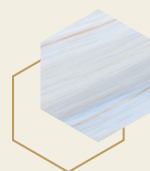
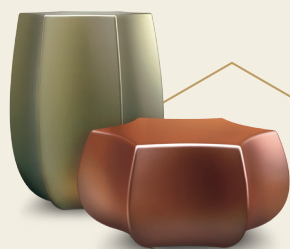




紅星美凱龍家居集團股份有限公司
Red Star Macalline Group Corporation Ltd.

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

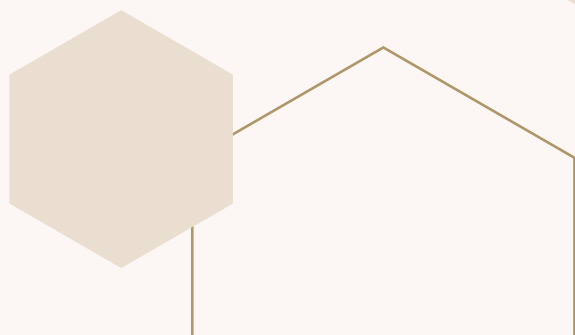
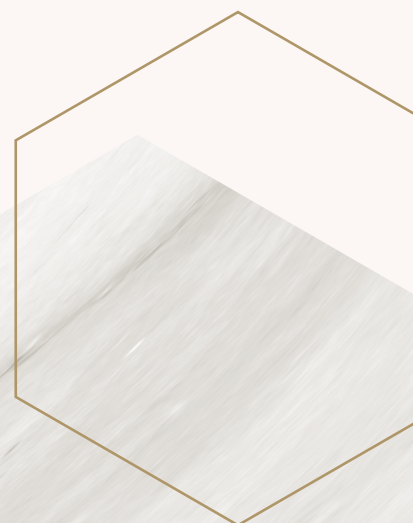
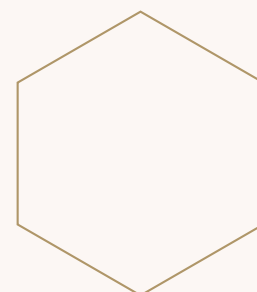
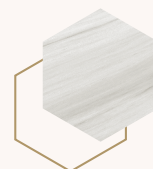


INTERIM REPORT
2020



Contents

Corporate Information	2
Financial and Operational Highlights	4
Management Discussion and Analysis	6
Corporate Governance and Other Information	57
Consolidated Balance Sheet	69
Consolidated Income Statement	72
Consolidated Cash Flow Statement	74
Consolidated Statement of Changes in Equity	76
Company's Balance Sheet	78
Company's Income Statement	80
Company's Cash Flow Statement	81
Company's Statement of Changes in Equity	83
Notes to the Financial Statements	85



Corporate Information

BOARD OF 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. XU Guofeng
Mr. XU Hong
Mr. JING Jie

Independent Non-executive Directors

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

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
Mr. XU Hong

COMPANY SECRETARY

Mr. GUO Binghe

AUTHORIZED REPRESENTATIVES

Mr. CHE Jianxing
Mr. GUO Binghe

REGISTERED OFFICE

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Level 16, Ernst & Young Tower, Oriental Plaza
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Beijing
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PRINCIPAL BANKS

Industrial and Commercial Bank of China

Shanghai Branch Banking Department
No. 24 Zhongshan Dongyi Road
Shanghai
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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 CODE

Hong Kong Stock Exchange: 1528
Shanghai Stock Exchange: 601828

COMPANY'S WEBSITE

www.chinaredstar.com

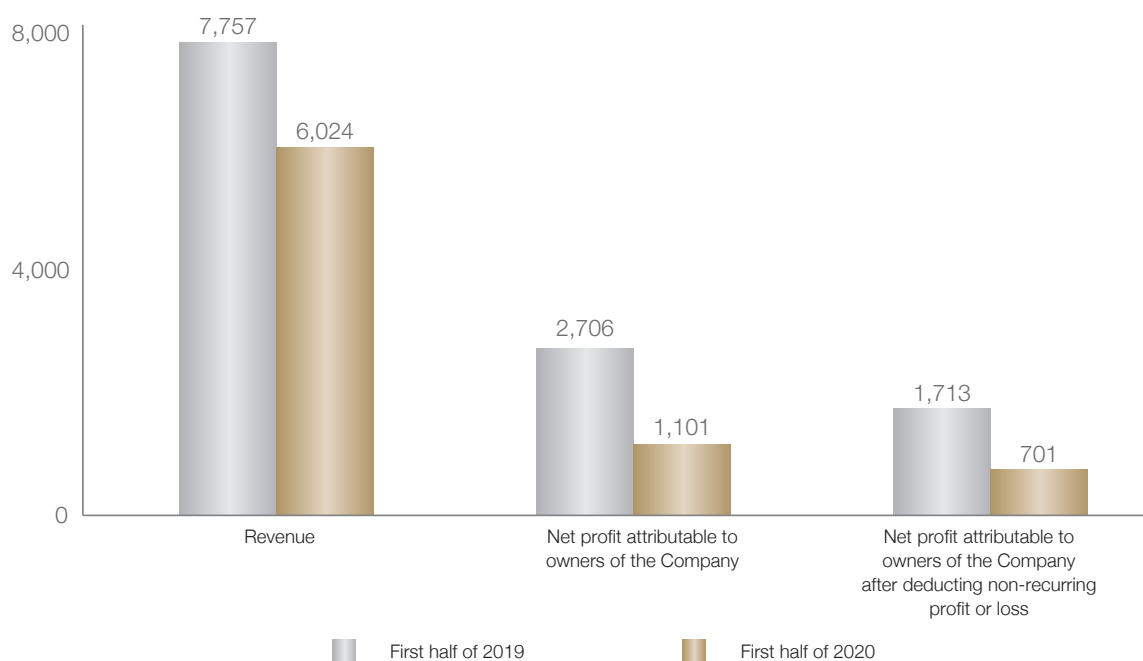
Financial and Operational Highlights

FINANCIAL HIGHLIGHTS

	Six months ended 30 June	
	2020 <i>(RMB'000, except otherwise stated)</i> (Unaudited)	2019 (Unaudited)
Revenue	6,024,441	7,757,114
Gross profit	4,029,841	5,194,654
Gross profit margin	66.9%	67.0%
Net profit	1,154,254	2,861,354
Net profit attributable to owners of the Company	1,101,316	2,705,544
Net profit margin attributable to owners of the Company	18.3%	34.9%
Net profit attributable to owners of the Company after deducting non-recurring profit or loss	700,784	1,713,037
Net profit margin attributable to owners of the Company after deducting non-recurring profit or loss	11.6%	22.1%
Earnings per share	RMB0.28	RMB0.69

Key Financial Performance Indicators

RMB million



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 2020	As at 31 December 2019
Number of shopping malls	334	337
Operating area of shopping malls (<i>sq.m.</i>)	20,953,810	20,986,950
Number of cities covered	209	212
Number of Portfolio Shopping Malls	87	87
Operating area of Portfolio Shopping Malls (<i>sq.m.</i>)	7,698,002	7,736,844
Average occupancy rate of Portfolio Shopping Malls	90.2%	93.4%
Number of Managed Shopping Malls	247	250
Operating area of Managed Shopping Malls (<i>sq.m.</i>)	13,255,808	13,250,106
Average occupancy rate of Managed Shopping Malls	90.1%	93.5%

Note: (1) See definitions in the 2019 annual report of the Company.



Management Discussion and Analysis

I. OVERVIEW

For the six months ended 30 June 2019 (the “Reporting Period”), Red Star Macalline Group Corporation Ltd. (the “Company” or “Red Star Macalline”) and its subsidiaries (collectively 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”, actively seized market development opportunities, and formulated the strategy of “enhancing competitiveness of core business through new retail revolution and developing second growth curve through home improvement business”, focusing on the development of new business formats such as Tongcheng Station, home decoration, Shejiyun, etc., aiming to enhance the delivery capabilities of home decoration design and conversion capabilities of online and offline traffic, 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 the 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 and Tmall “Home Decoration Tongcheng Station”.

Meanwhile, the Group continued to implement the two-pronged business model of Portfolio Shopping Malls and Managed Shopping Malls, with focuses on continuing development of our asset-light business model, and strategically expanded our shopping mall network nationwide in order to further enhance our market share, thereby continuously strengthening our market leadership in China’s home improvement and furnishings industry. As of the end of the Reporting Period, the Company operated 87 Portfolio Shopping Malls, 247 Managed Shopping Malls, and operated 12 home furnishing shopping malls through strategic cooperation⁽¹⁾. In addition, the Company opened 50 franchised home improvement material projects⁽²⁾ by way of franchising, which included a total of 430 home improvement material stores/industry streets⁽³⁾.

I. OVERVIEW (continued)

The Portfolio Shopping Malls and Managed Shopping Malls that we operated cover 209 cities in 29 provinces, municipalities and autonomous regions, with a total shopping mall operating area of 20,953,810 sq.m. During the Reporting Period, in order to integrate the Company's resources from all business lines in a more effective manner, the Company has merged the original tenant sourcing management center, the planning and management center and the operation management and promotion center into a large group operation center which aims to promote system integration and synergy and enhance efficiency. At the same time, the Group has achieved results in the aspects of smart shopping malls, business financial integration, information security and intelligent big data analysis through promoting the comprehensive digital and intelligent works in the information construction. In the future, we will continue to pursue our development goal of becoming the most advanced and professional “omni-channel platform service provider for the pan-home improvement and furnishings industry” in China.

During the Reporting Period, the Group achieved a revenue of RMB6,024.4 million, representing a decrease of 22.3% from RMB7,757.1 million for the same period in 2019. Gross profit margin decreased by 0.1 percentage points to 66.9% from 67.0% for the same period of last year. During the Reporting Period, net profit attributable to owners of the Company after deducting non-recurring profit or loss amounted to RMB700.8 million, representing a decrease of 59.1% from RMB1,713.0 million for the same period in 2019. As of the end of the Reporting Period, the Group's cash and bank balances amounted to RMB9,507.9 million, representing an increase of 31.5% from RMB7,229.2 million as of the end of 2019. As of the end of the Reporting Period, the net gearing ratio⁽⁴⁾ of the Group increased from 69.4% as of the end of 2019 to 78.1%.

- 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 2020, Shandong Inzone Green Home Co., Ltd. and its controlling subsidiaries operated 12 home furnishing shopping malls in total in the PRC. Strategic cooperative operation shopping malls mean the home furnishing shopping malls which, based on strategic objectives considered by the Company, to be held through joint investment with the partners, to jointly hold the properties and co-operate.
- (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 their commencement of 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 managed property and the types of products sold.
- (4) Net gearing ratio is 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 and then divided by the total equity at the end of each period.

II. INDUSTRY ENVIRONMENT

In the first half of 2020, the COVID-19 pandemic broke out unexpectedly and impacted the national and global economy. Under the leadership of the CPC Central Committee, great efforts have been made throughout China to promote the epidemic prevention and control as well as the economic and social development. Due to the implementation of a series of policies, China's has been steadily recovering from the recession.

According to the statistics of the National Bureau of Statistics of the PRC, from January to June in 2020, the GDP in China fell by 1.6% on a year-on-year basis, while the national disposable income per capita increased by 2.4% over the corresponding period of last year in terms of nominal growth, with an actual decline of 1.3% after deducting price factors. During the same period, the total retail sales of social consumer goods decreased by 11.4% on a year-on-year basis, the total sales in furniture category decreased by 14.1% on a year-on-year basis, and the total sales in construction and decoration material categories decreased by 11.0% on a year-on-year basis.

Although the pandemic will continue in the third and fourth quarters of this year, it is overall controllable. In July 2020, the national economy recovered continuously and the main economic indicators showed continuous improvements. The total retail sales of social consumer goods decreased by 1.1% on a year-on-year basis, 0.7 percentage points less than that of the previous month; the retail sales of commodities increased by 0.2% on a year-on-year basis, and the consumer price rose by 2.7% on a year-on-year basis. At the same time, the pandemic has accelerated the rapid development of new business formats such as big data, cloud computing and AI, which have effectively solved some pain points and difficulties in real life, and provided a powerful support for the economic recovery. In terms of these new business formats, the Group has been implementing strategic plans since 2018, and has achieved remarkable results on corporate digitization, intelligentization, shopping mall intelligentization, smart marketing, etc. Measures such as remote office, shopping mall digital marketing, Tmall Tongcheng retail and online road show for investment promotion have effectively solved the practical difficulties faced by many companies during the pandemic period. In the long run, the continuous promotion of urbanization process and the increase of citizens' income level will continue to boost the national demand for home improvement and furnishings. In addition, the home re-decoration and the consumption upgrade of home appliances will also bring room for the industry's continuous development.

III. FINANCIAL REVIEW

1. Revenue

During the Reporting Period, the Group's revenue amounted to RMB6,024.4 million, representing a decrease of 22.3% from RMB7,757.1 million for the same period in 2019. The decrease in our revenue was primarily due to the impact of the epidemic and the introduction of the rent-free policy. During the Reporting Period, the rental and related income of our Owned/Leased Portfolio Shopping Malls decreased by 23.4%, which was mainly due to the decline in the occupancy rate of the Group's Portfolio Shopping Malls in areas affected by the epidemic and the Group's launch of a rent-free policy. The revenue from our Managed Shopping Malls decreased by 15.4% during the Reporting Period, mainly due to the delay in performance of contracts affected by the epidemic, which resulted in a decrease in the number of projects for the revenue recognition of consulting services as compared with the same period in 2019, and the Group has waived the management fees of some Managed Shopping Malls. Due to the impact of the epidemic, the revenue from construction and design, home decoration related services and sales of merchandise revenue, and other revenue during the Reporting Period have declined by different degrees compared with the same period in 2019.

The following table sets forth our revenue by business segments:

	Six months ended 30 June			
	2020 (Unaudited) (RMB)	%	2019 (Unaudited) (RMB)	%
Owned/Leased Portfolio Shopping Malls	3,027,912,524.15	50.3	3,952,122,177.57	50.9
Managed Shopping Malls	1,828,941,707.49	30.4	2,162,449,497.83	27.9
Construction and design	640,753,919.60	10.6	937,841,156.07	12.1
Home decoration related services and sales of merchandise	182,300,235.25	3.0	206,083,076.14	2.7
Others	344,532,479.52	5.7	498,618,579.85	6.4
Total	6,024,440,866.01	100.0	7,757,114,487.46	100.0

Owned/Leased Portfolio Shopping Malls: the revenue decreased from RMB3,952.1 million in the first half of 2019 to RMB3,027.9 million in the Reporting Period, representing a decrease of 23.4%, which was mainly due to the decline in the occupancy rate of the Portfolio Shopping Malls of the Group in areas affected by the epidemic and the implementation of the rent-free policy by the Group. As of the end of the Reporting Period, the number of Owned/Leased Portfolio Shopping Malls opened by the Group increased by 3 when compared with the end of June 2019, with the corresponding increase in the total operating area of 156,079 sq.m.

III. FINANCIAL REVIEW (continued)

1. Revenue (continued)

Managed Shopping Malls: the revenue decreased from RMB2,162.4 million in the first half of 2019 to RMB1,828.9 million in the Reporting Period, representing a decrease of 15.4%, mainly due to the delay in performance of contracts affected by the epidemic, which resulted in a decrease in the number of projects for the revenue recognition of consulting services as compared with the same period in 2019, and the Group has waived the management fees of some Managed Shopping Malls.

Construction and design business: during the Reporting Period, the total revenue generated from construction and design business amounted to RMB640.8 million, representing a decrease of RMB297.0 million as compared to the same period, mainly due to delay in construction progress affected by the epidemic.

2. Cost of Sales

The cost of sales of the Group mainly included the cost of operation and management of Owned/Leased Portfolio Shopping Malls, the cost of project consulting and management service, the cost of construction and design, the cost of sales of goods and home decoration, etc. During the Reporting Period, the cost of sales of the Group was RMB1,994.6 million, representing a decrease of 22.2% as compared with RMB2,562.5 million in the same period of 2019, 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			
	2020		2019	
	RMB	%	RMB	%
	(Unaudited)		(Unaudited)	
Owned/Leased Portfolio				
Shopping Malls	722,039,515.61	36.2	808,393,623.53	31.5
Managed Shopping Malls	586,243,820.51	29.4	746,302,209.26	29.1
Construction and design	487,113,882.43	24.4	642,568,338.90	25.1
Costs from home decoration related services and sales of merchandise	130,868,560.01	6.6	142,535,402.83	5.6
Other costs	68,334,469.66	3.4	222,660,569.47	8.7
Total	1,994,600,248.22	100.0	2,562,460,143.99	100.0

III. FINANCIAL REVIEW (continued)

3. Gross Profit and Gross Profit Margin

During the Reporting Period, the Group's gross profit was RMB4,029.8 million, representing a decrease of 22.4% from RMB5,194.7 million for the same period in 2019; the comprehensive gross profit margin was 66.9%, representing a decrease of 0.1 percentage points from 67.0% for the same period in 2019.

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

	Six months ended 30 June	
	2020 (Unaudited)	2019 (Unaudited)
Owned/Leased Portfolio Shopping Malls	76.2%	79.5%
Managed Shopping Malls	67.9%	65.5%
Construction and design	24.0%	31.5%
Home decoration related services and sales of merchandise	28.2%	30.8%
Others	80.2%	55.3%
Total	66.9%	67.0%

4. Distribution and Selling Expenses and General and Administrative Expenses

During the Reporting Period, the Group's distribution and selling expenses amounted to RMB631.2 million (accounting for 10.5% of the revenue), representing a decrease of 32.2% from RMB931.6 million (accounting for 12.0% of the revenue) for the same period in 2019, primarily due to the decrease in advertising and promotional expenses as a result of the Group's prompt implementation of targeted measures and strict control of the expenses of brand promotion and other activities in response to the epidemic.

During the Reporting Period, the Group's general and administrative expenses amounted to RMB744.5 million (accounting for 12.4% of the revenue), which remained relatively stable as compared to RMB702.6 million (accounting for 9.1% of the revenue) for the same period in 2019, primarily due to the Group's effective responses to the epidemic and reduced non-essential expenses, leading to an obvious decrease in office and administrative expenses, and at the same time, the amount of depreciation and amortization has increased due to the commission of office buildings in Hongqiao, Shanghai during the Reporting Period.

III. FINANCIAL REVIEW (continued)

5. Financial Expenses

During the Reporting Period, the Group's financial expenses amounted to RMB1,348.4 million, representing an increase of 36.9% from RMB984.7 million for the same period in 2019; among which, the total interest expense amounted to RMB1,330.2 million, representing an increase of 21.4% from RMB1,095.3 million for the same period in 2019, which was primarily due to the increase in the amount of interest-bearing liabilities as the Group made more new bank withdrawals than it did in the same period of 2019 in order to achieve sufficient liquidity and obtain enough capital under the sudden outbreak of the epidemic.

6. Investment income

During the Reporting Period, the Group's investment income was RMB142.6 million, representing a decrease of 58.0% compared to RMB339.7 million in the same period in 2019, mainly due to the relatively higher income from disposals of financial assets held for trading and associated companies in the same period in 2019 and there were less disposals of such kinds during the Reporting Period.

7. Income Tax Expenses

During the Reporting Period, the income tax expenses of the Group amounted to RMB402.5 million, representing a decrease of 43.6% from RMB713.3 million for the same period in 2019, which was mainly due to the decrease in the profit before tax during the Reporting Period as a result of the epidemic.

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 RMB1,101.3 million, representing a decrease of 59.3% from RMB2,705.5 million for the same period in 2019; the net profit attributable to owners of the Company after deducting non-recurring profit or loss amounted to RMB700.8 million, representing a decrease of 59.1% from RMB1,713.0 million for the same period in 2019. The above decreases were primarily due to the impact of the epidemic and the implementation of rent-free policy by the Group.

