
| 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) | Heilongjiang | Heilongjiang | Site leasing management | 100 | - | Subsidiaries acquired through establishment or investment |
| Shanghai Xingjia Decoration and Building Materials Company Limited (上海星家裝飾建材有限公司) | Shanghai | Shanghai | Construction material markets | - | 100 | Subsidiaries acquired through establishment or investment |
| 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) | Chongqing | Chongqing | Site leasing management | 55 | - | Subsidiaries acquired through establishment or investment |
| 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) | Guangdong | Guangdong | Site leasing management | 100 | - | Subsidiaries acquired through establishment or investment |
| 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) | Liaoning | Liaoning | Site leasing management | 100 | - | Subsidiaries acquired through establishment or investment |
| 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) | Shaanxi | Shaanxi | Site leasing management | 75 | - | Subsidiaries acquired through establishment or investment |
| Daqing Red Star Macalline Shibo Furniture Plaza Company Limited (大慶紅星美凱龍世博家居有限公司) | Heilongjiang | Heilongjiang | Site leasing management | 70 | - | Subsidiaries acquired through establishment or investment |
| Beijing Red Star Macalline Furnishing Market Company Limited (北京紅星美凱龍家居市場有限公司) | Beijing | Beijing | Brand management | - | 100 | Subsidiaries acquired through establishment or investment |
| 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) | Hubei | Hubei | Site leasing management | 100 | - | Subsidiaries acquired through establishment or investment |
| Beijing Century Kailong Business Investment Company Limited (北京世紀凱隆商業投資有限公司) | Beijing | Beijing | Site leasing management | 100 | - | Subsidiaries acquired through establishment or investment |
| 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) | Shanghai | Shanghai | Market company | 100 | - | Subsidiaries acquired through establishment or investment |

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

IX. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in Subsidiaries (continued)

(1) Composition of enterprise group (continued)

| Subsidiary name | Main business site | Place of incorporation | Business nature | Shareholding ratio (%) | | Acquisition method |
|--|--------------------|------------------------|-------------------------|------------------------|----------|---|
| | | | | Direct | Indirect | |
| 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) | Anhui | Anhui | Site leasing management | 100 | - | Subsidiaries acquired through establishment or investment |
| Nanjing Red Star Macalline International Home Living Company Limited (南京紅星美凱龍國際家居有限公司) | Jiangsu | Jiangsu | Site leasing management | 100 | - | Subsidiaries acquired through establishment or investment |
| 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) | Shanghai | Shanghai | Home design | - | 100 | Subsidiaries acquired through establishment or investment |
| Shanghai Xingyi Tonghui Business Service Company Limited (上海星易通匯商務服務有限公司) | Shanghai | Shanghai | Commercial service | 100 | - | Subsidiaries acquired through establishment or investment |
| Shanghai Hongmei E-commerce Company Limited (上海紅星美凱龍家品會電子商務有限公司) | Shanghai | Shanghai | E-commerce | - | 100 | Subsidiaries acquired through establishment or investment |
| 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) | Tianjin | Tianjin | Site leasing management | 65 | - | Subsidiaries acquired through establishment or investment |
| 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 | Tianjin | Site leasing management | 100 | - | Subsidiaries acquired through establishment or investment |
| Shanghai Meihao Home Decorating Design Company Limited (上海美昊裝飾設計工程有限公司) | Shanghai | Shanghai | Home design | - | 100 | Subsidiaries acquired through establishment or investment |
| 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) | Harbin | Harbin | Site leasing management | 100 | - | Subsidiaries acquired through establishment or investment |
| 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) | Jilin | Jilin | Site leasing management | 100 | - | Subsidiaries acquired through establishment or investment |
| Red Star Xizhao Investment Company Limited (紅星喜兆投資有限公司) | Tibet | Tibet | Investment management | 90 | - | Subsidiaries acquired through establishment or investment |
| Red Star Macalline Home Furnishing Mall Management Company Limited (紅星美凱龍家居商場管理有限公司) | Tibet | Tibet | Investment management | 100 | - | Subsidiaries acquired through establishment or investment |
| 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) | Jiangsu | Jiangsu | Brand management | 100 | - | Subsidiaries acquired through establishment or investment |
| 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) | Shanghai | Shanghai | Market company | 100 | - | Subsidiaries acquired through establishment or investment |
| Chongqing Jiaxin Home Decorating Design Company Limited (重慶家欣裝飾設計工程有限公司) | Chongqing | Chongqing | Home design | - | 70 | Subsidiaries acquired through establishment or investment |
| Henan Xixiliya Property Management Company Limited (河南西西里亞物業管理有限公司) | Henan | Henan | Property management | - | 100 | Subsidiaries acquired through establishment or investment |

IX. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in Subsidiaries (continued)

(1) Composition of enterprise group (continued)

| Subsidiary name | Main business site | Place of incorporation | Business nature | Shareholding ratio (%) | | Acquisition method |
|--|--------------------|------------------------|----------------------------|------------------------|----------|---|
| | | | | Direct | Indirect | |
| Shenyang Red Star Macalline Shibo Home Furnishing Company Limited (瀋陽紅星美凱龍世博家居有限公司) | Liaoning | Liaoning | Site leasing management | 100 | - | Subsidiaries acquired through establishment or investment |
| 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) | Shanghai | Shanghai | Site leasing management | 100 | - | Subsidiaries acquired through establishment or investment |
| 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) | Gansu | Gansu | Site leasing management | 100 | - | Subsidiaries acquired through establishment or investment |
| 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) | Shanghai | Shanghai | Management and consultancy | 100 | - | Subsidiaries acquired through establishment or investment |
| 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) | Shanghai | Shanghai | Brand management | 100 | - | Subsidiaries acquired through establishment or investment |
| Shanghai Red Star Macalline Network Technology Company Limited (上海紅星美凱龍網絡技術有限公司) | Shanghai | Shanghai | E-commerce | - | 100 | Subsidiaries acquired through establishment or investment |
| 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) | Shanghai | Shanghai | E-commerce | - | 100 | Subsidiaries acquired through establishment or investment |
| 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) | Yunnan | Yunnan | Site leasing management | 87 | - | Subsidiaries acquired through establishment or investment |
| 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) | Xinjiang | Xinjiang | Site leasing management | 100 | - | Subsidiaries acquired through establishment or investment |
| 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) | Guangdong | Guangdong | Site leasing management | 70 | - | Subsidiaries acquired through establishment or investment |
| Shanghai Anjia Network Technology Company Limited (上海安家網絡科技有限公司) | Shanghai | Shanghai | E-commerce | - | 100 | Subsidiaries acquired through establishment or investment |
| Shanghai Aiguangjia E-commerce Company Limited (上海愛逛家電子商務有限公司) | Shanghai | Shanghai | E-commerce | - | 100 | Subsidiaries acquired through establishment or investment |
| Shanghai Jia Ju Information Technology Company Limited (上海聚聚信息技術有限公司) | Shanghai | Shanghai | E-commerce | - | 100 | Subsidiaries acquired through establishment or investment |
| Shanghai Hongmei Network Technology Company Limited (上海紅美網絡科技有限公司) | Shanghai | Shanghai | E-commerce | - | 100 | Subsidiaries acquired through establishment or investment |
| Chengdu Red Star Ogloria Brand Management Company Limited (成都紅星歐麗洛雅品牌管理有限公司) | Chengdu | Chengdu | Brand management | - | 100 | Subsidiaries acquired through establishment or investment |
| Shanghai Red Star Macalline Assets Management Company Limited (上海紅星美凱龍資產管理有限公司) | Shanghai | Shanghai | Investment management | - | 100 | Subsidiaries acquired through establishment or investment |

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

IX. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in Subsidiaries (continued)

(1) Composition of enterprise group (continued)

| Subsidiary name | Main business site | Place of incorporation | Business nature | Shareholding ratio (%) | | Acquisition method |
|--|--------------------|------------------------|----------------------------|------------------------|----------|---|
| | | | | Direct | Indirect | |
| Shanghai Xinghe Zhaipei Home Furnishing Service Company Limited (上海星和宅配家居服務有限公司) | Hebei | Hebei | Home design | 100 | - | Subsidiaries acquired through establishment or investment |
| 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) | Shanghai | Shanghai | Logistics service | 60 | - | Subsidiaries acquired through establishment or investment |
| Shanghai Red Star Macalline Xinglong Home Furnish Company Limited (上海紅星美凱龍星龍家居有限公司) | Shanghai | Shanghai | Site leasing management | 100 | - | Subsidiaries acquired through establishment or investment |
| Red Star Macalline Chengdu Business Management Company Limited (紅星美凱龍成都商業管理有限公司) | Chengdu | Chengdu | Management and consultancy | - | 100 | Subsidiaries acquired through establishment or investment |
| 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) | Chengdu | Chengdu | Management and consultancy | - | 100 | Subsidiaries acquired through establishment or investment |
| Shanghai Red Star Macalline Kaiheng Household Company Limited (上海紅星美凱龍楷恒家居有限公司) | Shanghai | Shanghai | Site leasing management | 100 | - | Subsidiaries acquired through establishment or investment |
| 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) | Changsha | Changsha | Site leasing management | 100 | - | Subsidiaries acquired through establishment or investment |
| 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) | Jiangxi | Jiangxi | Site leasing management | 51 | - | Subsidiaries acquired through establishment or investment |
| 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) | Yunnan | Yunnan | Site leasing management | - | 87 | Subsidiaries acquired through establishment or investment |
| 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) | Chongqing | Chongqing | Site leasing management | 100 | - | Subsidiaries acquired through establishment or investment |
| 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) | Shanghai | Shanghai | Site leasing management | 100 | - | Subsidiaries acquired through establishment or investment |
| 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) | Shaanxi | Shaanxi | Site leasing management | 100 | - | Subsidiaries acquired through establishment or investment |
| 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) | Chengdu | Chengdu | Site leasing management | 100 | - | Subsidiaries acquired through establishment or investment |
| 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) | Chengdu | Chengdu | Site leasing management | 100 | - | Subsidiaries acquired through establishment or investment |
| 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) | Hong Kong | Hong Kong | Investment management | 100 | - | Subsidiaries acquired through establishment or investment |
| 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) | Shanghai | Shanghai | E-commerce | - | 100 | Subsidiaries acquired through establishment or investment |

IX. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in Subsidiaries (continued)

(1) Composition of enterprise group (continued)

| Subsidiary name | Main business site | Place of incorporation | Business nature | Shareholding ratio (%) | | Acquisition method |
|--|--------------------|------------------------|---------------------------------------|------------------------|----------|---|
| | | | | Direct | Indirect | |
| Shanghai Jiajinsuo Investment Holding Company Limited (上海家金所投資控股有限公司) | Shanghai | Shanghai | Investment management | 100 | - | Subsidiaries acquired through establishment or investment |
| Zhengzhou Juankai Enterprise Management Consultancy Company Limited (鄭州雋鏗企業管理諮詢有限公司) | Henan | Henan | Enterprise management and consultancy | - | 100 | Subsidiaries acquired through establishment or investment |
| Red Star Zhongying Investment Company Limited (紅星眾盈投資有限公司) | Tibet | Tibet | Investment management | 100 | - | Subsidiaries acquired through establishment or investment |
| Shanghai Macalline Xinghe Asset Management Company Limited (上海美凱龍星荷資產管理有限公司) | Shanghai | Shanghai | Enterprise management and consultancy | 100 | - | Subsidiaries acquired through establishment or investment |
| Shanghai Yumu Enterprise Management Company Limited (上海宇慕企業管理有限公司) | Shanghai | Shanghai | Enterprise management and consultancy | 100 | - | Subsidiaries acquired through establishment or investment |
| Shanghai Yuxu Enterprise Management Company Limited (上海宇煦企業管理有限公司) | Shanghai | Shanghai | Enterprise management and consultancy | 100 | - | Subsidiaries acquired through establishment or investment |
| Shanghai Yuzhu Enterprise Management Company Limited (上海宇築企業管理有限公司) | Shanghai | Shanghai | Enterprise management and consultancy | 100 | - | Subsidiaries acquired through establishment or investment |
| Shanghai Yuxiao Enterprise Management Company Limited (上海宇霄企業管理有限公司) | Shanghai | Shanghai | Enterprise management and consultancy | 100 | - | Subsidiaries acquired through establishment or investment |
| Zhengzhou Dongsheng Enterprise Management Company Limited (鄭州東晟企業管理有限公司) | Henan | Henan | Enterprise management and consultancy | - | 100 | Subsidiaries acquired through establishment or investment |
| Red Star Macalline Glory Casa (Shanghai) Home Furnishing Company Limited (紅星美凱龍凱徽至尊(上海)家居有限公司) | Shanghai | Shanghai | Proprietary sales | 100 | - | Subsidiaries acquired through establishment or investment |
| Shanghai Interface Marketing Planning Co., Ltd. (上海英太瑪思營銷策劃有限公司) | Shanghai | Shanghai | Labour dispatching | 100 | - | Subsidiaries acquired through establishment or investment |
| Yantai Xinhuan Enterprise Management Company Limited (煙台欣歡企業管理有限公司) | Shandong | Shandong | Enterprise management and consultancy | - | 100 | Subsidiaries acquired through establishment or investment |
| 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) | Qinghai | Qinghai | Site leasing management | 100 | - | Subsidiaries acquired through establishment or investment |
| Red Star Macalline Enterprise Management and Consultancy Company Limited (紅星美凱龍企業管理諮詢有限公司) | Xinjiang | Xinjiang | Enterprise management and consultancy | 100 | - | Subsidiaries acquired through establishment or investment |
| Red Star Ogloria Enterprise Management Company Limited (紅星歐麗洛雅企業管理有限公司) | Xinjiang | Xinjiang | Enterprise management and consultancy | - | 100 | Subsidiaries acquired through establishment or investment |
| 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) | Xinjiang | Xinjiang | Enterprise management and consultancy | - | 100 | Subsidiaries acquired through establishment or investment |

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

IX. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in Subsidiaries (continued)

(1) Composition of enterprise group (continued)

| Subsidiary name | Main business site | Place of incorporation | Business nature | Shareholding ratio (%) | | Acquisition method |
|--|--------------------|------------------------|---------------------------------------|------------------------|----------|---|
| | | | | Direct | Indirect | |
| Shanghai Fanju Network Technology Company Limited (上海泛居網絡科技有限公司) | Shanghai | Shanghai | Network technique | - | 70 | Subsidiaries acquired through establishment or investment |
| Shanghai Jijinsuo Financial Technology Information Services Company Limited (上海家金所金融科技信息服務有限公司) | Shanghai | Shanghai | Investment management | - | 100 | Subsidiaries acquired through establishment or investment |
| Red Star Macalline Home Furnishing Group Finance Company Limited (紅星美凱龍家居集團財務有限公司) | Shanghai | Shanghai | Loan service | 95 | 5 | Subsidiaries acquired through establishment or investment |
| Longzhihui (Shanghai) Facility Management Services Co., Ltd. (龍之惠(上海)設施管理服務有限公司) | Shanghai | Shanghai | Enterprise management and consultancy | - | 59 | Subsidiaries acquired through establishment or investment |
| Shanghai Red Star Macalline International Trading Company Limited (上海紅星美凱龍國際貿易有限公司) | Shanghai | Shanghai | Import and export | 55 | - | Subsidiaries acquired through establishment or investment |
| Shanghai Red Star Macalline Home Furnishing Trading Company Limited (上海紅星美凱龍美居商貿有限公司) | Shanghai | Shanghai | Import and export | - | 28 | Subsidiaries acquired through establishment or investment |
| Hainan Hongju Enterprise Management Co., Ltd. (海南紅居企業管理有限公司) | Hainan | Hainan | Enterprise management and consultancy | 100 | - | Subsidiaries acquired through establishment or investment |
| 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) | Sichuan | Sichuan | Enterprise management and consultancy | 100 | - | Subsidiaries acquired through establishment or investment |
| Khorgos Yarui Venture Capital Company Limited (霍爾果斯雅睿創業投資有限公司) | Xinjiang | Xinjiang | Investment management | 90 | - | Subsidiaries acquired through establishment or investment |
| Shanghai Red Star Ogloria Brand Management Company Limited (上海紅星歐麗洛雅品牌管理有限公司) | Shanghai | Shanghai | Brand management | 100 | - | Subsidiaries acquired through establishment or investment |
| Ningbo Meishan Bonded Port Area Xingkaiying Asset Management Company Limited (寧波梅山保稅港區星凱贏資產管理有限公司) | Zhejiang | Zhejiang | Asset management | - | 51 | Subsidiaries acquired through establishment or investment |
| Khorgos Red Star Yiming Venture Capital Company Limited (霍爾果斯紅星易鳴創業投資有限公司) | Xinjiang | Xinjiang | Investment management | 90 | - | Subsidiaries acquired through establishment or investment |
| Shanghai BetterHome Industrial Company Limited (上海家倍得實業有限公司) | Shanghai | Shanghai | Construction decoration | - | 68 | Subsidiaries acquired through establishment or investment |
| Shanghai Kaichun Investment Management Company Limited (上海凱淨投資管理有限公司) | Shanghai | Shanghai | Investment management | - | 100 | Subsidiaries acquired through establishment or investment |
| Kunshan Red Star Macalline Decoration Materials Company Limited (昆山紅星美凱龍裝飾材料有限公司) | Jiangsu | Jiangsu | Site leasing management | 100 | - | Subsidiaries acquired through establishment or investment |
| Tianjin Jinrui Corporate Management Company Limited (天津津瑞企業管理有限公司) | Tianjin | Tianjin | Enterprise management and consultancy | 100 | - | Subsidiaries acquired through establishment or investment |

IX. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in Subsidiaries (continued)

(1) Composition of enterprise group (continued)

| Subsidiary name | Main business site | Place of incorporation | Business nature | Shareholding ratio (%) | | Acquisition method |
|--|--------------------|------------------------|--|------------------------|----------|---|
| | | | | Direct | Indirect | |
| Chongqing Xingkaike Home Furnishing Company Limited (重慶星凱科家居有限公司) | Chongqing | Chongqing | Site leasing management | - | 100 | Subsidiaries acquired through establishment or investment |
| Shanghai Ozing Digital Technology Company Limited (上海好記星數碼科技有限公司) | Shanghai | Shanghai | Warehouse logistics | - | 100 | Subsidiaries acquired through establishment or investment |
| Bright Rainbow Investments Limited (合樂投資有限公司) | Hong Kong | Hong Kong | Market service, investment | - | 100 | Subsidiaries acquired through establishment or investment |
| Chongqing Red Star Ogloria Home Furnishing Company Limited (重慶紅星歐麗洛雅家居有限公司) | Chongqing | Chongqing | Site leasing management | 100 | - | Subsidiaries acquired through establishment or investment |
| Shanghai Huaixing Culture Development Co., Ltd. (上海懷星文化發展有限公司) | Shanghai | Shanghai | Cultural and artistic exchange | 80 | - | Subsidiaries acquired through establishment or investment |
| 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) | Shanghai | Shanghai | Information science and technology development | - | 100 | Subsidiaries acquired through establishment or investment |
| Shanghai Beimei Logistics Company Limited (上海倍美物流有限公司) | Shanghai | Shanghai | Warehouse logistics | - | 100 | Subsidiaries acquired through establishment or investment |
| Shanghai Red Star Macalline Exhibition Service Company Limited (上海紅星美凱龍展覽服務有限公司) | Shanghai | Shanghai | Exhibition services | 55 | - | Subsidiaries acquired through establishment or investment |
| 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) | Shanxi | Shanxi | Site leasing management | 51 | - | Subsidiaries acquired through establishment or investment |
| Shanghai Xingyijia Brand Management Company Limited (上海星藝佳品牌管理有限公司) | Shanghai | Shanghai | Brand management | - | 100 | Subsidiaries acquired through establishment or investment |
| Jilin Red Star Macalline Logistics Company Limited (吉林紅星美凱龍物流有限公司) | Jilin | Jilin | Warehouse logistics | - | 100 | Subsidiaries acquired through establishment or investment |
| Changzhou Meilong Trading Company Limited (常州美龍貿易有限公司) | Jiangsu | Jiangsu | Sale of home furniture | 100 | - | Subsidiaries acquired through establishment or investment |
| Shanghai Mengsheng Industrial Co., Ltd. (上海夢晟實業有限公司) | Shanghai | Shanghai | Enterprise management and consultancy | - | 100 | Subsidiaries acquired through establishment or investment |
| Shanghai Beibang Logistics Company Limited (上海倍邦物流有限公司) | Shanghai | Shanghai | Warehouse logistics | - | 100 | Subsidiaries acquired through establishment or investment |
| Shanghai Red Star Macalline Construction and Decoration Design Company Limited (上海紅星美凱龍住建築配設計有限公司) | Shanghai | Shanghai | Home design | - | 100 | Subsidiaries acquired through establishment or investment |
| Shanghai Red Star Macalline Installation of Construction and Furnishing Materials Technology Company Limited (上海紅星美凱龍住建築配科技有限公司) | Shanghai | Shanghai | Enterprise management and consultancy | - | 100 | Subsidiaries acquired through establishment or investment |

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

IX. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in Subsidiaries (continued)

(1) Composition of enterprise group (continued)

| Subsidiary name | Main business site | Place of incorporation | Business nature | Shareholding ratio (%) | | Acquisition method |
|--|--------------------|------------------------|---------------------------------------|------------------------|----------|---|
| | | | | Direct | Indirect | |
| Shanghai Beiyao Logistics Company Limited (上海倍耀物流有限公司) | Shanghai | Shanghai | Warehouse logistics | - | 100 | Subsidiaries acquired through establishment or investment |
| Zhengzhou Red Star Macalline Shibo Home Furnishing Company Limited (鄭州紅星美凱龍世博家居有限公司) | Henan | Henan | Site leasing management | 55 | - | Subsidiaries acquired through establishment or investment |
| Nantong Hongmei Shibo Home Furnishing Plaza Company Limited (南通紅星美凱龍世博家居廣場有限公司) | Jiangsu | Jiangsu | Site leasing management | 100 | - | Subsidiaries acquired through establishment or investment |
| 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) | Guangxi | Guangxi | Exhibition services | 100 | - | Subsidiaries acquired through establishment or investment |
| Shanghai Hongyue Logistics Company Limited (上海宏岳物流有限公司) | Shanghai | Shanghai | Warehouse logistics | - | 60 | Subsidiaries acquired through establishment or investment |
| 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) | Jiangxi | Jiangxi | Site leasing management | 70 | - | Subsidiaries acquired through establishment or investment |
| Red Star Macalline (Zhejiang) Information Service Company Limited (紅星美凱龍(浙江)信息技術有限公司) | Zhejiang | Zhejiang | E-commerce | 100 | - | Subsidiaries acquired through establishment or investment |
| Zhejiang Xingzhuo Decoration Company Limited (浙江星卓裝飾有限公司) | Zhejiang | Zhejiang | Construction decoration | - | 100 | Subsidiaries acquired through establishment or investment |
| 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) | Jiangxi | Jiangxi | Site leasing management | 70 | 30 | Subsidiaries acquired through establishment or investment |
| 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) | Tianjin | Tianjin | Supply chain management | - | 60 | Subsidiaries acquired through establishment or investment |
| Shanghai Banlong Business Management Company Limited (上海阪龍商業管理有限公司) | Shanghai | Shanghai | Enterprise management and consultancy | - | 100 | Subsidiaries acquired through establishment or investment |
| Shanghai Yingtai Lijin Technology Co., Ltd. (上海英太利金科技有限公司) | Shanghai | Shanghai | E-commerce | 80 | - | Subsidiaries acquired through establishment or investment |
| Nantong Longmei International Home Furnishing Plaza Co., Ltd. (南通龍美國際家居生活廣場有限公司) | Jiangsu | Jiangsu | Site leasing management | 100 | - | Subsidiaries acquired through establishment or investment |
| Beijing Xingmei Yongsheng Information Consultation Company Limited (北京星美永盛信息諮詢有限公司) | Beijing | Beijing | Enterprise management and consultancy | - | 70 | Subsidiaries acquired through establishment or investment |
| Shanghai Zhiya Business Management Company Limited (上海樞雅管理諮詢有限公司) | Shanghai | Shanghai | Enterprise management and consultancy | - | 100 | Subsidiaries acquired through establishment or investment |
| Red Star Macalline (Zhejiang) Corporate Management Company Limited (紅星美凱龍(浙江)企業管理有限公司) | Zhejiang | Zhejiang | Enterprise management and consultancy | 95 | - | Subsidiaries acquired through establishment or investment |

IX. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in Subsidiaries (continued)

(1) Composition of enterprise group (continued)

| Subsidiary name | Main business site | Place of incorporation | Business nature | Shareholding ratio (%) | | Acquisition method |
|--|--------------------|------------------------|---------------------------------------|------------------------|----------|---|
| | | | | Direct | Indirect | |
| Shanghai Guixv Enterprise Management Company Limited (上海歸翹企業管理有限公司) | Shanghai | Shanghai | Enterprise management and consultancy | 100 | - | Subsidiaries acquired through establishment or investment |
| 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) | Shanghai | Shanghai | Construction decoration | 100 | - | Subsidiaries acquired through establishment or investment |
| 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) | Zhejiang | Zhejiang | Enterprise management and consultancy | 95 | - | Subsidiaries acquired through establishment or investment |
| Zhejiang Xingyisheng Industrial Development Company Limited (浙江星易盛實業發展有限公司) | Zhejiang | Zhejiang | Construction decoration | - | 75 | Subsidiaries acquired through establishment or investment |
| Shanghai Macalline Decoration Engineering Group Co., Ltd. (上海美凱龍裝飾工程集團有限公司) | Shanghai | Shanghai | Construction decoration | 100 | - | Subsidiaries acquired through establishment or investment |
| Shijiazhuang Bochen Industrial Company Limited (石家莊博宸實業有限公司) | Shijiazhuang | Shijiazhuang | Enterprise management and consultancy | - | 100 | Subsidiaries acquired through establishment or investment |
| 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) | Anhui | Anhui | Site leasing management | 100 | - | Subsidiaries acquired through establishment or investment |
| Betterhome Construction Technology Company Limited (家倍得建築科技有限公司) | Zhejiang | Zhejiang | Construction decoration | 90 | - | Subsidiaries acquired through establishment or investment |
| Shanghai Lihao Creative Design Co., Ltd. (上海麗浩創意設計有限公司) | Shanghai | Shanghai | Construction decoration | - | 90 | Subsidiaries acquired through establishment or investment |
| 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) | Guangdong | Guangdong | Site leasing management | 100 | - | Subsidiaries acquired through establishment or investment |
| Haikou Red Star Macalline Global Home Furnishing Company Limited (海口紅星美凱龍全球家居有限公司) | Hainan | Hainan | Site leasing management | 100 | - | Subsidiaries acquired through establishment or investment |
| Hong Kong Red Star Macalline Business Management Company Limited (香港紅星美凱龍商業管理有限公司) | Hong Kong | Hong Kong | Enterprise management and consultancy | - | 100 | Subsidiaries acquired through establishment or investment |
| Shanghai Jianliu Enterprise Management Company Limited (上海簡柳企業管理有限公司) | Shanghai | Shanghai | Enterprise management and consultancy | - | 100 | Subsidiaries acquired through establishment or investment |
| Shanghai Macalline Aesthetic Decoration Engineering Company Limited (上海美凱龍美學裝飾工程有限公司) | Shanghai | Shanghai | Construction decoration | - | 100 | Subsidiaries acquired through establishment or investment |
| Red Star Macalline Glory Casa (Hainan) Home Technology Company Limited (紅星美凱龍凱撒至尊(海南)家居科技有限公司) | Hainan | Hainan | E-commerce | - | 70 | Subsidiaries acquired through establishment or investment |
| Redstar Global Holdings Limited | The Virgin Islands | The Virgin Islands | Others | - | 100 | Subsidiaries acquired through establishment or investment |

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

IX. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in Subsidiaries (continued)

(1) Composition of enterprise group (continued)

| Subsidiary name | Main business site | Place of incorporation | Business nature | Shareholding ratio (%) | | Acquisition method |
|---|--------------------|------------------------|---------------------------------------|------------------------|----------|---|
| | | | | Direct | Indirect | |
| 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) | Shanxi | Shanxi | Site leasing management | 60 | - | Subsidiaries acquired through establishment or investment |
| Red Star Home (Shanghai) Technology Co., Ltd. (紅星到家(上海)科技有限公司) | Shanghai | Shanghai | E-commerce | 100 | - | Subsidiaries acquired through establishment or investment |
| Suzhou Xingtong Enterprise Management Consultation Company Limited (宿州星通企業管理諮詢有限公司) | Anhui | Anhui | Enterprise management and consultancy | 100 | - | Subsidiaries acquired through establishment or investment |
| Shanghai Enliu Enterprise Management Company Limited (上海 柳企業管理有限公司) | Shanghai | Shanghai | Enterprise management and consultancy | - | 100 | Subsidiaries acquired through establishment or investment |
| Shanghai Bencheng Enterprise Management Company Limited (上海賽程企業管理有限公司) | Shanghai | Shanghai | Enterprise management and consultancy | - | 100 | Subsidiaries acquired through establishment or investment |
| Foshan Junda Enterprise Management Co., Ltd. (佛山郡達企業管理有限公司) | Guangdong | Guangdong | Enterprise management and consultancy | 100 | - | Subsidiaries acquired through establishment or investment |
| 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) | Shanghai | Shanghai | E-commerce | 51 | - | Subsidiaries acquired through establishment or investment |
| RedStar Macalline GmbH | Munich Germany | Munich Germany | Others | - | 100 | Subsidiaries acquired through establishment or investment |
| Shanghai Red Star Macalline Home Furnishing Company Limited (上海紅星美凱龍星家居用品有限公司) | Shanghai | Shanghai | Proprietary sales | - | 54 | Subsidiaries acquired through establishment or investment |
| 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) | Tianjin | Tianjin | Site leasing management | 100 | - | Subsidiaries acquired through establishment or investment |
| Kunshan Red Star Macalline Global Home Furnishing Company Limited (昆山紅星美凱龍全球家居有限公司) | Jiangsu | Jiangsu | Brand management | 100 | - | Subsidiaries acquired through establishment or investment |
| 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) | Zhejiang | Zhejiang | Brand management | 100 | - | Subsidiaries acquired through establishment or investment |
| 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) | Beijing | Beijing | Brand management | 90 | 10 | Subsidiaries acquired through establishment or investment |
| Wuxi Red Star Macalline Business Management Company Limited (無錫紅星美凱龍經營管理有限公司) | Jiangsu | Jiangsu | Brand management | 70 | 30 | Subsidiaries acquired through establishment or investment |
| 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) | Zhejiang | Zhejiang | Brand management | 100 | - | Subsidiaries acquired through establishment or investment |
| Changshu Red Star Macalline Global Home Furnishing Company Limited (常熟紅星美凱龍全球家居有限公司) | Jiangsu | Jiangsu | Site leasing management | - | 100 | Subsidiaries acquired through establishment or investment |

IX. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in Subsidiaries (continued)

(1) Composition of enterprise group (continued)

| Subsidiary name | Main business site | Place of incorporation | Business nature | Shareholding ratio (%) | | Acquisition method |
|--|--------------------|------------------------|---------------------------------------|------------------------|----------|---|
| | | | | Direct | Indirect | |
| 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) | Jiangsu | Jiangsu | Site leasing management | 60 | - | Subsidiaries acquired through establishment or investment |
| Nanchang Betterhome Decoration Engineering Company Limited (南昌家倍得裝飾工程有限公司) | Jiangxi | Jiangxi | Home design | - | 41 | Subsidiaries acquired through establishment or investment |
| 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 | - | Subsidiaries acquired through establishment or investment |
| 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) | Chongqing | Chongqing | Management and consultancy | 100 | - | Subsidiaries acquired through establishment or investment |
| Shanghai Beibao Logistics Co., Ltd. (上海倍寶物流有限公司) | Shanghai | Shanghai | Warehouse logistics | - | 100 | Subsidiaries acquired through establishment or investment |
| Shanghai Beida Logistics Co., Ltd. (上海倍達物流有限公司) | Shanghai | Shanghai | Warehouse logistics | - | 100 | Subsidiaries acquired through establishment or investment |
| Shanghai Beisheng Logistics Co., Ltd. (上海倍昇物流有限公司) | Shanghai | Shanghai | Warehouse logistics | - | 100 | Subsidiaries acquired through establishment or investment |
| 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 | Subsidiaries acquired through establishment or investment |
| Shanghai Macalline Wenshang Business Management Co., Ltd. (上海美凱龍文商商務企業管理有限公司) | Shanghai | Shanghai | Management and consultancy | 100 | - | Subsidiaries acquired through establishment or investment |
| 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 | - | 75 | Subsidiaries acquired through establishment or investment |
| Red Star Macalline Commercial Management Co., Ltd. (紅星美凱龍商業經營管理有限公司) | Shanghai | Shanghai | Enterprise management and consultancy | 100 | - | Subsidiaries acquired through establishment or investment |
| Shanghai Rongmei Industrial Co., Ltd. (上海榮美實業有限公司) | Shanghai | Shanghai | Enterprise management and consultancy | - | 100 | Subsidiaries acquired through establishment or investment |
| 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 | - | Subsidiaries acquired through establishment or investment |
| 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 | - | Subsidiaries acquired through establishment or investment |
| Beijing Yingchuang Shixun Technology Co., Ltd. (北京盈創時訊科技有限公司) | Beijing | Beijing | E-commerce | - | 100 | Subsidiaries acquired through establishment or investment |
| 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 | - | Subsidiaries acquired through establishment or investment |

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

IX. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in Subsidiaries (continued)

(1) Composition of enterprise group (continued)

| Subsidiary name | Main business site | Place of incorporation | Business nature | Shareholding ratio (%) | | Acquisition method |
|---|--------------------|------------------------|---------------------------------------|------------------------|----------|---|
| | | | | Direct | Indirect | |
| Jade AG Logistics Investment (Hong Kong) Limited | Hong Kong | Hong Kong | Enterprise management and consultancy | - | 100 | Subsidiaries acquired through establishment or investment |
| Chengdu Airport Logistics Investment Co., Ltd. (成都空港物流投資有限公司) | Sichuan | Sichuan | Warehouse logistics | - | 100 | Subsidiaries acquired through establishment or investment |
| Hefei Aiguang Logistics Co., Ltd. (合肥愛廣物流有限公司) | Anhui | Anhui | Warehouse logistics | - | 100 | Subsidiaries acquired through establishment or investment |
| Longzhihui (Changzhou) Facility Management Technology Co., Ltd. (龍之惠(常州)設施管理科技有限公司) | Jiangsu | Jiangsu | Enterprise management and consultancy | - | 35 | Subsidiaries acquired through establishment or investment |
| 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 | - | Subsidiaries acquired through establishment or investment |
| Shanghai Macalline Meiju Technology Co., Ltd. (上海美凱龍美居科技有限公司) | Shanghai | Shanghai | Home design | - | 90 | Subsidiaries acquired through establishment or investment |
| Shanghai KEMI Industry Co., Ltd. (上海科米實業有限公司) | Shanghai | Shanghai | Home design | - | 100 | Subsidiaries acquired through establishment or investment |
| Shanghai Boyang Enterprise Development Co., Ltd. (上海鉑洋企業發展有限公司) | Shanghai | Shanghai | Home design | - | 100 | Subsidiaries acquired through establishment or investment |
| 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 | - | Subsidiaries acquired through establishment or investment |
| 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 | Subsidiaries acquired through establishment or investment |
| 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 | Subsidiaries acquired through establishment or investment |
| Hangzhou Red Star Macalline Global Home Living Company Limited (杭州紅星美凱龍環球家居有限公司) | Hangzhou | Hangzhou | Site leasing management | 100 | - | Subsidiaries acquired through establishment or investment |
| Hangzhou Weiliang Electromechanical Hardware Market Co., Ltd. (杭州偉量機電五金市場有限公司) | Hangzhou | Hangzhou | Site leasing management | - | 100 | Subsidiaries acquired through establishment or investment |
| 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) | Shaanxi | Shaanxi | Site leasing management | 80 | - | Subsidiaries acquired through establishment or investment |
| Shanghai Hongxin Oukai Home Living Company Limited (上海虹欣歐凱家居有限公司) | Shanghai | Shanghai | Site leasing management | 50 | - | Subsidiaries acquired through business combination not under common control |
| Shanghai Xinwei Home Purchasing Company Limited (上海新偉置業有限公司) | Shanghai | Shanghai | Site leasing management | 40 | 58 | Subsidiaries acquired through business combination not under common control |

IX. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in Subsidiaries (continued)

(1) Composition of enterprise group (continued)

| Subsidiary name | Main business site | Place of incorporation | Business nature | Shareholding ratio (%) | | Acquisition method |
|--|--------------------|------------------------|----------------------------|------------------------|----------|---|
| | | | | Direct | Indirect | |
| 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) | Henan | Henan | Site leasing management | 51 | 9 | Subsidiaries acquired through business combination not under common control |
| 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) | Sichuan | Sichuan | Site leasing management | - | 50 | Subsidiaries acquired through business combination not under common control |
| Shanghai Red Star Macalline Building Design Company Limited (上海紅星美凱龍建築設計有限公司) | Shanghai | Shanghai | Engineering design | - | 100 | Subsidiaries acquired through business combination not under common control |
| 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) | Jiangsu | Jiangsu | Site leasing management | 100 | - | Subsidiaries acquired through business combination not under common control |
| Langfang Kaihong Home Living Plaza Company Limited (廊坊市凱宏家居廣場有限公司) | Hebei | Hebei | Site leasing management | 70 | - | Subsidiaries acquired through business combination not under common control |
| 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) | Shanghai | Shanghai | Intellectual property | - | 100 | Subsidiaries acquired through business combination not under common control |
| Shanghai Macalline Smart Decoration Technology Co., Ltd. (上海美凱龍智裝科技有限公司) | Shanghai | Shanghai | Home design | - | 68 | Subsidiaries acquired through business combination not under common control |
| 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) | Hohhot | Hohhot | Site leasing management | 100 | - | Subsidiaries acquired through business combination not under common control |
| Kunming Diken Trading Company Limited (昆明迪肯商貿有限公司) | Kunming | Kunming | Site leasing management | 63 | - | Subsidiaries acquired through business combination not under common control |
| 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) | Jiangsu | Jiangsu | Site leasing management | 55 | - | Subsidiaries acquired through business combination not under common control |
| Shanghai Xingyijia Business Management Company Limited (上海星藝佳商業管理有限公司) | Shanghai | Shanghai | Management and consultancy | - | 100 | Subsidiaries acquired through business combination not under common control |
| 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) | Zhejiang | Zhejiang | Site leasing management | 80 | 20 | Subsidiaries acquired through business combination not under common control |
| Shanghai Zengmin Enterprise Management Company Limited (上海增敏企業管理有限公司) | Shanghai | Shanghai | Management and consultancy | - | 100 | Subsidiaries acquired through business combination not under common control |
| 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) | Liaoning | Liaoning | Site leasing management | 62 | - | Subsidiaries acquired through business combination not under common control |
| Yongqing Yintong Construction and Development Co., Ltd. (永清銀通建設開發有限公司) | Hebei | Hebei | Industrial investment | - | 70 | Subsidiaries acquired through business combination not under common control |
| Yongqing Yintai Future Land Construction and Development Co., Ltd. (永清銀泰新城建設開發有限公司) | Hebei | Hebei | Industrial investment | - | 70 | Subsidiaries acquired through business combination not under common control |

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

IX. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in Subsidiaries (continued)

(1) Composition of enterprise group (continued)

| Subsidiary name | Main business site | Place of incorporation | Business nature | Shareholding ratio (%) | | Acquisition method |
|--|--------------------|------------------------|-------------------------|------------------------|----------|---|
| | | | | Direct | Indirect | |
| Yintai (Yongqing) New City Investment Co., Ltd. (銀泰(永清)新城投資有限公司) | Hebei | Hebei | Industrial investment | - | 70 | Subsidiaries acquired through business combination not under common control |
| Qianzhi (Shanghai) Home Furnishing Co., Ltd. (乾智(上海)家居有限公司) | Shanghai | Shanghai | Proprietary sales | 60 | - | Subsidiaries acquired through business combination not under common control |
| Xinsheng Property Management (Shanghai) Co., Ltd. (鑫生物業管理(上海)有限公司) | Shanghai | Shanghai | Site leasing management | 100 | - | Subsidiaries acquired through business combination not under common control |
| Changzhou Macalline International Computer and Electronics Furnishing Plaza Company Limited (常州美凱龍國際電腦電器裝飾城有限公司) | Jiangsu | Jiangsu | Site leasing management | 100 | - | Subsidiaries acquired through business combination under common control |
| Changzhou World Furniture and Home Plaza Co., Ltd. (常州世界傢俱家居廣場有限公司) | Jiangsu | Jiangsu | Site leasing management | 100 | - | Subsidiaries acquired through business combination under common control |
| 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) | Jiangsu | Jiangsu | Site leasing management | 94 | 6 | Subsidiaries acquired through business combination under common control |
| 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) | Jiangsu | Jiangsu | Site leasing management | 60 | 40 | Subsidiaries acquired through business combination under common control |
| Nanjing Red Star International Home Furnishing Mall Company Limited (南京紅星國際傢俱裝飾城有限公司) | Jiangsu | Jiangsu | Site leasing management | 100 | - | Subsidiaries acquired through business combination under common control |
| Nanjing Mingdu Home Furnishing Plaza Company Limited (南京名都家居廣場有限公司) | Jiangsu | Jiangsu | Site leasing management | 60 | 40 | Subsidiaries acquired through business combination under common control |
| Shanghai Red Star Macalline Decorative Furniture Mall Company Limited (上海紅星美凱龍裝飾傢俱有限公司) | Shanghai | Shanghai | Site leasing management | 92 | 5 | Subsidiaries acquired through business combination under common control |
| Shanghai Red Star Macalline Global Home Furnishing Company Limited (上海紅星美凱龍全球家居有限公司) | Shanghai | Shanghai | Site leasing management | 100 | - | Subsidiaries acquired through business combination under common control |
| Shanghai Shanhai Art Furniture Company Limited (上海山海藝術傢俱有限公司) | Shanghai | Shanghai | Site leasing management | - | 90 | Subsidiaries acquired through business combination under common control |
| 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) | Shanghai | Shanghai | Market company | 90 | - | Subsidiaries acquired through business combination under common control |
| 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) | Shandong | Shandong | Site leasing management | 70 | - | Subsidiaries acquired through business combination under common control |
| 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) | Sichuan | Sichuan | Site leasing management | 100 | - | Subsidiaries acquired through business combination under common control |
| Zhengzhou Red Star Macalline International Home Furnishing Company Limited (鄭州紅星美凱龍國際家居有限公司) | Henan | Henan | Site leasing management | 51 | 9 | Subsidiaries acquired through business combination under common control |

IX. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in Subsidiaries (continued)

(1) Composition of enterprise group (continued)

| Subsidiary name | Main business site | Place of incorporation | Business nature | Shareholding ratio (%) | | Acquisition method |
|--|--------------------|------------------------|-------------------------|------------------------|----------|---|
| | | | | Direct | Indirect | |
| 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) | Jiangsu | Jiangsu | Market company | - | 100 | Subsidiaries acquired through business combination under common control |
| 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) | Shanghai | Shanghai | Market company | 45 | 53 | Subsidiaries acquired through business combination under common control |
| 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) | Chongqing | Chongqing | Site leasing management | 100 | - | Subsidiaries acquired through business combination under common control |
| Shanghai Xingkai Chengpeng Business Management Company Limited (上海星凱程騰企業管理有限公司) | Shanghai | Shanghai | Investment management | 100 | - | Subsidiaries acquired through business combination under common control |
| Shanghai Hongmei E-Commerce Company Limited (上海紅美電子商務有限公司) | Shanghai | Shanghai | E-commerce | 100 | - | Subsidiaries acquired through business combination under common control |
| Changzhou Hongyang Home Furnishing Plaza Company Limited (常州紅陽家居生活廣場有限公司) | Jiangsu | Jiangsu | Site leasing management | - | 75 | Subsidiaries acquired through business combination under common control |
| Jiangsu Sunan Construction Company Limited (江蘇蘇南建築安裝工程有限公司) | Jiangsu | Jiangsu | Building construction | - | 100 | Subsidiaries acquired through business combination under common control |
| Shenyang Red Star Macalline Home Living Expo Company Limited (瀋陽紅星美凱龍博覽家居有限公司) | Liaoning | Liaoning | Site leasing management | 100 | - | Subsidiaries acquired through business combination under common control |
| Shanghai Red Star Macalline Industrial Company Limited (上海紅星美凱龍實業有限公司) | Shanghai | Shanghai | Investment management | 100 | - | Subsidiaries acquired through business combination under common control |
| 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) | Beijing | Beijing | Site leasing management | 100 | - | Subsidiaries acquired through business combination under common control |
| 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) | Beijing | Beijing | Site leasing management | 100 | - | Subsidiaries acquired through business combination under common control |
| Beijing Macalline Home Furnishing Material Market Company Limited (北京美凱龍傢俱建材市場有限公司) | Beijing | Beijing | Market company | 20 | 80 | Subsidiaries acquired through business combination under common control |
| 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) | Beijing | Beijing | Market company | - | 100 | Subsidiaries acquired through business combination under common control |
| 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) | Inner Mongolia | Inner Mongolia | Site leasing management | 100 | - | Subsidiaries acquired through business combination under common control |
| 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) | Beijing | Beijing | Site leasing management | - | 100 | Subsidiaries acquired through business combination under common control |
| Shanghai Macalline Zunke Design Engineering Co., Ltd. (上海美凱龍尊科設計工程有限公司) | Shanghai | Shanghai | Home design | - | 46 | Subsidiaries acquired through establishment or investment |

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

IX. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in Subsidiaries (continued)

(1) Composition of enterprise group (continued)

| Subsidiary name | Main business site | Place of incorporation | Business nature | Shareholding ratio (%) | | Acquisition method |
|---|----------------------------------|----------------------------------|---------------------------------------|------------------------|----------|---|
| | | | | Direct | Indirect | |
| Hainan Red Star Macalline Enterprise Management Co., Ltd. (海南紅星美凱龍企業管理有限公司) | Hainan | Hainan | Enterprise management and consultancy | 100 | | Subsidiaries acquired through establishment or investment |
| Macalline Digital Technology Co., Ltd. (美凱龍數字科技有限公司) | Hainan | Hainan | E-commerce | 100 | | Subsidiaries acquired through establishment or investment |
| Shenzhen Meilong Wisdom Home Decoration Engineering Co., Ltd. (深圳市美隆智慧家裝飾工程有限公司) | Guangdong | Guangdong | Home design | | 35 | Subsidiaries acquired through establishment or investment |
| Liuzhou Red Star Macalline Home Furnishing Company Limited (柳州紅星美凱龍家居有限公司) | Guangxi Zhuang Autonomous Region | Guangxi Zhuang Autonomous Region | Site leasing management | 100 | | Subsidiaries acquired through establishment or investment |
| Guizhou Meican Management Company Limited (貴州美察管理有限公司) | Guizhou | Guizhou | Building construction | - | 100 | Subsidiaries acquired through establishment or investment |
| 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 | | Subsidiaries acquired through establishment or investment |
| Suzhou Xingfeng Enterprise Management Consulting Co., Ltd. (宿州市星豐企業管理諮詢有限公司) | Anhui | Anhui | Site leasing management | 100 | | Subsidiaries acquired through business combination not under common control |
| 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) | Fujian | Fujian | Site leasing management | 100 | | Subsidiaries acquired through business combination not under common control |
| 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 | Enterprise management and consultancy | 100 | | Subsidiaries acquired through establishment or investment |
| Hangzhou Macalline Intelligent Industry Development Company Limited (杭州美凱龍智能產業發展有限公司) | Zhejiang | Zhejiang | Enterprise management and consultancy | 51 | 49 | Subsidiaries acquired through establishment or investment |
| Shanghai Chentan Industry Co., Ltd. (上海宸禮實業有限公司) | Shanghai | Shanghai | Enterprise management and consultancy | | 100 | Subsidiaries acquired through establishment or investment |
| Wuhu Yuanche Yuqi Investment Center (Limited Partnership) (蕪湖遠澈御祺投資中心(有限合夥)) | Anhui | Anhui | Investment management | 100 | - | Subsidiaries acquired through establishment or investment |
| Tianjin Yuanmi Enterprise Management Consulting Co., Ltd. (天津遠密企業管理諮詢有限公司) | Tianjin | Tianjin | Investment management | - | 100 | Subsidiaries acquired through establishment or investment |

IX. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in Subsidiaries (continued)

(1) Composition of enterprise group (continued)

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 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 (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 treated 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), 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 Agriculture and Industry Co., Ltd. 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 North Garden Agriculture and Industry Co., Ltd. into liabilities and does not treated it as an equity instrument.

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

IX. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in Subsidiaries (continued)

(1) Composition of enterprise group (continued)

Basis for having not more than half of voting rights but maintaining control over invested units as well as having more than half of voting rights but waiving control over invested units:

Note 1: 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 2: 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 3: 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 Technology Co., Ltd. (龍之惠(常州)設施管理科技有限公司). 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: 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 5: 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 6: 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 7: 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.

For significant consolidated structured entities, the basis of control:

Nil

Basis for determining whether the Company is an agent or a principal:

Nil

Others:

Nil

IX. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in Subsidiaries (continued)

(2) Important non-wholly owned subsidiaries

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Subsidiary name | Minority shareholders' interests ratio (%) | Profit/loss attributable to minority shareholders in the current period | Dividend announced to be distributed to minority shareholders in the current period | Accumulated minority shareholders interests by the end of the period |
|----------------------------|--|---|---|--|
| Zhengzhou Red Star | 39.69% | 45,389,620.56 | 72,900,000.00 | 1,025,299,861.14 |
| Yintai New City Investment | 30.00% | -42,448.28 | - | 424,622,153.15 |
| Suzhou Red Star | 45.00% | 46,650,424.36 | - | 583,244,078.53 |

Explanation of the minority shareholders' interests ratio is not equal to the voting right ratio in the subsidiary:

Applicable Not Applicable

Others:

Applicable Not Applicable

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

IX. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in Subsidiaries (continued)

(3) Important financial information of important non-wholly owned subsidiaries

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Subsidiary name | Closing balance | | | | | | Opening balance | | | | | |
|----------------------------|-----------------|--------------------|------------------|---------------------|-------------------------|-------------------|-----------------|--------------------|------------------|---------------------|-------------------------|-------------------|
| | Current assets | Non-current assets | Total assets | Current liabilities | Non-current liabilities | Total liabilities | Current assets | Non-current assets | Total assets | Current liabilities | Non-current liabilities | Total liabilities |
| Zhengzhou Red Star | 698,823,776.59 | 3,901,023,276.46 | 4,599,847,053.05 | 159,209,082.82 | 1,674,877,315.89 | 1,834,086,398.71 | 834,599,785.72 | 3,888,415,620.32 | 4,723,015,406.04 | 169,116,843.62 | 1,722,498,252.14 | 1,891,615,095.76 |
| Yintai New City Investment | 281,008,265.44 | 2,636,435,550.91 | 2,917,443,816.35 | 794,205,846.64 | 459,251,811.26 | 1,253,457,657.90 | 280,360,972.79 | 2,577,620,001.49 | 2,857,980,974.28 | 734,601,510.32 | 459,251,811.26 | 1,193,853,321.58 |
| Suzhou Red Star | 468,504,165.31 | 1,975,031,336.55 | 2,443,535,501.86 | 154,646,883.42 | 937,240,666.12 | 1,091,887,549.54 | 472,598,226.83 | 1,895,738,129.20 | 2,368,336,356.03 | 181,690,190.16 | 938,665,823.24 | 1,120,356,013.40 |

| Subsidiary name | Amount for the period | | | | Amount for previous period | | | |
|----------------------------|-----------------------|----------------|----------------------------|-------------------------------------|----------------------------|----------------|----------------------------|-------------------------------------|
| | Operating revenue | Net profit | Total comprehensive income | Cash flow from operating activities | Operating revenue | Net profit | Total comprehensive income | Cash flow from operating activities |
| Zhengzhou Red Star | 170,735,092.80 | 114,360,344.06 | 114,360,344.06 | 78,204,716.69 | 184,636,797.82 | 250,199,237.33 | 250,199,237.33 | 152,585,182.95 |
| Yintai New City Investment | - | -141,494.25 | -141,494.25 | -2,198,958.42 | - | -883,306.45 | -883,306.45 | 8,862,366.68 |
| Suzhou Red Star | 91,488,726.59 | 103,667,609.69 | 103,667,609.69 | 15,830,342.23 | 92,967,552.56 | 94,669,225.62 | 94,669,225.62 | 78,419,832.30 |

Others:

Nil

(4) Significant restrictions on the use of assets and settlement of debts of an enterprise group:

Applicable Not Applicable

(5) Financial or other support to structured entities included in the scope of consolidated financial statements:

Applicable Not Applicable

Others:

Applicable Not Applicable

IX. INTERESTS IN OTHER ENTITIES (continued)

2. Transactions in Respect of Which a Subsidiary Remained Under Control Despite Changes in the Shares of Owners' Equity in the Subsidiary

Applicable Not Applicable

(1) Description of changes in the shares of owners' equity in subsidiaries

Applicable Not Applicable

In February 2022, Xingkai Chengpeng, a subsidiary of the Group, acquired 9% of shares held by Shanghai Liaokai Enterprise Management Consulting Service Center (Limited Partnership) in Longzhihui (Shanghai) Facility Management Services Company Limited at a consideration of RMB450,000. Upon completion of the acquisition, the share of owner's equity indirectly owned by the Group in Longzhihui (Shanghai) Facility Management Services Company Limited increased from 50% to 59%. The industrial and commercial change was completed in June 2022.

In February 2022, Xingkai Chengpeng, a subsidiary of the Group, acquired 9% of shares held by Shanghai Liaokai Enterprise Management Consulting Service Center (Limited Partnership) in Longzhihui (Shanghai) Facility Management Services Company Limited at a consideration of RMB450,000, while Longzhihui (Shanghai) Facility Management Services Company Limited originally held 60% of shares of Longzhihui (Changzhou) Facility Management Services Company Limited. Upon completion of the acquisition, the share of owner's equity indirectly owned by the Group in Longzhihui (Changzhou) Facility Management Services Company Limited increased from 30% to 35.4%.

(2) Impact of the transactions on non-controlling interests and the equity attributable to shareholders of the Company

Applicable Not Applicable

Unit: Yuan Currency: RMB

| | Longzhihui (Shanghai) Facility Management Services Company Limited |
|---|--|
| Acquisition costs/Disposal considerations | |
| – Cash | 450,000.00 |
| – Fair value of non-cash assets | |
| Total acquisition costs/disposal considerations | 450,000.00 |
| Less: Share of net assets of a subsidiary based on the proportion of equity interests acquired/disposed of | 687,240.22 |
| Difference | -237,240.22 |
| of which: Adjustment to capital reserve | 237,240.22 |
| Adjustment to surplus reserve | |
| Adjustment to retained earnings | |

Others

Applicable Not Applicable

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

IX. INTERESTS IN OTHER ENTITIES (continued)

3. Interests in Joint Ventures or Associates

✓ Applicable Not Applicable

(1) Important joint ventures or associates

✓ Applicable Not Applicable

Unit: Yuan Currency: RMB

| Name of joint venture or associate | Main business site | Place of incorporation | Business nature | Shareholding ratio (%) | | Accounting treatment of investments in joint ventures or associates |
|--|--------------------|------------------------|--|------------------------|----------|---|
| | | | | Direct | Indirect | |
| Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司) | Sichuan | Sichuan | Site leasing management | 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 | - | 40.00 | Equity method |
| 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 | 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 | 8.00 | 40.00 | 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 | - | 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 | - | 43.00 | Equity method |
| 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 | 60.00 | - | Equity method |
| 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 | - | 50.00 | Equity method |
| Xiamen Xiazhe Investment Partnership (Limited Partnership) (廈門廈裕投資合夥企業(有限合夥)) | Fujian | Fujian | Wholesale and retail | - | 50.00 | Equity method |
| Hefei Longmao Xiansen Home Furnishing Co., Ltd. (合肥龍貓先森家居有限公司) | Fujian | Fujian | Wholesale and retail | - | 30.00 | Equity method |
| Haier Consume Financing Company Limited (海爾消費金融有限公司) | Shandong | Shandong | Finance | - | 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 | 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 | 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 | - | 19.53 | Equity method |
| 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 | - | 11.04 | Equity method |
| Sunseaparking Inc | Cayman | Cayman | Transportation, storage and postage | - | 5.21 | Equity method |
| Wuhan Zhengkai Logistics Co., Ltd. (武漢市正凱物流有限公司) | Hubei | Hubei | Transportation, storage and postage | 18.00 | - | Equity method |
| Guangdong VIFA Customized Home Furnishings Co., Ltd. (廣東威法定制家居股份有限公司) | Guangdong | Guangdong | Manufacture | - | 6.40 | Equity method |
| Weifang Binxing Properties Co., Ltd. (濰坊濱星置業有限公司) | Shandong | Shandong | Real estate | - | 30.00 | Equity method |
| Zhejiang Zhongguang Electric Appliances Group Co., Ltd. (浙江中廣電器集團股份有限公司) | Zhejiang | Zhejiang | Wholesale and retail | - | 8.14 | Equity method |
| Shanghai Xincheng'an Construction Co., Ltd. (上海鑫誠安建設有限公司) | Liaoning | Liaoning | Construction | - | 30.00 | Equity method |

IX. INTERESTS IN OTHER ENTITIES (continued)

3. Interests in Joint Ventures or Associates (continued)

(1) Important joint ventures or associates (continued)

| Name of joint venture or associate | Main business site | Place of incorporation | Business nature | Shareholding ratio (%) | | Accounting treatment of investments in joint ventures or associates |
|--|--------------------|------------------------|--|------------------------|----------|---|
| | | | | Direct | Indirect | |
| 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 | 10.00 | | Equity method |
| LEAWOD Door and Window Group Co., Ltd. (良木連門窗集團有限公司) | Sichuan | Sichuan | Manufacture | | 22.51 | Equity method |
| Suzhou Supin Home Culture Co., Ltd. (蘇州市蘇品宅配文化有限公司) | Jiangsu | Jiangsu | Manufacture | | 15.00 | Equity method |
| 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 | | 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 | | 16.67 | Equity method |
| 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 | | 10.00 | Equity method |
| Shanghai Qiangshang Environmental Technology Company Limited (上海強尚環保科技有限公司) | Shanghai | Shanghai | Wholesale and retail | | 14.49 | Equity method |
| IcolorPrivate Limited | Cayman | Cayman | Construction | | 8.00 | Equity method |
| Ultimate (OT) (Shanghai) 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 | | 11.78 | Equity method |
| Chengdu Rhine Etam Furniture Co., Ltd. (成都艾格傢俱有限公司) | Sichuan | Sichuan | Manufacture | | 29.56 | Equity method |
| Jiangsu Baili Aijia Home Technology Co., Ltd. (江蘇佰麗愛家家居科技有限公司) | Jiangsu | Jiangsu | Science research and technology service | | 10.00 | Equity method |
| 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 | 10.00 | | Equity method |
| 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 | | 14.29 | Equity method |
| ArtPollo Network Technology (Beijing) Company Limited (愛波羅網絡科技(北京)有限公司) | Beijing | Beijing | Technology promotion and application service | | 15.00 | Equity method |
| Shengbao (Shanghai) Intelligent Technology Co., Ltd. (晟保(上海)智能科技有限公司) | Shanghai | Shanghai | Construction | | 10.00 | Equity method |
| 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 | | 6.00 | 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 | 4.90 | | Equity method |
| 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 | | 11.66 | Equity method |
| 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 | | 9.00 | Equity method |
| 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 | | 4.95 | Equity method |
| Anka Household Products (Shanghai) Co., Ltd. (安咖家居用品(上海)有限公司) | Shanghai | Shanghai | Wholesale and retail | | 10.00 | Equity method |
| 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 | | 10.00 | Equity method |
| Wuhu Meihe Asset Management Company Limited (蕪湖美和資產管理有限公司) | Anhui | Anhui | Finance | | 49.00 | Equity method |
| Shanghai AI.Pure Intelligent Technology Co., Ltd. (上海智譜智能科技有限公司) | Shanghai | Shanghai | Wholesale and retail | | 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 | | 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 | | 8.29 | Equity method |
| Shanghai Weilaiishi Decoration Technology Co., Ltd. (上海威來適裝飾科技有限公司) | Shanghai | Shanghai | Wholesale and retail | | 40.00 | Equity method |

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

IX. INTERESTS IN OTHER ENTITIES (continued)

3. Interests in Joint Ventures or Associates (continued)

(1) Important joint ventures or associates (continued)

| Name of joint venture or associate | Main business site | Place of incorporation | Business nature | Shareholding ratio (%) | | Accounting treatment of investments in joint ventures or associates |
|--|--------------------|------------------------|---|------------------------|----------|---|
| | | | | Direct | Indirect | |
| 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 | | 35.00 | 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 | | 32.00 | 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 transportation | | 42.86 | 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 | | 20.00 | 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 | | 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 | | 40.00 | Equity method |
| Shanghai Kaishen Enterprise Management Co., Ltd. (上海凱坤企業管理有限公司) | Shanghai | Shanghai | Commercial services | | 10.00 | Equity method |

Description of the fact that the shareholding percentages in joint ventures or associates were different from the percentages of voting rights:

Nil

The grounds for holding less than 20% of the voting rights in the investees but the Group has significant influence over these investees, and the grounds for holding 20% or more of the voting rights in the investees over which the Group does not have significant influence:

The Group delegates directors to the Company, which has significant influence to the Company.