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		
	2020	2019	Increase/decrease
	(RMB)	(RMB)	
	(Unaudited)	(Unaudited)	
Net profit attributable to owners of the Company	1,101,316,487.91	2,705,544,357.44	-59.3%
Net profit margin attributable to owners of the Company	18.3%	34.9%	-16.6 pts
Net profit attributable to owners of the Company after deducting non-recurring profit or loss	700,783,934.70	1,713,037,155.58	-59.1%
Net profit margin attributable to owners of the Company after deducting non-recurring profit or loss	11.6%	22.1%	-10.5 pts

During the Reporting Period, the Group's earnings per share was RMB0.28, as compared to RMB0.69 for the same period in 2019.

9. Accounts receivable

As of the end of the Reporting Period, the book value of accounts receivable of the Group amounted to RMB1,763.2 million (including the balance of accounts receivable of RMB2,898.1 million and the bad debt allowance of RMB1,134.9 million), representing a decrease of RMB42.5 million from RMB1,805.7 million as of the end of 2019, primarily due to the decrease in accounts receivable arising from the decline of the revenue from Managed Shopping Malls of the Group during the Reporting Period.

10. Investment properties and gain from fair value changes

As of the end of the Reporting Period, the book value of the Group's investment properties amounted to RMB90,073.0 million, representing an increase of 5.8% from RMB85,107.0 million as of the end of 2019. During the Reporting Period, the Group's investment properties realized gain from fair value changes of RMB295.9 million. The above growth trend was mainly due to advancement in construction progress of Owned Portfolio Shopping Malls under development, as well as the increase in the fair value of the properties as a result of the continuous steady improvement in rental and related income level for certain opened shopping malls during the Reporting Period.

III. FINANCIAL REVIEW (continued)

11. Capital expenditure

During the Reporting Period, the Group's capital expenditure amounted to RMB1,348.5 million (the same period in 2019: RMB1,561.3 million), primarily including the expenditures incurred for the acquisition of lands and construction expenditures related to investment properties.

12. Cash and bank balances and cash flow

As of the end of the Reporting Period, the Group's cash and bank balances amounted to RMB9,507.9 million (of which, the balance of cash and cash equivalents amounted to RMB8,806.2 million), representing an increase of RMB2,278.7 million from RMB7,229.2 million (of which, the balance of cash and cash equivalents amounted to RMB6,776.1 million) as of the end of 2019.

	Six months ended 30 June	
	2020	2019
	(RMB) (Unaudited)	(RMB) (Unaudited)
Net cash flow from operating activities	1,065,894,804.21	1,179,077,717.75
Net cash flow from investment activities	(3,734,250,078.50)	(2,053,009,268.19)
Net cash flow from financing activities	4,711,941,869.39	1,049,691,408.56
Impact of exchange rate changes on cash and cash equivalents	(13,494,649.41)	93,087.83
Net increase in cash and cash equivalents	2,030,091,945.69	175,852,945.95

During the Reporting Period, the Group's net cash inflow from operating activities amounted to RMB1,065.9 million, representing a decrease of RMB113.2 million from RMB1,179.1 million for the same period in 2019, mainly due to the relief and delayed collection of rental and management fees under the impact of the epidemic.

During the Reporting Period, the Group's net cash outflow from investment activities amounted to RMB3,734.3 million, representing an increase of RMB1,681.3 million from RMB2,053.0 million for the same period in 2019. It was primarily due to the increased cash payments for various investment acquisitions during the Reporting Period.

During the Reporting Period, the Group's net cash inflow from financing activities amounted to RMB4,711.9 million, representing an increase of RMB3,662.2 million from RMB1,049.7 million for the same period in 2019, mainly due to the increase of new borrowings during the Reporting Period as compared with the same period in 2019.

III. FINANCIAL REVIEW (continued)

13. Debt Profile and Debt Ratios

As of the end of the Reporting Period, the total amount of debt of the Group was RMB48,335.0 million, of which bank borrowings were RMB26,944.0 million, bonds payable were RMB11,285.7 million and commercial mortgage backed securities payables were RMB8,138.0 million.

The following table sets out our specific debt profile:

	As at 30 June 2020 (Unaudited) (RMB'000)	As at 31 December 2019 (Audited) (RMB'000)
Bank and other borrowings		
Secured	26,284,283	22,340,153
Unsecured	659,744	374,569
Total	26,944,027	22,714,722
Fixed-rate borrowings	6,479,570	5,257,494
Floating-rate borrowings	20,464,457	17,457,228
Total	26,944,027	22,714,722
The borrowings are repayable		
Within one year or on demand	7,978,253	6,795,096
More than one year, but not exceeding two years	2,681,835	3,398,639
More than two years, but not exceeding five years	7,165,062	5,961,543
More than five years	9,118,877	6,559,444
Total	26,944,027	22,714,722
Actual interest rate range		
Fixed-rate borrowings	3.00-11.00	4.28-7.0
Floating-rate borrowings	4.25-5.96	2.78-5.96

III. FINANCIAL REVIEW (continued)

13. Debt Profile and Debt Ratios (continued)

Name of bonds	Par value	Issue date	Maturity	As at	As at
				30 June 2020 (Unaudited) (RMB'000)	31 December 2019 (Audited) (RMB'000)
Corporate Bonds of 2018 of Red Star Macalline Group Corporation Ltd. (First tranche)	RMB3,000 million	2018	3 years	2,993,239	2,989,771
5-year US\$-denominated bonds of Hong Kong Red Star Macalline in 2017	USD300 million	2017	5 years	2,104,560	2,069,727
Corporate Bonds of 2019 of Red Star Macalline Group Corporation Ltd. (First tranche)	RMB2,000 million	2019	4 years	1,990,801	1,989,378
7-year Corporate Bonds of 2016 of Red Star Macalline Group Corporation Ltd. (First tranche)	RMB1,500 million	2016	7 years	1,494,072	1,491,578
First tranche of the medium-term notes of 2019 of Red Star Macalline Group Corporation Ltd.	RMB500 million	2019	3 years	498,637	498,226
First tranche of the medium-term notes of 2020 of Red Star Macalline Group Corporation Ltd.	RMB500 million	2020	3 years	497,821	–
First tranche of the medium-term notes of 2018 of Red Star Macalline Group Corporation Ltd.	RMB500 million	2018	4 years	497,591	496,731
Public offering of Corporate Bonds of 2020 of Red Star Macalline Group Corporation Ltd. (First tranche)	RMB500 million	2020	3 years	497,328	–
Public offering of Corporate Bonds of 2020 of Red Star Macalline Group Corporation Ltd. (Second tranche)	RMB500 million	2020	3 years	496,856	–
Corporate Bonds of 2015 of Red Star Macalline Group Corporation Ltd. (First tranche)	RMB5,000 million	2015	5 years	168,002	168,002
5-year Corporate Bonds of 2016 of Red Star Macalline Group Corporation Ltd. (First tranche)	RMB1,500 million	2016	5 years	46,800	46,800
Total				11,285,707	9,750,213

III. FINANCIAL REVIEW (continued)

13. Debt Profile and Debt Ratios (continued)

	As at 30 June 2020 (Unaudited) (RMB'000)	As at 31 December 2019 (Audited) (RMB'000)
Commercial mortgage-backed securities		
Securities due in 2020	2,429,887	2,426,270
Securities due in 2021	2,356,060	2,381,039
Securities due in 2022	3,352,014	3,366,070
Asset-backed securities		
Securities due in 2020	363,601	144,229
Securities due in 2021	415,704	–
Total	8,917,266	8,317,607

Among the total debts of the Group, the portion repayable within one year or on demand amounted to RMB16,957.4 million, the portion repayable over one year but less than two years amounted to RMB11,033.6 million, the portion repayable over two years but less than five years amounted to RMB10,883.2 million and the portion repayable over five years amounted to RMB9,464.5 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 2020 (Unaudited)	As at 31 December 2019 (Audited)
Asset-liability ratio ⁽¹⁾	61.7%	59.9%
Net gearing ratio	78.1%	69.4%
	Six months ended 30 June	
	2020 (Unaudited)	2019 (Unaudited)
Interest expenses coverage ratio ⁽²⁾	1.94	3.04

III. FINANCIAL REVIEW (continued)

13. 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.

14. Pledged assets

As of the end of the Reporting Period, the Group had pledged investment properties and fixed assets with book value of RMB79,192.6 million and restricted cash and bank balances with book balance of RMB120.0 million in order to obtain loans, and the balance of the obtained loans was RMB34,114.0 million. The Group's restricted cash balance of RMB258.0 million has been deposited in the Central Bank as deposit reserves or used on hedging business, etc.

15. Contingent liabilities

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

16. Capital commitments

As of the end of the Reporting Period, the amount of capital expenditure in respect of the acquisition and development of investment properties which the Group has contracted for but not recognized in the financial statements was RMB2,251.2 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 RMB626.3 million.

17. 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 demand.

III. FINANCIAL REVIEW (continued)

18. Future Plans for Major Investments

Our future major investments are primarily capital expenditures in respect of acquisition and construction of investment properties (including through acquisition of subsidiaries). We expect to capitalize on secular growth trends in the home improvement and furnishings industry by strategically opening new shopping malls in selected cities in China with attractive market attributes and strengthening scale effect.

We will adhere to a prudent financial management strategy, unify management of funds and financing, rationally plan and arrange the investment and operating expenses based on the cash inflow, expand financing channels while maintaining a reasonable financial condition and debt ratio level, so as to maximize the benefits.

19. Material Acquisitions and Disposals

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

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 notes issued on 21 September 2017, the new Euro short-term borrowings during the Reporting Period 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 operating results of the Group.

III. FINANCIAL REVIEW (continued)

21. Human Resources

As of the end of the Reporting Period, the Group has employed 25,361 employees (as of 30 June 2019: 25,463 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 wage and bonus level according to the employee's performance, work experience and the market wage standard, and pays social insurance and housing provident fund for the employees. During the Reporting Period, the Group paid a total of RMB1,425.7 million for salary expenditures (the same period in 2019: RMB1,689.1 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.

In order to give full play to the long-term mechanism of the Company's talent incentive measures, the Company has implemented the 2020 A Share Option Incentive Scheme during the Reporting Period, granting 25,236,000 A share options to 982 participants with the exercise price of RMB11.02 per share on 13 May 2020 as the date of first grant.

In addition, the first phase of the Employee Stock Ownership Plan and the second phase of the Employee Stock Ownership Plan that have been implemented by the Company in 2019 are still in existence. As of the end of the Reporting Period, the two phases of the Employee Stock Ownership Plan held a total of 33,629,905 A shares of the Company.

22. A Share Option Incentive Scheme

The board of directors of the Company 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 reviewed 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, and in accordance with the relevant authorization, the Company convened the ninth extraordinary meeting of the fourth session of the Board on 13 May 2020 to adjust the list of Participants and the number of Share Options granted under the First Grant of the Scheme.

As of the disclosure date of this report, the Share Options granted by the Scheme have not yet entered the Exercise Period.

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

III. FINANCIAL REVIEW (continued)

22. A Share Option Incentive Scheme (continued)

22.1 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.

22.2 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.

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

The number of A Share Options to be granted under the Scheme is 30,850,000, representing approximately 0.79% of the total issued share capital of 3,905,000,000 shares of the Company as at the date of this report, among which, the first grant of Share Options consists of 25,236,000 shares ("First Grant of Share Options"), representing approximately 0.65% of the total issued share capital of 3,905,000,000 Shares of the Company as at the date of this report and 81.80% of the total number of Share Options under the Grant; the reserved share options consist of 5,614,000 shares ("Reserved Share Options"), representing approximately 0.14% of the total issued share capital of 3,905,000,000 Shares of the Company as at the date of this report and 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.



III. FINANCIAL REVIEW (continued)

22. A Share Option Incentive Scheme (continued)

22.3 Number of Shares and the Upper Limit of the Share Options Granted to the Each Participants under the Scheme (continued)

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.

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

22.4.1 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)

22. A Share Option Incentive Scheme (continued)

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

22.4.2 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.

22.4.3 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)

22. A Share Option Incentive Scheme (continued)

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

22.4.4 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)

22. A Share Option Incentive Scheme (continued)

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

22.4.4 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)

22. A Share Option Incentive Scheme (continued)

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

22.4.4 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)

22. A Share Option Incentive Scheme (continued)

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

22.4.5 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)

22. A Share Option Incentive Scheme (continued)

22.5 Exercise Price and Basis of Determination

22.5.1 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.

22.5.2 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.

22.5.3 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.

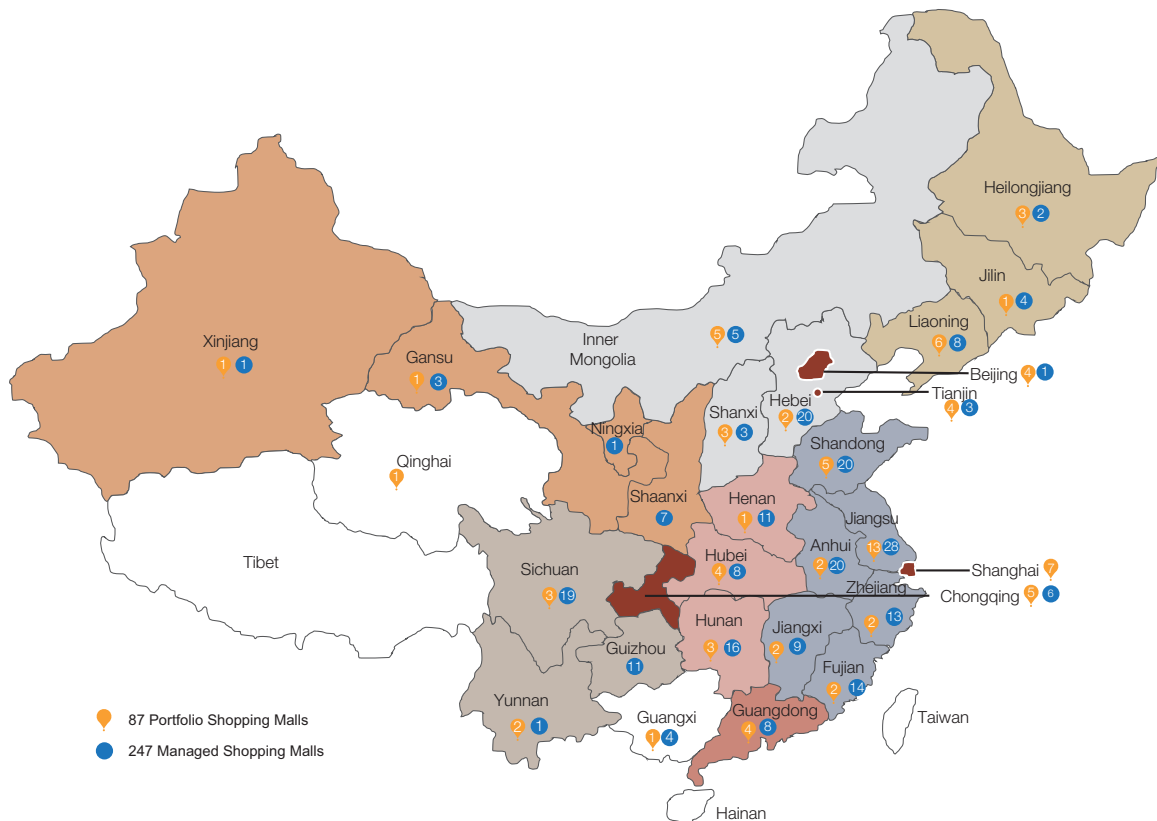
For relevant details of the Scheme, please refer to the announcement and circular dated 23 February, 26 March and 14 May 2020 of the Company on the website of the Hong Kong Stock Exchange at www.hkex.com.hk.

IV. BUSINESS REVIEW

1. Business Development and Deployment: Steady Development of Shopping Malls and Strategic Deployment with a Nationwide Coverage

As of the end of the Reporting Period, the Company operated 87 Portfolio Shopping Malls, 247 Managed Shopping Malls and 12 home furnishing shopping malls through strategic cooperation. In addition, the Company authorized 50 franchised home improvement material projects to open for business by way of franchising, which includes a total of 430 home improvement material stores/industry streets. Our Portfolio Shopping Malls and Managed Shopping Malls cover 209 cities in 29 provinces, municipalities and autonomous regions in China, with a total operating area of 20,953,810 sq.m. Through applying the two-pronged development model of Portfolio Shopping Malls and Managed Shopping Malls, the Company has acquired the properties in prime locations in Tier I Cities and Tier II Cities, accumulated extensive experience in operating shopping malls, constantly strengthened brand value, and set a relatively high entry barrier for other companies.

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



IV. BUSINESS REVIEW (continued)

1. Business Development and Deployment: Steady Development of Shopping Malls and Strategic Deployment with a Nationwide Coverage (continued)

The following table sets forth the number and operating area of our Portfolio Shopping Malls and Managed Shopping Malls in operation by region as of the end of the Reporting Period:

Color	Region ⁽¹⁾ (Municipality/ Administrative 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	343,955	1	112,736
	Shanghai	7	904,582	0	0
	Tianjin	4	456,490	3	178,155
	Chongqing	5	383,718	6	206,163
	Northeast China	10	1,028,967	14	702,328
	North China (excluding Beijing and Tianjin)	10	609,852	28	1,597,808
	East China (excluding Shanghai)	26	2,242,120	104	6,007,746
	Central China	8	808,757	35	1,720,545
	South China	5	235,324	12	622,101
	West China	8	684,236	44	2,108,226
	Total	87	7,698,002	247	13,255,808

Note: (1) The information disclosed above is obtained according to the following statistic standards. The provinces, municipalities and autonomous regions of the PRC are divided into 7 large regions and 4 municipalities (excluding Hong Kong, Macau and Taiwan regions), among which, Northeast China includes Heilongjiang Province, Jilin Province, Liaoning Province; North China (excluding Beijing and Tianjin) includes Shanxi Province, Hebei Province, Inner Mongolia Autonomous Region; East China (excluding Shanghai) includes Shandong Province, Jiangsu Province, Zhejiang Province, Anhui Province, Jiangxi Province, Fujian Province; Central China includes Hunan Province, Hubei Province, Henan Province; South China includes Hainan Province, Guangdong Province, Guangxi Zhuang Autonomous Region; West China includes Shaanxi Province, Gansu Province, Qinghai Province, Ningxia Hui Autonomous Region, Xinjiang Uygur Autonomous Region, Yunnan Province, Sichuan Province, Guizhou Province, Tibet Autonomous Region; 4 municipalities are Beijing, Shanghai, Tianjin and Chongqing, respectively.

IV. BUSINESS REVIEW (continued)

1. Business Development and Deployment: Steady Development of Shopping Malls and Strategic Deployment with a Nationwide Coverage (continued)

During the Reporting Period, the Company continued to strategically locate our Portfolio Shopping Malls in prime locations in Tier I Cities and Tier II Cities, especially in prime regions in municipalities. As of the end of the Reporting Period, the Company operated 87 Portfolio Shopping Malls, covering a total operating area of 7,698,002 sq.m., with an average occupancy rate of 90.2%. Among these Portfolio Shopping Malls, 20 Portfolio Shopping Malls, representing 23.0% of the total number of Portfolio Shopping Malls, were located in the four municipalities of Beijing, Shanghai, Tianjin and Chongqing; the operating area of the above-mentioned Portfolio Shopping Malls was 2,088,746 sq.m., representing 27.1% of the total operating area of the Portfolio Shopping Malls.

During the Reporting Period, we opened one new Portfolio Shopping Mall and closed one Portfolio Shopping Mall. As of the end of the Reporting Period, the Company had 33 pipeline Portfolio Shopping Malls. We will continue to focus on the prime locations of Tier I and Tier II Cities to strategically expand our Portfolio Shopping Malls network in the future.