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

IX. INTERESTS IN OTHER ENTITIES (continued)

3. Interests in Joint Ventures or Associates (continued)

(2) Major financial information of important joint ventures

Applicable Not Applicable

Unit: Yuan Currency: RMB

| | Closing balance/ Amount for the period | Opening balance/ Amount for previous period |
|--|---|---|
| | Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司) | Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司) |
| Current assets | 398,187,978.87 | 367,456,459.83 |
| Including: Cash and cash equivalents | 38,154,932.08 | 95,552,835.54 |
| Non-current assets | 1,779,394,525.20 | 1,799,498,273.56 |
| Total assets | 2,177,582,504.07 | 2,166,954,733.39 |
| Current liabilities | 91,701,143.02 | 97,522,275.08 |
| Non-current liabilities | 400,513,180.94 | 403,227,675.16 |
| Total liabilities | 492,214,323.96 | 500,749,950.24 |
| Non-controlling interests | | |
| Equity attributable to shareholders of the Company | | |

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

IX. INTERESTS IN OTHER ENTITIES (continued)

3. Interests in Joint Ventures or Associates (continued)

(2) Major financial information of important joint ventures (continued)

| | Closing balance/ Amount for the period | Opening balance/ Amount for previous period |
|---|---|---|
| | Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司) | Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司) |
| Net assets share calculated based on the shareholding ratio | 842,684,090.06 | 833,102,391.58 |
| Adjustments | | |
| – Goodwill | | |
| – Unrealised profit of internal transaction | | |
| – Other | | |
| Book value of joint venture equity investment | 842,684,090.06 | 833,102,391.58 |
| Fair value of joint ventures equity investment of public offer | | |
| Operating revenue | 63,973,871.69 | 57,087,235.74 |
| Financial expenses | -4,376,648.91 | -1,794,579.46 |
| Income tax expense | 6,395,472.53 | 6,211,876.43 |
| Net profit | 19,163,396.96 | 21,993,393.94 |
| Net profit of discontinued operations | | |
| Other comprehensive income | | |
| Total comprehensive income | 19,163,396.96 | 21,993,393.94 |
| Dividends received from joint ventures for the year | | |

Others

Nil

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

IX. INTERESTS IN OTHER ENTITIES (continued)

3. Interests in Joint Ventures or Associates (continued)

(3) Major financial information of important associates

✓ Applicable □ Not Applicable

Unit: Yuan Currency: RMB

| | Closing balance/Amount for the period | | Opening balance/Amount for previous period | |
|--|---|--|---|--|
| | Haier Consume Financing Company Limited (海爾消費金融 有限公司) | Shandong Inzone Green Home Co., Ltd. (山東銀座家居 有限公司) | Haier Consume Financing Company Limited (海爾消費金融 有限公司) | Shandong Inzone Green Home Co., Ltd. (山東銀座家居 有限公司) |
| Current assets | 17,788,362,019.18 | 344,243,000.26 | 15,346,938,434.07 | 263,777,611.19 |
| Non-current assets | 269,743,939.09 | 1,621,852,351.67 | 205,523,622.55 | 1,669,615,747.33 |
| Total assets | 18,058,105,958.27 | 1,966,095,351.93 | 15,552,462,056.62 | 1,933,393,358.52 |
| Current liabilities | 13,748,703,099.07 | 487,144,089.14 | 11,418,393,160.32 | 429,380,674.54 |
| Non-current liabilities | 2,435,222,067.59 | 907,845,430.88 | 2,396,724,746.46 | 933,587,395.59 |
| Total liabilities | 16,183,925,166.66 | 1,394,989,520.02 | 13,815,117,906.78 | 1,362,968,070.13 |
| Non-controlling interests Equity attributable to shareholders of the Company | | | | |
| Net assets share calculated based on the shareholding ratio | 468,545,197.90 | 265,564,211.84 | 434,336,037.46 | 265,247,759.10 |
| Adjustments | | 161,379,234.06 | | 161,379,234.06 |
| – Goodwill | | | | |
| – Unrealised profit of internal transaction | | | | |
| – Other | | 161,379,234.06 | | 161,379,234.06 |
| Book value of associates equity investment | 468,545,197.90 | 426,943,445.90 | 434,336,037.46 | 426,626,993.16 |
| Fair value of associates equity investment of public offer | | | | |

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

IX. INTERESTS IN OTHER ENTITIES (continued)

3. Interests in Joint Ventures or Associates (continued)

(3) Major financial information of important associates (continued)

| | Closing balance/Amount for the period | | Opening balance/Amount for previous period | |
|--|---|--|---|--|
| | Haier Consume Financing Company Limited (海爾消費金融 有限公司) | Shandong Inzone Green Home Co., Ltd. (山東銀座家居 有限公司) | Haier Consume Financing Company Limited (海爾消費金融 有限公司) | Shandong Inzone Green Home Co., Ltd. (山東銀座家居 有限公司) |
| Operating revenue | 769,343,996.19 | 193,308,096.35 | 731,833,688.98 | 186,193,005.76 |
| Net profit | 127,676,501.79 | 680,543.53 | 77,290,329.58 | 33,769,583.74 |
| Net profit of discontinued operations | | | | |
| Other comprehensive income | | | | |
| Total comprehensive income | 127,676,501.79 | 680,543.53 | 77,290,329.58 | 33,769,583.74 |
| Dividends received from associates for the year | | | | |

Others

With regard to amounts corresponding to Haier Consume Financing Company Limited for the period, according to the requirements on changes of the financial accounting standards, the structure of revenue and cost of sales for the period was adjusted, which did not affect the operating profit, and the amounts for the same period in 2021 was not adjusted.

Adjustments: the difference between the book value of the investment and the net assets share according to the shareholding ratio is 1) the part where the initial investment cost of long-term equity investments is greater than the share of net assets share of the investee when the investment is acquired; 2) adjustments for the impact of the new lease standard.

IX. INTERESTS IN OTHER ENTITIES (continued)

3. Interests in Joint Ventures or Associates (continued)

(4) Consolidated financial information of unimportant joint ventures and associates

Applicable Not Applicable

Unit: Yuan Currency: RMB

| | Closing balance/ Amount for the period | Opening balance/ Amount for previous period |
|---|--|---|
| Joint ventures: | | |
| Total book value of the investments | 350,668,042.09 | 328,525,813.27 |
| The aggregate of following items calculated based on the shareholding ratio | | |
| – Net profit | 21,642,228.82 | 7,716,099.16 |
| – Other comprehensive income | | |
| – Total comprehensive income | 21,642,228.82 | 7,716,099.16 |
| Associates: | | |
| Total book value of the investments | 1,833,166,236.75 | 1,906,498,944.30 |
| The aggregate of following items calculated based on the shareholding ratio | | |
| – Net profit | -29,198,124.84 | -39,079,239.06 |
| – Other comprehensive income | | |
| – Total comprehensive income | -29,198,124.84 | -39,079,239.06 |

Others

Nil

(5) Description of significant restrictions on the ability of joint ventures or associates to transfer funds to the Company

Applicable Not Applicable

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

IX. INTERESTS IN OTHER ENTITIES (continued)

3. Interests in Joint Ventures or Associates (continued)

(6) Excess loss generated in joint ventures or associates

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Name of joint venture or associate | Cumulative unrecognised prior period accumulated losses | Unrecognised loss in the current period (or net profit shared in the current period) | Accumulated unrecognised loss at the end of period |
|--|---|--|---|
| Shenzhen Red Star Macalline Business Management Company Limited (深圳紅星 美凱龍商業管理有限公司) | -6,275,656.51 | -17,324,444.12 | -23,600,100.63 |
| Shanghai AI.Pure Intelligent Technology Co., Ltd. (上海智諦智能科技有限公司) | -1,877,784.92 | | -1,877,784.92 |
| Wuhu Meihe Asset Management Company Limited (蕪湖美和資產管理有限公司) | | -579,125.77 | -579,125.77 |
| Xingpai Commercial Property Management (Guangzhou) Co., Ltd. (星派商業物業經營 (廣州)有限公司) | | -1,067,392.21 | -1,067,392.21 |

Others:

Nil

(7) Unrecognized commitments in relation to investments in joint ventures

Applicable Not Applicable

(8) Contingent liabilities in relation to investments in joint ventures or associates

Applicable Not Applicable

IX. INTERESTS IN OTHER ENTITIES (continued)

4. Significant Joint Operations

Applicable Not Applicable

5. Interests in Structured Entities not Included in the Scope of Consolidated Financial Statements

Relevant explanation of structured entities not included in the scope of consolidated financial statements:

Applicable Not Applicable

6. Others

Applicable Not Applicable

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

X. RISKS RELATED TO FINANCIAL INSTRUMENTS

✓ Applicable □ Not Applicable

The book values of various financial instruments on the balance sheet date are as follows:

30 June 2022

Financial assets

| | Financial assets at fair value through profit or loss Required by the standards | Financial assets measured at amortized cost | Financial assets at fair value through other comprehensive income Required by the standards Designated | | Total |
|---|---|---|--|-------------------------|--------------------------|
| Cash and bank balance | | 6,134,638,539.93 | | | 6,134,638,539.93 |
| Financial assets held for trading | 966,286,406.87 | | | | 966,286,406.87 |
| Derivative financial assets | 22,053,071.50 | | | | 22,053,071.50 |
| Notes receivable | | 43,933,288.92 | | | 43,933,288.92 |
| Accounts receivable | | 2,256,593,961.43 | | | 2,256,593,961.43 |
| Receivables financing | | | 2,000,000.00 | | 2,000,000.00 |
| Other receivables | | 918,396,796.53 | | | 918,396,796.53 |
| Non-current assets due within one year | | 143,835,202.50 | | | 143,835,202.50 |
| Other current assets | | 1,105,678,074.14 | | | 1,105,678,074.14 |
| Long-term receivables | | 481,755,470.84 | | | 481,755,470.84 |
| Other equity instrument investment | | | | 3,380,785,567.72 | 3,380,785,567.72 |
| Other non-current financial assets | 375,874,540.60 | | | | 375,874,540.60 |
| Other non-current assets | | 1,238,585,373.68 | | | 1,238,585,373.68 |
| | 1,364,214,018.97 | 12,323,416,707.97 | 2,000,000.00 | 3,380,785,567.72 | 17,070,416,294.66 |

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

X. RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)

The book values of various financial instruments on the balance sheet date are as follows: (continued)

30 June 2022 (continued)

Financial liabilities

| | Financial liabilities at fair value through profit or loss | Financial liabilities measured at amortized cost |
|---|--|--|
| Short-term loans | | 2,095,492,691.31 |
| Notes payable | | 84,631,799.24 |
| Derivative financial liabilities | | – |
| Accounts payable | | 2,033,429,455.02 |
| Other payables | | 10,989,010,620.90 |
| Non-current liabilities due within one year | | 9,612,094,250.32 |
| Long-term loans | | 23,536,635,867.64 |
| Bonds payable | | 32,533,000.00 |
| Lease liabilities | | 3,729,555,100.80 |
| Long-term payables | | 668,044,264.33 |
| Other non-current liabilities | | 3,876,846,291.01 |
| Total | | 56,658,273,340.57 |

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

X. RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)

The book values of various financial instruments on the balance sheet date are as follows: (continued)

31 December 2021

Financial assets

| | Financial assets at fair value through profit or loss Required by the standards | Financial assets measured at amortized cost | Financial assets 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 |
| Total | 1,389,467,393.85 | 12,733,737,970.03 | 4,169,970,944.17 | 18,293,176,308.05 |

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

X. RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)

The book values of various financial instruments on the balance sheet date are as follows: (continued)

31 December 2021 (continued)

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

For the period ended 30 June 2022

RMB

X. RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)

1. 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, 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.

X. RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)

1. 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 balance and bank acceptances receivable 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.

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.

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

X. RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)

1. Risks of Financial Instruments (continued)

Credit risks (continued)

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.;

X. RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)

1. 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 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;
- a breach of contract by the debtor.

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.

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

X. RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)

1. 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 "Financial Reports VII. 5, 8, 10, 12, 13, 16 and 31" 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.

X. RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)

1. 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. 40.14% (31 December 2021: 44.19%) of the Group's debts would mature in less than one year as at 30 June 2022.

The table below summarizes the maturity profile of financial liabilities based on the undiscounted contractual cash flows:

2022

| | Within one year | 1-2 years | 2-5 years | Over 5 years | Total |
|---|-------------------|------------------|------------------|-------------------|-------------------|
| Notes payable | 84,631,799.24 | | | | 84,631,799.24 |
| Derivative financial liabilities | | | | | - |
| Accounts payable | 2,033,429,455.02 | | | - | 2,033,429,455.02 |
| Other payables | 10,989,010,620.90 | - | - | | 10,989,010,620.90 |
| Long-term payables | | 191,757,962.49 | 416,958,568.69 | 758,013,265.52 | 1,366,729,796.70 |
| Short-term loans | 2,155,517,092.63 | - | - | - | 2,155,517,092.63 |
| Current liabilities due within one year | 9,052,216,935.68 | - | - | - | 9,052,216,935.68 |
| Long-term loans | 1,330,165,360.94 | 4,761,446,116.92 | 4,673,396,078.83 | 19,242,010,091.28 | 30,007,017,647.96 |
| Bonds payable | 1,720,995.70 | 32,594,295.74 | | | 34,315,291.44 |
| Lease liabilities | 907,477,633.57 | 770,941,034.72 | 1,409,374,705.74 | 4,370,192,903.80 | 7,457,986,277.83 |
| Other non-current liabilities | 128,382,300.34 | 168,498,625.00 | 611,910,088.06 | 2,384,406,274.44 | 3,293,197,287.84 |
| | 26,682,552,194.02 | 5,925,238,034.87 | 7,111,639,441.32 | 26,754,622,535.03 | 66,474,052,205.24 |

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

X. RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)

1. 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.

2022

| | Increase/(decrease) in basis point | Increase/(decrease) in net profit or loss | Increase/(decrease) in total shareholders' equity |
|-----------------|---------------------------------------|--|---|
| Bank borrowings | 50.00 | -73,820,511.03 | -73,820,511.03 |
| Bank borrowings | -50.00 | 73,820,511.03 | 73,820,511.03 |

2021

| | Increase/(decrease) in basis point | Increase/(decrease) in net profit or loss | Increase/(decrease) in total shareholders' equity |
|-----------------|---------------------------------------|--|---|
| Bank borrowings | 50 | -82,488,825.26 | -82,488,825.26 |
| Bank borrowings | -50 | 82,488,825.26 | 82,488,825.26 |

X. RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)

1. 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.

2022

| | Increase/(decrease) in basis point | Increase/(decrease) in net profit or loss | Increase/(decrease) in total shareholders' equity |
|----------------------------------|---------------------------------------|--|---|
| Depreciation of RMB against USD | -5.00 | -12,011,068.24 | -12,011,068.24 |
| Appreciation of RMB against USD | 5.00 | 12,011,068.24 | 12,011,068.24 |
| Depreciation of RMB against HKD | -5.00 | 21,052.56 | 21,052.56 |
| Appreciation of RMB against HKD | 5.00 | -21,052.56 | -21,052.56 |
| Depreciation of RMB against EURO | -5.00 | 1,637,030.00 | 1,637,030.00 |
| Appreciation of RMB against EURO | 5.00 | -1,637,030.00 | -1,637,030.00 |

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

X. RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)

1. Risks of Financial Instruments (continued)

Market risk (continued)

Exchange rate risk (continued)

2021

| | Increase/(decrease) in basis point | Increase/(decrease) in net profit or loss | Increase/(decrease) in total shareholders' equity |
|----------------------------------|---------------------------------------|--|---|
| Depreciation of RMB against USD | -5.00 | -11,705,826.22 | -11,705,826.22 |
| Appreciation of RMB against USD | 5.00 | 11,705,826.22 | 11,705,826.22 |
| Depreciation of RMB against HKD | -5.00 | 1,209,110.85 | 1,209,110.85 |
| Appreciation of RMB against HKD | 5.00 | -1,209,110.85 | -1,209,110.85 |
| Depreciation of RMB against EURO | -5.00 | -50,551,857.37 | -50,551,857.37 |
| Appreciation of RMB against EURO | 5.00 | 50,551,857.37 | 50,551,857.37 |

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 30 June 2022. The Group's listed equity instrument investments are listed on the stock exchange in Shanghai and Shenzhen and are measured at quoted market prices at the balance sheet date.

X. RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)

1. Risks of Financial Instruments (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:

| | 30 June 2022 | 2022 Highest/Lowest | End of 2021 | 2021 Highest/Lowest |
|----------------------|--------------|------------------------|-------------|------------------------|
| SSE – A Share Index | 3,399 | 3,417/3,358 | 3,640 | 3,675/3,312 |
| SZSE – A Share Index | 12,896 | 12,971/12,710 | 14,857 | 15,767/13,252 |

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).

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

X. RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)

1. Risks of Financial Instruments (continued)

Price risk of equity instrument investment (continued)

2022

| | Book value of equity instrument investment | Increase/ (decrease) in net profit or loss | Increase/ (decrease) in net other comprehensive income after tax | Increase/ (decrease) in total shareholders' equity |
|--|--|---|--|---|
| Equity instrument investments | | | | |
| SSE – Measured at fair value through profit or loss | 16,312,407.00 | 1,386,554.60 | – | 1,386,554.60 |
| – Measured at fair value through other comprehensive income | 984,944,002.44 | – | 75,072,564.24 | 75,072,564.24 |
| SZSE – Measured at fair value through profit or loss | 10,826,383.73 | 920,242.62 | | 920,242.62 |
| – Measured at fair value through other comprehensive income | 580,484,740.00 | | 49,341,202.90 | 49,341,202.90 |
| NY – Measured at fair value through profit or loss | | | | |
| – Measured at fair value through other comprehensive income | | | | |
| 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 |

X. RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)

2. 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 loans, 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:

| | 30 June 2022 | 31 December 2021 |
|---|-------------------|-------------------|
| Short-term loans | 2,095,492,691.31 | 2,957,088,415.02 |
| Notes payable | 84,631,799.24 | 9,000,000.00 |
| Non-current liabilities due within one year | 9,612,094,250.32 | 11,699,289,233.98 |
| Other current liabilities | | – |
| Long-term loans | 23,536,635,867.64 | 21,606,316,908.01 |
| Bonds payable | 32,533,000.00 | 532,619,987.37 |
| Financial lease payable | 121,425,638.55 | 193,367,582.65 |
| Other non-current liabilities | 2,735,124,642.78 | 4,216,533,813.72 |
| Lease liabilities | 3,729,555,100.80 | 3,957,786,655.49 |
| Cash and cash equivalents | 5,594,418,056.67 | 6,097,986,723.20 |
| Net liabilities | 36,353,074,933.97 | 39,074,015,873.04 |
| Adjusted capital | 52,719,686,722.10 | 52,104,066,661.47 |
| Capital and net liabilities | 89,072,761,656.07 | 91,178,082,534.51 |
| Gearing ratio | 40.8% | 42.9% |

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

XI. DISCLOSURE OF FAIR VALUE

1. Closing Fair Value of Assets and Liabilities Measured at Fair Value

✓ Applicable □ Not Applicable

Unit: Yuan Currency: RMB

| Items | Closing fair value | | | Total |
|---|---------------------------------------|--|---------------------------------------|---------------------------|
| | Fair value measurement in first level | Fair value measurement in second level | Fair value measurement in third level | |
| I. Persistent fair value measurement | | | | |
| (I) Financial assets held for trading | 27,138,848.23 | | 939,147,558.64 | 966,286,406.87 |
| 1. Financial assets at fair value through profit or loss | | | | |
| (1) Debt instrument investments | | | 939,147,558.64 | 939,147,558.64 |
| (2) Equity instrument investments | 27,138,848.23 | | | 27,138,848.23 |
| (3) Derivative financial assets | | | | |
| 2. Financial assets designated at fair value through profit or loss | | | | |
| (1) Debt instrument investments | | | | |
| (2) Equity Instrument Investments | | | | |
| (II) Other debt investments | | | | |
| (III) Investment in other equity instruments | 1,531,483,632.67 | 4,039,453.00 | 1,845,262,482.05 | 3,380,785,567.72 |
| (IV) Investment properties | | | 96,164,000,000.00 | 96,164,000,000.00 |
| 1. The right to use the leased land | | | | |
| 2. Leased buildings | | | 96,164,000,000.00 | 96,164,000,000.00 |
| 3. The right to use the land held for appreciation | | | | |
| (V) Biological assets | | | | |
| 1. Wasting biological assets | | | | |
| 2. Productive biological assets | | | | |
| (VI) Derivative financial assets | | 22,053,071.50 | | 22,053,071.50 |
| (VII) Receivables financing | | 2,000,000.00 | | 2,000,000.00 |
| (VIII) Other non-current financial assets | | | 375,874,540.60 | 375,874,540.60 |
| Total assets measured at fair value on a recurring basis | 1,558,622,480.90 | 28,092,524.50 | 99,324,284,581.29 | 100,910,999,586.69 |

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

XI. DISCLOSURE OF FAIR VALUE (continued)

1. Closing Fair Value of Assets and Liabilities Measured at Fair Value (continued)

Unit: Yuan Currency: RMB

| Items | Closing fair value | | | Total |
|--|---------------------------------------|--|---------------------------------------|-------|
| | Fair value measurement in first level | Fair value measurement in second level | Fair value measurement in third level | |
| (VI) Trading financial liabilities | | | | |
| 1. Financial liabilities as at fair value through profit or loss | | | | |
| Including: Issued trading bonds | | | | |
| Derivative financial liabilities | | | | |
| Others | | | | |
| 2. Financial liabilities designated at fair value through profit or loss | | | | |
| Total liabilities continuously measured at fair value | | | | |
| II. Non-continuous fair value measurement | | | | |
| (I) Assets classified as held for sale | | | | |
| Non-continuous total assets measured at fair value | | | | |
| Non-continuous total liabilities measured at fair value | | | | |

2. Basis for Determining Market Price of Continuous and Non-continuous Level-1 Fair Value Measurement Items

Applicable Not Applicable

The trading financial assets and some other equity instrument investments held by the Group are listed company stocks, and their market prices are based on the closing prices of the stocks on the day.

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

XI. DISCLOSURE OF FAIR VALUE (continued)

3. Valuation Techniques Used and the Qualitative and Quantitative Information of Key Parameters for Recurring and Non-Recurring Fair Value Measurements Categorised within Level 2

Applicable Not Applicable

Some other equity instrument investments held by the Group are NEEQ stocks. For orderly traders, the fair value is based on the closing price of the period; for non-ordered traders, the fair value is adjusted based on the closing price of the period.

4. Valuation Techniques Used and the Qualitative and Quantitative Information of Key Parameters for Recurring and Non-Recurring Fair Value Measurements Categorised within Level 3

Applicable Not Applicable

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 RMB186,142,270.66; under quite favorable assumption, the fair values increase approximately RMB223,370,724.79.

XI. DISCLOSURE OF FAIR VALUE (continued)

4. Valuation Techniques Used and the Qualitative and Quantitative Information of Key Parameters for Recurring and Non-Recurring Fair Value Measurements Categorised within Level 3 (continued)

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 30 June 2022, 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.

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.

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

XI. DISCLOSURE OF FAIR VALUE (continued)

4. Valuation Techniques Used and the Qualitative and Quantitative Information of Key Parameters for Recurring and Non-Recurring Fair Value Measurements Categorised within Level 3 (continued)

Fair value of investment properties using fair value model (continued)

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 30 June 2022 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.

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

XI. DISCLOSURE OF FAIR VALUE (continued)

4. Valuation Techniques Used and the Qualitative and Quantitative Information of Key Parameters for Recurring and Non-Recurring Fair Value Measurements Categorised within Level 3 (continued)

Fair value of investment properties using fair value model (continued)

Following is an overview of significant unobservable inputs for the measurement of level-3 fair value:

| 30 June 2022 | | Fair value | Valuation technique(s) | Unobservable inputs | Range (Weighted average) |
|--|------|-------------------|---|---|-----------------------------|
| Investment properties - completed properties | 2022 | 89,097,000,000.00 | Income approach/Direct comparison approach | Price of unit area leasable (per square meter per month) | 2022: RMB14-253 |
| | 2021 | 88,633,000,000.00 | | | Capitalization rate |
| Investment properties - properties under construction at an early development stage | 2022 | 2,447,000,000.00 | Direct comparison approach/ Hypothetical development approach | Unit area price of investment properties (per square meter) | 2022: RMB354-22,526 |
| | 2021 | 4,068,000,000.00 | | | 2021: RMB343-19,544 |
| Investment properties - other properties under construction | 2022 | 4,620,000,000.00 | Hypothetical development approach | Price of unit area leasable (per square meter per month) | 2022: RMB13-70 |
| | 2021 | 2,874,000,000.00 | | | Capitalization rate |
| Other equity instrument investments | 2022 | 1,845,262,482.05 | Comparable company approach | Liquidity discount rate | 2022: 80%-85% |
| | 2021 | 1,970,228,363.65 | | | 2021: 80%-85% |
| Other non-current financial assets | 2022 | 375,874,540.60 | Discounted cash flow approach | Risk-adjusted discount rate | 2022: 13.04%-14.48% |
| | 2021 | 370,774,540.60 | | | 2021: 13.04%-14.48% |
| Financial assets held for trading – debt instrument investments | 2022 | 939,147,558.64 | Discounted cash flow approach | Risk-adjusted discount rate | 2022: 2.2% |
| | 2021 | 638,410,553.66 | | | 2021: 2.2% |

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

XI. DISCLOSURE OF FAIR VALUE (continued)

5. Adjustment Information of Carrying Amounts between the Beginning of Period and the End of Period for Recurring Fair Value Measurements Categorised within Level 3 and Unobservable Parameter Sensitivity Analysis

Applicable Not Applicable

| | Opening balance | Transferred into level 3 | Transferred out of level 3 | Total gain or loss for the current period | | Purchase | Sell | 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 | 638,410,553.66 | | | | | 641,853,925.86 | -341,116,920.88 | 939,147,558.64 | |
| Other equity instrument investments | 1,970,228,363.65 | | -165,493,421.56 | | 63,366,683.18 | 20,000,000.00 | -42,839,143.22 | 1,845,262,482.05 | |
| Other non-current financial assets | 370,774,540.60 | | | | | 5,100,000.00 | | 375,874,540.60 | |
| Investment properties | 95,575,000,000.00 | | | 95,640,907.31 | | 493,359,092.69 | | 96,164,000,000.00 | 95,640,907.31 |
| | 98,554,413,457.91 | | -165,493,421.56 | 95,640,907.31 | 63,366,683.18 | 1,160,313,018.55 | -383,956,064.10 | 99,324,284,581.29 | 95,640,907.31 |

6. Reason for Conversion for Transfer between Levels during the Current Period for Continuous Fair Value Measurement Items, and Policies for Determination of Time Point of the Conversion

Applicable Not Applicable

2022

| | Transfer into | Transfer out of | Reason |
|---------|-----------------------|-----------------------|---------------|
| Level 1 | 165,493,421.56 | | Note 1 |
| Level 2 | | | |
| Level 3 | | 165,493,421.56 | Note 1 |
| | 165,493,421.56 | 165,493,421.56 | |

Note 1: Compared with 2021, in 2022, other equity instrument investment of RMB165,493,421.56 was listed, and the fair value measurement level was transferred from the level 3 to the level 1.