In addition, by virtue of a reputable brand name in the home improvement and furnishings industry and extensive experience in shopping mall development, strength in tenant sourcing and operational management, the Company continued to rapidly develop Managed Shopping Malls in Tier III Cities and other cities. The Company also established a strict internal screening and reviewing mechanism to ensure steady and rapid development of our Managed Shopping Malls. As of the end of the Reporting Period, the Company operated 247 Managed Shopping Malls covering a total operating area of 13,255,808 sq.m., with an average occupancy rate of 90.1%. Among these Managed Shopping Malls, 132 Managed Shopping Malls, representing 53.4% of the total number of Managed Shopping Malls, were located in eastern China and northern China (excluding Shanghai, Beijing and Tianjin). The operating area of the aforesaid Managed Shopping Malls was 7,605,554 sq.m., representing 57.4% of the total operating area of Managed Shopping Malls. During the Reporting Period, the Company opened one new Managed Shopping Malls and closed four Managed Shopping Malls.

As of the end of the Reporting Period, among the pipeline Managed Shopping Malls, we have obtained land use rights certificate/land parcels for 355 contracted projects.

IV. BUSINESS REVIEW (continued)

2. Expansionary Business: Enhancing the competitiveness of the main business by new retail reform and creating the second growth curve of the home decoration business

The steady advancement of urbanization process, the increase of real estate development investment and the potential increase of residential area arising from residential construction in China have become important driving forces for the development of China's home decoration and furnishing industry in the future. Meanwhile, the trend of residents' income growth and consumption upgrade also brings new growth points for the upgrade of home decoration and furnishing industry. In addition, the development and application of Internet, big data and other technologies are driving the development of new retail mode in the industry. The new retail mode characterized by online and offline integration, commodity and service integration and industrial chain integration is gradually becoming the new development direction of the current home decoration and furnishing industry. In such an external environment, the Company has begun to seek changes actively since 2019. In May 2019, the Company signed a strategic cooperation agreement with Alibaba (China) Network Technology Co., Ltd. ("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 the online and offline integration platform, consolidate the online and offline sales channels and enhance the core competitiveness of traditional main business. At the same time, the Company has established the Red Star Macalline Home Decoration Business Division, which is committed to providing consumers with whole package services covering decorative design, engineering construction and R&D, main furniture and soft accessories, smart home furnishings and residential equipment for villas, houses, hotel apartments, delicately decorated apartments, commercial and office space, etc., to drive the sales in the shopping malls comprehensively. Ever since 2020, the COVID-19 pandemic has brought plenty of new challenges and opportunities to the home furnishing industry. How to cope with the changing external environment and how to achieve new growth with the new opportunities have become an urgent problem to be addressed by every company in the home furnishing industry. Adhering to the long-term vision of "building a cozy and harmonious home and improving the taste in shopping and home life", conforming to the new market changes and combining with its own strengths, the Company has formulated the strategy of "enhancing competitiveness of core business through new retail revolution and developing second growth curve through home improvement business", focusing on the development of new business formats such as Tongcheng Station, home decoration, Shejiyun, etc., aiming to enhance the delivery capabilities of home decoration design and conversion capabilities of online and offline traffic, 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 the 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 and Tmall "Home Decoration Tongcheng Station".

IV. BUSINESS REVIEW (continued)

2. **Expansionary Business: Enhancing the competitiveness of the main business by new retail reform and creating the second growth curve of the home decoration business (continued)**

2.1 Home Decoration Business

According to the *Analysis Report on Market Prospect and Investment Strategic Planning of the Home Furnishing Industry in China* issued by the Prospective Industry Research Institute, the market size of China's home decoration industry has exceeded RMB2 trillion as of 2017. According to forecast, the market size of China's home decoration industry will reach RMB2.6 trillion by 2020, maintaining a compound annual growth rate of about 7%. While the market has tremendous development potential, the access threshold of home decoration industry is quite low. The industry mainly consists of small and medium-sized enterprises which face many difficulties such as backward management mode, low degree of standardization, no guarantee of construction and delivery quality, environmentally unqualified materials, no guarantee of after-sales service, etc.. According to the data of China Construction Industry Association, there were 125,000 building decoration enterprises in China as of 2018, less than 50 enterprises were with national layout (referring to those conducting business in at least three provinces), and 65% of the small enterprises had no qualified operation qualifications. Facing these problems and the "big industry, small companies" pattern in the home decoration industry, the Company has been committed to solving customers' problems by relying on its strong supply chain integration capabilities, its nationwide physical shopping mall network and its own home decoration business management system platform, and is dedicated to creating a national home decoration 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".

IV. BUSINESS REVIEW (continued)

2. Expansionary Business: Enhancing the competitiveness of the main business by new retail reform and creating the second growth curve of the home decoration business (continued)

2.1 Home Decoration Business (continued)

2.1.1 Diversified channel layout promotes the business growth

The Company has opened up diversified channels including cooperation with real estate developers, opening of direct-operated stores in home decoration shopping malls, implementation of partner systems to expand franchise stores, etc., so as to bring in customers for the shopping malls and merchants, and meanwhile effectively reduce customer-acquiring costs of the home decoration stores and shopping malls, thus creating a synergistic effect. As of the end of the Reporting Period, we had 142 self-operated home decoration stores nationwide, which were located in our shopping malls in cities including Beijing, Tianjin, Shanghai, Chongqing, Nanjing, Suzhou, Shenyang, Chengdu, Zhengzhou, Hefei and Shijiazhuang. Simultaneously, the Company continued to expand new business models and accelerated its systematic expansion in China. In the first half of the year, the Company has successfully entered into contracts with 157 platform cooperation home decoration enterprises, which covers more than 130 shopping malls in China; the Company has entered into contracts with 9 franchise stores; the Company has entered into contracts with 10 partner stores or crowd-funding stores. In addition, the Company is upgrading the home decoration platform system to a new generation, which can help the Company to upgrade its production tools with modern information technology and comprehensively improve the efficiency of home decoration, batch home decoration and industrial renovation businesses, so as to gain a higher market share. In April 2020, the Company signed a strategic cooperation agreement with Shimao Group, to establish a joint venture company to give full play to the Company's home decoration supply chain resources and its product design and R&D advantages, including, "Shejiyun" software system for what you see is what you get, move-in ready customized design and one-stop comprehensive decoration plan, etc., as well as the real estate resources of Shimao Group all over the country, to integrate the whole industry chain and create full-cycle services including batch home decoration for new houses, delivery of customized decoration and renovation of second-hand houses, so as to provide one-stop home decoration consumer service experiences to our customers.

IV. BUSINESS REVIEW (continued)

2. Expansionary Business: Enhancing the competitiveness of the main business by new retail reform and creating the second growth curve of the home decoration business (continued)

2.1 Home Decoration Business (continued)

2.1.2 Solve customers' pain points

By integrating upstream multi-category home decoration products and abundant designer resources, establishing its own construction staff system subject to a professional training and systematic assessment and in combination with the integrated delivery capacity of the widely distributed nationwide store network, the Company will create a national home decoration company brand that is trustworthy, allows customers to be rests assured and complies with the aesthetics of life. By integrating the upstream multi-category home decoration product resources, the Company will build a scene exhibition hall, an after-sales exhibition hall and a service exhibition hall in the home building material mall of 21,000,000 m² to provide one-stop all-rounded service experiences to the customers. The Company has reached a cooperation agreement with SLW, a brand under SLD Group, and Shanghai Future Dream Public Welfare Foundation to jointly promote the concept of “Healthy Home Design” and take charge of the home environmental protection of each family; the Company has gathered a talent pool more than 36,000 designers through M+ high-end interior design competition and “Star Design” platform, so as to enhance the ability to think about the whole case design and make the design for Chinese life; as the setter of the green certification standards for home furnishing industry in China and the first member of the International WELL architectural Research Institute from home decoration industry in the Asia-Pacific region, the Company manages the home decoration materials from the source to ensure the products are eco-friendly; the Company has developed and registered 28 national patents, 305 characteristic construction technology and two software copyrights and other professional technologies and devoted ourselves to the research and improvement of process methods; the Company has established a unified standard process for business operation, supply chain management and construction management, and with the help of the online home decoration system, the Company has integrated design, supply chain, delivery and other business processes to consolidate the retailing capacity of spatial aesthetics; it has established a comprehensive after-sales service system and a visualised monitoring center so that customers can monitor the process at any time, check and accept products at various phases, and take the initiative to pay return visits at five stages, so as to ensure the delivery quality and improve customer satisfaction.

IV. BUSINESS REVIEW (continued)

2. Expansionary Business: Enhancing the competitiveness of the main business by new retail reform and creating the second growth curve of the home decoration business (continued)

2.2 Shejiyun

According to the latest statistics, there are more than 100,000 home decoration companies in China. The home decoration industry has existing issues of low level of technology and informationization and slow digitalization process. The transformation of home decoration market from an incremental market to stock market is a development opportunity for the digitalization of home decoration enterprises and innovation will be the core driving force for the growth of the enterprises in the future.

During traditional home decoration design process, designers will prepare renderings for consumers using general models stored locally. The problems of this method are the long production cycle and consumers will not be able to purchase the products demonstrated in the design renderings in real life. To solve this pain point in home furnishing design, the Company developed “Shejiyun” software independently, which has truly realized “what you see is what you get”. After years of operation in the industry, the Company has currently maintained a long-term and stable cooperative relationship with 13,000 brands and 46,000 distributors. The products it sells are imported into the Shejiyun software database via digital technology in a timely manner. 3D-cloud design will intelligently match consumers with different design styles and products based on their needs, and directly present the design in real apartment scenes and house structures according to consumers’ requirements. After the design scheme is determined, consumers will get an overall spatial design solution including hard decorations and soft accessories, and Red Star Macalline home decoration team will also provide subsequent one-stop services including quotation, procurement, distribution and after-sales according to the consumer’s requirements, so as to realize the improvement of user experience and designer’s efficiency. mDesk is a Shejiyun software display machine independently developed by the Company. Customers can experience the whole home decoration design scheme “immersively” through naked-eye 3D panoramic VR. As of the end of the reporting period, Shejiyun software has been popularized throughout China. The software has embraced about 800,000 floor plans of the residential quarters from all over the country and 200,000 real product models, which has been used by over 92,000 designers. Meanwhile, while we have only been trying out to use Shejiyun platform software to open up a complete service chain from design to goods purchase in Shanghai, within the three months promotion period, the platform has already established partnership with more than 100 famous medium and large-sized decoration enterprises in Shanghai, with the sales amount of goods driven by the platform in excess of RMB1.5 million.

IV. BUSINESS REVIEW (continued)

2. **Expansionary Business: Enhancing the competitiveness of the main business by new retail reform and creating the second growth curve of the home decoration business (continued)**

2.3 Tongcheng Retail

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 the online and offline integration platform, and to further promote the Company's pan-home improvement and furnishings consumption industry chain services. Tmall "Home Decoration Tongcheng Station" project is an important part in the strategic cooperation between the the Company and Alibaba mentioned above, aiming at jointly creating a new localized home retail business with the help of Alibaba online traffic and in combination with the offline stores of Red Star Macalline. The online Tongcheng Station, i.e. "Red Star Macalline official flagship store" on Tmall platform (hereinafter referred to as "Tongcheng Station"), adopts LBS (location-based services) technology to display localized products and undertake localized services and can push the localized product interface to consumers according to their geological location. After a consumer enters the interface of "Tongcheng Station", the back-office system will locate the geographical location of the consumer and automatically generate the browsing interface of "Tongcheng Station" for a specific city. Then the consumer can purchase the household products in the shopping malls of Red Star Macalline in the same city at home, and learn the details of the products through pictures, videos, and 3D scenes, and other means. After selecting specific products, the consumer can directly purchase them online or at nearby stores, and can simultaneously select warranty extension, pcredit pay installment ("花呗分期"), and other value-added services. After placing the order, the consumer can choose to pick up the products in the offline stores or request the brand dealers to deliver and install them at home. The integration of "commodity displays, orders, payments, services" is achieved through docking Alibaba and Macalline systems.

IV. BUSINESS REVIEW (continued)

2. **Expansionary Business: Enhancing the competitiveness of the main business by new retail reform and creating the second growth curve of the home decoration business (continued)**

2.3 Tongcheng Retail (continued)

During the Reporting Period, the Company has continuously deepened the operation of Tmall Tongcheng Station, fully consolidated the online and offline traffic pools, and enabled its operation. By optimizing the product structure on Tmall Tongcheng Station, improving the ability to attract traffic, establishing gold tenants and benchmarking cases, and organizing “618” promotion campaign and other promotion activities, the Company will build Tongcheng Station into the priority base of new home furnishing retail stores and tenant traffic marketing. At the same time, the Company has steadily promoted the Tmall live broadcast programs since the pandemic outbreak, created C-terminal live broadcast column, promoted B-terminal shopping guide live broadcast, created a new scenario for goods promotion, achieved incremental traffic, and gained long-term operation income. In terms of sales operation, the Company improves the product search function, attracts users to save products and increase purchase quantity to encourage sales, enhances user trust through user evaluations, and improves sales conversion rate by providing timely customer services.

The Company upgraded Tongcheng Station in April 2020, and cooperated with Tmall in launching a Tongcheng Qing store (“同城輕店”) app for tenants, enabling Red Star Macalline’s dealers/brand operators to operate both online and offline. All products launched by the tenants via Red Star Macalline’s Tmall flagship store will be automatically synchronized to the Qing store. Consumers can also view the product information and scenario display through the Qing store. Online customer services/shopping guides can interact with consumers, inform consumers of the rights and benefits they can enjoy, and recommend products. The system automatically identifies and divides the regions and commodity brands of Tongcheng Station where the consumer is located, and prioritizes direct connection between consumers and local customer services. At the same time, regional customer service data management platform is established to realize regional consultation, order, complaint and other statistical data management. Consumers can make payments through Alipay, while dealers/brand operators directly contact with consumers to arrange logistics distribution services. The whole regional operation of Qing store has changed the previous passive order receiving sales method into an active one with strong interactions with consumers, turned extensive operation into refined division of customers and improved the matching of people and goods. Meanwhile, Qing store uses live broadcasting channels to increase exposure, and directs Taobao public domain traffic to private domain operations and improve conversion rate.

IV. BUSINESS REVIEW (continued)

2. **Expansionary Business: Enhancing the competitiveness of the main business by new retail reform and creating the second growth curve of the home decoration business (continued)**

2.3 Tongcheng Retail (continued)

As of the end of the reporting period, the Company's Tongcheng Station business, which is integrated with Alibaba has been launched in 22 cities, covering 56 shopping malls and more than 9,800 brands. It will be further deepened, and by attracting more customer traffic through "Tongcheng Station + hypermarket digitization", it will comprehensively promote the new retail transformation of the home decoration and furnishing industry.

3. **Business Management: Continuously improve the operation and management level of shopping malls**

3.1 Establishing the large operation center to promote system integration and synergy and enhance efficiency.

In order to integrate the Company's resources from all business lines in a more effective manner and accelerate the improvement of operations of the marketing and development centers and shopping malls in various provinces, the Company has merged the original tenant sourcing management center, the planning and management center and the operation management and promotion center into a large group operation center which aims to promote system integration and synergy and enhance efficiency. In 2020, the large operation center carried out work by relying on the theme of "focusing on operation practically and being product-centered and traffic-centered". It promoted joint marketing and integration of planning teams, and advanced deep innovation and application of home digital marketing technology through IMP (Intelligent Marketing Platform); set up effective reward and punishment policies and assessment system to ensure the effective implementation of the core businesses of each production line.

IV. BUSINESS REVIEW (continued)

3. Business Management: Continuously improve the operation and management level of shopping malls (continued)

3.1 Establishing the large operation center to promote system integration and synergy and enhance efficiency. (continued)

3.1.1 Tenant sourcing management

3.1.1.1 Continuously optimize the layout of brands and categories to boost the experience consumption

In the face of the market consumption situation and market competition trend, the Company continues to increase efforts to introduce mainstream brands and categories that meet consumer demands and to optimize the layout of brands and categories and promote experience consumption by creating home life experience pavilion. During the Reporting Period, the Company put forward the strategic plan of “building up five theme pavilions in the coming three years”, namely, starting from the customer experience, taking home furnishing goods as materials, injecting different style elements to create an overall immersive home space, thus guiding consumer behavior. In the first half of 2020, the Company has established the “smart appliance pavilion”, “high-end customized pavilion”, “living room design pavilion”, “door and window theme pavilion” and “import theme pavilion” in the core shopping malls of the Tier-1 and Tier-2 cities as well as Tier-3 and Tier-4 cities with developed economy, aiming to lead consumption upgrade through experiential consumption. Besides, the Company continued to promote the construction of “home decoration design experience center” in shopping malls across the country, attracting customer traffic with home decorations and designs, and seized the full consumption chain of customers, so as to integrate the upstream and downstream industrial chain of the industry, enhance cooperation with factories, dealers and designers, and improve the resource integration and service capability.

IV. BUSINESS REVIEW (continued)

3. Business Management: Continuously improve the operation and management level of shopping malls (continued)

3.1 Establishing the large operation center to promote system integration and synergy and enhance efficiency. (continued)

3.1.1 Tenant sourcing management (continued)

3.1.1.2 Constantly improve the standards of our refined rental management and leverage the IMP to increase the sales volume of tenants, thereby achieving sustainable growth of rental income

During the Reporting Period, the Company continued to visually analyze and guide the daily rent pricing and renewal price adjustment of shopping malls through Longyi big data system, so as to promote sound and sustainable growth in the overall rental income.

At the same time, the Company leveraged the innovative marketing model of IMP to bundle its interests and share resources with dealers and brands, and doubled the sales volume of the brands and categories through three newly developed major marketing projects, namely Super City Shopping, Super Category Festival and Super Promotion for Top Brands, which significantly enhanced the loyalty of tenants to the brand of Red Star Macalline and increased the rental income.

3.1.1.3 Constantly strengthen factories of brands and service systems of dealers to establish a business middle-office for tenant sourcing, so as to improve the ability to serve brands and dealers

During the Reporting Period, at the service terminal of the brand factory, the Company continued to optimize the key customer service system, further upgrade the functions such as data visualization of key customers, precise linkage with channel promotion. Meanwhile, it continued to launch and open the service platform for online communication between brands and customers, establish exclusive service accounts, and improve 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 each city with the help of Longyi system, and form into data precipitation, so as to further improve the service ability of dealers.

IV. BUSINESS REVIEW (continued)

3. Business Management: Continuously improve the operation and management level of shopping malls (continued)

3.1 Establishing the large operation center to promote system integration and synergy and enhance efficiency. (continued)

3.1.1 Tenant sourcing management (continued)

- 3.1.1.3 Constantly strengthen factories of brands and service systems of dealers to establish a business middle-office for tenant sourcing, so as to improve the ability to serve brands and dealers (continued)

In addition, the Company set up a investment promotion business middle-office in the first half of 2020 to promote the integration of online and offline investment promotion and improve efficiency. During the epidemic period, the Company launched online road shows to attract investment, and organized the personnel and human resources in the Group, provincial centers and shopping malls offline, to accurately connect with the shopping malls, thus consolidating the online and offline investment promotion business chains. During the Reporting Period, the Company provided the online road show services for more than 60 brands in total, achieved more than 1 million of dealer views, accurately excavated more than 4,000 intended dealers to achieve online business pairing, offline business matching, and developed a rather good reputation in the industry. At the same time, the Company also actively integrates and connects all the resources related to the investment promotion business in the middle-office system, including integrating and operating the private domain traffic of brands and dealers, and further integrating more industry resources, improving the efficiency of investment promotion and services to tenants.