XI. DISCLOSURE OF FAIR VALUE (continued)

6. Reason for Conversion for Transfer between Levels during the Current Period for Continuous Fair Value Measurement Items, and Policies for Determination of Time Point of the Conversion (continued)

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.

7. Changes in the Valuation Techniques during the Current Period and Reason for Changes

Applicable Not Applicable

8. Financial Assets and Financial Liabilities not Measured at Fair Value but Disclosed at Fair Value

Applicable Not Applicable

The Group's financial assets and financial liabilities measured at amortized cost mainly include: accounts receivable, other receivables, non-current assets due within one year, other current assets, long-term receivables, other non-current assets, short-term loans, accounts payable, other payables, non-current liabilities due within one year, bonds payable, long-term loans, long-term payables and other non-current liabilities, etc.

The Group's management believes that the carrying amounts of other financial assets and financial liabilities in the financial statements are close to the fair value of such assets and liabilities.

9. Others

Applicable Not Applicable

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

1. Information on the Parent of the Company

Applicable Not Applicable

Unit: RMB'0,000 Currency: RMB

| Parent company name | Place of incorporation | Nature of business | Registered capital | Equity proportion of the parent in the Company (%) | Voting rights proportion of the parent in the Company (%) |
|--|------------------------|-----------------------|--------------------|--|---|
| Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) ("RSM Holding") | Shanghai, China | Investment management | RMB200 million | 60.12 | 60.12 |

Explanation of the information on the parent of the Company

Nil

Ultimate controlling party of the Company is CHE Jianxing

Others:

Nil

2. Information on the Subsidiaries of the Company

The subsidiaries of the Company are detailed in the notes

Applicable Not Applicable

For details of the subsidiaries of the Company, please refer to the "Financial Reports IX. 1. Interests in Subsidiaries".

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

3. Information on the Joint Ventures and Associates of the Company

The Company's major joint ventures or associated enterprises are detailed in the notes

Applicable Not Applicable

For the details of joint ventures and associates of the Company, please refer to "Financial Reports IX. 3. Interests in Joint Ventures or Associates".

Information on other joint ventures or associates with balances arising out of their related party transactions with the Company during the period or the previous period is as follows

Applicable Not Applicable

4. Information on Other Related Parties

Applicable Not Applicable

| 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 |

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

4. Information on Other Related Parties (continued)

| Name of other related parties | Relationship between other related parties and the Company |
|--|--|
| 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 Business Service Co., Ltd. (杭州諾貝爾商業服務有限公司) | 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 |
| 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 |

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

4. Information on Other Related Parties (continued)

| Name of other related parties | Relationship between other related parties and the Company |
|--|--|
| 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 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 Xingyinhai 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 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 |

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

4. Information on Other Related Parties (continued)

| Name of other related parties | Relationship between other related parties and the Company |
|--|--|
| CHE Guoxing (車國興) | Family member who has a close relationship with the ultimate actual controller |
| CHE Jianfang (車建芳) | 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 |
| 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 Hongjing Boxing Parking Management Co., Ltd. (北京鴻景泊興停車管理有限公司) | 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 |
| 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 |
| Dongying Chuangzhan Real Estate Co., Ltd. (東營創展置業有限公司) | Subsidiary of an associate |
| Heze Inzone Green Home Co., Ltd. (菏澤銀座家居有限公司) | Subsidiary of an associate |

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

4. Information on Other Related Parties (continued)

| Name of other related parties | Relationship between other related parties and the Company |
|--|--|
| Mex Smart Home (Shen Zhen) Co., Ltd. (美時智能家居(深圳)有限公司) | Subsidiary of an associate |
| Shanghai Xingyue Property Service Co., Ltd. (上海星悅物業服務有限公司) and its branches | Subsidiary of an associate |
| Taiyuan Inters Intelligent Parking Management Co., Ltd. (太原英特斯智能停車管理有限公司) | Subsidiary of an associate |
| Weihai Happiness Home Co., Ltd. (威海幸福家居有限公司) | 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 |
| 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 |
| Changzhou Yuanhong Real Estate Co., Ltd. (常州遠弘置業有限公司) | 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 |

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

4. Information on Other Related Parties (continued)

| Name of other related parties | Relationship between other related parties and the Company |
|--|---|
| 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 |
| 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 |
| Huaian Xinmeilong Real Estate Co., Ltd. (淮安新美龍置業有限公司) | 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 |
| 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 |
| Jinke Smart Services Group Co., Ltd. (金科智慧服務集團股份有限公司) and its branches | 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 |

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

4. Information on Other Related Parties (continued)

| Name of other related parties | Relationship between other related parties and the Company |
|---|---|
| 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 |
| 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) and its branches | Corporate significantly influenced 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 significantly influenced 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 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 Pinwei Property Management Co., Ltd. (蘇州紅星品唯物業管理有限公司) | 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 |

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

4. Information on Other Related Parties (continued)

| Name of other related parties | Relationship between other related parties and the Company |
|--|---|
| 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 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 |
| 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 |
| 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 |
| 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 |

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

4. Information on Other Related Parties (continued)

| Name of other related parties | Relationship between other related parties and the Company |
|---|---|
| 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 Property Management Co., Ltd. (雲南紅星美凱龍物業管理有限公司) | 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 |
| Yunnan Yuanze Pinwei Property Management Co., Ltd. (雲南遠擇品唯物業管理有限公司) | 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. (鄭州星鉞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 Hotel Co., Ltd. (重慶金科大酒店有限公司) | 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 |

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

4. Information on Other Related Parties (continued)

| Name of other related parties | Relationship between other related parties and the Company |
|---|---|
| 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 |
| Chongqing New Start Decorative Engineering Co., Ltd. (重慶新起點裝飾工程有限公司) | 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 Jintan Kaihui Real Estate Development Co., Ltd. (常州金壇凱匯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 |
| 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 |
| Dalian Xingqin Business Management Co., Ltd. (大連星琴商業管理有限公司) | Corporate controlled by RSM Holding or the ultimate actual controller |
| Lanzhou Red Star Business Management Co., Ltd. (蘭州紅星商業管理有限公司) | 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 |
| 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 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 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 |

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

4. Information on Other Related Parties (continued)

| Name of other related parties | Relationship between other related parties and the Company |
|--|---|
| 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 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 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 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 |
| 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 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 |

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

4. Information on Other Related Parties (continued)

| Name of other related parties | Relationship between other related parties and the Company |
|---|---|
| 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 Xinxing Catering Management Co., Ltd. (上海忝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 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 |
| 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 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 |
| 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 |
| 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 |

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

4. Information on Other Related Parties (continued)

| Name of other related parties | Relationship between other related parties and the Company |
|--|--|
| 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 |
| 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 |
| 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 Cloud Computing Co., Ltd. (阿里雲計算有限公司) | Subsidiary of corporate that has a significant impact on the Group |
| Beijing Hema Network Technology Co., Ltd. (北京盒馬網絡科技有限公司) | 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 |
| Hangzhou Ant Nest Supply Chain Service Co., Ltd. (杭州蟻巢供應鏈服務有限公司) | 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 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 Technology Co., Ltd. (浙江天貓技術有限公司) | 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 |
| 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 |
| 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 |

Others:

Nil

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Information on Related Party Transactions

(1) Related Party Transactions in relation to the purchase and sale of goods, provision and receipt of services

Table on purchase of goods/receipt of services

✓ Applicable □ Not Applicable

Unit: Yuan Currency: RMB

| Related Parties | Details of Related Party Transactions | Amount Recognized in the Current Period | Amount Recognized in the Prior Period |
|--|---------------------------------------|---|---------------------------------------|
| Shanghai Hongxing Cloud Computing Technology Co., Ltd. (上海紅星雲計算科技有限公司) | Purchase of goods | 18,230,019.81 | 6,405,660.20 |
| Alibaba Cloud Computing Co., Ltd. (阿里雲計算有限公司) | Purchase of goods | 641,047.51 | |
| Xishuangbanna cloud investment construction Pan Asia Real Estate Co., Ltd. (西雙版納雲投建設泛亞置業有限公司) | Purchase of goods | 153,312.21 | 436,635.32 |
| Baoshan Red Star Urban and Rural Investment and Real Estate Co., Ltd. (保山紅星城鄉投置業有限公司) | Purchase of goods | 139,176.46 | 36,055.40 |
| Tao Bao (China) Software Co., Ltd. (淘寶(中國)軟件有限公司) | Purchase of goods | 38,169.43 | 35,867.89 |
| Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司) | Purchase of goods | 1,400.00 | 824.53 |
| Yangzhou Century Lianhua Commercial Co., Ltd. (揚州世紀聯華商業有限公司) | Purchase of goods | N/A | 12,670.00 |
| Suning.com Group Co., Ltd. (蘇寧易購集團股份有限公司) and its subsidiaries | Purchase of goods | N/A | 35,732.00 |

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Information on Related Party Transactions (continued)

(1) Related Party Transactions in relation to the purchase and sale of goods, provision and receipt of services (continued)

| Related Parties | Details of Related Party Transactions | Amount Recognized in the Current Period | Amount Recognized in the Prior Period |
|--|---------------------------------------|---|---------------------------------------|
| Shenyang Yuanze Xinghui Property Management Co., Ltd. (瀋陽遠擇星輝物業管理有限公司) | Purchase of goods | N/A | 1,176,922.66 |
| Meinian Onehealth Healthcare (Group) Co., Ltd (美年大健康產業(集團)有限公司) and its subsidiaries | Purchase of goods | N/A | 201,072.00 |
| Wuhan Zhengkai Logistics Co., Ltd. (武漢市正凱物流有限公司) | Purchase of goods | – | 8,356.35 |
| Wuhu Minghui Business Management Co., Ltd. (蕪湖明輝商業管理有限公司) | Purchase of goods | – | 1,116.98 |
| Shanghai AI.Pure Intelligent Technology Co., Ltd. (上海智諦智能科技有限公司) | Purchase of goods | – | 510,931.11 |
| Shanghai Yueying Technology Co., Ltd. (上海躍影科技有限公司) | Purchase of goods | – | 27,000.00 |
| Qianzhi (Beijing) Cultural Development Co., Ltd. (乾智(北京)文化發展有限公司) | Purchase of goods | – | 51,317.00 |
| Kunming Hongxing Haihui Real Estate Co., Ltd. (昆明紅星海匯房地產有限公司) | Purchase of goods | – | 143,505.67 |
| Kunming Guangyuan Real Estate Development Co., Ltd. (昆明廣遠房地產開發有限公司) | Purchase of goods | – | 10,830.19 |
| Ultimate IOT (Shanghai) Technology Co., Ltd. (超級智慧家(上海)物聯網科技有限公司) | Purchase of goods | – | 18,266.97 |
| 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) | Purchase of goods | – | 2,596.00 |

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Information on Related Party Transactions (continued)

(1) Related Party Transactions in relation to the purchase and sale of goods, provision and receipt of services (continued)

| Related Parties | Details of Related Party Transactions | Amount Recognized in the Current Period | Amount Recognized in the Prior Period |
|--|---------------------------------------|---|---------------------------------------|
| Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司) | Joint marketing | 1,585,673.03 | 327,496.22 |
| Shandong Inzone Green Home Co., Ltd. (山東銀座家居有限公司) | Joint marketing | 1,284,867.93 | 231,981.14 |
| Wuhu Minghui Business Management Co., Ltd. (蕪湖明輝商業管理有限公司) | Joint marketing | 596,262.82 | 484,056.60 |
| Dongying Chuangzhan Real Estate Co., Ltd. (東營創展置業有限公司) | Joint marketing | 573,132.07 | 70,000.00 |
| Binzhou Inzone Green Home Co., Ltd. (濱州銀座家居有限公司) | Joint marketing | 484,905.66 | 85,377.35 |
| Jining Hongrui Market Management Company Limited (濟寧鴻瑞市場經營管理有限公司) | Joint marketing | 417,121.69 | 206,432.07 |
| Wuhan Zhengkai Logistics Co., Ltd. (武漢市正凱物流有限公司) | Joint marketing | 226,606.60 | 714,150.92 |
| Heze Inzone Green Home Co., Ltd. (荷澤銀座家居有限公司) | Joint marketing | 179,386.79 | 25,188.68 |
| 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) | Joint marketing | 158,150.00 | |
| 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) | Joint marketing | 104,964.15 | 76,646.88 |

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Information on Related Party Transactions (continued)

(1) Related Party Transactions in relation to the purchase and sale of goods, provision and receipt of services (continued)

| Related Parties | Details of Related Party Transactions | Amount Recognized in the Current Period | Amount Recognized in the Prior Period |
|---|--|---|---------------------------------------|
| Weihai Happiness Home Co., Ltd. (威海幸福家居有限公司) | Joint marketing | 17,792.45 | |
| Suzhou Supin Home Culture Co., Ltd. (蘇州市蘇品宅配文化有限公司) | Joint marketing | 16,212.39 | |
| 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 | 30,377.36 |
| 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 | N/A | 12,169.81 |
| Shanghai CTME Economy & Trade Development Co., Ltd. (上海中貿美凱龍經貿發展有限公司) | Joint marketing | - | 232,339.62 |
| 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 | 236,666.78 | 198,849.29 |
| Jining Hongrui Market Management Company Limited (濟寧鴻瑞市場經營管理有限公司) | Revenue from advertising space lease/ Administrative expenses | 171,108.88 | |

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Information on Related Party Transactions (continued)

(1) Related Party Transactions in relation to the purchase and sale of goods, provision and receipt of services (continued)

| Related Parties | Details of Related Party Transactions | Amount Recognized in the Current Period | Amount Recognized in the Prior Period |
|--|---|---|---------------------------------------|
| 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 | 124,402.07 | 71,428.55 |
| 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 | 94,199.04 | 25,396.80 |
| Shandong Inzone Green Home Co., Ltd. (山東銀座家居有限公司) | Revenue from advertising space lease/ Administrative expenses | 68,807.34 | 17,966.36 |
| Shaanxi Hongrui Home Furnishings Plaza Co., Ltd. (陝西鴻瑞家居生活廣場有限公司) | Revenue from advertising space lease/ Administrative expenses | 40,952.40 | 35,079.40 |
| Xuzhou Red Star Macalline International Furniture Decoration City Co., Ltd. (徐州紅星美凱龍國際傢俱裝飾城有限公司) | Revenue from advertising space lease/ Administrative expenses | 30,476.17 | |

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Information on Related Party Transactions (continued)

(1) Related Party Transactions in relation to the purchase and sale of goods, provision and receipt of services (continued)

| Related Parties | Details of Related Party Transactions | Amount Recognized in the Current Period | Amount Recognized in the Prior Period |
|---|---|---|---------------------------------------|
| Shenzhen Red Star Macalline Expo Home Plaza Co., Ltd. (深圳紅星美凱龍世博家居廣場有限公司) | Revenue from advertising space lease/ Administrative expenses | 25,687.68 | |
| Binzhou Inzone Green Home Co., Ltd. (濱州銀座家居有限公司) | Revenue from advertising space lease/ Administrative expenses | 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) | Revenue from advertising space lease/ Administrative expenses | N/A | 9,650.90 |
| 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 | 176,184,310.55 | |
| Shanghai Xingyue Property Service Co., Ltd. (上海星悅物業服務有限公司) and its branches | Receipt of services | 109,810,163.76 | 11,951,367.61 |
| Shanghai Hongxing Cloud Computing Technology Co., Ltd. (上海紅星雲計算科技有限公司) | Receipt of services | 11,786,725.69 | 15,807,520.00 |
| Zhejiang Tmall Technology Co., Ltd. (浙江天貓技術有限公司) | Receipt of services | 9,160,788.40 | 4,658,703.09 |

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Information on Related Party Transactions (continued)

(1) Related Party Transactions in relation to the purchase and sale of goods, provision and receipt of services (continued)

| Related Parties | Details of Related Party Transactions | Amount Recognized in the Current Period | Amount Recognized in the Prior Period |
|---|---------------------------------------|---|---------------------------------------|
| Zhanjiang Haixin Meikai Investment Co., Ltd. (湛江市海新美凱投資有限公司) | Receipt of services | 8,071,237.05 | |
| Shanghai Zhenyang Decoration Co., Ltd. (上海振洋建築裝潢工程有限公司) | Receipt of services | 7,653,232.30 | 2,628,603.77 |
| Shanghai Xingzhiyu Commercial Management Co., Ltd. (上海星之域商業經營管理有限公司) | Receipt of services | 6,714,594.91 | 6,323,995.47 |
| Zhejiang Tmall Network Co., Ltd. (浙江天貓網絡有限公司) | Receipt of services | 6,540,736.21 | |
| Shanghai Jiazhan Construction Engineering Company Limited (上海嘉展建築裝潢工程有限公司) | Receipt of services | 6,433,412.10 | 3,354,582.89 |
| Hangzhou Alimama Software Services Co., Ltd. (杭州阿里媽媽軟件服務有限公司) | Receipt of services | 4,344,240.97 | 1,499,132.20 |
| Changyuanxin Supply Chain Management (Dongguan) Co., Ltd. (昌源鑫供應鏈管理(東莞)有限公司) | Receipt of services | 1,617,936.41 | 4,620,454.58 |
| Zhejiang Alibaba Communication Technology Co., Ltd. (浙江阿里巴巴通信技術有限公司) | Receipt of services | 1,584,817.12 | 486,956.43 |
| Shanghai Yunshen Intelligent Technology Co., Ltd. (上海雲紳智能科技有限公司) | Receipt of services | 600,000.00 | |
| Alibaba Cloud Computing Co., Ltd. (阿里雲計算有限公司) | Receipt of services | 550,387.78 | |

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Information on Related Party Transactions (continued)

(1) Related Party Transactions in relation to the purchase and sale of goods, provision and receipt of services (continued)

| Related Parties | Details of Related Party Transactions | Amount Recognized in the Current Period | Amount Recognized in the Prior Period |
|--|---------------------------------------|---|---------------------------------------|
| Shanghai Xincheng'an Construction Co., Ltd. (上海鑫誠安建設有限公司) | Receipt of services | 356,575.06 | 1,156,334.01 |
| 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 | 273,576.02 | 517,161.34 |
| 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 | 174,315.98 | 1,369,239.85 |
| Chongqing Jinke Hotel Co., Ltd. (重慶金科大酒店有限公司) | Receipt of services | 113,031.70 | |
| Jinke Smart Services Group Co., Ltd. (金科智慧服務集團股份有限公司) | Receipt of services | 103,773.59 | |
| Yuyao Xingkai Real Estate Co., Ltd. (余姚星凱置業有限公司) | Receipt of services | 55,358.46 | |
| Alibaba (Sichuan) Network Technology Co., Ltd. (阿里(四川)網絡技術有限公司) | Receipt of services | 38,174.72 | 593.29 |
| Shanghai Red Star Parking Management Co., Ltd. (上海紅星停車管理有限公司) | Receipt of services | 21,042.00 | |
| 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 |
| Chongqing Xingmei Business Management Co., Ltd. (重慶星美商業管理有限公司) | Receipt of services | – | 76,883.92 |

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Information on Related Party Transactions (continued)

(1) Related Party Transactions in relation to the purchase and sale of goods, provision and receipt of services (continued)

| Related Parties | Details of Related Party Transactions | Amount Recognized in the Current Period | Amount Recognized in the Prior Period |
|--|--|---|---------------------------------------|
| Suzhou Red Star Pinwei Property Management Co., Ltd. (蘇州紅星品唯物業管理有限公司) | Receipt of services | – | 149,964.00 |
| Chengdu Wanfu Xingkai Business Management Co., Ltd. (成都萬福星凱商業管理有限公司) | Receipt of services | – | 26,198.09 |
| Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司) | Receipt of services | – | 9,537.62 |
| Shenyang Yuanze Xinghui Property Management Co., Ltd. (瀋陽遠擇星輝物業管理有限公司) | Receipt of services | N/A | 162,000.00 |
| 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 | 1,039,694.45 | |
| Wuhu Minghui Business Management Co., Ltd. (蕪湖明輝商業管理有限公司) | Settlement of interest income from deposit | 40,080.34 | 21,689.39 |
| Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司) | Settlement of interest income from deposit | 14,857.76 | 6,312.20 |
| 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 | N/A | 2,654.86 |

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Information on Related Party Transactions (continued)

(1) Related Party Transactions in relation to the purchase and sale of goods, provision and receipt of services (continued)

Table on sales of goods/rendering of services

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Related Parties | Details of Related Party Transactions | Amount Recognized in the Current Period | Amount Recognized in the Prior Period |
|---|---------------------------------------|---|---------------------------------------|
| Lanzhou Red Star Business Management Co., Ltd. (蘭州紅星商業管理有限公司) | Sales of goods | 640,817.56 | |
| Yunnan Yuanze Pinwei Property Management Co., Ltd. (雲南遠擇品唯物業管理有限公司) | Sales of goods | 304,974.04 | |
| Wuhu Minghui Business Management Co., Ltd. (蕪湖明輝商業管理有限公司) | Sales of goods | 126,764.60 | 19,398.23 |
| Dongying Chuangzhan Real Estate Co., Ltd. (東營創展置業有限公司) | Sales of goods | 97,858.41 | 89,653.99 |
| Binzhou Inzone Green Home Co., Ltd. (濱州銀座家居有限公司) | Sales of goods | 64,769.91 | |
| Shandong Inzone Green Home Co., Ltd. (山東銀座家居有限公司) | Sales of goods | 63,486.73 | 95,918.60 |
| Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司) | Sales of goods | 48,361.06 | 130,567.25 |

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Information on Related Party Transactions (continued)

(1) Related Party Transactions in relation to the purchase and sale of goods, provision and receipt of services (continued)

| Related Parties | Details of Related Party Transactions | Amount Recognized in the Current Period | Amount Recognized in the Prior Period |
|---|---------------------------------------|---|---------------------------------------|
| Wuhan Zhengkai Logistics Co., Ltd. (武漢市正凱物流有限公司) | Sales of goods | 42,902.65 | 24,734.51 |
| 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 | 33,466.01 | 6,872.30 |
| Jining Hongrui Market Management Company Limited (濟寧鴻瑞市場經營管理有限公司) | Sales of goods | 17,805.32 | |
| Shanghai Huojing Business Management Company Limited (上海或京商業管理有限公司) and its branches | Sales of goods | 15,354.91 | 33,006.52 |
| Shaanxi Hongrui Home Furnishings Plaza Co., Ltd. (陝西鴻瑞家居生活廣場有限公司) | Sales of goods | 8,522.12 | |
| Business Division of Nanjing Pukou Lilicheng Furniture (南京市浦口區立力成傢俱經營部) | Sales of goods | 8,353.98 | 4,646.01 |
| Anka Household Products (Shanghai) Co., Ltd. (安咖家居用品(上海)有限公司) | Sales of goods | 3,840.71 | 1,935,897.79 |
| 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 | 2,973.45 | |
| Beijing Smart Parking Service Co., Ltd. (北京智泊停車服務有限公司) | Sales of goods | 545.13 | 9,645.40 |

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Information on Related Party Transactions (continued)

(1) Related Party Transactions in relation to the purchase and sale of goods, provision and receipt of services (continued)

| Related Parties | Details of Related Party Transactions | Amount Recognized in the Current Period | Amount Recognized in the Prior Period |
|--|---------------------------------------|---|---------------------------------------|
| Shanghai Tianhe Smart Home Technology Company Ltd.(上海天合智能科技股份有限公司) and its branches | Sales of goods | 469.03 | 4,668.58 |
| 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 | 7,805.31 |
| Shenyang Yuanze Xinghui Property Management Co., Ltd. (瀋陽遠擇星輝物業管理有限公司) | Sales of goods | N/A | 522,123.89 |
| Suning.com Group Co., Ltd. (蘇寧易購集團股份有限公司) and its subsidiaries | Sales of goods | N/A | 94,673.91 |
| Cixi Haorui Real Estate Co., Ltd. (慈溪皓瑞置業有限公司) | Sales of goods | - | 453,716.85 |
| 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 | - | 18,353,735.54 |
| Henan Chenbo Real Estate Co., Ltd. (河南宸博置業有限公司) | Sales of goods | - | 5,269,226.61 |
| 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 |

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Information on Related Party Transactions (continued)

(1) Related Party Transactions in relation to the purchase and sale of goods, provision and receipt of services (continued)

| Related Parties | Details of Related Party Transactions | Amount Recognized in the Current Period | Amount Recognized in the Prior Period |
|---|---------------------------------------|---|---------------------------------------|
| Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) | Sales of goods | - | 918,582.88 |
| Qianzhi (Beijing) Cultural Development Co., Ltd. (乾智(北京)文化發展有限公司) | Sales of goods | - | 45,413.27 |
| 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 | - | 282,996.16 |
| Shanghai Xuanyan Enterprise Management Company Limited (上海暄妍企業管理有限公司) | Sales of goods | - | 168,566.37 |
| 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 | - | 8,672.57 |
| 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 | - | 2,122.12 |
| Yunnan Red Star Macalline Property Management Co., Ltd. (雲南紅星美凱龍物業管理有限公司) | Sales of goods | - | 149,581.19 |
| Zhanjiang Haixin Meikai Investment Co., Ltd. (湛江市海新美凱投資有限公司) | Sales of goods | - | 1,831,486.05 |
| Changxing Ronghao Trading Co., Ltd. (長興榮皓貿易有限公司) | Sales of goods | - | 5,604,144.57 |
| Chongqing Jinke Zhongjun Real Estate Development Co., Ltd. (重慶金科中俊房地產開發有限公司) | Sales of goods | - | 908,562.65 |

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Information on Related Party Transactions (continued)

(1) Related Party Transactions in relation to the purchase and sale of goods, provision and receipt of services (continued)

| Related Parties | Details of Related Party Transactions | Amount Recognized in the Current Period | Amount Recognized in the Prior Period |
|--|---------------------------------------|---|---------------------------------------|
| Zhanjiang Haixin Meikai Investment Co., Ltd. (湛江市海新美凱投資有限公司) | Service income | 45,911,188.63 | 21,891,455.37 |
| Xining Aegean Real Estate Development Co., Ltd. (西寧愛琴海房地產開發有限公司) | Service income | 8,019,394.34 | 25,008,565.64 |
| Hangzhou Nabel Ceramics Co., Ltd. (杭州諾貝爾陶瓷有限公司) and its branches | Service income | 3,206,116.04 | 2,331,695.79 |
| Wuhu Meihe Asset Management Company Limited (蕪湖美和資產管理有限公司) | Service income | 1,886,792.46 | 1,650,943.41 |
| 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 | 1,681,006.29 | 30,600.00 |
| Shanghai Aegean Business Management Co., Ltd. (上海愛琴海商務管理有限公司) | Service income | 897,169.81 | 670,283.02 |
| Changzhou Aegean Ole Business Management Co., Ltd. (常州愛琴海奧萊商業管理有限公司) | Service income | 669,518.86 | 1,097,443.36 |
| Shanghai Hongxing Cloud Computing Technology Co., Ltd. (上海紅星雲計算科技有限公司) | Service income | 294,339.62 | 185,849.06 |
| 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 | 268,417.89 | 18,077,939.83 |
| LEAWOD Door and Window Group Co., Ltd. (良木道門窗集團有限公司) | Service income | 223,417.46 | |

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Information on Related Party Transactions (continued)

(1) Related Party Transactions in relation to the purchase and sale of goods, provision and receipt of services (continued)

| Related Parties | Details of Related Party Transactions | Amount Recognized in the Current Period | Amount Recognized in the Prior Period |
|---|---------------------------------------|---|---------------------------------------|
| 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 | 198,113.21 | – |
| Ultimate IOT (Shanghai) Technology Co., Ltd. (超級智慧家(上海)物聯網科技有限公司) | Service income | 167,056.50 | 139,996.19 |
| Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司) | Service income | 146,983.02 | 27,113.21 |
| Wuhan Zhengkai Logistics Co., Ltd. (武漢市正凱物流有限公司) | Service income | 72,924.53 | – |
| Business Division of Nanjing Pukou Lilicheng Furniture (南京市浦口區立力成傢俱經營部) | Service income | 50,866.75 | 28,633.48 |
| Wuhu Minghui Business Management Co., Ltd. (蕪湖明輝商業管理有限公司) | Service income | 48,124.53 | 61,320.75 |
| 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 | 28,301.89 | – |
| 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 | 28,301.89 | 84,905.67 |
| Shanghai Weilaishi Decoration Technology Co., Ltd. (上海威來適裝飾科技有限公司) | Service income | 26,691.44 | 13,800.48 |

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Information on Related Party Transactions (continued)

(1) Related Party Transactions in relation to the purchase and sale of goods, provision and receipt of services (continued)

| Related Parties | Details of Related Party Transactions | Amount Recognized in the Current Period | Amount Recognized in the Prior Period |
|---|---------------------------------------|---|---------------------------------------|
| Shanghai Tianhe Smart Home Technology Company Ltd. (上海天合智能科技股份有限公司) and its branches | Service income | 14,170.67 | 41,585.24 |
| Shengbao (Shanghai) Intelligent Technology Co., Ltd. (晟葆(上海)智能科技有限公司) | Service income | 12,297.64 | 76,457.27 |
| 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) | Service income | N/A | 306,371.99 |
| Klas International Home Living Company Limited (克拉斯國際家居有限公司) | Service income | N/A | 13,616.08 |
| Ningbo Qiangshang Home Living Company Limited (寧波牆尚家居有限公司) | Service income | N/A | 28,971.72 |
| Shenyang Yuanzexinghui Property Management Co., Ltd. (瀋陽遠擇星輝物業管理有限公司) | Service income | N/A | 56,603.77 |
| Anhui Tenghui Investment Group Hefei Company Limited (安徽騰輝投資集團合肥有限公司) | Service income | - | 2,869,354.18 |
| 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 |
| Changzhou Red Star Furniture General Factory Co., Ltd. (常州市紅星傢俱總廠有限公司) | Service income | - | 21,114.90 |

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Information on Related Party Transactions (continued)

(1) Related Party Transactions in relation to the purchase and sale of goods, provision and receipt of services (continued)

| Related Parties | Details of Related Party Transactions | Amount Recognized in the Current Period | Amount Recognized in the Prior Period |
|--|---------------------------------------|---|---------------------------------------|
| 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 |
| Shanghai Red Star Jinghai Commercial Management Co., Ltd. (上海紅星晶海商業管理有限公司) | Service income | – | 1,782.18 |
| Shanghai Luochang Enterprise Management Co., Ltd. (上海洛昶企業管理有限公司) | Service income | – | 7,859,947.07 |
| Shanghai Xingyinhai Industrial Co., Ltd. (上海星銀海實業有限公司) | Service income | – | 10,693.07 |
| 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 |
| Shanghai CTME Economy & Trade Development Co., Ltd. (上海中貿美凱龍經貿發展有限公司) | Service income | – | 3,216,791.43 |
| Shanghai Zhongyide Trading Company Limited (上海眾意得商貿有限公司) | Service income | – | 91,981.13 |
| 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 | – | 28,301.89 |
| 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 | – | 1,447.54 |

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Information on Related Party Transactions (continued)

(1) Related Party Transactions in relation to the purchase and sale of goods, provision and receipt of services (continued)

| Related Parties | Details of Related Party Transactions | Amount Recognized in the Current Period | Amount Recognized in the Prior Period |
|---|---------------------------------------|---|---------------------------------------|
| 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 |
| 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 |
| Jining Hongrui Market Management Company Limited (濟寧鴻瑞市場經營管理有限公司) | Brand management service | 2,122,641.51 | 1,415,094.34 |
| 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 | 1,886,792.45 | 1,886,792.43 |
| 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 | 1,462,264.16 | 1,462,264.14 |
| Shaanxi Hongrui Home Furnishings Plaza Co., Ltd. (陝西鴻瑞家居生活廣場有限公司) | Brand management service | 1,415,094.34 | 1,415,094.34 |
| Wuhan Zhengkai Logistics Co., Ltd. (武漢市正凱物流有限公司) | Brand management service | 1,415,094.34 | 1,415,094.34 |
| 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 | 1,415,094.34 | 1,415,094.34 |

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Information on Related Party Transactions (continued)

(1) Related Party Transactions in relation to the purchase and sale of goods, provision and receipt of services (continued)

| Related Parties | Details of Related Party Transactions | Amount | |
|---|---------------------------------------|----------------------------------|--------------------------------|
| | | Recognized in the Current Period | Recognized in the Prior Period |
| 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 | 896,226.42 | 896,226.40 |
| Wuhu Minghui Business Management Co., Ltd. (蕪湖明輝商業管理有限公司) | Brand management service | 849,056.60 | 1,493,679.25 |
| Cixi Xingkai Real Estate Co., Ltd. (慈溪星凱置業有限公司) | Design consultation income | 3,238,867.94 | – |
| 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 | 2,083,088.84 | 7,360,098.11 |
| Shuyang Xinglong Real Estate Development Co., Ltd. (沭陽星龍房地產開發有限公司) | Design consultation income | 1,769,415.10 | 1,303,773.59 |
| Nanchang Haoran Real Estate Co., Ltd. (南昌浩然置業有限公司) | Design consultation income | 1,181,132.07 | – |
| Zhanjiang Haixin Meikai Investment Co., Ltd. (湛江市海新美凱投資有限公司) | Design consultation income | 975,400.95 | 11,922,302.70 |
| 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 | 269,983.02 | |
| Ganzhou Kaiyue Real Estate Co., Ltd. (贛州凱越置業有限公司) | Design consultation income | 99,056.60 | 4,192,395.87 |

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Information on Related Party Transactions (continued)

(1) Related Party Transactions in relation to the purchase and sale of goods, provision and receipt of services (continued)

| Related Parties | Details of Related Party Transactions | Amount Recognized in the Current Period | Amount Recognized in the Prior Period |
|---|---------------------------------------|---|---------------------------------------|
| Changzhou Yuanhong Real Estate Co., Ltd. (常州遠弘置業有限公司) | Design consultation income | - | 2,009,433.97 |
| Changzhou Jintan Kaihui Real Estate Development Co., Ltd. (常州金壇凱匯房地產開發有限公司) | Design consultation income | - | 757,547.17 |
| Henan Chenbo Real Estate Co., Ltd. (河南宸博置業有限公司) | Design consultation income | - | 2,810,361.89 |
| Hengshui Xinglong Real Estate Development Co., Ltd. (衡水星龍房地產開發有限公司) | Design consultation income | - | 6,686,579.76 |
| Jinan Xinglong Real Estate Development Co., Ltd. (濟南星龍房地產開發有限公司) | Design consultation income | - | 896,226.42 |
| Jining Kaixing Shopping Plaza Co., Ltd. (濟寧凱星購物廣場有限公司) | Design consultation income | - | 566,037.74 |
| Nantong Xinglong Real Estate Development Co., Ltd. (南通星龍房地產開發有限公司) | Design consultation income | - | 70,584.91 |
| Shaoxing Xingkai Real Estate Co., Ltd. (紹興星凱置業有限公司) | Design consultation income | - | 100,066.03 |
| Suqian Xingkai Real Estate Development Co., Ltd. (宿遷星凱房地產開發有限公司) | Design consultation income | - | 1,104,948.12 |
| 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 | - | 1,689,514.66 |

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Information on Related Party Transactions (continued)

(1) Related Party Transactions in relation to the purchase and sale of goods, provision and receipt of services (continued)

| Related Parties | Details of Related Party Transactions | Amount Recognized in the Current Period | Amount Recognized in the Prior Period |
|---|---------------------------------------|---|---------------------------------------|
| 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 | - | 1,411,785.22 |
| 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 |
| Xiangshan Meilong Real Estate Co., Ltd. (象山美龍置業有限公司) | Design consultation income | - | 1,194,379.47 |
| Xuzhou Maoxing Real Estate Co., Ltd. (徐州茂星置業有限公司) | Design consultation income | - | 235,849.06 |
| Yancheng Kailong Property Company Limited (鹽城凱龍置業有限公司) | Design consultation income | - | 1,843,396.23 |
| Yangzhou Xinglong Real Estate Development Co., Ltd. (揚州星龍房地產開發有限公司) | Design consultation income | - | 2,025,660.38 |
| Yiwu Meilong Real Estate Co., Ltd. (義烏美龍置業有限公司) | Design consultation income | - | 754,716.98 |
| 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 | - | 8,743,235.81 |
| 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 |

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Information on Related Party Transactions (continued)

(1) Related Party Transactions in relation to the purchase and sale of goods, provision and receipt of services (continued)

| Related Parties | Details of Related Party Transactions | Amount Recognized in the Current Period | Amount Recognized in the Prior Period |
|---|---------------------------------------|---|---------------------------------------|
| 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 | 122,277,152.61 | |
| 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 | Rendering of services | 20,072,907.00 | |
| Shanghai Xingyue Property Service Co., Ltd. (上海星悅物業服務有限公司) and its branches | Rendering of services | 8,420,490.76 | |
| Dalian Xingqin Business Management Co., Ltd. (大連星琴商業管理有限公司) | Rendering of services | 1,252,293.58 | |
| 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 | 1,059,942.50 | 2,542,603.19 |
| Shanghai Xingzhiyu Commercial Management Co., Ltd. (上海星之域商業經營管理有限公司) | Rendering of services | 531,847.78 | 459,187.58 |
| Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司) | Rendering of services | 306,839.62 | 7,547.17 |
| 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 | 258,216.98 | 94,339.62 |
| Shanghai Red Star Macalline Real Estate Co. Ltd. (上海紅星美凱龍置業有限公司) | Rendering of services | 97,021.67 | 73,495.17 |

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Information on Related Party Transactions (continued)

(1) Related Party Transactions in relation to the purchase and sale of goods, provision and receipt of services (continued)

| Related Parties | Details of Related Party Transactions | Amount Recognized in the Current Period | Amount Recognized in the Prior Period |
|--|---------------------------------------|---|---------------------------------------|
| Shanghai Huojing Business Management Company Limited (上海或京商業管理有限公司) and its branches | Rendering of services | 74,448.22 | 65,432.84 |
| Yuyao Xingkai Real Estate Co., Ltd. (余姚星凱置業有限公司) | Rendering of services | 68,639.00 | |
| 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 | 59,065.11 | 47,284.98 |
| Anka Household Products (Shanghai) Co., Ltd. (安咖家居用品(上海)有限公司) | Rendering of services | 21,751.70 | |
| 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 | 16,449.06 | 32,898.12 |
| Shanghai Kaihong Cinema Management Co., Ltd. (上海凱紅影院管理有限公司) | Rendering of services | 13,207.54 | |
| Shanghai Huangpu Red Star Microfinance Co., Ltd. (上海黃浦紅星小額貸款有限公司) | Rendering of services | 11,458.98 | 12,452.85 |
| Shanghai Weilaishi Decoration Technology Company Limited (上海威來適裝飾科技有限公司) | Rendering of services | 9,713.21 | 29,139.64 |
| 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 | 4,245.28 | |
| Hangzhou Nabel Ceramics Co., Ltd. (杭州諾貝爾陶瓷有限公司) and its branches | Rendering of services | 943.40 | 205,983.08 |

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Information on Related Party Transactions (continued)

(1) Related Party Transactions in relation to the purchase and sale of goods, provision and receipt of services (continued)

| Related Parties | Details of Related Party Transactions | Amount Recognized in the Current Period | Amount Recognized in the Prior Period |
|--|---------------------------------------|---|---------------------------------------|
| 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 | 471.70 | 7,957.88 |
| Beijing Smart Parking Service Co., Ltd. (北京智泊停車服務有限公司) | Rendering of services | 369.81 | 369.81 |
| 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 | N/A | 9,433.96 |
| Changzhou Hongmei Cinema Management Co., Ltd. (常州紅美影院管理有限公司) | Rendering of services | – | 53,766.97 |
| Jiangsu Baili Aijia Home Technology Co., Ltd. (江蘇佰麗愛家居科技有限公司) | Rendering of services | – | 3,172.78 |
| Kunming Guangyuan Real Estate Development Co., Ltd. (昆明廣遠房地產開發有限公司) | Rendering of services | – | 191,365.66 |
| Kunming Hongxing Haihui Real Estate Co., Ltd. (昆明紅星海匯房地產有限公司) | Rendering of services | – | 170,314.99 |
| Ningbo Kaixing Cinema Management Co., Ltd. (寧波凱星影院管理有限公司) | Rendering of services | – | 76,507.43 |
| Shanghai Kaixin Cinema Management Co., Ltd. (上海凱昕影院管理有限公司) | Rendering of services | – | 379,923.88 |
| Shanghai Linsai Fitness Club Co., Ltd. (上海林賽健身俱樂部有限公司) | Rendering of services | – | 217,452.83 |
| Shanghai Linwu Fitness Club Co., Ltd. (上海林戊健身俱樂部有限公司) | Rendering of services | – | 140,094.34 |

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Information on Related Party Transactions (continued)

(1) Related Party Transactions in relation to the purchase and sale of goods, provision and receipt of services (continued)

| Related Parties | Details of Related Party Transactions | Amount | |
|---|---------------------------------------|----------------------------------|---------------------------------------|
| | | Recognized in the Current Period | Amount Recognized in the Prior Period |
| Shanghai Linglong Fitness Club Co., Ltd. (上海玲瀧健身俱樂部有限公司) | Rendering of services | – | 186,664.58 |
| 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 |
| Shanghai Lingyi Beauty Body Co., Ltd. (上海玲逸美容美體有限公司) | Rendering of services | – | 66,180.00 |
| 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) | Rendering of services | – | 606,938.96 |
| Shanghai Mixing Catering Management Co., Ltd. (上海覓星餐飲管理有限公司) | Rendering of services | – | 37,207.55 |
| Shanghai Xinxing Catering Management Co., Ltd. (上海忒星餐飲管理有限公司) | Rendering of services | – | 94,589.41 |
| 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 |
| 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 | – | 28,301.89 |
| 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 |
| Suzhou Hongmei Cinema Management Co., Ltd. (蘇州紅美影院管理有限公司) | Rendering of services | – | 116,649.08 |
| Suzhou Kaimei Cinema Management Co., Ltd. (蘇州凱美影院管理有限公司) | Rendering of services | – | 116,649.08 |

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Information on Related Party Transactions (continued)

(1) Related Party Transactions in relation to the purchase and sale of goods, provision and receipt of services (continued)

| Related Parties | Details of Related Party Transactions | Amount | |
|--|---|----------------------------------|---------------------------------------|
| | | Recognized in the Current Period | Amount Recognized in the Prior Period |
| Xiaogan Honghe Studios Management Co., Ltd. (孝感泓河影城管理有限公司) | Rendering of services | – | 6,367.92 |
| Asia New Materials (Beijing) Building Materials Co., Ltd. (亞細亞新材(北京)建築材料有限公司) | Rendering of services | – | 4,666.81 |
| Yixing Chenxing Digital Cinema Co., Ltd. (宜興市晨興數字影院有限公司) | Rendering of services | – | 24,409.53 |
| Yixing Yimei Studios Co., Ltd. (宜興逸美影城有限公司) | Rendering of services | – | 116,912.58 |
| Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司) | Xingyi Tonghui Commission income regarding prepaid cards | – | 16,251.28 |
| Liuzhou Red Star Macalline Real Estate Co., Ltd. (柳州紅星美凱龍置業有限公司) | Xingyi Tonghui Commission income regarding prepaid cards | – | 300.00 |
| 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) | Xingyi Tonghui Commission income regarding prepaid cards | – | 300.00 |

Explanation on related party transactions of purchasing or selling goods and rendering or receiving labor services

Applicable Not Applicable

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Information on Related Party Transactions (continued)

(2) Related entrusted management/contracting and entrusted management/outsourcing

Statement of entrusted management/contracting by the Company:

Applicable Not Applicable

Description of related entrusted management/contracting

Applicable Not Applicable

Statement of entrusted management/outsourcing by the Company:

Applicable Not Applicable

Description of related management/outsourcing

Applicable Not Applicable

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Information on Related Party Transactions (continued)

(3) Leases with related parties

The Company as lessor:

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Name of lease | Type of leased assets | Leasing income recognized in current period | Leasing income recognized in last period |
|---|----------------------------|---|--|
| Shanghai Xingzhiyu Commercial Management Co., Ltd. (上海星之域商業經營管理有限公司) | Office | 24,105,005.50 | 25,630,084.40 |
| Shanghai Macalline Seven Star Hotel Management Co., Ltd. (上海美凱龍七星酒店管理有限公司) | Office | 328,791.36 | 657,582.72 |
| Zhengzhou Xingbo Real Estate Development Co., Ltd. (鄭州星鉞房地產開發有限公司) | Office | 182,064.24 | – |
| Changzhou Yizhi International Trade Co., Ltd. (常州市藝致國際貿易有限公司) | Office | 23,062.28 | 6,617.55 |
| Changzhou Longyao Equity Investment Management Co., Ltd. (常州龍耀股權投資管理有限公司) | Office | 16,741.77 | 16,741.74 |
| Shanghai Huojing Business Management Company Limited (上海或京商業管理有限公司)and its branches | Office | – | 28,862.93 |
| Jiangsu Baili Aijia Home Technology Co., Ltd. (江蘇佰麗愛家家居科技有限公司) | Lightbox advertising space | – | 9,523.74 |

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Information on Related Party Transactions (continued)

(3) Leases with related parties (continued)

| Name of lease | Type of leased assets | Leasing income recognized in current period | Leasing income recognized in last period |
|---|--------------------------|---|--|
| 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) | Shopping mall | 8,262,289.20 | |
| Hangzhou Nabel Ceramics Co., Ltd.(杭州諾貝爾陶瓷有限公司)and its branches | Shop(s) in shopping mall | 3,602,678.90 | 5,095,657.03 |
| 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 | 3,282,569.25 | 2,464,035.90 |
| Shengbao (Shanghai) Intelligent Technology Co., Ltd. (晟葆(上海)智能科技有限公司) | Shop(s) in shopping mall | 851,689.92 | 2,072,619.60 |
| Anka Household Products (Shanghai) Co., Ltd. (安咖家居用品(上海)有限公司) | Shop(s) in shopping mall | 574,244.82 | |
| 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 | 492,942.88 | 1,087,284.22 |
| Changzhou Yizhi International Trade Co., Ltd. (常州市藝致國際貿易有限公司) | Shop(s) in shopping mall | 399,980.63 | 280,854.23 |
| Beijing Hema Network Technology Co., Ltd. (北京盒馬網絡科技有限公司) | Shop(s) in shopping mall | 329,096.54 | |
| Shanghai Weilaishi Decoration Technology Co., Ltd. (上海威來適裝飾科技有限公司) | Shop(s) in shopping mall | 282,862.20 | 249,492.90 |
| 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 | 253,578.60 | 184,965.78 |

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Information on Related Party Transactions (continued)

(3) Leases with related parties (continued)

| Name of lease | Type of leased assets | Leasing income recognized in current period | Leasing income recognized in last period |
|--|--------------------------|---|--|
| 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 | 172,575.06 | 184,688.10 |
| Shanghai Tianhe Smart Home Technology Company Ltd. (上海天合智能科技股份有限公司) and its subsidiaries | Shop(s) in shopping mall | 110,762.39 | 377,906.79 |
| Meinian Onehealth Healthcare (Group) Co., Ltd. (美年大健康產業(集團)有限公司) and its subsidiaries | Shop(s) in shopping mall | N/A | 1,373,254.33 |
| Ningbo Qiangshang Home Living Company Limited (寧波牆尚家居有限公司) | Shop(s) in shopping mall | N/A | 205,531.44 |
| Jiangyin Tishang Home Furnishing Co., Ltd. (江陰提尚家居有限公司) | Shop(s) in shopping mall | N/A | 32,948.10 |
| 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 | N/A | 1,011,658.20 |
| Zhengzhou Xingbo Real Estate Development Co., Ltd. (鄭州星鉑房地產開發有限公司) | Shop(s) in shopping mall | – | 173,394.48 |
| ZHANG Jianfang (張建芳) | Shop(s) in shopping mall | – | 81,536.50 |
| 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 | – | 279,427.86 |
| 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 |
| CAO Zhongmin (曹仲民) | Shop(s) in shopping mall | – | 107,292.65 |

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Information on Related Party Transactions (continued)

(3) Leases with related parties (continued)

| Name of lease | Type of leased assets | Leasing income recognized in current period | Leasing income recognized in last period |
|---|--------------------------|---|--|
| 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 | – | 768,608.78 |
| 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 | – | 255,235.69 |
| Mex Smart Home (Shen Zhen) Co., Ltd. (美時智能家居(深圳)有限公司) | Shop(s) in shopping mall | – | 239,820.26 |
| Shanghai Xinhua Chengcheng Asset Management Co., Ltd. (上海新華成城資產管理有限公司) | Parking garage | 9,511,829.88 | 9,571,727.96 |
| Shanghai Red Star Parking Management Co., Ltd. (上海紅星停車管理有限公司) | Parking garage | 1,333,333.29 | 1,333,333.33 |
| Beijing Sunsea Parking Management Co., Ltd. (北京陽光海天停車管理有限公司) | Parking garage | 533,690.48 | 710,238.10 |
| Beijing Smart Parking Service Co., Ltd. (北京智泊停車服務有限公司) | Parking garage | 476,190.48 | 476,190.48 |
| Shanghai Xingzhiyu Commercial Management Co., Ltd. (上海星之域商業經營管理有限公司) | Parking garage | 184,954.14 | 184,954.14 |
| Taiyuan Inters Intelligent Parking Management Co., Ltd. (太原英特斯智能停車管理有限公司) | Parking garage | 48,554.43 | |

The Company as lessee:

Applicable Not Applicable

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Information on Related Party Transactions (continued)

(3) Leases with related parties (continued)

Unit: Yuan Currency: RMB

| Name of lessor | Type of leased assets | Rental charges for short-term leases and leases of low-value assets with simplified approach (as applicable) | |
|--|--------------------------|--|----------------------------|
| | | Amount for the current period | Amount for the last period |
| Shanghai Huojing Business Management Company Limited (上海或京商業管理有限公司) and its branches | Office | 1,723,244.03 | 2,582,929.89 |
| Changzhou Red Star Home Furnishing City (常州市紅星裝飾城) | Shopping mall | 11,704,707.66 | 11,929,383.05 |
| Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司) | Shop(s) in shopping mall | 176,373.49 | 49,519.19 |
| Wuhu Minghui Business Management Co., Ltd. (蕪湖明輝商業管理有限公司) | Shop(s) in shopping mall | 123,785.13 | 64,365.69 |
| 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 | 60,784.08 | 90,469.45 |
| Wuhan Zhengkai Logistics Co., Ltd. (武漢市正凱物流有限公司) | Shop(s) in shopping mall | 26,097.99 | – |
| 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 | – | 25,794.56 |
| Shanghai Huojing Business Management Company Limited (上海或京商業管理有限公司) and its subsidiaries | Shop(s) in shopping mall | – | 1,152,336.27 |
| CHEN Shuhong (陳淑紅) | Dormitory | 54,600.00 | 52,000.00 |
| CHE Guoxing (車國興) | Dormitory | – | 369,600.00 |

Explanation on leases with related parties

 Applicable Not Applicable

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Information on Related Party Transactions (continued)

(4) Related guarantee

The Company as guarantor

Applicable Not Applicable

The Company as party guaranteed

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Guarantor | Amount guaranteed | Commencement date of guarantee | Expiration date of guarantee | Whether the guarantee has been fulfilled |
|---|-------------------|--------------------------------|------------------------------|--|
| Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 1) | 120,000,000.00 | 2022/4/1 | 2024/3/31 | No |
| Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 2) | 388,500,000.00 | 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) | 210,000,000.00 | 2016/6/8 | 2026/6/8 | No |

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Information on Related Party Transactions (continued)

(4) Related guarantee (continued)

| Guarantor | Amount guaranteed | Commencement date of guarantee | Expiration date of guarantee | Whether the guarantee has been fulfilled |
|---|----------------------|--------------------------------------|---------------------------------|--|
| Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團 有限公司) (Note 4) | 334,120,000.00 | 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) | 905,000,000.00 | 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) | 550,000,000.00 | 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) | 497,750,000.00 | 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 8) | 202,999,999.94 | 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) | 114,720,000.00 | 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 10) | 640,000,000.00 | 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 11) | 330,000,000.00 | 2020/6/30 | 2030/6/29 | No |

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Information on Related Party Transactions (continued)

(4) Related guarantee (continued)

| Guarantor | Amount guaranteed | Commencement date of guarantee | Expiration date of guarantee | Whether the guarantee has been fulfilled |
|--|-------------------|--------------------------------|------------------------------|--|
| Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 12) | 382,500,000.00 | 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) | 605,000,000.00 | 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) | 106,250,000.00 | 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) | 80,500,000.00 | 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) | 63,750,000.00 | 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 17) | 410,000,000.00 | 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) | 201,800,000.00 | 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) | 48,400,000.00 | 2019/9/20 | 2029/6/20 | No |

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Information on Related Party Transactions (continued)

(4) Related guarantee (continued)

| Guarantor | Amount guaranteed | Commencement date of guarantee | Expiration date of guarantee | Whether the guarantee has been fulfilled |
|--|-------------------|--------------------------------|------------------------------|--|
| Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 18) | 4,400,000.00 | 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) | 105,000,000.00 | 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) | 10,500,000.00 | 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) | 4,400,000.00 | 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) | 12,056,600.00 | 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) | 96,500,000.00 | 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 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) | 300,000,000.00 | 2018/7/13 | 2028/7/12 | No |

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Information on Related Party Transactions (continued)

(4) Related guarantee (continued)

| Guarantor | Amount guaranteed | Commencement date of guarantee | Expiration date of guarantee | Whether the guarantee has been fulfilled |
|--|-------------------|--------------------------------|------------------------------|--|
| Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 18) | 50,743,400.00 | 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) | 384,000,000.00 | 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) | 315,000,000.00 | 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 |
| Che Jianxing (車建興) and his wife (Note 26) | 1,800,000,000.00 | 2022/6/15 | 2037/6/15 | No |
| Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 27) | 333,500,000.00 | 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 25) | 400,000,000.00 | 2021/8/20 | 2024/8/19 | No |

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Information on Related Party Transactions (continued)

(4) Related guarantee (continued)

Explanation on related guarantee

Applicable Not Applicable

Note 1: The loan is also secured by the investment property of Changzhou Macalline International Computer and Electronics 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 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 Hangzhou Red Star Macalline Global Home Living Company Limited, a subsidiary of the Group.

Note 10: 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 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.

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Information on Related Party Transactions (continued)

(4) Related guarantee (continued)

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.

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.

Note 26: The loan was also secured by the investment properties of Beijing Red Star Macalline International Home Furnishing Plaza Company Limited, a subsidiary of the Group.

Note 27: The loan was also secured by the investment properties of Nanchang Red Star Macalline Global Home Expo Center Company Limited, a subsidiary of the Group.