IV. BUSINESS REVIEW (continued)

3. Business Management: Continuously improve the operation and management level of shopping malls (continued)

3.1 Establishing the large operation center to promote system integration and synergy and enhance efficiency. (continued)

3.1.2 Operational Management

During the Reporting Period, the Company comprehensively carried out an in-depth operation and management improvement project with focus on “reputation” through upgrading service commitments and smart customer services, thus improving the ability to serve customers. Meantime, we continued to operate the product quality control system and tenant credit system to ensure customers’ satisfaction with household related consumption.

As of the end of the reporting period, the net recommendation value was 67.75%, increased by 12.63% compared with the same period of last year; the overall satisfaction rate was 95.22%, rose 4.05% compared with the same period last year, of which, the service satisfaction rate was 95.31%, increased by 4.36% on a year-on-year basis, the delivery and installation satisfaction was rate 94.78%, increased by 4.49% on a year-on-year basis, the commodity satisfaction rate was 94.53%, increased by 3.95% on a year-on-year basis, and the environmental satisfaction rate was 95.94%, increased by 3.38% on a year-on-year basis.

In terms of service commitments, the Company has comprehensively upgraded the “Star Commitment · Heart Service” after conducting rigorous market survey and industry research, so as to enhance the Company’s service competitiveness and provide customers with better services. After the service upgrade, two services were added and three services were optimized, namely: new one stop service for home decoration where Red Star Macalline will provide customized original home design and construction services to customers, and is committed to providing customers with one-stop move-in ready home design and decoration service experience; new online and offline integrated service which enables customers to search home decoration design and home furnishing products online anytime and anywhere on the Red Star Macalline APP, so as to realize the consumption mode of reserving orders online, offline experiencing products and placing orders if satisfied. The Company improved the commodity price guarantee system, by upgrading the original city-wide price comparison service from refunding 3 times of the price difference to 5 times of the same, and extended the original price comparison time from 7 days to 30 days. The Company upgraded the return service guarantee system, by extending the time limit for the return of goods from 30 days from the date of deposit payment to 30 days from the date of arrival of goods. The Company also upgraded the delivery service guarantee system by increasing the compensation for delay in delivery, on top of the basic timely delivery and installation services. The above commitments have become officially effective on 1 July 2020, and eligible consumers will enjoy the rights of the above commitments.

IV. BUSINESS REVIEW (continued)

3. Business Management: Continuously improve the operation and management level of shopping malls (continued)

3.1 Establishing the large operation center to promote system integration and synergy and enhance efficiency. (continued)

3.1.2 Operational Management (continued)

In terms of the intelligent customer service system, the Company further improved the database of intelligent customer service system and promoted its utilization in shopping malls all over the country. During and after the outbreak, the Company provided timely and effective business consulting services for consumers across the country, and improved the service efficiency by virtue of the online Red Star Macalline APP, the official website (m.chinaredstar.com) and the online and offline scanning of QR code. During the reporting period, the customer services delivered via the intelligent customer service system accounted for nearly 30% of the total customer services provided by the Company.

In terms of the operation of commodity quality management system, the Company continuously controlled the environmental protection quality of key product categories and brands. During the Reporting Period, a total of 5,281 batches of regular tests were completed in the shopping malls across the country, and the mysterious buyer sampling test was launched with four authoritative third-party agencies, covering 30 mainstream categories of goods. In addition, the online live broadcasting platform was used to carry out five special trainings for the environmental protection quality risk control team in the shopping malls across the country, with the number of participants in excess of 3,500 and the passing rate of after-training assessment of 99%.

In terms of the credit system, we continued to improve our tenant credit classification and evaluation system, comprehensively considered customer evaluation, sales index, delivery and installation satisfaction and other key indicators, promoted the upgrade of new tenant credit management visual identification system, and enhanced consumer recognition and awareness. In addition, Red Star Macalline, as the market credit sub-platform of Shanghai Commercial Credit Public Service Platform and based on the Shanghai credit construction pilot project, actively participated in the government-led Yangtze River Delta credit integration construction, and comprehensively promoted the tenant credit management system in home furnishing shopping malls in the Yangtze River Delta area. In April 2020, Red Star Macalline's "Tenant credit management for facilitating the credit integration in the Yangtze River Delta" ("商戶信用管理助力長三角信用一體化建設") was selected as one of the best cases in "Top Ten Excellent Credit Cases" ("十大優秀信用案例") in Shanghai in 2019, which was hosted by China Economic Information Agency under the guidance of Shanghai Development and Reform Commission. On 29 April 2020, Red Star Macalline was invited, as a representative of the enterprises, to attend the opening ceremony of the "May 5 Shopping Festival" – "Easy Consumption and Safe Purchase", which was jointly sponsored by the Shanghai Commercial Association, Shanghai Municipal Commission of Commerce and the People's Government of Huangpu District, and to release its "good faith" service measures.

IV. BUSINESS REVIEW (continued)

3. Business Management: Continuously improve the operation and management level of shopping malls (continued)

3.1 Establishing the large operation center to promote system integration and synergy and enhance efficiency. (continued)

3.1.3 Marketing Management

3.1.3.1 Traffic Operation

The Company continued to iterate the IMP (Intelligent Marketing Platform), a global home furnishing intelligent marketing platform, and upgraded Red Star Macalline from a one-stop home furnishing shopping mall to an online and offline all-fields super-traffic shopping mall in home furnishing industry, and from relying on natural traffic from shopping malls to generating traffic by merchants.

IMP has not only independently developed the 2B2C plus 2E digital marketing system – “Tumbling Cloud” (“筋斗雲”) for the home decoration and home furnishing industry, but also established the largest data center in the home furnishing industry with the strategic support of Alibaba cloud. They have jointly customized more than 2000 exclusive user volume labels for the home decoration and home furnishing industry, and installed a powerful data engine for “Tumbling Cloud”, enabling Red Star Macalline and the home decoration brand dealers in the to platform upgrade from the traditional marketing model to the digital user operation model covering the full domain, full scenario, full link and full cycle.

By virtue of the big data capability, Red Star Macalline has become the traffic interface of the home furnishing industry. Through IMP, various major online traffic platforms in different scenarios, such as search engine, social networking, e-commerce, information, entertainment, tools, etc. can be connected to accurately reach middle-and high-end home furnishing users and attract customer traffic all over the domain.

Based on this capability, IMP has provided DMP (Data Management Platform) advertising service for 9 categories of goods, more than 100 home furnishing brands and more than 20,000 dealers. The cost of customer acquisition has dropped for 19 consecutive months on a month-on-month basis, and the conversion rate of clue intentions were more than three times the industry average level.

IV. BUSINESS REVIEW (continued)

3. Business Management: Continuously improve the operation and management level of shopping malls (continued)

3.1 Establishing the large operation center to promote system integration and synergy and enhance efficiency. (continued)

3.1.3 Marketing Management (continued)

3.1.3.1 Traffic Operation (continued)

At the same time, relying on the strong advantages of the platform and the digital marketing system “Tumbling Cloud”, the Company has established a huge private domain traffic pool, which has become the industry level traffic entrance.

In the first half of 2020, the national marketing platform, which gathered 200,000 shopping mall guides, home decoration designers and KOLs (Key Opinion Leaders), have attracted more than 1 million targeted participants for various major activities, category festival activities, brand day activities and alliance activities.

In the first half of 2020, the community of property owners, which was composed of 20,677 groups of middle-and high-end property owners covering 3.48 million targeted home furnishing users in China, had greatly increased the total per capita consumption of Red Star Macalline home furnishing users by virtue of the high repurchase and high conversion characteristics. The total per capita consumption of community channels was 39% higher than that of non-community channels, and more than 556,000 consumers were attracted to various activities.

With the help of the industry-leading we-media national marketing platforms and the community of property owners, and by relying on the 5000 home furnishing professional hosts, Red Star Macalline established the industry-leading live marketing team in the first half of 2020, which has contributed to significant growth in the online promotion, marketing and transformation efficiency for businesses with the shortest marketing link. In the first half of 2020, the Company has broadcast more than 46,000 shows, and remains the industry leader at the Taobao live streaming platform in terms of the number of hosts, the number of shows, the cumulative number of viewers, the cumulative number of commodity visits, the number of simultaneous online viewers and the number of new fans per show.

IV. BUSINESS REVIEW (continued)

3. Business Management: Continuously improve the operation and management level of shopping malls (continued)

3.1 Establishing the large operation center to promote system integration and synergy and enhance efficiency. (continued)

3.1.3 Marketing Management (continued)

3.1.3.1 Traffic Operation (continued)

Thanks to the IMP platform, the business cooperation mode between the Company and the tenants has also upgraded from the pure offline joint marketing mode to a brand-new home furnishing joint marketing mode subject to online interactive traffic attraction and offline experience transaction.

The capability of accurate access to public domain traffic and fine operation of private domain traffic enables Red Star Macalline to rapidly build a digital, full-domain, full-scenario full-link and full-cycle user operation community in the whole industry, and gradually solve the marketing pain points of difficult access to accurate traffic, high traffic cost and low traffic utilization rate.

3.1.3.2 Brand Management

We continued to focus on promoting the brand positioning of “Selecting Global Top-notch Design Products”. Through continuous innovation and deep cultivation in visual communication, content marketing, IP cooperation, cross-sector marketing, etc., we shaped a high-end brand image of a global household trendsetter.

IV. BUSINESS REVIEW (continued)

3. Business Management: Continuously improve the operation and management level of shopping malls (continued)

3.1 Establishing the large operation center to promote system integration and synergy and enhance efficiency. (continued)

3.1.3 Marketing Management (continued)

3.1.3.2 Brand Management (continued)

Eddie Peng was selected as the brand spokesman. His image, works, popularity, reputation, fashion sense and taste and his pursuit of quality in home life are highly consistent with Red Star Macalline's brand concept of "improving the taste of consumers' home life". His fearless, enterprising and calm attitude towards life also complemented the Company's brand concept. At the same time, the Company also invited the famous Israeli director, Eli Sverdlov, who is known as the "Light and Shadow Magician" in Europe, to create the brand's TVC, and shoot a brand-new public relations photo, thereby attracting consumers' attention to the new brand image, improving brand expression and differentiating the brand with its competitors. Choosing Eddie Peng as a new brand spokesman was not only a simple pursuit of star effect, but also a refinement and deep representation of the new connotation of the brand under the new consumption trend. The Company firmly believes that Eddie Peng's endorsement will better show the brand's high-end and exquisite home life concept to the public.

We continued to expand the influence of the "Luban Top-notch Design Products Festival". Focusing on the theme of "Sensational Effect of Top-notch Design Products", the 2020 Luban Top-notch Design Products Festival selected top-notch design objects from the world through cross-border cooperation with National Treasure ("國家寶藏"). Nearly 20 heavyweight diplomats from 13 countries were invited to shoot short videos from all over the world to endorse the brands of their own countries. Luban Top-notch Design Products Festival has brought about a global trend of home furnishing culture, with unprecedented influence. It has won a high reputation for the brand and highlighted the beauty and value of top-notch design products of "Red Star Macalline".

IV. BUSINESS REVIEW (continued)

3. Business Management: Continuously improve the operation and management level of shopping malls (continued)

3.1 Establishing the large operation center to promote system integration and synergy and enhance efficiency. (continued)

3.1.3 Marketing Management (continued)

3.1.3.2 Brand Management (continued)

During the Reporting Period, Red Star Macalline has, as the exclusive brand, cooperated with Tmall, a brand under Alibaba Group, to jointly launched “Tmall 618 Super Night”. It occupied the C position of traffic and ranked first in the ratings of all satellite TVs. The top ratings exceeded 6 figures. The top-notch design products were skillfully implanted into the evening party, which created a tremendous momentum for the annual fans festival and enhancing the social image of the brand.

Focusing on the corporate mission of “Improving Home Furnishings Taste of Chinese”, we incorporated top-notch design products into malls to improve terminal visuals through furniture arts, launched a set of reward and punishment system and established a perfect internal and external scoring system, upgraded the overall image of malls around the country, and continued to expand brand positioning differentiation from competitors, thereby providing consumers with unique shopping experiences in home furnishing malls.

IV. BUSINESS REVIEW (continued)

3. Business Management: Continuously improve the operation and management level of shopping malls (continued)

3.2 Property Management

3.2.1 The Company continued to strictly manage and control the safety risks in our shopping malls with prevention control at the forefront, complemented by emergency plans through our staff and technology;

During the Reporting Period, we focused on the source of risks and treated preventive management and control as a significant task. In view of the sudden epidemic situation, we formulated the epidemic management and control system, established the emergency procedures for epidemic prevention and control, and comprehensively prevented and controlled the occurrence of the epidemic in shopping malls. We continued to improve the risk profile, assigned the safety hazards of shopping malls to dedicated responsible persons for management and control, and intensified the rectification requirements of risk items; strengthened the staff's education for hazard prevention by conducting military trainings and professional trainings for all basic level employees and management personnel at all levels to ensure effective execution; standardized maintenance and inspection of facilities for fire protection and power supply and distribution to ensure the prevention capability through our technology; further upgraded the firefighting and surveillance equipments and others and used the intelligent alarm equipment such as unmanned fire detectors to conduct remote monitoring of high-risk places such as the fire control room, catering areas and renovation sites of shopping malls; at the same time, used intelligent information tools such as patrol inspection APP for daily patrol inspections, which effectively enhanced the efficiency and quality of patrol inspection. In addition, we comprehensively improved our emergency response and practical ability by effectively combining closed militarized training, daily military training and safety work with military discipline, and carrying out thematic safety activities on a monthly basis, which substantially improved the practical ability and the mental outlook of our firefighting team; 21 subjects of emergency drills have been implemented effectively in all of our shopping malls across the country, making emergency drills as a normal practice. During the Reporting Period, we continued to maintain "zero accident" with respect to fire, casualties and key facilities and equipment throughout the year at all shopping malls in the country, effectively managed and controlled safety risks and continuously upgraded safety levels of shopping malls.

IV. BUSINESS REVIEW (continued)

4. Continuously upgrading the information infrastructures to support the development of online and offline business integration

During the Reporting Period, the Information Technology Center adhered to the values of justice and righteousness and the work philosophy of fairness and justice, and centered on the Group's continuous consolidation of the results of informatization construction in gradually pushing towards the goals of digitalization and intelligentization. Bearing in mind our original intention and mission, we vigorously promoted the information construction of the Group's headquarters and its shopping malls nationwide. We continuously empowered business development through financial digitalization and data intelligentization to ensure the Group's achievement of goals and rapid development.

During the Reporting Period, the information technology center provided 78 IT support projects for business departments, of which 62 projects have been successfully launched upon exploration, analysis, confirmation of requirements, design and completion of the implementation plans. A talent file platform is established at the human resource management terminal, which integrates the talent evaluation system, core performance management, corporate values and talent performance assessment into an integrated talent intelligentization analysis and decision-making platform, so as to support the multi-dimensional and horizontal comparison of the same talents with the same indexes, and reasonably drive the talent development of the Company. From property inspection to intelligent parking and to facilities and equipment and intelligent security platform, the property management terminal is committed to building an integrated platform based on the intelligent IoT, which integrates information, products, data and resources, helps enterprises transform into intelligent manufacturing, and builds a smart business in the era of IoT with unified property management among the Group. From the online business of B terminal tenants, to the fission of national marketing, and to the annual reputation assessment, the large operation management terminal will connect the whole business link, realize the integration of core business, and help with business promotion, management and efficiency improvement. From the new perspective of home integration, the development management terminal strengthens the national resource management, strictly adheres to the red line of compliance, and constantly supplements the scope of business coverage along with business changes, so as to promote the signing of pre-project intention and drive business growth with data. Through establishment of the backstage function management systems such as contract management, seal management, archives management, related transaction, etc., the functional management terminal has realized the effective combination of key business processes and information technology management, thus better boosting the business development and escorting the Company's capital market operation.

IV. BUSINESS REVIEW (continued)

4. Continuously upgrading the information infrastructures to support the development of online and offline business integration (continued)

In terms of financial digitalization and intelligentization, the Company continues to promote the transformation and upgrading of financial functions from business and management type to Internet and strategic type. Apart from the others, the tenant's self-payment system has been launched, where the tenants terminal can pay all kinds of fees without leaving home under the epidemic situation, which reduces personnel gathering, and improves the convenience and experience of tenant payment. Automatic reconciliation, automatic write-off and automatic bookkeeping between systems have been realized for corporate users, which greatly improves the accuracy of reconciliation, reduces the workload of financial personnel, and improves the work efficiency. The unified payment clearing and settlement 2.0 system has been launched, which improved the centralized clearing and settlement system, unified the management, reconciliation, clearing and settlement of tenant accounts, enhanced the efficiency of payment settlement and tenant satisfaction, and further prevented capital risk. We've promoted the digital financial platform among newly-opened shopping malls and newly-established companies, so as to ensure the continuous business and financial integration, and guarantee the efficient implementation, transparent management and legal compliance of the business and financial work. The multi-batch financial settlement optimization function has been successfully launched, which covers business finance, accounts receivable, accounts payable, capital, tax, fixed assets, general ledger, financial statements, budget, consolidation and other aspects. Under the background of rapid expansion of the Company's business, it makes financial work more intelligent and continuously ensures the timeliness and accuracy of financial settlement.

We established a data center using the "three verticals and three horizontals" structure to further improve the data collection, communication and utilization capabilities. We strengthened the unified management of the Group's data, gathered the data to the data center, and formed into the unified data assets of the Company, so as to further strengthen the data security and standardize the use of data. By improving the visualization ability of the reporting platform, it becomes more efficient and convenient for business personnel to check data, view data and analyze data, which has effectively ensured the stable development of activities such as check-in with bags, national marketing, Wanqun Queen's Day and Super Home Decoration Festival during the COVID-19 pandemic period, and empowered the dealers, shopping guides and employees. The Company gets through the integrated data system of "Home + home furnishing", upgrades membership portraits, offers assistance to smart marketing, tracks the transformation effect of traffic operation, and applies data mining model to business operation and management, making management more intelligent and efficient through shopping mall health index, community operation ability index, risk control engine, etc..

IV. BUSINESS REVIEW (continued)

5. Highly efficient human resources management policies: Supporting efficient business growth

During the Reporting Period, with the human resources policies of the Company oriented by Red Star Macalline's "Thirteen-Word Corporate Values" and closely in line with the main work, namely "Focusing on practical operation and enhancing notability and products", we further promoted the implementation of strategic adjustments to the integration of the Company's operation and development, rapidly completed the supporting work for organizations and personnel, achieved coordination of the Company's national resources, ensured smooth connection of each of the Company's businesses, and achieved success in a number of aspects, including promotion of corporate values, management of overall performance, talent development, business support, human resources operation and employee relations.

In terms of promotion of corporate values, we've actively implemented Red Star Macalline's "Thirteen-Word Corporate Values", closely surrounded the Company's vision and mission, promoted good organizational ethics and strengthened the promotion of corporate values. Values are the root of Red Star Macalline's corporate culture, and managers are the core group for inheritance of the Red Star culture, who should set an example and teach by precept and example by themselves. The Company attached importance to the realization of business objectives and tasks, and paid more attention to the combat effectiveness, cohesion and learning ability of its employees and teams. Values represent the words and deeds of the Red Star personnel, so every Red Star employee shall be subject to value assessment. Through assessment, both parties will reach fair, sincere and goodwill communication and consensus, thereby promoting employees to continuously summarize and reflect on their strengths and weaknesses, and achieve spiral growth. The Company's objectives are broken down from top to bottom and agreed upon from bottom to top. Both the employees and the Company share the same desire and make concerted efforts to and organize the talent team to grow healthily.