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Information on Related Party Transactions (continued)

(5) Loans and borrowings of the related parties

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Related party | Loan amount | Inception date | Expiration date | Description |
|---|---------------|----------------|-----------------|--|
| Borrowings | | | | |
| Red Star Macalline Holding Group Company Limited(紅星美凱龍控股集團有限公司) | 70,000,000.00 | | | As of the reporting date, the loan has been repaid |
| Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司) | 50,000,000.00 | 2019/5/21 | 2022/12/31 | Interest rate: 5.15% |

| Related party | Loan amount | Inception date | Expiration date | Description |
|---|---------------|----------------|-----------------|---------------------------------------|
| Lendings | | | | |
| Shenzhen Red Star Macalline Business Management Company Limited (深圳紅星美凱龍商業管理有限公司) | 10,200,000.00 | 2022/2/1 | 2024/1/20 | Interest rate: 6% |
| Shanghai Mingyi Enterprise Development Co., Ltd. (上海名藝商業企業發展有限公司) | 10,000,000.00 | | | Repayable on demand and interest-free |
| Shenzhen Red Star Macalline Business Management Company Limited (深圳紅星美凱龍商業管理有限公司) | 7,000,000.00 | 2022/2/1 | 2023/12/15 | Interest rate: 6% |
| Shenzhen Red Star Macalline Business Management Company Limited (深圳紅星美凱龍商業管理有限公司) | 5,000,000.00 | 2022/1/13 | 2023/12/15 | Interest rate: 6% |
| Wuhu Minghui Business Management Co., Ltd. (蕪湖明輝商業管理有限公司) | 2,000,000.00 | | | |
| 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) | 1,500,000.00 | 2021/8/10 | 2024/12/31 | Interest rate: 6% |

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Information on Related Party Transactions (continued)

(6) Asset transfer and debt restructuring of related parties

Applicable Not Applicable

(7) Emolument of key management

Applicable Not Applicable

Unit: 0'000 Currency: RMB

| Item | Amount for the current period | Amount for the last period |
|-----------------------------|-------------------------------|----------------------------|
| Emolument of key management | 1,585.09 | 1,562.21 |

(8) Other related party transactions

Applicable Not Applicable

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

6. Amounts Due from/to Related Parties

(1) Receivables

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Name of item | Related party | Closing balance | | Opening balance | |
|-----------------|---|-----------------|------------------------|-----------------|------------------------|
| | | Book balance | Provision for bad debt | Book balance | Provision for bad debt |
| Contract assets | Zhanjiang Haixin Meikai Investment Co., Ltd. (湛江市海新美凱投資有限公司) | 56,636,102.60 | 336,538.79 | 56,190,670.97 | 333,891.98 |
| Contract assets | Xining Aegean Real Estate Development Co., Ltd. (西寧愛琴海房地產開發有限公司) | 45,527,196.26 | 270,528.28 | 37,983,103.79 | 225,700.34 |
| Contract assets | Quzhou Huicheng Ole Business Management Co., Ltd. (衢州市慧城奧萊商業管理有限公司) | 43,031,561.54 | 255,698.91 | 23,161,657.81 | 137,629.46 |
| Contract assets | 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 | 31,943,721.29 | 189,813.58 |
| Contract assets | 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) | 9,777,583.52 | 58,099.62 | 12,430,842.70 | 73,865.62 |
| Contract assets | 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) | 3,411,090.87 | 20,269.13 | 4,250,331.30 | 25,256.00 |
| Contract assets | 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) | 3,232,701.55 | 19,209.12 | 2,338,412.44 | 13,895.14 |
| Contract assets | Jinhua Hangkai Real Estate Co., Ltd. (金華航凱置業有限公司) | 3,178,974.51 | 18,889.86 | 3,178,974.51 | 18,889.86 |
| Contract assets | Hengshui Xinglong Real Estate Development Co., Ltd. (衡水星龍房地產開發有限公司) | 2,710,408.10 | 16,105.58 | 3,400,442.47 | 20,205.85 |
| Contract assets | Ganzhou Kaiyue Real Estate Co., Ltd. (贛州凱越置業有限公司) | 2,674,424.30 | 15,891.76 | 2,831,615.70 | 16,825.81 |
| Contract assets | 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) | 1,591,988.40 | 9,459.79 | 2,035,038.92 | 12,092.46 |
| Contract assets | Taiyuan Shuangming Kailong Real Estate Development Co., Ltd. (太原雙明凱龍房地產開發有限公司) | 807,875.01 | 4,800.49 | 2,377,029.89 | 14,124.61 |
| Contract assets | Suqian Xingkai Real Estate Development Co., Ltd. (宿遷星凱房地產開發有限公司) | 507,555.56 | 3,015.96 | 2,183,444.24 | 12,974.30 |

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

6. Amounts Due from/to Related Parties (continued)

(1) Receivables (continued)

| Name of item | Related party | Closing balance | | Opening balance | |
|--------------------------|---|-----------------|------------------------|-----------------|------------------------|
| | | Book balance | Provision for bad debt | Book balance | Provision for bad debt |
| Contract assets | Taiyuan Shuangmingzhikun Real Estate Development Co., Ltd. (太原雙明智坤房地產開發有限公司) | 458,393.86 | 2,723.83 | 756,343.86 | 4,494.29 |
| Contract assets | Henan Chenbo Real Estate Co., Ltd. (河南宸博置業有限公司) | - | - | 2,763,645.25 | 16,421.92 |
| Contract assets | Shuyang Xinglong Real Estate Development Co., Ltd. (瀘陽星龍房地產開發有限公司) | - | - | 2,179,569.83 | 12,951.28 |
| Contract assets | Xiangshan Kaisheng Real Estate Co., Ltd. (象山凱勝置業有限公司) | - | - | 345,536.59 | 2,053.22 |
| 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 | - |
| Other non-current assets | Wuhu Minghui Business Management Co., Ltd. (蕪湖明輝商業管理有限公司) | 62,689,750.00 | 626,897.50 | | |
| Other non-current assets | Shenzhen Red Star Macalline Business Management Company Limited (深圳紅星美凱龍商業管理有限公司) | 27,117,600.00 | 271,176.00 | 4,264,400.00 | 42,644.00 |
| Other non-current assets | Shanghai Mingyi Enterprise Development Co., Ltd. (上海名藝商業企業發展有限公司) | 6,453,093.70 | 64,530.94 | | |
| 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 |
| Other current assets | 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 |
| Other receivables | Shanghai Mingyi Enterprise Development Co., Ltd. (上海名藝商業企業發展有限公司) | 173,000,000.50 | 8,650,000.03 | 163,000,000.50 | 8,150,000.03 |
| Other receivables | Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司) | 31,002,400.00 | 2.40 | 31,000,000.00 | - |
| Other receivables | Wuhu Minghui Business Management Co., Ltd. (蕪湖明輝商業管理有限公司) | 27,869,280.00 | 3,642,905.92 | 22,240,480.00 | 1,814,097.54 |

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

6. Amounts Due from/to Related Parties (continued)

(1) Receivables (continued)

| Name of item | Related party | Closing balance | | Opening balance | |
|-------------------|--|-----------------|------------------------|-----------------|------------------------|
| | | Book balance | Provision for bad debt | Book balance | Provision for bad debt |
| Other receivables | 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 | 5,265,234.65 |
| Other receivables | 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 |
| Other receivables | Xuzhou Red Star Macalline Global Home Furnishings Plaza Co., Ltd. (徐州紅星美凱龍全球家居生活廣場有限公司) | 1,874,825.24 | 48,620.63 | - | - |
| Other receivables | 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 | 1,200,000.00 | 1,200.00 |
| Other receivables | Xuzhou Red Star Macalline International Furniture Decoration City Co., Ltd. (徐州紅星美凱龍國際傢俱裝飾城有限公司) | 1,107,134.05 | 28,711.77 | - | - |
| Other receivables | 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 | 526,417.43 | 526.42 |
| Other receivables | Anhui Tenghui Investment Group Hefei Company Limited (安徽騰輝投資集團合肥有限公司) | 500,000.00 | 190,478.25 | 500,000.00 | 175,380.85 |
| Other receivables | 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 | 240.00 |
| Other receivables | 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 | 36,601.83 | 200,000.00 | 13,477.00 |
| Other receivables | Shanghai Huojing Business Management Company Limited (上海或京商業管理有限公司) and its branches | 169,870.23 | 169.87 | 786,007.21 | 23,145.37 |
| Other receivables | Quzhou Huicheng Ole Business Management Co., Ltd. (衢州市慧城奧萊商業管理有限公司) | 150,000.00 | 150.00 | - | - |

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

6. Amounts Due from/to Related Parties (continued)

(1) Receivables (continued)

| Name of item | Related party | Closing balance | | Opening balance | |
|---------------------|---|-----------------|------------------------|-----------------|------------------------|
| | | Book balance | Provision for bad debt | Book balance | Provision for bad debt |
| Other receivables | Zhejiang Tmall Technology Co., Ltd. (浙江天貓技術有限公司) | 150,000.00 | 3,890.01 | 210,000.00 | 14,150.85 |
| Other receivables | Chongqing Xinqidian Decoration Engineering Co., Ltd. (重慶新起點裝飾工程有限公司) | 40,000.00 | 40.00 | - | - |
| Other receivables | 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) and its branches | 20,000.00 | 20.00 | - | - |
| Other receivables | Zhengzhou Xingbo Real Estate Development Co., Ltd. (鄭州星鉞房地產開發有限公司) | 15,465.60 | 401.08 | 336,885.60 | 22,701.03 |
| Other receivables | 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 | 10.00 |
| Other receivables | Jinke Smart Services Group Co., Ltd. (金科智慧服務集團股份有限公司) and its branches | 5,000.00 | - | - | - |
| Other receivables | Tao Bao (China) Software Co., Ltd. (淘寶(中國)軟件有限公司) | 1,330.44 | 34.50 | 1,755.85 | 118.32 |
| Other receivables | 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) | N/A | N/A | 46,559,094.06 | 25,370,394.94 |
| Other receivables | 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 |
| Other receivables | 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 |
| Other receivables | 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 |
| Other receivables | Yancheng Kailong Property Company Limited (鹽城凱龍置業有限公司) | - | - | 100,000.00 | - |
| Other receivables | Jinan Xinglong Real Estate Development Co., Ltd. (濟南星龍房地產開發有限公司) | - | - | 100,000.00 | - |
| Accounts receivable | Shanghai Xinhua Chengcheng Asset Management Co., Ltd. (上海新華成城資產管理有限公司) | 23,333,333.31 | 1,050,000.00 | 13,333,333.23 | 600,000.00 |
| Accounts receivable | 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 | 13,707,829.41 | 616,852.32 | 774,823.00 | - |

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

6. Amounts Due from/to Related Parties (continued)

(1) Receivables (continued)

| Name of item | Related party | Closing balance | | Opening balance | |
|---------------------|---|-----------------|------------------------|-----------------|------------------------|
| | | Book balance | Provision for bad debt | Book balance | Provision for bad debt |
| 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 |
| Accounts receivable | Zhanjiang Haixin Meikai Investment Co., Ltd. (湛江市海新美凱投資有限公司) | 11,304,257.32 | 980,069.38 | 60,736,394.59 | 3,639,391.50 |
| Accounts receivable | Suqian Xingkai Real Estate Development Co., Ltd. (宿遷星凱房地產開發有限公司) | 10,597,872.80 | 1,262,922.64 | 8,921,984.13 | 545,133.23 |
| Accounts receivable | 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) | 8,954,555.68 | 402,955.01 | 161,762.35 | 7,279.31 |
| Accounts receivable | Shanghai Luochang Enterprise Management Co., Ltd. (上海洛昶企業管理有限公司) | 7,246,848.08 | 573,225.68 | 7,246,848.08 | 442,782.42 |
| Accounts receivable | Cixi Xingkai Real Estate Co., Ltd. (慈溪星凱置業有限公司) | 6,766,400.00 | 535,222.24 | 3,433,200.00 | 209,768.52 |
| Accounts receivable | Yangzhou Xinglong Real Estate Development Co., Ltd. (揚州星龍房地產開發有限公司) | 6,446,200.00 | 1,343,388.08 | 10,000,000.00 | 611,000.00 |
| Accounts receivable | Quzhou Huicheng Ole Business Management Co., Ltd. (衢州市慧城奧萊商業管理有限公司) | 6,162,000.00 | 487,414.20 | 6,205,750.00 | 379,171.33 |
| Accounts receivable | 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 | 6,085,557.07 | 273,850.07 |
| Accounts receivable | Shanghai Xingyue Property Service Co., Ltd. (上海星悅物業服務有限公司) and its branches | 5,268,911.02 | 237,101.00 | 1,469,368.34 | - |
| Accounts receivable | 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) | 4,792,177.81 | 998,689.86 | 3,952,937.38 | 241,524.47 |
| Accounts receivable | Shuyang Xinglong Real Estate Development Co., Ltd. (沭陽星龍房地產開發有限公司) | 4,409,239.99 | 348,770.88 | 5,527,616.94 | 154,806.63 |
| Accounts receivable | 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 |
| Accounts receivable | Ganzhou Kaiyue Real Estate Co., Ltd. (贛州凱越置業有限公司) | 3,866,591.30 | 441,612.37 | 3,481,573.24 | 313,539.12 |

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

6. Amounts Due from/to Related Parties (continued)

(1) Receivables (continued)

| Name of item | Related party | Closing balance | | Opening balance | |
|---------------------|---|-----------------|------------------------|-----------------|------------------------|
| | | Book balance | Provision for bad debt | Book balance | Provision for bad debt |
| Accounts receivable | Zhejiang Zhongguang Electric Appliances Group Co., Ltd. (浙江中廣電器集團股份有限公司) | 3,499,999.97 | 3,499,999.97 | 3,499,999.97 | 3,499,999.97 |
| Accounts receivable | Henan Chenbo Real Estate Co., Ltd. (河南宸博置業有限公司) | 2,719,543.08 | 122,379.44 | 2,719,543.08 | 122,379.44 |
| Accounts receivable | Nanchang Haoran Real Estate Co., Ltd. (南昌浩然置業有限公司) | 2,526,999.99 | 921,947.70 | 1,274,999.99 | 246,470.70 |
| Accounts receivable | Jinhua Hangkai Real Estate Co., Ltd. (金華航凱置業有限公司) | 2,165,731.40 | 171,309.35 | 4,988,921.85 | 304,823.13 |
| Accounts receivable | Yiwu Meilong Real Estate Co., Ltd. (義烏美龍置業有限公司) | 2,027,836.95 | 480,268.74 | 2,027,836.95 | 141,752.72 |
| Accounts receivable | Tianjin Xingkai Real Estate Development Co., Ltd. (天津星凱房地產開發有限公司) | 1,650,000.00 | 601,425.00 | 1,650,000.00 | 318,450.00 |
| Accounts receivable | Shaanxi Hongrui Home Furnishings Plaza Co., Ltd. (陝西鴻瑞家居生活廣場有限公司) | 1,509,630.00 | 244,483.35 | - | - |
| Accounts receivable | 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) | 1,500,000.00 | 244,050.00 | - | - |
| Accounts receivable | 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 | 1,500,000.00 | 1,500,000.00 | 856,200.00 |
| Accounts receivable | Changzhou Aegean Ole Business Management Co., Ltd. (常州愛琴海奧萊商業管理有限公司) | 1,368,210.00 | 61,569.45 | 1,337,960.00 | 60,208.20 |
| Accounts receivable | 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) | 1,310,759.42 | 103,681.07 | 4,405,405.57 | 266,376.69 |
| Accounts receivable | Xuzhou Maoxing Real Estate Co., Ltd. (徐州茂星置業有限公司) | 1,190,000.00 | 94,129.00 | 1,390,000.00 | 84,929.00 |
| Accounts receivable | Jinan Xinglong Real Estate Development Co., Ltd. (濟南星龍房地產開發有限公司) | 1,100,000.00 | 358,140.00 | 1,100,000.00 | 192,515.00 |
| Accounts receivable | Tianjin Meilong Real Estate Development Co., Ltd. (天津美龍房地產開發有限公司) | 1,065,000.00 | 321,837.00 | 1,065,000.00 | 144,211.50 |
| Accounts receivable | Changxing Ronghao Trading Co., Ltd. (長興榮皓貿易有限公司) | 1,025,544.63 | 46,149.51 | 3,686,542.39 | 165,894.41 |

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

6. Amounts Due from/to Related Parties (continued)

(1) Receivables (continued)

| Name of item | Related party | Closing balance | | Opening balance | |
|---------------------|--|-----------------|------------------------|-----------------|------------------------|
| | | Book balance | Provision for bad debt | Book balance | Provision for bad debt |
| Accounts receivable | Ningbo Kailong Property Company Limited (寧波凱龍置業有限公司) | 977,670.85 | 356,361.02 | 1,419,838.25 | 274,028.78 |
| Accounts receivable | Nantong Xinglong Real Estate Development Co., Ltd. (南通星龍房地產開發有限公司) | 960,000.00 | 85,610.23 | 960,000.00 | 58,656.00 |
| Accounts receivable | Shenzhen Red Star Macalline Business Management Company Limited (深圳紅星美凱龍商業管理有限公司) | 741,864.42 | 77,568.21 | 210,682.42 | 40,661.71 |
| Accounts receivable | 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 |
| Accounts receivable | 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 | 220,265.85 | 604,295.88 | 214,464.61 |
| Accounts receivable | Dalian Xingqin Business Management Co., Ltd. (大連星琴商業管理有限公司) | 585,000.00 | 46,273.50 | - | - |
| Accounts receivable | Xiangshan Meilong Real Estate Co., Ltd. (象山美龍置業有限公司) | 443,758.72 | 35,101.31 | 443,758.72 | 37,691.21 |
| Accounts receivable | 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 | 32,354.46 | 409,032.36 | 24,991.88 |
| Accounts receivable | 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) | 354,168.39 | 28,014.72 | 5,192,964.85 | 311,259.13 |
| Accounts receivable | Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司) | 335,648.00 | 15,104.16 | 261,300.00 | 11,758.50 |
| Accounts receivable | Taiyuan Shuangmingzhikun Real Estate Development Co., Ltd. (太原雙明智坤房地產開發有限公司) | 328,226.37 | 25,962.71 | 30,276.37 | 1,849.89 |
| Accounts receivable | Liuzhou Red Star Macalline Real Estate Co., Ltd. (柳州紅星美凱龍置業有限公司) | 316,702.00 | 14,251.59 | 323,684.17 | 14,108.38 |

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

6. Amounts Due from/to Related Parties (continued)

(1) Receivables (continued)

| Name of item | Related party | Closing balance | | Opening balance | |
|---------------------|---|-----------------|------------------------|-----------------|------------------------|
| | | Book balance | Provision for bad debt | Book balance | Provision for bad debt |
| Accounts receivable | 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 | 209,044.96 | 9,407.02 |
| Accounts receivable | Shengbao (Shanghai) Intelligent Technology Co., Ltd. (晟葆(上海)智能科技有限公司) | 140,532.48 | 6,323.96 | - | - |
| Accounts receivable | Hangzhou Nabel Ceramics Co., Ltd. (杭州諾貝爾陶瓷有限公司) and its branches | 114,170.99 | 5,137.69 | - | - |
| Accounts receivable | 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) | 112,292.11 | 18,269.93 | - | - |
| Accounts receivable | Shanghai Shimao Macalline Home Technology Co., Ltd. (上海世茂美凱龍家居科技有限公司) | 109,361.89 | 4,921.29 | 114,382.89 | 5,147.23 |
| Accounts receivable | Shaoxing Xingkai Real Estate Co., Ltd. (紹興星凱置業有限公司) | 106,070.40 | 8,390.17 | 106,070.40 | 6,480.90 |
| Accounts receivable | 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) | 84,526.20 | 3,803.68 | - | - |
| Accounts receivable | Wuhan Zhengkai Logistics Co., Ltd. (武漢市正凱物流有限公司) | 77,300.00 | 3,478.50 | 30,000.00 | 1,350.00 |
| Accounts receivable | Shanghai Huojing Business Management Company Limited (上海或京商業管理有限公司) and its branches | 45,000.00 | 2,025.00 | - | - |
| Accounts receivable | Yuyao Xingkai Real Estate Co., Ltd. (余姚星凱置業有限公司) | 43,222.48 | 2,327.70 | 32,000.00 | 1,440.00 |
| Accounts receivable | Xiangshan Xinglong Real Estate Co., Ltd. (象山星龍置業有限公司) | 30,500.00 | 1,372.50 | 30,500.00 | 1,372.50 |
| Accounts receivable | Shanghai Red Star Macalline Real Estate Co. Ltd. (上海紅星美凱龍置業有限公司) | 29,988.90 | 1,349.50 | - | - |
| Accounts receivable | 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 |
| Accounts receivable | Shanghai Longhong Cinema Management Co., Ltd. (上海龍紅影院管理有限公司) | 12,000.00 | 540.00 | 12,000.00 | 540.00 |
| Accounts receivable | Shanghai Aegean Ole Business Management Co., Ltd. (上海愛琴海奧萊商業管理有限公司) | 11,624.00 | 523.08 | 5,812.00 | 261.54 |

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

6. Amounts Due from/to Related Parties (continued)

(1) Receivables (continued)

| Name of item | Related party | Closing balance | | Opening balance | |
|---------------------|--|-----------------|------------------------|-----------------|------------------------|
| | | Book balance | Provision for bad debt | Book balance | Provision for bad debt |
| Accounts receivable | Yancheng Kailong Property Company Limited (鹽城凱龍置業有限公司) | 6,800.00 | 306.00 | - | - |
| Accounts receivable | Ultimate IOT (Shanghai) Technology Co., Ltd. (超級智慧家(上海)物聯網科技有限公司) | 5,200.00 | 234.00 | 5,200.00 | 234.00 |
| Accounts receivable | Beijing Meichen Jiayuan Real Estate Agent Co., Ltd. (北京美農家園房地產經紀有限公司) | 4,209.56 | 877.27 | 4,209.56 | 189.43 |
| Accounts receivable | Shanghai Meijing Enterprise Management Co., Ltd. (上海美影企業管理有限公司) | 2,655.00 | 119.48 | 2,655.00 | 119.48 |
| Accounts receivable | Shanghai Red Star Macalline Financial Leasing Company Limited (上海紅星美凱龍融資租賃有限公司) | 1,800.00 | 81.00 | - | - |
| Accounts receivable | Shanghai Huangpu Red Star Microfinance Co., Ltd. (上海黃浦紅星小額貸款有限公司) | 1,586.50 | 71.39 | - | - |
| Accounts receivable | Suning.com Group Co., Ltd. (蘇寧易購集團股份有限公司) and its subsidiaries | N/A | N/A | 1,255,822.24 | - |
| Accounts receivable | 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) | N/A | N/A | 100,000.00 | 4,500.00 |
| Accounts receivable | 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 |
| Accounts receivable | Changzhou Yuanhong Real Estate Co., Ltd. (常州遠弘置業有限公司) | - | - | 2,267,340.00 | - |
| Accounts receivable | 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 |
| Accounts receivable | Jining Kaixing Shopping Plaza Co., Ltd. (濟寧凱星購物廣場有限公司) | - | - | 600,000.00 | 36,660.00 |

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

6. Amounts Due from/to Related Parties (continued)

(1) Receivables (continued)

| Name of item | Related party | Closing balance | | Opening balance | |
|---------------------|--|-----------------|------------------------|-----------------|------------------------|
| | | Book balance | Provision for bad debt | Book balance | Provision for bad debt |
| Accounts receivable | Shanghai Kaixin Cinema Management Co., Ltd. (上海凱昕影院管理有限公司) | - | - | 577,619.31 | 25,992.87 |
| Accounts receivable | Xiangshan Kaisheng Real Estate Co., Ltd. (象山凱勝置業有限公司) | - | - | 88,895.07 | 9,882.02 |
| Accounts receivable | 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 |
| Prepayments | 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 | 5,818,385.37 | - | 287,749.18 | - |
| Prepayments | Shanghai Xingyue Property Service Co., Ltd. (上海星悅物業服務有限公司) and its branches | 4,473,999.01 | - | 2,819,206.45 | - |
| Prepayments | Hangzhou Alimama Software Services Co., Ltd. (杭州阿里媽媽軟件服務有限公司) | 1,874,886.19 | - | 1,821,794.13 | - |
| Prepayments | Shanghai Zhenyang Decoration Co., Ltd. (上海振洋建築裝潢工程有限公司) | 1,109,928.85 | - | 23,157.15 | - |
| Prepayments | Shanghai Huojing Business Management Company Limited (上海或京商業管理有限公司) and its branches | 1,090,623.27 | - | 1,068,049.17 | - |
| Prepayments | Shanghai AI.Pure Intelligent Technology Co., Ltd. (上海智諦智能科技有限公司) | 764,526.50 | - | 420,194.00 | - |
| Prepayments | Yunnan Yuanze Pinwei Property Management Co., Ltd. (雲南遠擇品唯物業管理有限公司) | 750,000.00 | - | - | - |
| Prepayments | 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 | - |
| Prepayments | Jining Hongrui Market Management Company Limited (濟寧鴻瑞市場經營管理有限公司) | 328,428.19 | - | 223,332.32 | - |

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

6. Amounts Due from/to Related Parties (continued)

(1) Receivables (continued)

| Name of item | Related party | Closing balance | | Opening balance | |
|--------------|--|-----------------|------------------------|-----------------|------------------------|
| | | Book balance | Provision for bad debt | Book balance | Provision for bad debt |
| Prepayments | 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) | 265,068.57 | - | 92,327.97 | - |
| Prepayments | Hangzhou Ant Nest Supply Chain Service Co., Ltd. (杭州蟻巢供應鏈服務有限公司) | 218,519.17 | - | - | - |
| Prepayments | Wuhu Minghui Business Management Co., Ltd. (蕪湖明輝商業管理有限公司) | 206,984.25 | - | 215,079.47 | - |
| Prepayments | 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 | - | 194,560.00 | - |
| Prepayments | Shanghai Hongxing Cloud Computing Technology Co., Ltd. (上海紅星雲計算科技有限公司) | 177,240.00 | - | 121,800.00 | - |
| Prepayments | Alibaba Cloud Computing Co., Ltd. (阿里雲計算有限公司) | 172,559.90 | - | 341,681.80 | - |
| Prepayments | Zhejiang Alibaba Communication Technology Co., Ltd. (浙江阿里巴巴通信技術有限公司) | 168,824.01 | - | 960,333.36 | - |
| Prepayments | Tao Bao (China) Software Co., Ltd. (淘寶(中國)軟件有限公司) | 126,331.21 | - | 118,803.20 | - |
| Prepayments | Shandong Inzone Green Home Co., Ltd. (山東銀座家居有限公司) | 119,648.32 | - | 65,749.23 | - |
| Prepayments | 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) | 82,771.26 | - | - | - |
| Prepayments | Zhejiang Tmall Technology Co., Ltd. (浙江天貓技術有限公司) | 80,000.00 | - | 495,718.69 | - |
| Prepayments | Alibaba (China) Technology Co., Ltd. (阿里巴巴(中國)網絡技術有限公司) | 61,087.22 | - | 10,988.00 | - |
| Prepayments | 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) | 56,796.43 | - | 74,805.18 | - |

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

6. Amounts Due from/to Related Parties (continued)

(1) Receivables (continued)

| Name of item | Related party | Closing balance | | Opening balance | |
|--------------|---|-----------------|------------------------|-----------------|------------------------|
| | | Book balance | Provision for bad debt | Book balance | Provision for bad debt |
| Prepayments | Shaanxi Hongrui Home Furnishings Plaza Co., Ltd. (陝西鴻瑞家居生活廣場有限公司) | 45,079.38 | - | 4,126.98 | - |
| Prepayments | Binzhou Inzone Green Home Co., Ltd. (濱州銀座家居有限公司) | 30,660.37 | - | 14,908.25 | - |
| Prepayments | Asia New Materials (Beijing) Building Materials Co., Ltd. (亞細亞新材(北京)建築材料有限公司) | 12,449.83 | - | 2,532.78 | - |
| Prepayments | 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) | 8,562.55 | - | 34,250.23 | - |
| Prepayments | Hangzhou Nabel Ceramics Co., Ltd. (杭州諾貝爾陶瓷有限公司) and its branches | 489.17 | - | 4,252.05 | - |
| Prepayments | Shenyang Red Star Macalline Property Management Co., Ltd. (瀋陽紅星美凱龍物業管理有限公司) | N/A | N/A | 368,349.20 | - |
| Prepayments | Suning.com Group Co., Ltd. (蘇寧易購集團股份有限公司) and its subsidiaries | N/A | N/A | 11,117.71 | - |
| Prepayments | Meinian Onehealth Healthcare (Group) Co., Ltd (美年大健康產業(集團)有限公司) and its subsidiaries | N/A | N/A | 9,800.00 | - |
| Prepayments | 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 | - |
| Prepayments | Changzhou Red Star Furniture General Factory Co., Ltd. (常州市紅星傢俱總廠有限公司) | - | - | 210,180.00 | - |
| Prepayments | 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 | - |

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

6. Amounts Due from/to Related Parties (continued)

(2) Payables

Applicable Not Applicable

| | | Unit: Yuan | Currency: RMB |
|----------------------|--|-------------------------|-------------------------|
| Items | Related parties | Closing book balance | Opening book balance |
| 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) | 61,243,137.09 | 57,322,140.30 |
| 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 | 240,566,037.74 |
| Contract liabilities | Beijing Hongjing Boxing Parking Management Co., Ltd. (北京鴻景泊興停車管理有限公司) | 78,793,577.98 | - |
| Contract liabilities | Zhejiang Zhongguang Electric Appliances Group Co., Ltd. (浙江中廣電器集團股份有限公司) | 4,716,981.13 | 4,424,778.76 |
| Contract liabilities | 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 |
| Contract liabilities | 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) | 2,731,580.21 | 2,290,621.69 |
| Contract liabilities | Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) | 2,495,431.65 | 2,549,149.74 |
| Contract liabilities | Kunming Hongxing Haihui Real Estate Co., Ltd. (昆明紅星海匯房地產有限公司) | 2,142,273.49 | 2,050,530.37 |
| Contract liabilities | Hangzhou Nabel Ceramics Co., Ltd. (杭州諾貝爾陶瓷有限公司) and its branches | 2,121,698.11 | 2,248,681.93 |
| Contract liabilities | 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 | 1,935,741.76 |
| Contract liabilities | Wuhu Meihe Asset Management Company Limited (蕪湖美和資產管理有限公司) | 1,572,327.09 | 3,459,119.53 |

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

6. Amounts Due from/to Related Parties (continued)

(2) Payables (continued)

| Items | Related parties | Closing book balance | Opening book balance |
|----------------------|--|----------------------|----------------------|
| Contract liabilities | Shenzhen Long Life Basics Sleep Science and Technology Co., Ltd. (深圳市朗樂福睡眠科技有限公司) | 1,034,528.28 | 1,300,440.24 |
| Contract liabilities | Mex Smart Home (Shen Zhen) Co., Ltd. (美時智能家居(深圳)有限公司) | 589,622.64 | 471,698.11 |
| Contract liabilities | Anka Household Products (Shanghai) Co., Ltd. (安咖家居用品(上海)有限公司) | 587,155.96 | 621,359.22 |
| Contract liabilities | Wuhan Zhengkai Logistics Co., Ltd. (武漢市正凱物流有限公司) | 536,960.45 | 1,952,054.79 |
| Contract liabilities | 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) | 532,437.37 | 2,419,229.80 |
| Contract liabilities | 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) | 244,666.84 | 145,631.07 |
| Contract liabilities | Huaian Xinmeilong Real Estate Co., Ltd. (淮安新美龍置業有限公司) | 216,584.38 | – |
| Contract liabilities | Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司) | 195,270.64 | 69,724.77 |
| Contract liabilities | 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) | 190,566.90 | 1,946,008.48 |
| Contract liabilities | 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) | 190,218.79 | – |
| Contract liabilities | LEAWOD Door and Window Profiles Company (四川良木道門窗型材有限公司) | 135,849.06 | – |

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

6. Amounts Due from/to Related Parties (continued)

(2) Payables (continued)

| Items | Related parties | Closing book balance | Opening book balance |
|----------------------|--|----------------------|----------------------|
| Contract liabilities | Tianjin Macalline Real Estate Co., Ltd. (天津美凱龍置業有限公司) | 59,513.45 | 59,513.45 |
| Contract liabilities | Chengdu Rhine Etam Furniture Co., Ltd. (成都艾格傢俱有限公司) | 43,541.35 | 87,082.73 |
| Contract liabilities | Jining Hongrui Market Management Company Limited (濟寧鴻瑞市場經營管理有限公司) | 33,412.32 | 1,165,487.79 |
| Contract liabilities | Suzhou Supin Home Culture Co., Ltd. (蘇州市蘇品宅配文化有限公司) | 31,000.00 | 31,000.00 |
| Contract liabilities | Shanghai Hongmei Real Estate Co., Ltd. (上海洪美置業有限公司) | 15,411.46 | 15,567.02 |
| Contract liabilities | Shanghai Shimao Macalline Home Technology Co., Ltd. (上海世茂美凱龍家居科技有限公司) | 13,023.41 | 13,782.06 |
| Contract liabilities | Liuzhou Red Star Macalline Real Estate Co., Ltd. (柳州紅星美凱龍置業有限公司) | 1,667.73 | 4,162,547.25 |
| Contract liabilities | Xinjiang Jinke Yutai Real Estate Development Co., Ltd. (新疆金科宇泰房地產開發有限公司) | – | 3,000,000.00 |
| Contract liabilities | Shanghai Jingdi Catering Management Co., Ltd. (上海景帝餐飲管理有限公司) | – | 625,415.93 |
| Contract liabilities | 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 |
| Other payables | CSSC Cruise Industry Development (Shanghai) Co., Ltd. (中船郵輪產業發展(上海)有限公司) | 100,302,719.93 | 80,000,000.00 |

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

6. Amounts Due from/to Related Parties (continued)

(2) Payables (continued)

| Items | Related parties | Closing book balance | Opening book balance |
|----------------|--|----------------------|----------------------|
| Other payables | Shandong Inzone Green Home Co., Ltd. (山東銀座家居有限公司) | 77,557,914.93 | 80,462,388.89 |
| Other payables | Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司) | 73,813,817.35 | 20,811,095.33 |
| Other payables | Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) | 70,000,000.00 | – |
| Other payables | 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) | 35,322,896.14 | 35,955,102.14 |
| Other payables | 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) | 24,012,789.64 | 17,613,815.75 |
| Other payables | Wuhu Minghui Business Management Co., Ltd. (蕪湖明輝商業管理有限公司) | 19,911,558.37 | 15,957,660.19 |
| Other payables | Wuhan Zhengkai Logistics Co., Ltd. (武漢市正凱物流有限公司) | 8,737,065.41 | 9,076,485.00 |
| Other payables | Shanghai Xincheng'an Construction Co., Ltd. (上海鑫誠安建設有限公司) | 5,191,895.94 | 5,191,895.94 |
| Other payables | Shanghai Xingyue Property Service Co., Ltd. (上海星悅物業服務有限公司) and its branches | 4,324,340.35 | – |
| Other payables | Xiamen Xiazhe Investment Partnership (Limited Partnership) (廈門廈柘投資合夥企業(有限合夥)) | 2,800,643.59 | 2,800,643.59 |
| Other payables | Shanghai Zhenyang Decoration Co., Ltd. (上海振洋建築裝潢工程有限公司) | 1,747,679.70 | 4,489,414.11 |

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

6. Amounts Due from/to Related Parties (continued)

(2) Payables (continued)

| Items | Related parties | Closing book balance | Opening book balance |
|----------------|---|----------------------|----------------------|
| Other payables | Shanghai Huojing Business Management Company Limited (上海或京商業管理有限公司) and its branches | 1,596,863.31 | 1,646,863.29 |
| Other payables | Shanghai Jiazhan Construction Engineering Company Limited (上海嘉展建築裝潢工程有限公司) | 929,500.00 | 929,500.00 |
| Other payables | Shaanxi Hongrui Home Furnishings Plaza Co., Ltd. (陝西鴻瑞家居生活廣場有限公司) | 897,462.14 | 20.90 |
| Other payables | Shanghai Hongxing Cloud Computing Technology Co., Ltd. (上海紅星雲計算科技有限公司) | 831,338.00 | – |
| Other payables | Ultimate IOT (Shanghai) Technology Co., Ltd. (超級智慧家(上海)物聯網科技有限公司) | 699,856.46 | 1,064,404.89 |
| Other payables | Dongying Chuangzhan Real Estate Co., Ltd. (東營創展置業有限公司) | 546,020.00 | – |
| Other payables | Hangzhou Nabel Ceramics Co., Ltd. (杭州諾貝爾陶瓷有限公司) and its branches | 491,843.70 | 2,236,971.02 |
| Other payables | Jining Hongrui Market Management Company Limited (濟寧鴻瑞市場經營管理有限公司) | 442,149.00 | – |
| Other payables | 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) and its branches | 424,400.00 | 424,400.00 |

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

6. Amounts Due from/to Related Parties (continued)

(2) Payables (continued)

| Items | Related parties | Closing book balance | Opening book balance |
|----------------|--|----------------------|----------------------|
| Other payables | Baoshan Red Star Urban and Rural Investment and Real Estate Co., Ltd. (保山紅星城鄉投資業有限公司) | 395,875.41 | 490,875.41 |
| Other payables | Binzhou Inzone Green Home Co., Ltd. (濱州銀座家居有限公司) | 246,500.00 | – |
| Other payables | 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 |
| Other payables | Heze Inzone Green Home Co., Ltd. (菏澤銀座家居有限公司) | 164,650.00 | – |
| Other payables | Shengbao (Shanghai) Intelligent Technology Co., Ltd. (晟葆(上海)智能科技有限公司) | 164,000.00 | 232,265.00 |
| Other payables | Hangzhou Nabel Group Co., Ltd. (杭州諾貝爾集團有限公司) and its branches | 100,000.00 | 610,200.47 |
| Other payables | Hengshui Xinglong Real Estate Development Co., Ltd. (衡水星龍房地產開發有限公司) | 100,000.00 | – |
| Other payables | 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) | 61,539.93 | 61,539.93 |
| Other payables | Business Division of Nanjing Pukou Lilicheng Furniture (南京市浦口區立力成傢俱經營部) | 54,500.00 | 110,818.75 |
| Other payables | Shanghai Weilaishi Decoration Technology Company Limited (上海威來適裝飾科技有限公司) | 50,000.00 | 60,296.00 |
| Other payables | Anka Household Products (Shanghai) Co., Ltd. (安咖家居用品(上海)有限公司) | 50,000.00 | 41,528.40 |

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

6. Amounts Due from/to Related Parties (continued)

(2) Payables (continued)

| Items | Related parties | Closing book balance | Opening book balance |
|----------------|--|----------------------|----------------------|
| Other payables | Changzhou Yizhi International Trade Co., Ltd. (常州市藝致國際貿易有限公司) | 30,000.00 | 102,846.00 |
| Other payables | Jiangsu Baili Aijia Home Technology Co., Ltd. (江蘇佰麗愛家居科技有限公司) | 30,000.00 | 94,600.00 |
| Other payables | Yangzhou Kailong Consulting Co., Ltd. (揚州凱龍管理諮詢有限公司) | 18,127.17 | 19,697.53 |
| Other payables | 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) | 14,510.00 | 112,529.65 |
| Other payables | 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 | 2,400.00 |
| Other payables | Asia New Materials (Beijing) Building Materials Co., Ltd. (亞細亞新材(北京)建築材料有限公司) | 2,271.60 | 27,580.00 |
| Other payables | Changzhou Red Star Furniture General Factory Co., Ltd. (常州市紅星傢俱總廠有限公司) | 1,670.00 | 41,960.87 |
| Other payables | Shenzhen Yatai Macalline Life Space Technology Co., Ltd. (深圳市亞泰美凱龍空間科技有限公司) | N/A | 468,679.23 |
| Other payables | Meinian Onehealth Healthcare (Group) Co., Ltd (美年大健康產業(集團)有限公司) and its subsidiaries | N/A | 211,295.82 |
| Other payables | Shanghai Qiangshang Environmental Technology Company Limited (上海牆尚環保科技有限公司) | N/A | 30,000.00 |

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

6. Amounts Due from/to Related Parties (continued)

(2) Payables (continued)

| Items | Related parties | Closing book balance | Opening book balance |
|----------------|--|----------------------|----------------------|
| Other payables | Jiangyin Tishang Home Furnishing Co., Ltd. (江陰提尚家居有限公司) | N/A | 10,000.00 |
| Other payables | 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) | N/A | 577.83 |
| Other payables | Xuzhou Red Star Macalline International Furniture Decoration City Co., Ltd. (徐州紅星美凱龍國際傢俱裝飾城有限公司) | – | 1,975.20 |
| Other payables | Xinjiang Jinke Yutai Real Estate Development Co., Ltd. (新疆金科宇泰房地產開發有限公司) | – | 716,702.00 |
| Other payables | LEAWOD Door and Window Group Co., Ltd. (良木道門窗集團有限公司) | – | 530,000.00 |
| Other payables | Mex Smart Home (Shen Zhen) Co., Ltd. (美時智能家居(深圳)有限公司) | – | 100,000.00 |
| Other payables | Shanghai Tianhe Smart Home Technology Company Ltd. (上海天合智能科技股份有限公司) and its branches | – | 56,536.00 |
| Other payables | Suzhou Supin Home Culture Co., Ltd. (蘇州市蘇品宅配文化有限公司) | – | 51,015.32 |
| Other payables | QIAN Yumei (錢玉梅) | – | 40,003.20 |
| Other payables | Shenzhen Huasheng Home Furnishing Group Co., Ltd. (深圳華生大家居集團有限公司) | – | 40,000.00 |
| Other payables | 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 |

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

6. Amounts Due from/to Related Parties (continued)

(2) Payables (continued)

| Items | Related parties | Closing book balance | Opening book balance |
|---|--|----------------------|----------------------|
| Other payables | Hangzhou Feishi Bath & Kitchen Products Co., Ltd. (杭州菲氏浴廚用品有限公司) | – | 20,000.00 |
| Other payables | CAO Zhongmin (曹仲民) | – | 6,000.00 |
| Non-current liabilities due within one year | Changzhou Red Star Home Furnishing City (常州市紅星裝飾城) | 32,414,782.79 | 22,439,217.03 |
| Non-current liabilities due within one year | Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司) | 5,783,263.85 | 4,572,298.58 |
| Non-current liabilities due within one year | Shanghai Huojing Business Management Company Limited (上海或京商業管理有限公司) and its branches | 1,093,076.36 | 2,149,917.35 |
| Non-current liabilities due within one year | CSSC Cruise Industry Development (Shanghai) Co., Ltd. (中船郵輪產業發展(上海)有限公司) | – | 182,000.00 |
| Payables | Shanghai Zhenyang Decoration Co., Ltd. (上海振洋建築裝潢工程有限公司) | 33,947,839.93 | 44,353,053.20 |
| Payables | Shanghai Xincheng'an Construction Co., Ltd. (上海鑫誠安建設有限公司) | 20,300,164.90 | 22,111,498.09 |
| Payables | Shanghai Jiazhan Construction Engineering Company Limited (上海嘉展建築裝潢工程有限公司) | 14,670,945.50 | 15,052,226.52 |
| Payables | Shanghai Hongxing Cloud Computing Technology Co., Ltd. (上海紅星雲計算科技有限公司) | 6,133,911.24 | 85,800.00 |
| Payables | Zhejiang Tmall Technology Co., Ltd. (浙江天貓技術有限公司) | 3,463,470.69 | – |

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

6. Amounts Due from/to Related Parties (continued)

(2) Payables (continued)

| Items | Related parties | Closing book balance | Opening book balance |
|------------------------|---|----------------------|----------------------|
| Payables | 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) and its branches | 2,586,900.00 | 2,586,900.00 |
| Payables | Alibaba Cloud Computing Co., Ltd. (阿里雲計算有限公司) | 639,775.49 | 757,523.17 |
| Payables | Shanghai AI.Pure Intelligent Technology Co., Ltd. (上海智諦智能科技有限公司) | 164,925.10 | 369,631.72 |
| Payables | Hangzhou Nabel Ceramics Co., Ltd. (杭州諾貝爾陶瓷有限公司) and its branches | 100,901.80 | 119,974.22 |
| Payables | 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) | 90,210.53 | 486,342.52 |
| Payables | Changzhou Red Star Furniture General Factory Co., Ltd. (常州市紅星傢俱總廠有限公司) | 43,081.50 | 64,486.50 |
| Payables | Shaanxi Hongrui Home Furnishings Plaza Co., Ltd. (陝西鴻瑞家居生活廣場有限公司) | 21,819.20 | - |
| Payables | 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) | 16,483.62 | 3,085.25 |
| Payables | Meinian Onehealth Healthcare (Group) Co., Ltd (美年大健康產業(集團)有限公司) and its subsidiaries | N/A | 186,351.00 |
| Advance from customers | Ultimate IOT (Shanghai) Technology Co., Ltd. (超級智慧家(上海)物聯網科技有限公司) | 930,072.73 | 1,415,606.72 |
| Advance from customers | Shengbao (Shanghai) Intelligent Technology Co., Ltd. (晟葆(上海)智能科技有限公司) | 360,000.00 | 149,266.40 |

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

6. Amounts Due from/to Related Parties (continued)

(2) Payables (continued)

| Items | Related parties | Closing book balance | Opening book balance |
|------------------------|--|----------------------|----------------------|
| Advance from customers | Hangzhou Nabel Group Co., Ltd. (杭州諾貝爾集團有限公司) and its branches | 217,018.46 | 155,557.53 |
| Advance from customers | Beijing Hema Network Technology Co., Ltd. (北京盒馬網絡科技有限公司) | 116,821.88 | – |
| Advance from customers | Shanghai Tianhe Smart Home Technology Company Ltd. (上海天合智能科技股份有限公司) and its branches | 69,659.55 | 51,089.65 |
| Advance from customers | Business Division of Nanjing Pukou Lilicheng Furniture (南京市浦口區立力成傢俱經營部) | 64,060.17 | 73,733.45 |
| Advance from customers | Hangzhou Nabel Ceramics Co., Ltd. (杭州諾貝爾陶瓷有限公司) and its branches | 37,734.56 | 1,024,396.72 |
| Advance from customers | Zhengzhou Xingbo Real Estate Development Co., Ltd. (鄭州星鉑房地產開發有限公司) | 33,075.00 | 231,525.00 |
| Advance from customers | Hangzhou Nabel Business Service Co., Ltd. (杭州諾貝爾商業服務有限公司) | 32,629.41 | – |
| Advance from customers | Changzhou Yizhi International Trade Co., Ltd. (常州市藝致國際貿易有限公司) | 18,829.22 | 29,497.25 |
| Advance from customers | Changzhou Longyao Equity Investment Management Co., Ltd. (常州龍耀股權投資管理有限公司) | 2,940.97 | – |
| Advance from customers | Asia New Materials (Beijing) Building Materials Co., Ltd. (亞細亞新材(北京)建築材料有限公司) | 2,412.50 | 2,812.50 |
| Advance from customers | QIAN Zhongxiang (錢忠祥) | – | 2,873.99 |
| Advance from customers | Anka Household Products (Shanghai) Co., Ltd. (安咖家居用品(上海)有限公司) | – | 299,738.40 |

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

6. Amounts Due from/to Related Parties (continued)

(2) Payables (continued)

| Items | Related parties | Closing book balance | Opening book balance |
|------------------------|---|----------------------|----------------------|
| Advance from customers | Shanghai Weilaishi Decoration Technology Company Limited (上海威來適裝飾科技有限公司) | – | 144,144.00 |
| Advance from customers | Shanghai Huojing Business Management Company Limited (上海或京商業管理有限公司) and its branches | – | 135,174.43 |
| Advance from customers | 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) | – | 42,263.10 |
| Advance from customers | Jiangyin Tishang Home Furnishing Co., Ltd. (江陰提尚家居有限公司) | N/A | 4,118.52 |
| 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 |
| Long-term payables | 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 |
| Lease liabilities | Changzhou Red Star Home Furnishing City (常州市紅星裝飾城) | 9,413,901.49 | 19,920,780.44 |
| Lease liabilities | Shanghai Huojing Business Management Company Limited (上海或京商業管理有限公司) and its branches | 1,166,886.11 | 2,905,426.81 |

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

7. Commitments of related parties

Applicable Not Applicable

8. Others

Applicable Not Applicable

XIII. SHARE-BASED PAYMENT

1. Overall share-based payment

Applicable Not Applicable

2. Equity-settled share-based payment

Applicable Not Applicable

3. Cash-settled share-based payment

Applicable Not Applicable

4. Modification and termination of share-based payment

Applicable Not Applicable

5. Others

Applicable Not Applicable

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

XIV.COMMITMENTS AND CONTINGENCIES

1. Significant Commitments

Applicable Not Applicable

Significant external commitments, nature, and amount as at the balance sheet date

| | 2022 | 2021 |
|--------------------------------|-------------------------|------------------|
| Contracted but not provisioned | | |
| Capital commitments | 1,033,956,171.56 | 1,479,228,370.91 |
| Investment commitments | 347,198,831.45 | 348,198,831.45 |
| | 1,381,155,003.01 | 1,827,427,202.36 |

2. Contingencies

(1) Significant contingencies existing as at the balance sheet date

Applicable Not Applicable

(2) If the Company does not have any material contingencies that need to be disclosed, it shall also provide an explanation:

Applicable Not Applicable

3. Others

Applicable Not Applicable

XV. EVENTS AFTER THE BALANCE SHEET DATE

1. Significant non-adjusting events

Applicable Not Applicable

2. Profit distribution

Applicable Not Applicable

3. Sales return

Applicable Not Applicable

4. Description of other events after the balance sheet date

Applicable Not Applicable

1. Matters in relation to the reduction of rents and management fees for tenants of Portfolio Shopping Malls

In order to actively assume social responsibilities, jointly respond to the pandemic and support the continuous development of tenants and the home furnishing and building materials industries, the Group convened the forty-seventh extraordinary meeting of the fourth session of the Board of Directors on 26 August 2022, which considered and approved the Resolution on the Matters in relation to the Reduction or Exemption of Rent and Management Fee for Tenants in the Portfolio Shopping Malls. In order words, for eligible tenants of Portfolio Shopping Malls, the Company intended to reduce part of rents and management fees of Portfolio Shopping Malls (the "Reduction Arrangement") to help relevant tenants operate smoothly during the pandemic.

For details, please refer to the announcement of the Company dated 27 August 2022.

2. Issuance of USD bonds

On 26 August 2022, the Company issued 5.20% credit enhanced bonds with a total principal of US\$249,700,000 due in 2025, which were listed on the Hong Kong Stock Exchange. For details, please refer to the announcements of the Company dated 23 and 24 August 2022 respectively.

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

XVI. OTHER IMPORTANT MATTERS

1. Correction of prior period accounting errors

(1) Retrospective restatement

Applicable Not Applicable

(2) Prospective application

Applicable Not Applicable

2. Debt restructuring

Applicable Not Applicable

3. Asset exchange

(1) Non-monetary asset exchange

Applicable Not Applicable

(2) Other asset exchanges

Applicable Not Applicable

4. Annuity plan

Applicable Not Applicable

5. Discontinued operations

Applicable Not Applicable

XVI. OTHER IMPORTANT MATTERS (continued)

6. Segment Information

(1) Basis for determination and accounting policies of reporting segments

Applicable Not Applicable

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) Home decoration related 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, impairment losses of credit, impairment loss of assets, other income, investment income, gain from disposal of assets, and headquarters expenses, the indicator is consistent with the Group's total profit of continuing operation.

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

XVI. OTHER IMPORTANT MATTERS (continued)

6. Segment Information (continued)

(2) Financial information of reporting segments

✓ Applicable □ Not Applicable

Unit: Yuan Currency: RMB

| Items | Owned/Leased | | Construction and design | Sales of merchandise and related services; | Others | Unallocated item | Inter segment elimination | Total |
|--|-----------------------------|---------------------------|----------------------------|---|-----------------------|--------------------------|------------------------------|-------------------------|
| | Portfolio Shopping Malls | Managed Shopping Malls | | | | | | |
| External revenue | 4,153,357,244.38 | 1,295,774,795.66 | 730,373,682.10 | 250,985,366.60 | 526,129,283.95 | | | 6,956,620,372.69 |
| Inter-segment revenue | | | | | | | | |
| Total segment operating revenue | 4,153,357,244.38 | 1,295,774,795.66 | 730,373,682.10 | 250,985,366.60 | 526,129,283.95 | | | 6,956,620,372.69 |
| Less: Cost of sales | 977,239,989.65 | 690,656,223.88 | 599,095,246.08 | 209,811,954.07 | 143,030,335.52 | | | 2,619,833,749.20 |
| Taxes and surcharges | 177,746,626.36 | 6,209,637.89 | 3,436,822.40 | 714,919.78 | 15,642,685.97 | | | 203,750,692.40 |
| Sale expenses | 301,307,462.94 | 168,107,430.76 | 318,705.87 | 96,341,104.43 | 32,772,455.25 | | | 598,847,159.25 |
| Management expenses | 224,914,169.54 | 124,647,692.88 | 53,691,522.48 | 88,752,041.13 | 120,021,817.47 | | | 612,027,243.50 |
| Research and development expenses | | | | | | 25,522,159.84 | | 25,522,159.84 |
| Financial expenses | | | | | | 1,172,602,052.43 | | 1,172,602,052.43 |
| Add: Other income | | | | | | 50,580,879.56 | | 50,580,879.56 |
| Investment income | | | | | | 51,687,956.30 | | 51,687,956.30 |
| Gain on changes in fair value | | | | | | 93,006,959.96 | | 93,006,959.96 |
| Impairment losses of credit | | | | | | -157,101,112.20 | | -157,101,112.20 |
| Impairment losses of assets | | | | | | -12,364,349.95 | | -12,364,349.95 |
| Gain from disposal of assets | | | | | | 706,708.66 | | 706,708.66 |
| Operating profit/(loss) | 2,472,148,995.89 | 306,153,810.25 | 73,831,385.27 | -144,634,652.81 | 214,661,989.74 | -1,171,607,169.94 | | 1,750,554,358.40 |
| Add: Non-operating income | | | | | | 8,496,674.07 | | 8,496,674.07 |
| Less: Non-operating expenses | | | | | | 15,527,966.18 | | 15,527,966.18 |
| Total profit/(loss) | 2,472,148,995.89 | 306,153,810.25 | 73,831,385.27 | -144,634,652.81 | 214,661,989.74 | -1,178,638,462.05 | | 1,743,523,066.29 |
| Less: Income tax expenses | | | | | | 767,574,710.50 | | 767,574,710.50 |
| Net profit/(loss) | 2,472,148,995.89 | 306,153,810.25 | 73,831,385.27 | -144,634,652.81 | 214,661,989.74 | -1,946,213,172.55 | | 975,948,355.79 |

XVI. OTHER IMPORTANT MATTERS (continued)

6. Segment Information (continued)

(3) If the Company does not have reporting segments or is unable to disclose the total assets and liabilities of each reporting segment, the reasons should be explained

Applicable Not Applicable

(4) Others

Applicable Not Applicable

7. Other important transactions and events that had an impact on the decisions of investors

Applicable Not Applicable

8. Others

Applicable Not Applicable

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

XVII. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY

1. Accounts Receivable

(1) Disclosure by aging

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Aging | Closing book balance |
|--|----------------------|
| Within 1 year Including: Sub-item within 1 year | |
| Sub-total within 1 year | 110,119,852.45 |
| 1 to 2 years | 64,258,600.70 |
| 2 to 3 years | 94,800,680.99 |
| Over 3 years | 780,810,962.92 |
| 3 to 4 years | |
| 4 to 5 years | |
| Over 5 years | |
| Total | 1,049,990,097.06 |

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

XVII. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

1. Accounts Receivable (continued)

(2) Disclosure under the methods of provision for bad debts by category

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Category | Closing balance | | | | | Opening balance | | | | |
|---|------------------|----------------|--------------------|----------------|----------------|------------------|----------------|--------------------|----------------|----------------|
| | Book balance | | Bad debt allowance | | Book value | Book balance | | Bad debt allowance | | Book value |
| | Amount | Percentage (%) | Amount | Proportion (%) | | Amount | Percentage (%) | Amount | Proportion (%) | |
| Receivables for which bad debt allowance is provided individually | 617,617,360.73 | 58.82 | 557,379,246.36 | 90.25 | 60,238,114.37 | 627,416,523.64 | 62.44 | 566,754,206.57 | 90.33 | 60,662,317.07 |
| Including: | | | | | | | | | | |
| Receivables for which bad debt allowance is provided collectively | 432,372,736.33 | 41.18 | 213,982,096.33 | 49.49 | 218,390,640.00 | 377,377,369.99 | 37.56 | 180,518,620.62 | 47.84 | 196,858,749.37 |
| Including: | | | | | | | | | | |
| Brand consulting and management services for the early stage of project | 207,240,000.00 | 19.74 | 126,837,002.99 | 61.2 | 80,402,997.01 | 206,740,000.00 | 20.58 | 112,256,821.00 | 54.30 | 94,483,179.00 |
| Other consulting services | 195,347,930.19 | 18.60 | 85,804,777.06 | 43.92 | 109,543,153.13 | 163,870,814.73 | 16.31 | 67,957,304.49 | 41.47 | 95,913,510.24 |
| Rental and related income | 14,811,578.18 | 1.41 | 666,521.02 | 4.50 | 14,145,057.16 | 2,552,775.98 | 0.25 | 114,874.92 | 4.50 | 2,437,901.06 |
| Others | 14,973,227.96 | 1.43 | 673,795.26 | 4.50 | 14,299,432.70 | 4,213,779.28 | 0.42 | 189,620.21 | 4.50 | 4,024,159.07 |
| Total | 1,049,990,097.06 | / | 771,361,342.69 | / | 278,628,754.37 | 1,004,793,893.63 | / | 747,272,827.19 | / | 257,521,066.44 |

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

XVII. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

1. Accounts Receivable (continued)

(2) Disclosure under the methods of provision for bad debts by category (continued)

Receivables for which bad debt allowance is provided individually:

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Name | Book balance | Closing balance | | Reason for provision |
|--|-----------------------|-----------------------|----------------|--|
| | | Bad debt allowance | Proportion (%) | |
| 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) | 26,000,000.00 | 26,000,000.00 | 100.00 | Accounts receivable are expected to be unrecoverable |
| 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 | Accounts receivable are expected to be unrecoverable |
| 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 | Accounts receivable are expected to be unrecoverable |
| 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 | Accounts receivable are expected to be unrecoverable |
| Others | 483,617,360.73 | 423,379,246.36 | 87.54 | |
| Total | 617,617,360.73 | 557,379,246.36 | 90.25 | |

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

XVII. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

1. Accounts Receivable (continued)

(2) Disclosure under the methods of provision for bad debts by category (continued)

Explanation of receivables for which bad debt allowance is provided individually:

Applicable Not Applicable

See “Financial Reports V.10. Financial Instruments” for details.

Receivables for which bad debt allowance is provided collectively:

Applicable Not Applicable

Receivables for which bad debt allowance is provided collectively: Brand consulting and management services for the early stage of project

Unit: Yuan Currency: RMB

| Name | Closing balance | | Proportion (%) |
|---------------|---------------------|--------------------|----------------|
| | Accounts receivable | Bad debt allowance | |
| Within 1 year | 500,000.00 | 87,099.99 | 17.42 |
| 1 to 2 years | 12,000,000.00 | 2,606,400.00 | 21.72 |
| 2 to 3 years | 18,300,000.00 | 5,087,400.00 | 27.80 |
| 3 to 4 years | 23,800,000.00 | 8,222,900.00 | 34.55 |
| 4 to 5 years | 57,500,000.00 | 29,969,000.00 | 52.12 |
| 5 to 6 years | 36,390,000.00 | 22,114,203.00 | 60.77 |
| Over 6 years | 58,750,000.00 | 58,750,000.00 | 100.00 |
| Total | 207,240,000.00 | 126,837,002.99 | 61.20 |

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

XVII. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

1. Accounts Receivable (continued)

(2) Disclosure under the methods of provision for bad debts by category (continued)

Recognition criteria and explanation of receivables for which bad debt allowance is provided collectively:

Applicable Not Applicable

See “Financial Reports V.10. Financial Instruments” for details.

Receivables for which bad debt allowance is provided collectively: Other consulting services

Unit: Yuan Currency: RMB

| Name | Closing balance | | Proportion (%) |
|---------------|---------------------|--------------------|----------------|
| | Accounts receivable | Bad debt allowance | |
| Within 1 year | 80,467,648.49 | 13,092,086.41 | 16.27 |
| 1 to 2 years | 43,547,224.76 | 14,840,894.20 | 34.08 |
| 2 to 3 years | 33,386,062.72 | 19,924,802.23 | 59.68 |
| Over 3 years | 37,946,994.23 | 37,946,994.22 | 100.00 |
| Total | 195,347,930.19 | 85,804,777.06 | 43.92 |

XVII. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

1. Accounts Receivable (continued)

(2) Disclosure under the methods of provision for bad debts by category (continued)

Recognition criteria and explanation of receivables for which bad debt allowance is provided collectively:

Applicable Not Applicable

See “Financial Reports V.10. Financial Instruments” for details.

Receivables for which bad debt allowance is provided collectively: Rental and related revenue

Unit: Yuan Currency: RMB

| Name | Closing balance | | Proportion(%) |
|---------------|---------------------|--------------------|---------------|
| | Accounts receivable | Bad debt allowance | |
| Within 1 year | 12,746,095.00 | 573,574.28 | 4.50 |
| Over 1 year | 2,065,483.18 | 92,946.74 | 4.50 |
| Total | 14,811,578.18 | 666,521.02 | 4.50 |

Recognition criteria and explanation of receivables for which bad debt allowance is provided collectively:

Applicable Not Applicable

See “Financial Reports V.10. Financial Instruments” for details.

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

XVII. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

1. Accounts Receivable (continued)

(2) Disclosure under the methods of provision for bad debts by category (continued)

Receivables for which bad debt allowance is provided collectively: Others

Unit: Yuan Currency: RMB

| Name | Accounts receivable | Closing balance Bad debt allowance | Proportion(%) |
|---------------|---------------------|---------------------------------------|---------------|
| Within 1 year | 13,137,227.96 | 591,175.26 | 4.50 |
| Over 1 year | 1,836,000.00 | 82,620.00 | 4.50 |
| Total | 14,973,227.96 | 673,795.26 | 4.50 |

Recognition criteria and explanation of receivables for which bad debt allowance is provided collectively:

Applicable Not Applicable

See "Financial Reports V.10. Financial Instruments" for details.