IV. BUSINESS REVIEW (continued)

5. Highly efficient human resources management policies: Supporting efficient business growth (continued)

In terms of talent development, we've established an agile talent supply chain system. Through the organizational inventory, talent evaluation, talent inventory and talent training of key talents, and based on the Company's strategic development needs, we've accelerated the training and introduction of 145 persons in charge of shopping malls and 822 employees in other key positions above the manager level, effectively offering assistance to the opening and preparatory work of more than 70 shopping malls, and effectively supporting the business development and organizational transformation of the Company. The Company has introduced 171 excellent university graduates via the "Star Motivation" program, provided them with solid trainings and rapid promotion opportunities to create the Company's new young managers incubator, thus continuously cultivating a youthful culture in the Company and nurturing young talent for the industry. The Company will also set up the "Youth Luban" program, for which the Chairman of the Company will serve as the chief tutor and the business executives are responsible for professional tutoring and teaching. The Company aims to cultivate more than 100 shopping mall managers in three years, so as to fully meet the needs of diversified business operation and management of shopping malls.

During the Reporting Period, we have successfully created an image of an employer widely recognized by the industry and have successfully demonstrated it through various channels. We have been granted eight authoritative employer brand awards, including "Favorite Company of Employees", "China Role Model Employer", "Annual Extraordinary Diversified Employer", "Pioneer Employer of the Year", "Best Workplace in Asia", "Best Human Resources Team in the Greater China Region", Annual Value Employer of the 2019 "China Good Wise Man" and "Outstanding Human Resources Team".

As of the end of the Reporting Period, we had a total of 25,361 employees.

IV. BUSINESS REVIEW (continued)

6. The Establishment of Home Furnishing Shopping Malls Brand Portfolio

In terms of establishing a brand portfolio, in addition to the core brand “Red Star Macalline”, the Company also invested in new brands paralleling the core brand to achieve brand diversity and further enrich the variety of services provided by the Company. A more fashionable and high-end brand, “Red Star Ogloria” (紅星•歐麗洛雅) was created to broaden our consumer base and further increase our market share. Moreover, since 2016, the Company has provided commercial consultation services in the stage of development and planning written consultation reports for operational properties to operational property owners and other than Portfolio and Managed Shopping Malls. The Company may grant such property owners the authorization to use the “Xingyijia” (星藝佳) brand in the way agreed to by the Company. In addition, since the Company obtained the concession right of “Jisheng Wellborn”, a high-end home improvement and furnishing retail brand, for a term of thirty years in 2014, the Company has the right to use the licensed trademarks in our Portfolio Shopping Malls and Managed Shopping Malls and in the business operation course related to those shopping malls, and to authorize any third parties to use the licensed trademarks within the properties of the shopping malls.

As of the end of the Reporting Period, the core brand “Red Star Macalline” retains its leading position in terms of the number of shopping malls and revenue.

V. OUTLOOK AND PROSPECTS

The Company always shoulder the responsibility of “building a cozy and harmonious home and improving the taste in shopping and home life”. In the second half of 2020 and going forward, the Company will continue to provide customers with better and more professional services. We will consolidate our leading status in the market as well as the professional status of “Red Star Macalline” as an expert of home life with customers, 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”.



V. OUTLOOK AND PROSPECTS (continued)

Our future development plans are as follows:

1. We will continue to implement the two-pronged business model of Portfolio Shopping Malls and Managed Shopping Malls, and consolidate the market leadership through strategic expansion of our shopping mall network and brand portfolio;
2. To 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 maintain 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.

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

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

During the six months ended 30 June 2020, other than deviation from Code Provision A.2.1 of the Corporate Governance Code, the Company has complied with the provisions 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"), which sets out principles of good corporate governance in relation to, among other matters, the Directors, the chairman and chief executive officer, board composition, the appointment, re-election and removal of directors, their responsibilities and remuneration, and communications with shareholders. 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 A.2.1 OF THE CORPORATE GOVERNANCE CODE

Mr. CHE Jianxing ("Mr. CHE") is the Chairman 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 Group 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 A.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 4 independent non-executive Directors out of the 12 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 the 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.



Corporate Governance and Other Information

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

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 2020.

AUDIT COMMITTEE AND REVIEWING INTERIM RESULTS AND 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 interim results announcement for the six months ended 30 June 2020, the 2020 interim report and the unaudited financial statements for the six months ended 30 June 2020.

THE BOARD, THE BOARD OF SUPERVISORS AND COMMITTEES

From 1 January 2020 to the date of this report, save as disclosed 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 2019 Annual Report of the Company.

From 1 January 2020 to the date of this 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

Changes in directorate and information of Directors, Supervisors and senior management of the Company, which are required to be disclosed pursuant to Rule 13.51B of the Listing Rules are as follows:

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 2020.

Corporate Governance and Other Information

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

As at the end of the Reporting Period, the interests and short positions of our 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:

(i) Interests in the Company

Name of Shareholders	Title	Class of Shares	Nature of interest	Number of underlying shares held	Approximate percentage in relevant class of Shares ⁽¹⁾	Approximate percentage in total Shares ⁽¹⁾
CHE Jianxing (車建興) ⁽²⁾	Chairman, Chief Executive Officer and Executive Director	A Shares	Interest of controlled corporation	2,498,388,569 (Long position)	86.87%	70.38%
				355,000,000 (Short position)	12.34%	10.00%
			Beneficial owner	396,000 (Long position)	0.01%	0.01%
			Interest of spouse	44,200 (Long position)	0.00%	0.00%
GUO Binghe (郭丙合)	Executive Director	A Shares	Beneficial owner	262,200 (Long position)	0.01%	0.01%
CHE Jianfang (車建芳)	Executive Director	A Shares	Beneficial owner	112,200 (Long position)	0.00%	0.00%
JIANG Xiaozhong (蔣小忠)	Executive Director	A Shares	Beneficial owner	1,461,709 (Long position)	0.05%	0.04%
CHEN Shuhong (陳淑紅) ⁽³⁾	Non-executive Director	A Shares	Interest of spouse	2,498,784,569 (Long position)	86.88%	70.39%
				355,000,000 (Short position)	12.34%	10.00%
			Beneficial owner	44,200 (Long position)	0.00%	0.00%
XU Guofeng (徐國峰) ⁽⁴⁾	Non-executive Director	A Shares	Interest of spouse	112,200 (Long position)	0.00%	0.00%

Notes:

- (1) As at 30 June 2020, the Company had 3,550,000,000 issued Shares in total, comprised of 2,876,103,969 A Shares and 673,896,031 H Shares.
- (2) Mr. CHE Jianxing indirectly holds 70.38% of the issued Shares in total 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 2,498,388,569 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.
- (4) Mr. XU Guofeng is the spouse of Ms. CHE Jianfang. Under the SFO, Mr. XU Guofeng is deemed to be interested in the same number of Shares in which Ms. CHE Jianfang is interested.

Corporate Governance and Other Information

(ii) Interests in Associated Corporation

Name of Director	Name of Associated Corporation	Nature of interest	Number of underlying shares held	Approximate percentage in the Associated Corporation ⁽¹⁾
CHE Jianxing (車建興)	RSM Holding ⁽¹⁾	Beneficial interest	184,000,000 (Long position)	92%
CHE Jianfang (車建芳)	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 2020, RSM Holding held 2,498,388,569 A Shares of the Company which accounted for approximately 70.38% of the total issued Shares of the Company.

Save as disclosed above, as at the end of the Reporting Period, none of our 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) or (b) which will be required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein or (c) which will be required to be further notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

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

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

Name of Shareholders	Class of Shares	Capacity/nature of Interest	Number of Shares held	Approximate percentage in relevant class of Shares ⁽¹⁾	Approximate percentage in total share capital ⁽¹⁾
RSM Holding	A Shares	Beneficial owner	2,489,927,872 (Long position)	86.57%	70.14%
		Interest of controlled corporation	8,460,697 (Long position)	0.29%	0.24%
			355,000,000 (Short position)	12.34%	10.00%
Changzhou Meikai Information Technology Co., Ltd. (常州美開信息科技有限公司) ⁽²⁾	A Shares	Beneficial owner	8,460,697 (Long position)	0.29%	0.24%
Alibaba Group Holding Limited ⁽³⁾	A Shares	Interest of controlled corporation	355,000,000 (Long position)	12.34%	10.00%
	H Shares	Interest of controlled corporation	131,475,421 (Long position)	19.51%	3.70%
Taobao China Holding Limited ⁽³⁾	A Shares	Interest of controlled corporation	355,000,000 (Long position)	12.34%	10.00%
	H Shares	Beneficial owner	65,737,711 (Long position)	9.75%	1.85%
Taobao Holding Limited ⁽³⁾	A Shares	Interest of controlled corporation	355,000,000 (Long position)	12.34%	10.00%
	H Shares	Interest of controlled corporation	65,737,711 (Long position)	9.75%	1.85%
Zhejiang Tmall Technology Co., Ltd. (浙江天貓技術有限公司) ⁽⁴⁾	A Shares	Interest of controlled corporation	355,000,000 (Long position)	12.34%	10.00%

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

Name of Shareholders	Class of Shares	Capacity/nature of Interest	Number of Shares held	Approximate percentage in relevant class of Shares ⁽¹⁾	Approximate percentage in total share capital ⁽¹⁾
Tao Bao (China) Software Co., Ltd. ⁽⁴⁾ (淘寶(中國)軟件有限公司)	A Shares	Interest of controlled corporation	355,000,000 (Long position)	12.34%	10.00%
Alibaba (China) Technology Co., Ltd. (阿里巴巴(中國)網絡技術有限公司) ⁽⁴⁾	A Shares	Beneficial owner	355,000,000 (Long position)	12.34%	10.00%
Alibaba Investment Limited ⁽³⁾	H Shares	Interest of controlled corporation	65,737,710 (Long position)	9.75%	1.85%
New Retail Strategic Opportunities Fund GP, L.P. ⁽³⁾	H Shares	Interest of controlled corporation	65,737,710 (Long position)	9.75%	1.85%
New Retail Strategic Opportunities Fund, L.P. ⁽³⁾	H Shares	Interest of controlled corporation	65,737,710 (Long position)	9.75%	1.85%
New Retail Strategic Opportunities GP Limited ⁽³⁾	H Shares	Interest of controlled corporation	65,737,710 (Long position)	9.75%	1.85%
New Retail Strategic Opportunities Investments 4 Limited ⁽³⁾	H Shares	Beneficial owner	65,737,710 (Long position)	9.75%	1.85%
WONG Man Li ⁽⁵⁾	H Shares	Interest of controlled corporation	47,904,600 (Long position)	7.11%	1.35%
Man Wah Investments Limited ⁽⁵⁾	H Shares	Beneficial owner	47,904,600 (Long position)	7.11%	1.35%
HUI Wai Hing ⁽⁵⁾	H Shares	Interest of the spouse	47,904,600 (Long position)	7.11%	1.35%
WONG Luen Hei ⁽⁶⁾	H Shares	Interest of controlled corporation	60,442,281 (Long position)	8.97%	1.70%
UBS Trustees (B.V.I.) Limited ⁽⁶⁾	H Shares	Interest of controlled corporation	60,442,281 (Long position)	8.97%	1.70%
New Fortune Star Limited ⁽⁶⁾	H Shares	Interest of controlled corporation	60,442,281 (Long position)	8.97%	1.70%
Fuhui Capital Investment Limited ⁽⁶⁾	H Shares	Interest of controlled corporation	60,442,281 (Long position)	8.97%	1.70%
China Lesso Group Holdings Limited ⁽⁶⁾	H Shares	Interest of controlled corporation	60,442,281 (Long position)	8.97%	1.70%
UBS Group AG	H Shares	Interest of controlled corporation	23,587,462 (Long position)	5.56%	1.05%
			13,848,830 (Short position)	2.06%	0.39%

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

Notes:

- (1) As at 30 June 2020, the Company had 3,550,000,000 issued Shares in total, comprised of 2,876,103,969 A Shares and 673,896,031 H Shares.
- (2) Changzhou Meikai Information Technology Co., Ltd. is a wholly-owned subsidiary of RSM Holding.
- (3) New Retail Strategic Opportunities Investments 4 Limited is directly interested in the 65,737,710 H shares of the Company.

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

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

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

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

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

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

- (4) On 14 May 2019, RSM Holding completed the 2019 Non-public Issuance of Exchangeable Corporate Bonds (First Tranche) (the "Exchangeable Bonds"), 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 2020.

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.

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

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

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

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

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

DIRECTORS' AND SUPERVISORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the 2020 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 2020.

USE OF PROCEEDS FROM GLOBAL OFFERING

The net proceeds from the Company's global offering ("Global Offering") amounted to RMB5,573.3 million, used for the development of nine Portfolio Shopping Malls, investment or acquisition of other home improvement and furnishings retailers and other market participants, refinancing of our existing indebtedness, development of our O2O business and information technology systems, working capital and other general corporate purposes. The Board resolved on 31 July 2015 and 16 January 2018 to change the intended use of part of the net proceeds from the Global Offering. For details, please refer to the announcements of the Company dated 31 July 2015 and 16 January 2018 (collectively referred to as "Announcements on Change in Use of Proceeds" below). All net proceeds have been utilized in a manner consistent with the disclosure set out in the section headed "Future Plans and Uses of Proceeds" in the Prospectus and Announcements on Change in Use of Proceeds of the Company. As at the end of the Reporting Period, the Company had cumulatively used 99.7% of the net proceeds in the abovementioned fund-raising investment projects. The Company expects to use up the unused net proceeds within the next 2 years.

Corporate Governance and Other Information

Analysis of use/intended use and utilized net proceeds from the Global Offering as of 30 June 2020 is as follows:

Use/Intended use	Planned use (RMB million)	Actual use of proceeds as of 30 June 2020 (RMB million)	Unutilized net proceeds as of 30 June 2020 (RMB million)
Development of Portfolio Shopping Mall projects	1,928.5	1,928.5	–
Refinancing of existing debt	1,208.8	1,208.8	–
Investment in or acquisition of other market participants in home furnishing industry, development funds for e-commerce business and information technology systems, and working capital and daily expenses	2,436.0	2,429.1	6.9

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 (“A Shares Offering Proceeds”). The net amount raised per subscribed share is RMB9.68 per share, and the closing price per share on the date of listing was RMB14.42. For details, please refer to the announcements of the Company dated 2 January 2018, 16 January 2018, 7 February 2018 and 7 September 2018. As of the end of the Reporting Period, the Group has utilized approximately 87.8% of the net proceeds for fundraising investment projects and replenishing working capital as required.

Corporate Governance and Other Information

Analysis of the use of proceeds from issuance of A shares as of 30 June 2020 is as follows:

Unit: RMB'000

Total amount of funds raised	3,222,450
Issuance expense	172,442
Net funds raised	3,050,008

Proposed investment projects		Total investment planned (RMB'000)	Investment amount at the end of Reporting Period (RMB'000)	Remarks
Home furnishing shopping mall construction project	Tianjin Beichen Shopping Mall Project	245,137	245,137	Fully invested
	Hohhot Yuquan Shopping Mall Project	76,825	76,825	Fully invested
	Dongguan Wanjiang Shopping Mall Project	164,145	164,145	Fully invested
	Harbin Songbei Shopping Mall Project	294,809	294,809	Fully invested
	Urumqi Convention and Exhibition Mall Project	669,084	666,733	Fully invested
	Changsha Jinxia Shopping Mall Project	190,000	137,967	Expected to be invested by December 2020
	Xining Expo Shopping Mall Project	110,000	107,786	Fully invested
	Sub-total	1,750,000	1,693,402 ⁽¹⁾	
New intelligent home furnishing shopping mall	400,000	84,085		
Repayment of bank loans	400,000	400,000		
Supplement of liquidity	150,008	150,008		
Repayment of interest-bearing debts	350,000	350,000		
Total	3,050,008	2,677,495		

Note:

(1) The Company would determine the actual usage of the remaining funds raised subject to the subsequent capital arrangements.

EVENTS AFTER THE REPORTING PERIOD

1. Continuing connected transactions – Service Framework Agreement in respect of Decoration and Renovation Engineering and Construction and Procurement Framework Agreement in respect of Decoration and Renovation Materials and Furnishings

On 6 August 2020, the Company entered into the Service Framework Agreement in respect of Decoration and Renovation Engineering and Construction with RSM Holding. The Group will provide decoration and renovation engineering and construction services to RSM Holding and its subsidiaries from 6 August 2020 to 31 March 2021. The fee cap of the decoration and renovation engineering and construction services during the term of service is RMB570,000,000.

In addition, Betterhome Construction Technology Co., Ltd. (“Betterhome Construction”), a subsidiary of the Company, entered into the Procurement Framework Agreement in respect of Decoration and Renovation Materials and Furnishings with RSM Holding. Betterhome Construction and its subsidiaries will provide products to RSM Holding and its subsidiaries from 6 August 2020 to 31 March 2021. The procurement amount cap of the products during the term of service is RMB210,000,000.

For the details about abovementioned continuing connected transactions, please refer to the announcement of the Company dated 6 August 2020 as disclosed on the website of the Hong Kong Stock Exchange (www.hkexnews.hk).

MATERIAL LEGAL PROCEEDINGS

For the six months ended 30 June 2020, 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 2020

RMB

Items	Note V	30 June 2020 (Unaudited)	31 December 2019 (Audited)
Current assets:			
Cash and bank balances	1	9,507,910,275.02	7,229,239,369.35
Financial assets held for trading	2	224,317,048.53	233,385,470.05
Derivative financial assets		54,411,653.17	31,751,504.22
Accounts receivable	3	1,763,189,542.79	1,805,663,937.18
Receivables financing		5,050,000.00	41,040,000.00
Prepayments	4	298,569,054.37	340,717,638.07
Other receivables	5	957,222,438.37	710,012,095.26
Including: Interests receivable		44,134,231.35	31,717,766.99
Dividends receivable		31,000,000.00	31,000,000.00
Inventories	6	341,959,132.10	330,978,528.99
Contract assets	7	1,174,598,481.33	1,039,368,953.49
Non-current assets due within one year	8	539,865,162.57	555,066,245.64
Other current assets	9	2,025,200,191.40	1,637,221,709.44
Total current assets		16,892,292,979.65	13,954,445,451.69
Non-current assets:			
Long-term receivables	10	623,094,256.54	800,494,682.51
Long-term equity investments	11	3,695,526,825.82	3,654,279,035.20
Other equity instrument investments	12	4,167,940,005.40	3,999,157,825.44
Other non-current financial assets	13	527,395,540.60	368,774,540.60
Investment properties	14	90,073,000,000.00	85,107,000,000.00
Fixed assets	15	2,723,859,176.04	897,496,154.61
Construction in progress	16	73,038,612.20	2,329,221,258.37
Right-of-use assets	17	2,961,499,013.78	3,087,184,216.82
Intangible assets	18	451,081,950.43	449,262,332.89
Development expenditure	19	25,705,719.48	34,245,602.45
Goodwill	20	97,597,047.85	97,597,047.85
Long-term prepaid expenses	21	423,211,098.92	489,797,913.40
Deferred tax assets	22	1,368,515,937.40	1,174,578,160.89
Other non-current assets	23	5,853,088,515.15	5,850,884,335.94
Total non-current assets		113,064,553,699.61	108,339,973,106.97
Total assets		129,956,846,679.26	122,294,418,558.66

Consolidated Balance Sheet

30 June 2020

RMB

Items	Note V	30 June 2020 (Unaudited)	31 December 2019 (Audited)
Current liabilities:			
Short-term loans	24	3,542,520,312.60	3,387,894,541.95
Accounts payable	25	1,215,496,992.79	1,476,370,855.07
Advance from customers	26	700,930,999.01	1,159,059,013.47
Contract liabilities	27	1,958,019,506.82	2,221,835,457.96
Payroll payable	28	307,782,951.80	830,362,911.55
Taxes payable	29	378,253,118.37	739,393,813.25
Other payables	30	8,993,260,126.36	7,799,973,358.09
Including: Interests payable		–	–
Dividends payable		898,150,000.00	48,000,000.00
Non-current liabilities due within one year	31	13,135,290,909.69	9,804,740,633.43
Other current liabilities	32	1,460,249,495.06	348,314,909.66
Total current liabilities		31,691,804,412.50	27,767,945,494.43
Non-current liabilities:			
Long-term loans	33	18,965,773,667.69	15,919,626,315.76
Bonds payable	34	6,133,665,432.80	6,592,440,970.73
Lease liabilities	35	3,281,976,954.50	3,321,817,733.91
Long-term payables	36	735,107,244.77	634,392,235.62
Deferred income	37	224,009,166.70	225,902,560.47
Deferred tax liabilities	22	12,418,653,584.88	11,989,277,103.64
Other non-current liabilities	38	6,769,752,020.50	6,858,165,749.37
Total non-current liabilities		48,528,938,071.84	45,541,622,669.50
Total liabilities		80,220,742,484.34	73,309,568,163.93

Consolidated Balance Sheet

30 June 2020

RMB

Items	Note V	30 June 2020 (Unaudited)	31 December 2019 (Audited)
Equity			
Share capital	39	3,550,000,000.00	3,550,000,000.00
Capital reserve	40	3,998,404,942.12	4,239,976,571.04
Other comprehensive income	41	1,769,322,647.53	1,483,127,041.17
Surplus reserve	42	1,954,818,567.23	1,954,818,567.23
Retained earnings	43	35,129,750,621.13	34,486,715,762.57
Total equity attributable to owners of the Company		46,402,296,778.01	45,714,637,942.01
Non-controlling interests		3,333,807,416.91	3,270,212,452.72
Total equity		49,736,104,194.92	48,984,850,394.73
Total liabilities and equity		129,956,846,679.26	122,294,418,558.66

Legal representative:

Person in charge of accounting

Person in charge of
the accounting department:

CHE Jianxing

XI Shichang

CAI Weichun

Consolidated Income Statement

For the period from 1 January to 30 June 2020

RMB

Items	Note V	Six months ended 30 June	
		2020 (Unaudited)	2019 (Unaudited)
I. Revenue	44	6,024,440,866.01	7,757,114,487.46
II. Cost of sales	44	1,994,600,248.22	2,562,460,143.99
Taxes and surcharges	45	171,935,988.05	201,843,925.76
Distribution and selling expenses	46	631,248,850.58	931,616,435.07
General and administrative expenses	47	744,460,616.43	702,578,978.40
Research and development expenses	48	10,843,802.66	17,266,342.46
Financial expenses	49	1,348,360,314.59	984,694,930.36
Including: Interest expenses		1,330,162,274.91	1,095,285,647.01
Interest income		79,419,260.20	108,474,110.83
Add: Other income	50	86,015,355.42	58,576,197.18
Investment income	51	142,586,655.69	339,678,258.34
Including: Investment income from associates and joint ventures		(1,684,944.69)	40,647,033.37
Gain from fair value changes	52	296,599,198.00	905,235,903.48
Impairment loss of credit (losses are presented with parentheses)	53	(3,533,290.62)	(104,004,939.19)
Gain/(loss) from disposal of assets	54	(21,769,125.68)	7,106,901.16
III. Operating profit		1,622,889,838.29	3,563,246,052.39
Add: Non-operating income	55	17,349,304.55	21,942,159.07
Less: Non-operating expenses	56	83,519,321.52	10,542,968.10
IV. Total profit		1,556,719,821.32	3,574,645,243.36
Less: income tax expenses	57	402,466,107.25	713,291,013.53

Consolidated Income Statement

For the period from 1 January to 30 June 2020

RMB

Items	Note V	Six months ended 30 June	
		2020 (Unaudited)	2019 (Unaudited)
V. Net profit		1,154,253,714.07	2,861,354,229.83
(I) According to the classification of continuity of operation			
1. Net profit from continuing operations		1,154,253,714.07	2,861,354,229.83
2. Net profit from discontinued operations		–	–
(II) According to the classification of ownership			
1. Net profit attributable to shareholders of the Company		1,101,316,487.91	2,705,544,357.44
2. Non-controlling interests		52,937,226.16	155,809,872.39
VI. Other comprehensive income (after tax)		727,023,799.35	489,366,397.64
(I) Other comprehensive income (after tax) attributable to owners of the Company		726,063,977.01	467,467,546.09
1. Other comprehensive income that will not be reclassified to profit or loss		638,295,020.72	497,751,188.30
(1) Changes in fair value of other equity instrument investments		638,295,020.72	497,751,188.30
2. Other comprehensive income that will be reclassified to profit or loss		87,768,956.29	(30,283,642.21)
(1) Exchange differences arising upon translation of financial statements denominated in foreign currencies		877,342.99	–
(2) Others		86,891,613.30	(30,283,642.21)
(II) Other comprehensive income (after tax) attributable to non-controlling interests		959,822.34	21,898,851.55
VII. Total comprehensive income		1,881,277,513.42	3,350,720,627.47
(I) Total comprehensive income attributable to owners of the Company		1,827,380,464.92	3,173,011,903.53
(II) Total comprehensive income attributable to non-controlling interests		53,897,048.50	177,708,723.94
VIII. Earnings per share:			
(I) Basic earnings per share (yuan/share)		0.28	0.69
(II) Diluted earnings per share (yuan/share)		N/A	N/A

Consolidated Cash Flow Statement

For the period from 1 January to 30 June 2020

RMB

Items	Note V	Six months ended 30 June	
		2020 (Unaudited)	2019 (Unaudited)
I. Cash Flows from Operating Activities:			
Cash received from the sales of goods and rendering of services		5,475,148,055.76	7,541,475,610.79
Other cash received relating to operating activities	59	1,328,693,487.56	759,338,519.43
Sub-total of cash inflow from operating activities		6,803,841,543.32	8,300,814,130.22
Cash payments for goods purchased and services received		1,465,616,072.30	1,378,818,963.17
Cash payments to and on behalf of employees		1,968,248,635.57	2,182,507,943.65
Payments of various types of taxes		998,185,390.92	1,052,323,447.93
Other cash payments relating to operating activities	59	1,305,896,640.32	2,508,086,057.72
Sub-total of cash outflow from operating activities		5,737,946,739.11	7,121,736,412.47
Net cash flows from operating activities		1,065,894,804.21	1,179,077,717.75
II. Cash Flows from Investing Activities:			
Cash received from disposal of investments		611,079,675.89	691,979,615.44
Cash received from investment income		30,888,804.31	156,558,860.99
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		26,857,655.58	8,133,080.23
Net cash paid for disposal of subsidiaries and other business units	60	4,422,079.92	–
Other cash received relating to investing activities	59	1,141,472,855.12	1,696,551,248.21
Sub-total of cash inflow from investing activities		1,814,721,070.82	2,553,222,804.87
Cash paid to purchase and construct fixed assets, intangible assets and other long-term assets		1,348,531,574.18	1,747,727,092.50
Cash paid for investments		188,252,498.47	677,714,791.96
Net cash paid for acquisition of subsidiaries and other business units	60	1,674,999,295.31	587,093,548.92
Other cash paid relating to investing activities	59	2,337,187,781.36	1,593,696,639.68
Sub-total of cash outflow from investing activities		5,548,971,149.32	4,606,232,073.06
Net cash flow from investing activities		(3,734,250,078.50)	(2,053,009,268.19)

Consolidated Cash Flow Statement

For the period from 1 January to 30 June 2020

RMB

Items	Note V	Six months ended 30 June	
		2020 (Unaudited)	2019 (Unaudited)
III. Cash Flows from Financing Activities:			
Cash receipts from capital contributions		12,215,120.02	19,081,749.54
Including: Cash receipts from capital contributions from minority shareholders of subsidiaries		12,215,120.02	19,081,749.54
Cash received from borrowings		12,362,380,317.26	9,360,719,034.64
Other cash received relating to financing activities	59	–	256,972,414.85
Sub-total of cash inflow from financing activities		12,374,595,437.28	9,636,773,199.03
Cash repayments of borrowings		5,948,234,683.57	6,551,676,719.96
Cash payments for distribution of dividends or profits or settlement of interest expenses		1,194,160,205.86	937,215,462.40
Including: Payments for distribution of dividends or profits to minority shareholders of subsidiaries		83,200,000.00	165,443,171.35
Other cash paid relating to financing activities	59	520,258,678.46	1,098,189,608.11
Sub-total of cash outflow from financing activities		7,662,653,567.89	8,587,081,790.47
Net cash flow from financing activities		4,711,941,869.39	1,049,691,408.56
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents		(13,494,649.41)	93,087.83
V. Net Increase in Cash and Cash Equivalents		2,030,091,945.69	175,852,945.95
Add: Opening balance of cash and cash equivalents		6,776,093,360.48	7,614,487,228.69
VI. Closing Balance of Cash and Cash Equivalents	60	8,806,185,306.17	7,790,340,174.64

Consolidated Statement of Changes in Equity

For the period from 1 January to 30 June 2020

RMB

Items	Six months ended 30 June 2020							
	Equity attributable to owners of the Company						Non-controlling interests	Total equity
	Paid-in capital (or Share capital)	Capital reserve	Other comprehensive income	Surplus reserve	Retained earnings	Sub-total		
I. Prior year's closing balance	3,550,000,000.00	4,239,976,571.04	1,483,127,041.17	1,954,818,567.23	34,486,715,762.57	45,714,637,942.01	3,270,212,452.72	48,984,850,394.73
Add: Changes in accounting policies	-	-	-	-	-	-	-	-
II. Opening balance in current year	3,550,000,000.00	4,239,976,571.04	1,483,127,041.17	1,954,818,567.23	34,486,715,762.57	45,714,637,942.01	3,270,212,452.72	48,984,850,394.73
III. Changes in the current period	-	(241,571,628.92)	286,195,606.36	-	643,034,858.56	687,658,836.00	63,594,964.19	751,253,800.19
(I) Total comprehensive income	-	-	726,063,977.01	-	1,101,316,487.91	1,827,380,464.92	53,897,048.50	1,881,277,513.42
(II) Shareholders' contributions and reduction in capital	-	(241,571,628.92)	-	-	-	(241,571,628.92)	41,445,108.81	(200,126,520.11)
1. Ordinary shares from shareholders	-	-	-	-	-	-	43,021,571.61	43,021,571.61
2. Share-based payment recorded in owners' equity	-	12,782,188.75	-	-	-	12,782,188.75	-	12,782,188.75
3. Others	-	(254,353,817.67)	-	-	-	(254,353,817.67)	(1,576,462.80)	(255,930,280.47)
(III) Profit distribution	-	-	-	-	(898,150,000.00)	(898,150,000.00)	(31,747,193.12)	(929,897,193.12)
1. Distributions to shareholders	-	-	-	-	(898,150,000.00)	(898,150,000.00)	(31,747,193.12)	(929,897,193.12)
(IV) Internal transfer of equity	-	-	(439,868,370.65)	-	439,868,370.65	-	-	-
1. Other comprehensive income carried forward to retained earnings	-	-	(439,868,370.65)	-	439,868,370.65	-	-	-
IV. Closing balance for the period	3,550,000,000.00	3,998,404,942.12	1,769,322,647.53	1,954,818,567.23	35,129,750,621.13	46,402,296,778.01	3,333,807,416.91	49,736,104,194.92

Consolidated Statement of Changes in Equity

For the period from 1 January to 30 June 2020

RMB

Items	Six months ended 30 June 2019								
	Equity attributable to owners of the Company							Non-controlling interests	Total equity
	Paid-in capital (or Share capital)	Capital reserve	Other comprehensive income	Surplus reserve	Retained earnings	Sub-total			
I. Prior year's closing balance	3,550,000,000.00	4,490,018,895.43	1,227,776,839.27	1,816,847,121.56	30,629,417,859.13	41,714,060,715.39	3,581,764,964.83	45,295,825,680.22	
Add: Changes in accounting policies	-	-	-	-	(210,803,273.67)	(210,803,273.67)	(71,814,770.55)	(282,618,044.22)	
II. Opening balance in current year	3,550,000,000.00	4,490,018,895.43	1,227,776,839.27	1,816,847,121.56	30,418,614,585.46	41,503,257,441.72	3,509,950,194.28	45,013,207,636.00	
III. Changes in the current period	-	(275,183,737.64)	129,777,726.71	-	2,084,734,176.82	1,939,328,165.89	(203,900,733.92)	1,735,427,431.97	
(I) Total comprehensive income	-	-	467,467,546.09	-	2,705,544,357.44	3,173,011,903.53	177,708,723.94	3,350,720,627.47	
(II) Shareholders' contributions and reduction in capital	-	(275,183,737.64)	-	-	-	(275,183,737.64)	(335,209,628.04)	(610,393,365.68)	
1. Ordinary shares from shareholders	-	-	-	-	-	-	39,071,749.52	39,071,749.52	
2. Others	-	(275,183,737.64)	-	-	-	(275,183,737.64)	(374,281,377.56)	(649,465,115.20)	
(III) Profit distribution	-	-	-	-	(958,500,000.00)	(958,500,000.00)	(46,399,829.82)	(1,004,899,829.82)	
1. Distributions to shareholders	-	-	-	-	(958,500,000.00)	(958,500,000.00)	(46,399,829.82)	(1,004,899,829.82)	
(IV) Internal transfer of equity	-	-	(337,689,819.38)	-	337,689,819.38	-	-	-	
1. Other comprehensive income converted to retained earnings	-	-	(337,689,819.38)	-	337,689,819.38	-	-	-	
IV. Closing balance for the period	3,550,000,000.00	4,214,835,157.79	1,357,554,565.98	1,816,847,121.56	32,503,348,762.28	43,442,585,607.61	3,306,049,460.36	46,748,635,067.97	

Company's Balance Sheet

30 June 2020

RMB

Items	Note XIV	30 June 2020 (Unaudited)	31 December 2019 (Audited)
Current assets:			
Cash and bank balances		2,586,381,494.97	1,502,580,503.54
Accounts receivable	1	412,015,322.66	374,306,184.09
Prepayments		105,185,124.56	14,042,379.45
Other receivables	2	28,752,893,155.15	27,799,335,169.97
Including: Interests payable		27,756,448.39	26,680,567.53
Dividends payable		2,891,696,949.26	3,441,696,949.26
Inventories		3,822,932.95	3,491,408.88
Contract assets		194,305,231.92	169,943,462.92
Non-current assets due within one year		50,811,906.04	59,571,919.34
Other current assets		70,592,865.66	92,655,842.80
Total current assets		32,176,008,033.91	30,015,926,870.99
Non-current assets:			
Long-term receivables		364,366,589.97	603,405,420.76
Long-term equity investments	3	20,139,338,675.37	18,193,185,632.84
Other equity instrument investments		2,226,855,484.56	1,776,972,212.84
Other non-current financial assets		182,100,000.00	20,100,000.00
Fixed assets		27,800,351.19	28,606,895.74
Construction in progress		52,414,261.36	35,442,008.00
Intangible assets		377,751,959.35	384,703,190.10
Long-term prepaid expenses		12,102,910.10	14,533,500.89
Deferred tax assets		444,616,242.32	509,709,532.68
Other non-current assets		2,470,975,722.47	2,367,454,507.25
Total non-current assets		26,298,322,196.69	23,934,112,901.10
Total assets		58,474,330,230.60	53,950,039,772.09

Company's Balance Sheet

30 June 2020

RMB

Items	Note XIV	30 June 2020 (Unaudited)	31 December 2019 (Audited)
Current liabilities:			
Short-term loans		4,086,020,312.60	4,237,377,875.28
Accounts payable		172,910,020.41	221,760,282.01
Advance from customers		26,183,239.26	54,101,614.24
Contract liabilities		592,641,289.86	618,427,748.99
Payroll payable		75,929,243.82	231,968,635.96
Taxes payable		26,515,202.45	121,007,223.65
Other payables		21,850,259,118.49	18,679,067,797.62
Including: Interests payable		659,722.22	–
Dividends payable		898,150,000.00	–
Non-current liabilities due within one year		7,188,159,505.59	4,162,825,656.09
Other current liabilities		522,603,154.98	13,933,962.28
Total current liabilities		34,541,221,087.46	28,340,470,796.12
Non-current liabilities:			
Long-term loans		2,657,617,000.00	3,569,253,000.00
Bonds payable		4,029,105,203.48	4,522,713,663.49
Long-term payables		87,976,300.50	75,165,757.56
Deferred income		65,995.62	4,047,017.30
Other non-current liabilities		567,487,038.55	568,578,630.13
Total non-current liabilities		7,342,251,538.15	8,739,758,068.48
Total liabilities		41,883,472,625.61	37,080,228,864.60
Equity:			
Share capital		3,550,000,000.00	3,550,000,000.00
Capital reserve		5,175,983,450.78	5,163,201,262.03
Other comprehensive income		701,657,947.46	357,819,908.70
Surplus reserve		1,775,000,000.00	1,775,000,000.00
Retained earnings		5,388,216,206.75	6,023,789,736.76
Total equity		16,590,857,604.99	16,869,810,907.49
Total liabilities and equity		58,474,330,230.60	53,950,039,772.09

Company's Income Statement

For the period from 1 January to 30 June 2020

RMB

Items	Note XIV	Six months ended 30 June	
		2020 (Unaudited)	2019 (Unaudited)
I. Revenue	4	632,412,561.12	820,608,568.54
Less: Cost of sales	4	158,760,665.04	192,949,821.79
Taxes and surcharges		5,383,941.87	3,853,731.67
Distribution and selling expenses		91,660,904.53	213,980,963.76
General and administrative expenses		337,701,455.47	253,695,101.49
Financial expenses		510,083,020.98	595,742,935.17
Including: Interest expense		883,281,139.84	780,765,127.23
Interest income		458,790,518.98	197,605,397.90
Add: Other income		11,060,587.98	20,310,225.85
Investment income	5	638,667,282.62	82,632,194.88
Including: Investment income from associates and joint ventures		26,020,697.14	33,662,138.39
Impairment loss of credit (losses are presented with parentheses)		17,823,439.50	(15,333,273.38)
Gain/ (loss) from disposal of assets		(295,594.57)	249,317.65
II. Operating profit		196,078,288.76	(351,755,520.34)
Add: Non-operating income		472,848.96	15,610.95
Less: Non-operating expenses		27,800,532.93	1,858,758.97
III. Total profit		168,750,604.79	(353,598,668.36)
Less: Income tax expense		(93,645,163.24)	(105,579,659.55)
IV. Net profit		262,395,768.03	(248,019,008.81)
(I) Net profit from continuing operations		262,395,768.03	(248,019,008.81)
(II) Net profit from discontinued operations		–	–
V. Other comprehensive income (after tax)		344,018,740.72	8,170,489.76
(I) Other comprehensive income that will not be reclassified to profit or loss		344,018,740.72	8,170,489.76
1. Changes in fair value of other equity instrument investments		344,018,740.72	8,170,489.76
VI. Total comprehensive income		606,414,508.75	(239,848,519.05)