For bad debt provisions under the general model of expected credit losses, see the disclosure of other receivables:

Applicable Not Applicable

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

XVII. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

1. Accounts Receivable (continued)

(3) Conditions on bad debt allowance

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Category | Opening balance | Provision | Changes in the current period | | | Closing balance |
|----------|-----------------|---------------|-------------------------------|---------------------|---------------|-----------------------|
| | | | Recovery or reversal | Resale or write-off | Other changes | |
| | 747,272,827.19 | 34,755,182.16 | | 10,666,666.66 | | 771,361,342.69 |
| Total | 747,272,827.19 | 34,755,182.16 | | 10,666,666.66 | | 771,361,342.69 |

Significant recovery or reversal of bad debt provision during the period:

Applicable Not Applicable

(4) Accounts receivable actually written off during the period

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Item | Write-off |
|--|----------------------|
| Accounts receivable actually written off | 10,666,666.66 |

Significant accounts receivable written off

Applicable Not Applicable

Description of accounts receivable written off:

Applicable Not Applicable

Nil

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

XVII. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

1. Accounts Receivable (continued)

(5) The top five closing balance of accounts receivable collected by debtors

Applicable Not Applicable

| | 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 | 5.24 | 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 | 2.48 | 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 | 1.90 | 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 | 1.62 | 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 | 1.52 | 16,000,000.00 |

Others

Nil

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

XVII. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

1. Accounts Receivable (continued)

(6) Accounts receivable derecognized due to the transfer of financial assets

Applicable Not Applicable

(7) Assets and liabilities arising out of the transfer of accounts receivable and continuing involvement

Applicable Not Applicable

Others:

Applicable Not Applicable

2. Other Receivables

Item presented

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Items | Closing balance | Opening balance |
|----------------------|-------------------|-------------------|
| Interest receivables | 9,036,367.60 | 9,069,537.29 |
| Dividend receivables | 2,544,508,338.07 | 2,215,821,972.63 |
| Other receivables | 28,015,658,259.72 | 27,139,182,027.44 |
| Total | 30,569,202,965.39 | 29,364,073,537.36 |

Others:

Applicable Not Applicable

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

XVII. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

2. Other Receivables (continued)

Interest receivables

(1) *Classification of interest receivables*

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Items | Closing balance | Opening balance |
|-------------------|-----------------|-----------------|
| Fixed deposits | | |
| Entrusted loans | | |
| Bonds investments | | |
| Loan interest | 9,036,367.60 | 9,069,537.29 |
| Total | 9,036,367.60 | 9,069,537.29 |

(2) *Significant default interest*

Applicable Not Applicable

(3) *Bad debt provision*

Applicable Not Applicable

Others:

Applicable Not Applicable

XVII. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

2. Other Receivables (continued)

Dividend receivables

(1) Dividend receivables

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Items (or investee) | Closing balance | Opening balance |
|---|------------------|------------------|
| 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 | 80,000,000.00 |
| Red Star Macalline Home Furnishing Mall Management Company Limited(紅星美凱龍家居商場管理有限公司) | 1,137,000,000.00 | 1,137,000,000.00 |
| Shanghai Red Star Macalline Global Home Furnishing Company Limited(上海紅星美凱龍全球家居有限公司) | | |
| Red Star Macalline Enterprise Management and Consultancy Company Limited(紅星美凱龍企業管理諮詢有限公司) | | |
| 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) | | |
| 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) | | |

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

XVII. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

2. Other Receivables (continued)

Dividend receivables (continued)

(1) Dividend receivables (continued)

| Items (or investee) | Closing balance | Opening balance |
|---|------------------|------------------|
| 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) | | |
| 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) | | |
| 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) | 16,108,338.07 | 5,421,972.63 |
| Red Star Xizhao Investment Company Limited(紅星喜兆投資有限公司) | 900,000,000.00 | 900,000,000.00 |
| 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) | 166,000,000.00 | |
| 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) | – | |
| 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) | – | |
| 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) | 152,000,000.00 | |
| Total | 2,544,508,338.07 | 2,215,821,972.63 |

XVII. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

2. Other Receivables (continued)

Dividend receivables (continued)

(2) *Significant dividends receivable aged over 1 year*

Applicable Not Applicable

(3) *Bad debt provision*

Applicable Not Applicable

Others:

Applicable Not Applicable

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

XVII. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

2. Other Receivables (continued)

Other receivables

(1) Disclosure by aging

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Aging | Closing book balance |
|-----------------------------------|----------------------|
| Within 1 year | |
| Including: Sub-item within 1 year | |
| Sub-total within 1 year | 27,533,561,882.79 |
| 1 to 2 years | 1,013,638,470.69 |
| 2 to 3 years | 18,360,000.00 |
| Over 3 years | 195,484,169.73 |
| 3 to 4 years | |
| 4 to 5 years | |
| Over 5 years | |
| Total | 28,761,044,523.21 |

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

XVII. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

2. Other Receivables (continued)

Other receivables (continued)

(2) Classification by nature of payment

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Nature of payment | Closing book balance | Opening book balance |
|----------------------|--------------------------|----------------------|
| Loan and advances | | |
| – to related parties | 27,729,399,087.02 | 27,066,889,910.95 |
| – to third parties | 249,996,965.68 | 68,722,115.83 |
| Deposits | 2,179,094.68 | 828,302.59 |
| Others | 34,083,112.34 | 2,741,698.07 |
| Total | 28,015,658,259.72 | 27,139,182,027.44 |

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

XVII. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

2. Other Receivables (continued)

Other receivables (continued)

(3) Provision for bad debt allowance

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Bad debt allowance | Stage 1 | Stage 2 | Stage 3 | Total |
|---|--|---|---|-------|
| | Expected credit losses in the next 12 months | Lifetime expected credit losses (Not credit impaired) | Lifetime expected credit losses (Credit impaired) | |
| Balance on 1 January 2022 | 137,310,046.48 | 587,961,753.08 | 725,271,799.56 | |
| Balance on 1 January 2022 in current period | 137,310,046.48 | 587,961,753.08 | 725,271,799.56 | |
| - Transfer to stage 2 | | | | - |
| - Transfer to stage 3 | | | - | - |
| - Reverse to stage 2 | | | | - |
| - Reverse to stage 1 | | | | - |
| Provision during the period | - | 58,987,486.52 | 58,987,486.52 | |
| Reversal during the period | -38,873,022.59 | | -38,873,022.59 | |
| Cancellation during the period | | | | - |
| Write-off during the period | | | | |
| Other changes | | | | |
| Balance on 30 June 2022 | 98,437,023.89 | 646,949,239.60 | 745,386,263.49 | |

XVII. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

2. Other Receivables (continued)

Other receivables (continued)

(3) Provision for bad debt allowance (continued)

Description of significant changes in the book balance of other receivables with changes in loss provisions during the period:

Applicable Not Applicable

The amount of bad debt provisions and the basis for assessing whether there was a significant increase in the credit risk of financial instruments during the period:

Applicable Not Applicable

(4) Conditions on bad debt allowance

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Category | Opening balance | Changes in the current period | | | Other changes | Closing balance |
|-------------------|-----------------|-------------------------------|----------------------|---------------------|---------------|-----------------|
| | | Provision | Recovery or reversal | Resale or write-off | | |
| Other receivables | 725,271,799.56 | 58,987,486.52 | 38,873,022.59 | | - | 745,386,263.49 |
| Total | 725,271,799.56 | 58,987,486.52 | 38,873,022.59 | | - | 745,386,263.49 |

Significant reversal or recovery of bad debt provision during the period:

Applicable Not Applicable

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

XVII. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

2. Other Receivables (continued)

Other receivables (continued)

(5) Other receivables actually written off during the period

Applicable Not Applicable

Description of other receivables written off:

Applicable Not Applicable

(6) Other receivables from the top five debtors by closing balances

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Name of entity | Nature of the amount | Closing balance | Aging | Proportion to the total closing balance of other receivables (%) | Bad debt allowance closing balance |
|---|--------------------------------------|------------------|----------------------------------|--|------------------------------------|
| Hangzhou Red Star Macalline Global Home Living Company Limited (杭州紅星美凱龍環球家居有限公司) | Amounts due to and from subsidiaries | 1,158,176,059.94 | Within 1 year, Within 2 years | 4.03% | - |
| Shanghai Red Star Macalline Industrial Company Limited (上海紅星美凱龍實業有限公司) | Amounts due to and from subsidiaries | 1,119,663,324.21 | Within 1 year, Within 2 years | 3.89% | - |
| 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) | Amounts due to and from subsidiaries | 1,079,826,942.03 | Within 1 year, Within 3 years | 3.75% | - |
| Shanghai Xingkai Chengpeng Business Management Company Limited (上海星凱程鵬企業管理有限公司) | Amounts due to and from subsidiaries | 1,028,757,863.14 | Within 1 year, Within 2 years | 3.58% | 17,874,886.21 |
| 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) | Amounts due to and from subsidiaries | 1,016,187,733.07 | Within 1 year, Within 2 years | 3.53% | 100,000,000.00 |
| Total | / | 5,402,611,922.39 | / | 18.78% | 117,874,886.21 |

XVII. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

2. Other Receivables (continued)

Other receivables (continued)

(7) *Receivables involving government grant*

Applicable Not Applicable

(8) *Other receivables derecognized due to the transfer of financial assets*

Applicable Not Applicable

(9) *Assets and liabilities arising out of the transfer of other receivables and continuing involvement*

Applicable Not Applicable

Other:

Applicable Not Applicable

3. Long-term Equity Investments

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Items | Closing balance | | | Opening balance | | |
|--|-------------------|----------------------|-------------------|-------------------|----------------------|-------------------|
| | Book balance | Impairment allowance | Book value | Book balance | Impairment allowance | Book value |
| Investments in subsidiaries | 19,578,390,558.19 | | 19,578,390,558.19 | 18,767,123,470.91 | | 18,767,123,470.91 |
| Investments in associates and joint ventures | 1,839,978,624.72 | | 1,839,978,624.72 | 1,808,493,611.50 | | 1,808,493,611.50 |
| Total | 21,418,369,182.91 | | 21,418,369,182.91 | 20,575,617,082.41 | | 20,575,617,082.41 |

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

XVII. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

3. Long-term Equity Investments (continued)

(1) Investments in subsidiaries

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Investee | Opening balance | Increase during the period | Decrease during the period | Closing balance | Provision made for impairment allowance during the period | Closing balance of impairment allowance |
|---|-----------------|----------------------------|----------------------------|-----------------|---|---|
| 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) | 77,998,405.33 | | | 77,998,405.33 | | |
| 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) | 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 | | |

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

XVII. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

3. Long-term Equity Investments (continued)

(1) Investments in subsidiaries (continued)

| Investee | Opening balance | Increase during the period | Decrease during the period | Closing balance | Provision made for impairment allowance during the period | Closing balance of impairment allowance |
|--|-----------------|----------------------------|----------------------------|-----------------|---|---|
| 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 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 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) | - | | | - | | |
| 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 | | |

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

XVII. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

3. Long-term Equity Investments (continued)

(1) Investments in subsidiaries (continued)

| Investee | Opening balance | Increase during the period | Decrease during the period | Closing balance | Provision made for impairment allowance during the period | Closing balance of impairment allowance |
|--|-----------------|----------------------------|----------------------------|-----------------|---|---|
| Hangzhou Red Star Macalline Shibo Furniture Plaza Company Limited (杭州紅星美凱龍世博家居有限公司) | 230,000,000.00 | | | 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 | | |
| 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 | | |

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

XVII. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

3. Long-term Equity Investments (continued)

(1) Investments in subsidiaries (continued)

| Investee | Opening balance | Increase during the period | Decrease during the period | Closing balance | Provision made for impairment allowance during the period | Closing balance of impairment 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) | 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 (上海鼎都投資有限公司) | 5,100,000.00 | | | 5,100,000.00 | | |
| Tianjin Red Star Macalline Home Furnishings Plaza Company Limited (天津紅星美凱龍傢居家飾生活廣場有限公司) | 424,878,664.00 | | | 424,878,664.00 | | |
| 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) | 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 (上海星凱程騰企業管理有限公司) | 10,000,000.00 | | | 10,000,000.00 | | |
| Shanghai Guixv Enterprise Management Company Limited (上海歸翹企業管理有限公司) | 139,400,000.00 | | | 139,400,000.00 | | |

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

XVII. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

3. Long-term Equity Investments (continued)

(1) Investments in subsidiaries (continued)

| Investee | Opening balance | Increase during the period | Decrease during the period | Closing balance | Provision made for impairment allowance during the period | Closing balance of impairment allowance |
|---|-----------------|----------------------------|----------------------------|-----------------|---|---|
| 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 | | |
| 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 | | |

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

XVII. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

3. Long-term Equity Investments (continued)

(1) Investments in subsidiaries (continued)

| Investee | Opening balance | Increase during the period | Decrease during the period | Closing balance | Provision made for impairment allowance during the period | Closing balance of impairment allowance |
|---|-----------------|----------------------------|----------------------------|-----------------|---|---|
| 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) | - | | | - | | |
| Shanghai Red Star Ogiora 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 | | |
| 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 | | |

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

XVII. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

3. Long-term Equity Investments (continued)

(1) Investments in subsidiaries (continued)

| Investee | Opening balance | Increase during the period | Decrease during the period | Closing balance | Provision made for impairment allowance during the period | Closing balance of impairment allowance |
|---|-----------------|----------------------------|----------------------------|-----------------|---|---|
| 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 | | |
| 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 | | |

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

XVII. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

3. Long-term Equity Investments (continued)

(1) Investments in subsidiaries (continued)

| Investee | Opening balance | Increase during the period | Decrease during the period | Closing balance | Provision made for impairment allowance during the period | Closing balance of impairment allowance |
|--|-----------------|----------------------------|----------------------------|-----------------|---|---|
| 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 Living 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 | | |
| 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) | 323,280,264.00 | | | 323,280,264.00 | | |

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

XVII. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

3. Long-term Equity Investments (continued)

(1) Investments in subsidiaries (continued)

| Investee | Opening balance | Increase during the period | Decrease during the period | Closing balance | Provision made for impairment allowance during the period | Closing balance of impairment allowance |
|--|-----------------|----------------------------|----------------------------|-----------------|---|---|
| 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 Zhaipai 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) | 114,360,000.00 | | 87,000,000.00 | 27,360,000.00 | | |
| 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 | | |

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

XVII. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

3. Long-term Equity Investments (continued)

(1) Investments in subsidiaries (continued)

| Investee | Opening balance | Increase during the period | Decrease during the period | Closing balance | Provision made for impairment allowance during the period | Closing balance of impairment allowance |
|--|-----------------|----------------------------|----------------------------|-----------------|---|---|
| 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) | - | | | - | | |
| 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 | 105,000,000.00 | | 110,000,000.00 | | |
| Shanghai Yuxu Enterprise Management Company Limited (上海宇煦企業管理有限公司) | 5,000,000.00 | 105,000,000.00 | | 110,000,000.00 | | |

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

XVII. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

3. Long-term Equity Investments (continued)

(1) Investments in subsidiaries (continued)

| Investee | Opening balance | Increase during the period | Decrease during the period | Closing balance | Provision made for impairment allowance during the period | Closing balance of impairment allowance |
|--|-----------------|----------------------------|----------------------------|-----------------|---|---|
| Shanghai Yuzhu Enterprise Management Company Limited (上海宇築企業管理有限公司) | 5,000,000.00 | 105,000,000.00 | | 110,000,000.00 | | |
| Shanghai Yuxiao Enterprise Management Company Limited (上海宇霄企業管理有限公司) | 5,000,000.00 | 105,000,000.00 | | 110,000,000.00 | | |
| 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. (上海英太荔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 Home Furnishing 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 | | |

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

XVII. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

3. Long-term Equity Investments (continued)

(1) Investments in subsidiaries (continued)

| Investee | Opening balance | Increase during the period | Decrease during the period | Closing balance | Provision made for impairment allowance during the period | Closing balance of impairment allowance |
|--|-----------------|----------------------------|----------------------------|-----------------|---|---|
| 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) | - | | | - | | |
| 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) | 13,000,000.00 | | | 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 | | |

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

XVII. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

3. Long-term Equity Investments (continued)

(1) Investments in subsidiaries (continued)

| Investee | Opening balance | Increase during the period | Decrease during the period | Closing balance | Provision made for impairment allowance during the period | Closing balance of impairment allowance |
|--|------------------|----------------------------|----------------------------|------------------|---|---|
| Shanghai Red Star Macalline Commercial Factoring Company Limited (上海紅星美凱龍商業保理有限公司) | - | | | - | | |
| 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 Development Co., Ltd. (上海懷星文化發展有限公司) | 1,600,000.00 | | | 1,600,000.00 | | |
| 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) | - | | | - | | |
| 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 Furnishing 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 | | |

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

XVII. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

3. Long-term Equity Investments (continued)

(1) Investments in subsidiaries (continued)

| Investee | Opening balance | Increase during the period | Decrease during the period | Closing balance | Provision made for impairment allowance during the period | Closing balance of impairment allowance |
|--|-----------------|----------------------------|----------------------------|-----------------|---|---|
| Nantong Hongmei Shibo Home Furnishing Plaza Company Limited (南通紅美世博家居廣場有限公司) | 227,000,000.00 | | | 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 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 | | |
| 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 Red Star Macalline Decoration (Group) Company 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 Company Limited (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 Shimao Furniture 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 | | |

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

XVII. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

3. Long-term Equity Investments (continued)

(1) Investments in subsidiaries (continued)

| Investee | Opening balance | Increase during the period | Decrease during the period | Closing balance | Provision made for impairment allowance during the period | Closing balance of impairment allowance |
|--|------------------|----------------------------|----------------------------|------------------|---|---|
| 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 Company Limited (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) | 170,000,000.00 | | | 170,000,000.00 | | |
| Red Star Home (Shanghai) Technology Co., Ltd. (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. (上海美凱龍文商商務企業管理有限公司) | 7,300,000.00 | | | 7,300,000.00 | | |
| Hangzhou Red Star Macalline Global Home Living Company Limited (杭州紅星美凱龍環球家居有限公司) | 931,344,793.89 | | | 931,344,793.89 | | |

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

XVII. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

3. Long-term Equity Investments (continued)

(1) Investments in subsidiaries (continued)

| Investee | Opening balance | Increase during the period | Decrease during the period | Closing balance | Provision made for impairment allowance during the period | Closing balance of impairment 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) | 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 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) | 808,751,821.21 | | | 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 | | |

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

XVII. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

3. Long-term Equity Investments (continued)

(1) Investments in subsidiaries (continued)

| Investee | Opening balance | Increase during the period | Decrease during the period | Closing balance | Provision made for impairment allowance during the period | Closing balance of impairment allowance |
|--|-----------------|----------------------------|----------------------------|-----------------|---|---|
| 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 | | |
| 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 Living 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 | | |

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

XVII. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

3. Long-term Equity Investments (continued)

(1) Investments in subsidiaries (continued)

| Investee | Opening balance | Increase during the period | Decrease during the period | Closing balance | Provision made for impairment allowance during the period | Closing balance of impairment allowance |
|---|-----------------|----------------------------|----------------------------|-----------------|---|---|
| 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 | | |

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

XVII. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

3. Long-term Equity Investments (continued)

(1) Investments in subsidiaries (continued)

| Investee | Opening balance | Increase during the period | Decrease during the period | Closing balance | Provision made for impairment allowance during the period | Closing balance of impairment allowance |
|--|-------------------|----------------------------|----------------------------|-------------------|---|---|
| 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 | | |
| 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) | | 567,987.28 | | 567,987.28 | | |
| Chongqing Red Star Ogloria Home Furnishing Company Limited (重慶紅星歐麗洛雅家居有限公司) | | 402,390,000.00 | | 402,390,000.00 | | |
| Wuhu Yuanche Yuqi Investment Center (Limited Partnership) (蕪湖遠澈御祺投資中心(有限合夥)) | | 515,000,000.00 | | 515,000,000.00 | | |
| 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 | | |
| Total | 18,767,123,470.91 | 1,343,267,087.28 | 532,000,000.00 | 19,578,390,558.19 | - | - |

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

XVII. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

3. Long-term Equity Investments (continued)

(2) Investments in Associates and Joint Ventures

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Investor | Opening balance | Increase in investment | Decrease in investment | Increase/decrease during the period | | | | | Closing balance | Closing balance of impairment allowance |
|--|------------------|------------------------|------------------------|--|--|-------------------------|----------------------------------|---|-----------------|---|
| | | | | Investment gain/loss under equity method | Adjustment of other comprehensive income | Other changes to equity | Cash dividend or profit declared | Provision made for impairment allowance | | |
| I. Joint ventures | | | | | | | | | | |
| Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司) | 833,102,391.58 | | | 9,581,698.48 | | | | | | 842,684,090.06 |
| Shanghai Mingyi Enterprise Development Co., Ltd. (上海名藝商業企業發展有限公司) | 91,658,773.52 | | | 18,613,692.80 | | | | | | 110,272,466.32 |
| Sub-total | 924,761,165.10 | | - | 28,195,391.28 | - | - | - | - | - | 952,956,556.38 |
| II. Associates | | | | | | | | | | |
| Shandong Inzone Green Home Co., Ltd. (山東銀座家居有限公司) | 426,626,993.16 | | | 316,452.74 | | | | | | 426,943,445.90 |
| Shenyudao Cultural Tourism Holding Co., Ltd. (神玉島文化旅遊控股股份有限公司) | 174,421,343.21 | | | | | | | | | 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) | 83,065,909.26 | | | 4,690,036.10 | | | | | | 87,755,945.36 |
| Shanghai Jin Jiang GPP Supply Chain Co., Ltd. (上海錦江聯採供應鏈有限公司) | 29,111,303.68 | | | -565,467.15 | | | | | | 28,545,836.53 |
| Shanghai Jiazhan Construction Engineering Company Limited (上海嘉展建築裝潢工程有限公司) | 5,206,897.09 | | | -1,151,399.75 | | | | | | 4,055,497.34 |
| Sub-total | 883,732,446.40 | | | 3,289,621.94 | | | | | | 887,022,068.34 |
| Total | 1,808,493,611.50 | | | 31,485,013.22 | | | | | | 1,839,978,624.72 |

Others:

Nil

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

XVII. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

4. Revenue and Cost of Sales

(1) Revenue and cost of sales

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Items | Amount for the period | | Amount for previous period | |
|--------------------|-----------------------|----------------------|----------------------------|-----------------------|
| | Revenue | Costs | Revenue | Costs |
| Principal business | 509,394,110.73 | 80,181,379.35 | 649,412,820.40 | 169,837,031.20 |
| Other business | 188,302,138.23 | - | 174,752,779.52 | - |
| Total | 697,696,248.96 | 80,181,379.35 | 824,165,599.92 | 169,837,031.20 |

(2) Revenue generated from contracts

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Classification of contracts | Entrusted management related-segments | Others-segments | Total |
|---|---------------------------------------|----------------------|-----------------------|
| Type of product | | | |
| Classified by operating regions | | | |
| Mainland China | 124,640,992.51 | 33,285,445.97 | 157,926,438.48 |
| Market or customer type | | | |
| Type of contracts | | | |
| Classified by time of transfer of goods | | | |
| Classified by contract term | | | |
| Classified by sales channel | | | |
| Total | 124,640,992.51 | 33,285,445.97 | 157,926,438.48 |

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

XVII. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

4. Revenue and Cost of Sales (continued)

(2) Revenue generated from contracts (continued)

Description of revenue generated from contracts:

Applicable Not Applicable

| | In the first half of 2022 | In the first half of 2021 |
|---|------------------------------|------------------------------|
| Revenue from the brand consulting and management service for the early stage of the project | | 7,169,811.32 |
| Revenue from annual brand consulting and management service for the project | 124,640,992.51 | 131,348,761.39 |
| Revenue from commercial management and consultation fees for construction project | – | |
| Revenue from commercial consultation fees and tenant sourcing commissions | – | 18,317,033.47 |
| Other revenues | 33,285,445.97 | 174,752,779.52 |
| Total | 157,926,438.48 | 331,588,385.70 |

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

XVII. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

4. Revenue and Cost of Sales (continued)

(3) Description of performance obligations

Applicable Not Applicable

(1) *Description of performance obligations*

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.

Revenue from commercial management and consultation fees 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.

XVII. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

4. Revenue and Cost of Sales (continued)

(3) Description of performance obligations (continued)

(1) Description of performance obligations (continued)

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 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.

(4) Apportionment to the remaining performance obligations

Applicable Not Applicable

The amount of revenue corresponding to the performance obligations that were signed but not fulfilled or not completely fulfilled at the end of the reporting period was RMB5,206,339,518.75, of which

RMB590,708,095.21 was estimated to be recognised as revenue during the period from 1 July 2022 to 30 June 2023.

Others:

Nil

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

XVII. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

5. Investment Income

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Items | Amount for the period | Amount for previous period |
|---|-------------------------|----------------------------|
| Gain on long-term equity investment based on cost method | 446,456,365.44 | 483,471,972.63 |
| Gain on long-term equity investment based on equity method | 31,485,013.22 | 18,911,663.45 |
| Investment income from disposal of long-term equity investments | 920,274,472.45 | 383,295,664.03 |
| Investment income earned during the holding period of financial assets at fair value through profit or loss | | |
| Investment income received from the disposal of financial assets at fair value through profit or loss | 107,533.12 | |
| Investment income earned during the holding period of financial assets held for trading | | |
| Dividend income from investment in other equity instruments during the period of holding | | |
| Investment income from debt investments during the holding period | | |
| Interest income from other debt investment in the period of holding | | |
| Investment gain from disposal of financial assets held for trading | - | 8,117,681.94 |
| Investment gain on disposal of investment in other equity instruments | | |
| Investment gain on disposal of debt investment | | |
| Investment gain on disposal of other debt investment | | |
| Gain on debt restructuring | | |
| Investment gain on disposal of investment in other equity instruments | | |
| Investment gain on disposal of debt investment | | |
| Investment gain on disposal of other debt investment | | |
| Investment gain on disposal of subsidiaries | | |
| Bonuses received from other equity instruments investment | 2,076,561.55 | 12,689,627.58 |
| Bonuses received from other non-current financial assets | - | |
| Total | 1,400,399,945.78 | 906,486,609.63 |

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

XVII. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

5. Investment Income (continued)

Others:

Nil

6. Others

Applicable Not Applicable

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

XVIII. SUPPLEMENTARY INFORMATION

1. Breakdown of Non-Recurring Profit or Loss for the Current Period

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Items | Amount | Description |
|--|---------------|-------------|
| Gain or loss on disposal of non-current assets | 706,708.66 | |
| Tax refunds or relief subject to ultra vires or without official approval | | |
| Government grants credited to profit or loss for the current period (exclusive of those that are closely related to the operation of enterprise and received in a certain amount or fixed quantity in conformity with the common standards of the state) | 50,580,879.56 | |
| Funds-use income received from non-financial enterprises and credited to the profit or loss for the current period | 94,113,391.28 | |
| Gains derived from the excess of the attributable fair value of net identifiable assets of the investee upon acquisition of the investment over the cost of investment of acquisition of subsidiaries, associates and joint ventures | | |
| Profit or loss from exchange of non-monetary assets | | |
| Profit or loss from investment or management of assets by the others | | |
| Provision for impairment of various assets due to force majeure such as natural disasters | | |
| Profit or loss from debt restructuring | | |
| Corporate restructuring costs, such as employee placement expenses and integration costs | | |
| Profit or loss representing the difference between the unfair transaction consideration and the fair value of the transaction | | |
| Net profit or loss of subsidiaries resulting from merger of enterprises under common control from the beginning of the period to the date of merger | | |
| Profit or loss from contingencies not related to the ordinary operations of the Company | | |
| Gains and losses from change in the fair value of the held-for-trading financial assets, derivative financial assets, held-for-trading financial liabilities and derivative financial liabilities held by the Company and investment income from disposal of held-for-trading financial assets, derivative financial assets, held-for-trading financial liabilities, derivative financial liabilities and other debt investments other than the valid hedging services related to the normal operating activities of the Company | 19,795,919.90 | |

XVIII. SUPPLEMENTARY INFORMATION (continued)

1. Breakdown of Non-Recurring Profit or Loss for the Current Period (continued)

| Items | Amount | Description |
|--|----------------------|--|
| Reverse of the impairment allowance for accounts receivables and contract assets tested for impairment individually | 10,000,000.00 | |
| Profit or loss from external entrusted loans | | |
| Gain or loss arising from changes in fair value of investment properties measured subsequently at fair value | 95,640,907.31 | |
| Impact of one-off adjustment to profit or loss for the current period in accordance with laws and regulations on taxation and accounting | | |
| Trustee fee income from entrusted operations | | |
| Non-operating income and expenses other than the above items | -7,031,292.11 | |
| Other profit or loss items falling within the meaning of non-recurring profit or loss | -15,029,576.59 | Including: 1>The value-added portion of investment gains from investment properties valuation of associates and joint ventures attributable to the enterprise; 2>Investment gain(loss) from disposal of associates |
| Less: Impact of income tax | 288,100,596.02 | |
| Impact of minority shareholders' interests (after tax) | -127,715,937.28 | |
| Total | 88,392,279.27 | |

Reasons should be explained for the non-recurring profit or loss defined by the Company in accordance with the Explanatory Announcement No. 1 on Information Disclosure by Companies Offering Securities to the Public – Non-recurring Profit or Loss and the non-recurring profit or loss listed in the Explanatory Announcement No. 1 on Information Disclosure by Companies Offering Securities to the Public – Non-recurring Profit or Loss, which was defined as recurring profit or loss.

Applicable Not Applicable

Notes to the Financial Statements

For the period ended 30 June 2022

RMB

XVIII. SUPPLEMENTARY INFORMATION (continued)

2. Return on Net Assets and Earnings per Share

Applicable Not Applicable

| Profit during the Reporting Period | Weighted average return on net assets (%) | Earnings per share | |
|---|---|--------------------|---------|
| | | Basic | Diluted |
| Net profit attributable to shareholders of ordinary shares of the Company | 1.89 | 0.24 | N/A |
| Net profit attributable to shareholders of ordinary shares of the Company, after deducting non-recurring gains and losses | 1.73 | 0.22 | N/A |

3. Differences in accounting data between domestic and overseas accounting standards

Applicable Not Applicable

4. Others

Applicable Not Applicable

Chairman: CHE Jianxing

Date of submission approved by the Board: 30 August 2022

Information on amendment

Applicable Not Applicable