Company's Cash Flow Statement

For the period from 1 January to 30 June 2020

RMB

Items	Note XIV	Six months ended 30 June	
		2020 (Unaudited)	2019 (Unaudited)
I. Cash Flows from Operating Activities:			
Cash received from the sales of goods and rendering of services		786,405,729.33	874,695,423.82
Other cash received relating to operating activities		15,417,098.25	77,094,427.64
Sub-total of cash inflow from operating activities		801,822,827.58	951,789,851.46
Cash payments for goods purchased and services received		25,951,683.80	35,381,430.30
Cash payments to and on behalf of employees		445,690,150.62	483,112,666.21
Payments of various types of taxes		115,571,167.54	105,145,659.93
Other cash payments relating to operating activities		333,337,948.64	380,852,017.97
Sub-total of cash outflow from operating activities		920,550,950.60	1,004,491,774.41
Net cash flows from operating activities		(118,728,123.02)	(52,701,922.95)
II. Cash Flows from Investing Activities:			
Cash received from disposal of investments		19,357,497.64	–
Cash received from investment income		1,169,390,153.17	425,073,454.47
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		188,209.68	100.00
Net cash received from disposal of subsidiaries and other business units		735,498,158.86	37,374,600.00
Other cash received relating to investing activities		1,443,366,417.67	6,526,706,782.97
Sub-total of cash inflow from investing activities		3,367,800,437.02	6,989,154,937.44
Cash paid to purchase and construct fixed assets, intangible assets and other long-term assets		27,533,113.63	28,476,034.03
Cash paid for investments		943,712,000.99	1,857,899,008.65
Net cash paid for acquisition of subsidiaries and other business units		1,702,026,918.87	–
Other cash paid relating to investing activities		4,110,847,725.69	9,363,983,017.67
Sub-total of cash outflow from investing activities		6,784,119,759.18	11,250,358,060.35
Net cash flow from investing activities		(3,416,319,322.16)	(4,261,203,122.91)

Company's Cash Flow Statement

For the period from 1 January to 30 June 2020

RMB

Items	Note XIV	Six months ended 30 June	
		2020 (Unaudited)	2019 (Unaudited)
III. Cash Flows from Financing Activities:			
Cash received from borrowings		5,821,014,475.00	7,665,921,161.73
Other cash received relating to financing activities		5,145,599,408.22	8,186,455,957.38
Sub-total of cash inflow from financing activities		10,966,613,883.22	15,852,377,119.11
Cash repayments of borrowings		4,111,400,708.44	4,355,840,870.00
Cash payments for distribution of dividends or profits or settlement of interest expenses		413,653,406.59	363,800,522.84
Other cash payments relating to financing activities		2,026,373,506.96	5,443,535,596.23
Sub-total of cash outflow from financing activities		6,551,427,621.99	10,163,176,989.07
Net Cash Flow from Financing Activities		4,415,186,261.23	5,689,200,130.04
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents		(337,824.62)	8,607.95
V. Net Increase in Cash and Cash Equivalents		879,800,991.43	1,375,303,692.13
Add: Opening balance of cash and cash equivalents		1,494,580,503.54	1,263,966,701.80
VI. Closing Balance of Cash and Cash Equivalents		2,374,381,494.97	2,639,270,393.93

Company's Statement of Changes in Equity

For the period from 1 January to 30 June 2020

RMB

Items	For the six months ended 30 June 2020					
	Paid-in capital (or share capital)	Capital reserve	Other comprehensive income	Surplus reserve	Retained earnings	Total equity
I. Prior year's closing balance	3,550,000,000.00	5,163,201,262.03	357,819,908.70	1,775,000,000.00	6,023,789,736.76	16,869,810,907.49
Add: Changes in accounting policies	-	-	-	-	-	-
II. Opening balance in current year	3,550,000,000.00	5,163,201,262.03	357,819,908.70	1,775,000,000.00	6,023,789,736.76	16,869,810,907.49
III. Changes in the current period	-	12,782,188.75	343,838,038.76	-	(635,573,530.01)	(278,953,302.50)
(I) Total comprehensive income	-	-	344,018,740.72	-	262,395,768.03	606,414,508.75
(II) Shareholders' contributions and reduction in capital	-	12,782,188.75	-	-	-	12,782,188.75
1. Share-based payment recorded in shareholders' equity	-	12,782,188.75	-	-	-	12,782,188.75
(III) Profit distribution	-	-	-	-	(898,150,000.00)	(898,150,000.00)
1. Distributions to shareholders	-	-	-	-	(898,150,000.00)	(898,150,000.00)
(IV) Internal transfer of equity	-	-	(180,701.96)	-	180,701.96	-
1. Other comprehensive income converted to retained earnings	-	-	(180,701.96)	-	180,701.96	-
IV. Closing balance for the period	3,550,000,000.00	5,175,983,450.78	701,657,947.46	1,775,000,000.00	5,388,216,206.75	16,590,857,604.99

Company's Statement of Changes in Equity

For the period from 1 January to 30 June 2020

RMB

Items	For the six months ended 30 June 2019					
	Paid-in capital (or share capital)	Capital reserve	Other comprehensive income	Surplus reserve	Retained earnings	Total equity
I. Prior year's closing balance	3,550,000,000.00	5,150,419,073.28	79,624,963.06	1,637,028,554.33	4,768,456,624.21	15,185,529,214.88
Add: Changes in accounting policies	-	-	-	-	-	-
II. Opening balance in current year	3,550,000,000.00	5,150,419,073.28	79,624,963.06	1,637,028,554.33	4,768,456,624.21	15,185,529,214.88
III. Changes in the current period	-	-	8,170,489.76	-	(1,206,519,008.81)	(1,198,348,519.05)
(I) Total comprehensive income	-	-	8,170,489.76	-	(248,019,008.81)	(239,848,519.05)
(II) Shareholders' contributions and reduction in capital	-	-	-	-	-	-
(III) Profit distribution	-	-	-	-	(958,500,000.00)	(958,500,000.00)
1. Distributions to shareholders	-	-	-	-	(958,500,000.00)	(958,500,000.00)
(IV) Internal transfer of equity	-	-	-	-	-	-
IV. Closing balance for the period	3,550,000,000.00	5,150,419,073.28	87,795,452.82	1,637,028,554.33	3,561,937,615.40	13,987,180,695.83

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

I. GENERAL INFORMATION OF THE COMPANY

Red Star Macalline Group Corporation Ltd. (formerly known as Shanghai Red Star Macalline Home Furnishing Company Limited** (上海紅星美凱龍家居飾品有限公司) 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 Shanghai Red Star Macalline Investment Company Limited** (上海紅星美凱龍投資有限公司), renamed to Red Star Macalline Holding Group Company Limited** (紅星美凱龍控股集團有限公司) in December 2016) 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.

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.

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 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.

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

I. GENERAL INFORMATION OF THE COMPANY (continued)

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 City Industrial Investment Fund (Limited Partnership) (綿陽科技城產業投資基金(有限合夥)), 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.

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.

I. GENERAL INFORMATION OF THE COMPANY (continued)

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 City Industrial Investment Fund (Limited Partnership) (綿陽科技城產業投資基金(有限合夥)), 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.

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.



Notes to the Financial Statements

For the period ended 30 June 2020

RMB



I. GENERAL INFORMATION OF THE COMPANY (continued)

As considered and approved at the 2017 Annual General Meeting, A Share Shareholders' Class Meeting and H Share Shareholders' Class Meeting, the Company repurchased 388,917,038 overseas-listed foreign shares (H shares) at an offer price of HK\$11.78 per share by way of conditional voluntary cash offer. The Company has completed the offer and cancelled such H shares in July 2018, after which the paid-in capital (share capital) of the Company amounted to RMB3,550,000,000.00. The Company completed the business registration in respect of such change on 29 September 2018.

The business scope of the Company and its subsidiaries (hereinafter referred to as the "Group") mainly includes providing investees with management service, enterprise management and product information consulting; providing the home furnishing business stores with design planning and management services, wholesale of furniture, building materials (steel exclusive) and decoration materials, and relevant supporting services, exhibition and display services.

The parent company and ultimate parent company of the Group is Red Star Macalline Holding Group Company Limited incorporated in Shanghai, the People's Republic of China, and our actual controller is CHE Jianxing.

These financial statements have been approved by the Board of the Company by resolutions on 27 August 2020.

The consolidation scope of these consolidated financial statements shall be determined on the basis of control. Refer to Note VI for the change of scope for the period.



II. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements are prepared in accordance with Accounting Standards for Business Enterprises-Basic Standards issued by the Ministry of Finance and the specific accounting standards, application guide, interpretation and other relevant provisions promulgated and revised thereafter (the “Accounting Standards for Business Enterprises”).

As of 30 June 2020, the Group’s current liabilities in aggregate exceeded its current assets in aggregate with an amount of RMB14.80 billion. The management of the Group had assessed its ongoing operation for the 12 months starting from 1 July 2020, and after taking into account unutilized bank facilities as at 30 June 2020, expected cash inflows from operating activities and financing arrangements, and believes that the liquidity risk arising from the fact that its current assets are less than its current liabilities as of 30 June 2020 that the Group is exposed to falls within the range of control, and thus has no material effect on the ongoing operation and financial statements of the Group. Therefore, these financial statements have been prepared on a going concern basis.

When preparing the financial statements, except for certain financial instruments and investment properties, the financial statements have been carried at historical cost basis. If the assets are impaired, corresponding provisions for impairment shall be made according to relevant provisions.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

The Group formulated specific accounting policies and accounting estimates according to the characteristics of its actual production and operation, which is mainly embodied in the allowance for bad debts in relation to accounts receivable, the recognition and measurement of revenue and investment properties.

1. Accounting Period

The Group has adopted the calendar year as its accounting year, i.e. from 1 January to 31 December.

2. Normal Operating Cycle

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.

3. Functional Currency

The Group adopts Renminbi (“RMB”) as its functional currency and to prepare its financial statements. Unless otherwise stated, the financial statements are all presented in RMB. The subsidiaries, Joint ventures, Associates of the Group determine their functional currencies according to the main economic environment where they operate and convert to RMB when preparing financial statements.

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

4. Business Combination

Business combinations are classified into business combinations involving enterprises under common control and business combinations involving enterprises not under common control.

Business combinations involving enterprises under common control

A business combination involving enterprises under common control is a business combination in which all of the combining enterprises are ultimately controlled by the same party or parties both before and after the combination, and that control is not transitory. In a business combination involving enterprises under common control, the party which obtains control of other combining enterprise(s) on the combination date is the merging party and the other combining enterprise(s) is (are) the merged party. The combination date refers to the date on which the merging party actually obtains control of the merged parties.

Assets and liabilities that are obtained in a business combination involving enterprises under common control, including goodwill arising from the acquisition of the merging party by the ultimate controller, shall be accounted for on the basis of the carrying amounts on the financial statements of the ultimate controller at the combination date. The difference between the carrying amount of the net assets obtained by the merging party and the carrying amount of the consideration paid for the combination (or the aggregate par value of shares issued) is adjusted to the share premium in capital reserve. If the share premium is not sufficient to absorb the difference, any excess is adjusted against retained earnings.

Business combinations involving enterprises not under common control

A business combination involving enterprises not under common control is a business combination in which all of the combining enterprises are not ultimately controlled by the same party or parties before and after the combination. In a business combination involving enterprises not under common control, the party which obtains control of other combining enterprise(s) on the acquisition date is the acquirer and the other combining enterprise(s) is (are) the acquiree(s). The acquisition date refers to the date on which the acquirer actually obtains control of the acquiree.

The acquiree's identifiable assets, liabilities and contingent liabilities acquired in the business combination involving enterprises not under common control are measured at fair value at the acquisition date.

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.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

4. Business Combination (continued)

Business combinations involving enterprises not under common control (continued)

For the business combination involving enterprises not under common control achieved in stages, the long-term equity investments of the acquiree held prior to the acquisition date is remeasured at the fair value of the long-term equity investments on the acquisition date, and the difference between the fair value and the book value is recognised in profit or loss for the current period. For the other comprehensive income calculated under the equity method from the long-term equity investments of the acquiree held prior to the acquisition date, the same accounting treatment of which the investee directly disposes of the related assets or liabilities should be used. Movement of other shareholders' equity (excluding net profit or loss, other comprehensive income and profit distribution) shall be transferred to profit or loss for the current period to which the acquisition date belongs. For other equity instrument investments of the acquiree held prior to the acquisition date, the movement of the fair value of equity instrument investment is transferred to retained earnings before the acquisition date.

5. Consolidated Financial Statement

The consolidation scope of the consolidated financial statements is determined on the basis of control, including the financial statement of the Company and all of its subsidiaries, which represent the entities controlled by the Company (including separable parts of an enterprise or investee and structured entities controlled by the Company).

In preparation of consolidated financial statements, the subsidiaries use the same accounting period and accounting policies as those of the Company. All intra-group assets, liabilities, interests, income, expenses and cash flows are eliminated in full on consolidation.

Where the amount of losses of a subsidiary attributable to the minority shareholders in the current period exceeds their share of the opening balance of owner's equity of the subsidiary, the excess shall be allocated against minority interests.

For a subsidiary acquired through a business combination not involving entities under common control, the operating results and cash flows of the acquiree shall be included in the consolidated financial statements, from the date on which the Group gains control till the Group ceases the control of it. While preparing the consolidated financial statements, the acquirer shall adjust the subsidiary's financial statements, on the basis of the fair values of the identifiable assets, liabilities and contingent liabilities recognized on the acquisition date.

For subsidiaries acquired through business combinations involving entities under common control, the operating results and cash flows of the acquiree shall be included in the consolidated financial statements from the beginning of the period in which the combination occurs. While preparing the comparative consolidated financial statements, adjustments are made to related items in the financial statements for the prior period as if the reporting entity established through combination has been existing since the ultimate controller begins to exercise control.

The Group's control over an investee is re-assessed if change in relevant facts and situations causes changes in one or more of the control substances.

Where there is no loss of control, the change in minority interests is accounted for as equity transaction.

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

6. Classification of Joint Arrangements and Joint Ventures

There are two types of joint arrangements – joint operations and joint ventures. A joint operation is a joint arrangement whereby the joint operators have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the joint operators only have rights to the net assets of the arrangement.

7. Cash and Cash Equivalents

Cash comprises the Group's cash on hand and deposits that can be readily withdrawn on demand. Cash equivalents are the Group's short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

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

The Group translates the amount of foreign currency transactions occurred into its functional currency.

Foreign currency transactions are recorded, on initial recognition, in the functional currency, by applying the foreign currency amount the spot exchange rate prevailing on the transaction dates. At the balance sheet date, foreign currency monetary items are translated using the spot exchange rate prevailing on the balance sheet date. All the resulting differences on settlement and monetary item translation are taken to profit or loss for the current period, except for those relating to foreign currency borrowings specifically for construction and acquisition of qualifying assets, which are capitalised in accordance with the principle of capitalisation of borrowing costs. Non-monetary foreign currency items measured at historical cost shall still be translated at the spot exchange rate prevailing on the transaction date, and the amount denominated in the functional currency is not changed. Non-monetary foreign currency items measured at fair value are translated at the spot exchange rate prevailing at the date on which the fair values are determined. The difference thus resulted are recognised in profit or loss for the current period or as other comprehensive income based on the nature of the non-monetary items.

Foreign currency cash flows and cash flows of overseas subsidiaries are translated using the spot exchange rate at the date when the cash flows occur. The effect of exchange rate changes on cash is separately presented as an adjustment item in the cash flow statement.

9. Financial Instrument

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Recognition and derecognition of financial instruments

A financial asset or financial liability is recognized when the Group becomes a party to the contractual provisions of the financial instrument.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

9. Financial Instrument (continued)

Recognition and derecognition of financial instruments (continued)

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.

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. Financial assets are initially recognized at fair value. However, if the initial recognition of accounts receivable or notes receivable arising from sale of goods or provision of services does not include significant financing components or does not consider financing components not exceeding one year, it shall be initially recognized as the transaction price.

For the financial assets at fair value through profit or loss, related transaction expenses are directly charged to profit or loss for the current period; for other financial assets, related transaction expenses are included in the initial recognized amount.



Notes to the Financial Statements

For the period ended 30 June 2020

RMB



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

9. Financial Instrument (continued)

Classification and measurement of financial assets (continued)

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

Debt instrument investment measured at amortized cost

A financial asset shall be measured at amortized cost if both of the following conditions are met: the financial asset is held within a business model whose objective is to collect contractual cash flows; and the contractual terms of the financial asset set that the cash flows on specified dates are solely payments of principal and the interest based on the outstanding amount of principal. The interest income from such financial asset is recognized using the effective interest method, and gains or losses arising from its derecognition, revision or impairment is recognized in profit or loss for the current period.

Debt instrument investment at fair value through other comprehensive income

A financial asset shall be measured at fair value through other comprehensive income if both of the following conditions are met: the financial asset is held by the Group within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and the contractual terms of the financial asset set that the cash flows on specified dates are solely payments of principal and interest on the outstanding amount of principal. The interest income from such financial asset is recognized using the effective interest method. The change in fair value of such financial asset shall be recognized in other comprehensive income, except for interest income, impairment losses and exchange differences recognized in profit or loss for the current period. When the financial asset is derecognized, the cumulative gains or losses previously recognized in other comprehensive income is reclassified from other comprehensive income to profit or loss for the current period.



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

9. Financial Instrument (continued)

Classification and measurement of financial assets (continued)

Equity instrument investment at fair value through other comprehensive income

The Group irrevocably opts to assign some of the investments in non-tradable equity instruments to financial assets at fair value through other comprehensive income, and only recognizes relevant dividend incomes (excluding dividend incomes taken back clearly as part of investment cost) in profit or loss for the current period, while subsequent changes in fair value is recognized as other comprehensive income, without needing to withdraw impairment allowance. When the financial assets are derecognized, the cumulative gains or losses previously recognized in other comprehensive income are reclassified from other comprehensive income to retained earnings.

Financial assets at fair value through profit or loss

The financial assets other than those measured at amortized cost and at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. For such financial assets, fair value is used for subsequent measurement, except those related to hedge accounting, and all changes in fair value are recognized in profit or loss for the current period.

Neither a certain financial asset designated as the financial asset at fair value through profit or loss by an enterprise at the time of initial recognition can be reclassified as other financial assets nor can other financial assets be redesignated as financial assets at fair value through profit or loss after initial recognition.

Based on the above condition, such financial assets designated by the Group mainly include derivatives, stocks and funds purchased from the secondary market for the purpose of earning price spread.



Notes to the Financial Statements

For the period ended 30 June 2020

RMB



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

9. Financial Instrument (continued)

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.

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.



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

9. 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.

The Group considers all reasonable and evidenced information relating to past events, current conditions and future economic forecast when assessing expected credit losses.

When the Group no longer reasonably expects to be able to fully or partially recover the contractual cash flows of financial assets, the Group directly writes down the book balance of the financial assets.

Elimination of financial instruments

The net amount after eliminating financial assets and financial liabilities is presented in the balance sheet if the following conditions are satisfied: a lawful right exists for eliminating recognized amounts, and such lawful right is currently enforceable; it is planned that the financial assets and financial liabilities are to be netted against each other, or that they are to be realized and settled simultaneously.

Derivative financial instruments

The Group uses derivative financial instruments such as foreign exchange forward contracts to hedge exchange rate risk. Derivative financial instruments are initially measured at the fair value of the day when the derivative transaction contract is signed, and subsequently measured at their fair value. Derivative financial instruments with a positive fair value are recognized as an asset, and those with a negative fair value are recognized as a liability.

Except for hedging accounting, gains or losses arising from changes in fair value of derivative instruments are directly included in the current profit and loss.

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

9. Financial Instrument (continued)

Transfer of financial assets

If the Group transfers substantially all the risks and rewards of ownership of the financial asset to the transferee, it derecognizes the financial asset; if the Group retains substantially all the risks and rewards of ownership of the financial asset, it does not derecognize the financial asset.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership of a financial asset, it is accounted for as follows: if the Group has not retained control of the financial asset, it derecognizes the financial asset and recognizes any resulting assets or liabilities; if the Group has retained control of the financial asset, it recognizes the financial asset to the extent of its continuing involvement in the transferred financial asset and recognizes an associated liability.

For continuing involvement by providing financial guarantee in respect of the transferred financial assets, the assets arising from such involvement is recognized as the lower of the book value of the financial assets and the amount of the financial guarantee. Amount of financial guarantee refers to the maximum amount to be repayable on demand among the considerations received.

10. Inventory

Inventories mainly include goods in inventory and low-value consumables, etc.

Inventories are initially measured at cost. Cost of inventories comprises costs of purchase and other cost. When the inventories are delivered, the actual costs of the delivered inventories are determined by using the method of weighted average. Low-value consumables are amortized by using the one-time writing-off method.

The inventory system is a perpetual inventory system.

On the balance sheet date, the inventories shall be measured at the lower of cost and net realizable value. When the cost is higher than the net realizable value, inventory impairment allowance shall be provided and included in current profit or loss. In case the factors impacting the previous providing of the inventory impairment allowance are eliminated, making the net realizable value of the inventory be higher than its book value, the write-down amount should be recovered from the amount of inventory impairment allowance previously provided and the corresponding amount shall be reversed to current profit or loss.

The net realizable value represents the amount derived by deducting the potential cost, estimated sale cost and related taxes to the completion date from the estimated selling price of the inventory in daily activities. When providing the inventory impairment allowance, the finished products shall be provided by categories.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

11. Long-term Equity Investments

Long-term equity investments include equity investments in subsidiaries, joint ventures and associates.

A long-term equity investment is initially recorded at its initial investment cost on acquisition. For a long-term equity investment acquired under business combination involving entities under common control, the initial investment cost is the share of the book value of the owner's equity of the party being combined on the date of business combination in the consolidated financial statements of the ultimate controller. The difference between the initial investment cost and the book value of the consideration for combination is adjusted to capital reserve (or charged against retained earnings if there is any shortfall). Other comprehensive income held prior to the date of business combination is accounted for on the same basis as where the relevant assets or liabilities are directly disposed of by the investee in disposal of such investment. Shareholders' equity recognized as a result of changes in other shareholders' equity of the investee other than net profit or loss, other comprehensive income and profit appropriation is taken to profit or loss for the current period upon disposal of such investment. In particular, those which remain as long-term equity investments upon disposal are carried forward in proportion, and those which are converted to financial instruments upon disposal are carried forward in full. For a long-term equity investment acquired through a business combination not involving entities under common control, the initial investment cost is the cost of business combination (Business combination not involving entities under common control which is achieved after multiple transactions, the initial investment cost is the sum of book value of equity investments of the acquiree held prior to the date of acquisition and the addition to investment cost on the date of acquisition). Cost of business combination includes the sum of fair values of the assets given, liabilities incurred or assumed, and equity securities issued by the acquirer. Other comprehensive income recognized on equity method held prior to the date of acquisition is accounted for on the same basis as where the relevant assets or liabilities are directly disposed of by the investee in disposal of such investment. Shareholders' equity recognized as a result of changes in other shareholders' equity of the investee other than net profit or loss, other comprehensive income and profit appropriation is taken to profit or loss for the current period upon the disposal of such investment. In particular, those which remain as long-term equity investments upon disposal are carried forward in proportion, and those which are converted to financial instruments upon disposal are carried forward in full. Accumulated fair value change of equity investments held prior to the date of acquisition being taken to other comprehensive income as other equity instrument investments is taken to retained earnings in full under cost method. For a long-term equity investment acquired by means other than business combination, the initial investment cost is determined as follows: for a long-term equity investment acquired by paying cash, the initial investment cost is the actual purchase price paid and those costs, taxes and other necessary expenditures directly attributable to the acquisition of the long-term equity investment; for a long-term equity investment acquired by the issue of equity securities, the initial investment cost is the fair value of the equity securities issued; for a long-term equity investment acquired by the swap of non-monetary assets, the initial investment cost is determined based on Accounting Standard for Business Enterprises No. 7 – Swap of Non-monetary Assets.

For a long-term equity investment where the Company can exercise control over the investee, the Company uses the cost method in the Company's separate financial statements. Control refers to the power over an investee, and exposure, or rights, to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect the amount of the investor's returns.

Under the cost method, the long-term equity investment is measured at its initial investment cost. For addition or recovery of investments, the cost of long-term equity investments is adjusted accordingly. Cash dividend or profit declared to be distributed by an investee is recognized as profit or loss for the current period.

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

11. Long-term Equity Investments (continued)

The equity method is adopted for a long-term equity investment when the Group holds joint control, or exercises significant influence on the investee. Joint control refers to the contractually-agreed shared control over an arrangement and related activities under such arrangement shall be decided on with the unanimous consent of the parties sharing control. Significant influence is the power to participate in the financial and operating policy decisions of the investee rather than to control or jointly control with other parties over the formulation of those policies.

Under the equity method, where the initial investment cost of a long-term equity investment is more than the share of the fair value of the investee's identifiable net assets when the investment is made, the cost is included in the initial investment cost of the long-term equity investment. Where the initial investment cost is less than the share of the fair value of the investee's identifiable net assets when the investment is made, the difference is recognized in profit or loss for the current period and the cost of the long-term equity investment is adjusted accordingly.

Under the equity method, the Group recognizes its share in the net profit or loss and other comprehensive income made by the investee as investment income or losses and other comprehensive income after the acquisition of the long-term equity investment, and adjusts the book value of the long-term equity investment accordingly. When recognizing the Group's share in the net profit or loss of the investee, the Group recognizes the net profit of the investee after making appropriate adjustments based on the fair values of the identifiable assets of the investee when the investment is acquired and in accordance with the Group's accounting policies and periods, after eliminating the portion of the profits or losses, arising from internal transactions with its joint ventures and associates, attributable to the investor according to its share ratio (but losses arising from internal transactions that belong to impairment losses on assets should be recognized in full), save for business formed by assets invested or disposed. The book value of the long-term equity investment is reduced accordingly based on the Group's share of profit or cash dividends declared to be distributed by the investee. The Group's share in net loss of the investee is recognized to the extent that the book value of the long-term equity investment and other long-term equity substantively forming net investments of the investee are written down to zero, except that the Group has incurred obligations to assume additional losses. The Group adjusts the book value of the long-term equity investment for other changes in shareholders' equity of the investee (other than net profit or loss, other comprehensive income and profit appropriation of the investee) and includes the corresponding adjustments in the shareholders' equity.

On disposal of the long-term equity investment, the difference between its book value and consideration actually received is recognized in profit or loss for the current period. For long-term equity investments under equity method, when the use of the equity method is discontinued because of disposal, other comprehensive income previously accounted for under the equity method shall be accounted for on the same basis as where the relevant assets or liabilities are disposed of directly by the investee. Shareholders' equity recognized as a result of changes in other shareholders' equity of the investee (other than net profit or loss, other comprehensive income and profit distribution) shall be taken in full to the profit or loss for the current period. If the equity method remains in use, other comprehensive income previously accounted for under the equity method shall be accounted for on the same basis as where the relevant assets or liabilities are disposed of directly by the investee and taken to the profit or loss for the current period in proportion. Shareholders' equity recognized as a result of changes in other shareholders' equity of the investee (other than net profit or loss, other comprehensive income and profit distribution) shall be taken to the profit or loss for the current period on a pro-rata basis.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

12. Investment Property

Investment property is any property held for rental earnings or capital appreciation or both. It includes buildings being leased out, etc.

An investment property is measured initially at cost. Expenditure subsequently incurred for such investment property is recognized in its cost if the economic benefits associated with such asset are probable to flow in and relevant costs can be measured reliably, otherwise, recognized in profit or loss for the current period in which they are incurred.

There exists an active property trading market at the place of the investment properties of the Group and the market price of and other information relating to identical or similar properties are available to the Group in the property trading market, which makes it possible to estimate the fair value of investment properties in a reasonable manner. As such, the Group subsequently measures investment properties by adopting the fair value model and adjusts its book value based on investment properties' fair value at balance sheet date with the difference between fair value and original book value recognized in profit or loss for the current period.

Where an investment property is sold, transferred, retired or damaged, the income from its disposal net of the book value and related taxes is recognized in profit or loss for the current period.

13. Fixed Assets

A fixed asset is recognized only when the economic benefits associated with the asset are probable to flow into the Group and the cost of the asset can be measured reliably. Subsequent expenditures incurred for the fixed asset are included in the cost of the fixed asset when the above confirming condition is met, and the book value of the replaced part is derecognized; otherwise the expenditures are recognized in profit or loss in the current period in which they are incurred.

Fixed assets are initially measured at cost. The cost of a purchased fixed asset consists of the acquisition price, relevant taxes, and other directly attributable expenditure for bringing the asset to its working condition for its intended use.

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

13. Fixed Assets (continued)

A fixed asset is depreciated using the straight-line method. The useful life, estimated net residual value rate and annual depreciation rate of each category of fixed assets are as follows:

	Useful life	Estimated net residual value rate	Annual depreciation rate
Buildings	20 years	5%	4.75%
Dedicated equipment	10 years	5%	9.5%
Electronic equipment, appliances and furniture	3-5 years	5%	19-31.67%
Transportation equipment	5 years	5%	19%

Others:

If a fixed asset is upon disposal or no economic benefits are expected to be generated from its use or disposal, the fixed asset is derecognized. When a fixed asset is sold, transferred, retired or damaged, the amount of any proceeds on disposal of the asset net of the book value and related taxes is recognized in profit or loss for the current period.

The Group reviews the useful life and estimated net residual value of a fixed asset and the depreciation method applied at least once at each year-end, and adjusts them when necessary.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

14. Construction in Progress

Construction in progress is recognized at its actual costs. The actual costs include various necessary construction expenditures during the construction period, borrowing costs capitalized before it is ready for intended use and other relevant costs.

Construction in progress is transferred to a fixed asset when it is ready for intended use.

15. Borrowing Costs

Borrowing costs are interests and other related cost arising from Group's borrowing, including borrowing interests, amortization of discounts or premiums, ancillary expenses and exchange differences arising from foreign currency lending etc.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying asset are capitalized, and other borrowing costs are recognized in profit or loss for the current period. Qualifying assets are fixed assets, investment property and inventory that necessarily to be acquired constructed or produced through a substantial period of time to get ready for its intended use or sale.

Borrowing costs may be capitalised only when:

- (1) Expenditures for such asset are incurred;
- (2) Borrowing costs are incurred;
- (3) The acquisition, construction or production activities which are necessary to prepare the asset for its intended use or sale have started.

Capitalization of borrowing costs ceases when the qualifying asset being acquired, constructed or produced becomes ready for its intended use or sale. Borrowing costs incurred subsequently are recognized in profit or loss for the current period.

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

15. Borrowing Costs (continued)

During the period of capitalisation, the amount of capitalised interests in each accounting period is determined by the following methods:

- (1) For dedicated borrowings, the amount of capitalised interests is the interest expenses actually incurred in the current period less the interest income earned on temporary deposits or investment income.
- (2) For general borrowings utilised, the amount of capitalised interests is the weighted average asset expenditures of the excess of accumulative asset expenditure over the dedicated borrowings multiplying the weighted average interest rate of the general borrowings utilised.

Where the acquisition and construction or production of a qualified asset is interrupted abnormally and the interruption period lasts for more than 3 consecutive months, other than those necessary to prepare the asset for its intended use or sale, the capitalization of the borrowing costs shall be suspended. Borrowing costs incurred during the interruption period are recognised as cost in profit or loss for the current period, until those acquisition and construction or production is resumed.

16. Right-of-use assets

The Group's right-of-use assets mainly include buildings and constructions, machines and equipment.

On the commencement date of the lease term, the Group recognizes its right to use the leased asset during the lease period as right-of-use assets, including: the initial measured amount of lease liabilities; lease payments made at or before the commencement date of lease term less any incentives already received (if there is a lease incentive); the initial direct costs incurred by the lessee; an estimate of costs to be incurred by the lessee in dismantling and removing the lease assets, restoring the site on which they are located or restoring the leased assets to the condition required by the terms and conditions of the lease. The Group subsequently uses the straight line method to depreciate the right-of-use assets. If it is reasonable to determine the ownership of the leased asset can be obtained when the lease term expires, the Group will depreciate over the remaining useful life of the leased assets. If it cannot be reasonably determined that the ownership of the leased asset can be obtained at the end of the lease period, the Group depreciates during the shorter period between the lease term and the remaining useful life of the lease assets.

When the Group re-measures lease liabilities according to the present value of the changed lease payment and adjusts the book value of the right-of-use asset accordingly, if the book value of the right-of-use asset has been reduced to zero while lease liabilities still needs to be further reduced, the Group accounts for the remaining amount in the current profit and loss.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

17. Intangible Assets

Intangible assets may be recognized and initially measured at cost only when economic benefits relating to it are likely to flow into the Group as well as its cost can be measured reliably. However, for intangible assets acquired from business combination involving enterprises not under common control, if their fair value can be measured reliably, they are recognized separately as intangible assets and measured at fair value.

The useful life of an intangible asset shall be determined based on the term in which it can generate economic benefits for the Group. An intangible asset is regarded as having an indefinite useful life when there is no foreseeable term in which it can generate economic benefits for the Group.

The useful life of each category of intangible assets is as follows:

	Useful life
Trademark use rights	30 years
Softwares	2-10 years
Others	3 years

The Group's expenditures for its internal research and development projects are classified into expenditures on the research stage and expenditures on the development stage. Expenditures on the research stage are recognized in profit or loss for the current period when incurred. Expenditures on the development stage are to be capitalized if the Group can satisfy all of the following criteria simultaneously: the technical feasibility to complete the intangible asset so that it will be available for use or sale; the intention to complete the intangible asset, and to use or sell it; how the intangible asset will generate economic benefits. Among other things, the Group can demonstrate that there is an existing market for products produced by the intangible asset or there is an existing market for the intangible asset itself, and the usage of it, if the intangible asset is to be used internally; the availability of adequate technical, financial and other resources to complete the development of the intangible asset and the ability to use or sell it; the ability to measure reliably the expenditure attributable to the intangible asset during its development stage. The development expenditure that do not meet the above conditions are recognized in profit or loss for the current period when incurred.

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

18. Impairment of Assets

The Group determines impairment of assets excluding inventory, investment property measured at fair value model, deferred income taxes, financial assets and contract assets by below method:

The Group determines whether there is any indication that assets have suffered impairment at balance sheet date. If an impairment indication exists, the recoverable amount is estimated and impairment test is carried out. The impairment test should be carried out for the intangible assets with indefinite useful life and the goodwill arising from business combination at least once at each year-end whether an impairment indication exists. As for intangible assets that have not been ready for intended use, an impairment test also should be carried out each year.

The recoverable amount of an asset is the higher of the net of its fair value less costs of disposal and the present value of the future cash flows expected to be derived from the asset. Recoverable amount is estimated on individual asset basis. If it is not practical to estimate the recoverable amount of an individual asset, the recoverable amount of the asset group to which the asset belongs will be determined. The asset group is determined according to whether the main cash inflows generated from the asset group are independent from cash inflows from other assets or asset group.

If such recoverable amount of an asset or asset group is less than its book value, book value is reduced to its recoverable amount, the reduction amount is recognized in profit or loss for the current period and a provision for impairment of such assets has been prepared.

For the purpose of impairment test of goodwill, the book value of goodwill arising from business combination is reasonably allocated to the related assets group since the purchasing date, those difficulty allocated to the related assets group will be allocated to the related sets of assets groups. The related assets group or sets of assets groups are those expected to benefit from the synergies of the business combination and less than the reportable segment determined by the Group.

If there exists impairment indication for assets group or sets of assets groups related to goodwill when an impairment test is carried out for the related assets group or sets of assets groups including goodwill, an impairment test should be firstly carried out for assets group or sets of assets groups excluding goodwill to calculate the recoverable amount and recognize the corresponding impairment losses. An impairment test then should be carried out for assets group or sets of assets groups including goodwill, comparing its book value and the recoverable amount, if the recoverable amount is less than the book value, the impairment losses amount is deducted and amortized to the book value of the goodwill of assets group or sets of assets groups firstly and then deducted the book value of other assets on a pro rata basis according to the proportion of the book value of other assets of assets group or sets of assets groups excluding goodwill.

Once an impairment loss is recognized for above-mentioned assets, it will not be reversed in subsequent accounting period.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

19. Long-term Prepaid Expenses

Long-term prepaid expenses are amortized using the straight-line method, and their amortized periods are as follow:

	Amortized periods
Improvement of fixed assets rented	3-10 years
Others	3-5 years

20. Employee Remuneration

Employee remuneration is all kinds of reward or compensation for service rendered by employees or the termination of employment given by the Group. Employee remuneration includes short-term remuneration, post-employment benefits, termination benefits and other long-term employee benefits. Benefits the Group provided to employees' spouses, children, dependents, families of the deceased employees and other beneficiaries also belong to employee remuneration.

Short-term remuneration

Actually occurred short-term remuneration is recognized as liabilities and charged to the profit or loss for the current period or to the costs of relevant assets in the accounting period during which employees provide services.

Post-employment benefits (Defined contribution plans)

Our employee participated in pension insurance and unemployment insurance managed by local government and corresponding expenses are recognized in costs of related assets or profit or loss for the current period when occurred.

Termination benefits

When the Group provides termination benefits to employees, employee remuneration liabilities are recognized for termination benefits, with a corresponding charge to the profit or loss for the current period at the earlier of the following dates: when the Group cannot unilaterally withdraw the offer of termination benefits because of the termination plan or a curtailment proposal; and when the Group recognizes costs or expenses related to restructuring that involves the payment of termination benefits.

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

21. Lease liabilities

On the commencement date of the lease term, the Group recognized the present value of the lease payments that have not been paid as lease liabilities, except for short-term leases and low-value asset leases. In calculating the present value of the lease payments, the Group uses the interest rate of the lease as the discount rate; if the interest rate of the lease cannot be determined, the lessee's incremental borrowing rate is used as the discount rate. The Group calculates the interest expense of the lease liability for each period of the lease term based on the fixed periodic interest rate and recognises it in profit or loss for the current period, unless otherwise required to be included in relevant costs of assets. The variable lease payments that are not included in the measurement of the lease liabilities are recognised in profit or loss for the current period when incurred, unless otherwise required to be included in relevant costs of assets.

After the commencement date of the lease term, when the actual fixed payment amount changes, the expected amount of the guarantee residual value changes, the index or ratio used to determine the lease payment changes, or the assessment results or actual exercise of the purchase option, the renewal option or the termination option change, the Group re-measures the lease liability based on the present value of the changed lease payments.

22. Share-based payment

Share payment is divided into equity-settled share-based payment and cash-settled share-based payment. Equity-settled share-based payment refers to transactions in which the Group uses shares or other equity instruments as consideration for obtaining services.

Where equity-settled share-based payments are exchanged for employees to provide services, they are measured at the fair value of the equity instruments granted to employees. If the right is exercised immediately after the grant, it is included in the relevant cost or expense at fair value on the grant date, and the capital reserve is increased accordingly; if the right can be exercised only after the service within the waiting period is completed, on every balance sheet date during the waiting period, the Group makes the best estimate of the number of exercisable equity instruments based on the latest information such as changes in the number of employees with the right, and based on which, the Group includes the services acquired in the current period into the relevant costs or expenses according to the fair value at the grant date, meanwhile capital reserve is increased accordingly and fair value of equity instruments are determined using a binomial model.

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 exercisable 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 payment that ultimately fail to exercise due to failing to meet non-market conditions and/or service period conditions. If market conditions or non-exercisable rights conditions are stipulated in the share payment agreement, regardless of whether market conditions or non-exercisable rights conditions are met, as long as all other performance conditions and/or service period conditions are met, they are regarded as exercisable rights.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

23. Revenue from contracts with customers

Rental and related income

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/Leased Portfolio Shopping Malls and such rental and related income belongs 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 within the contractual period.

Revenue excluding rental and related income

The Group recognizes revenue when it performs the performance obligations in the contract, namely, when the customer obtains control over relevant goods or services. Control over the relevant goods and services refers to the ability to direct the use of goods or services and obtain substantially all of the economic benefits from them.

Revenue relating to Managed Shopping Malls

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

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

Revenue from annual brand consulting and management service for the project

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

Revenue from tenant sourcing commissions

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

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

23. Revenue from contracts with customers (continued)

Revenue relating to Managed Shopping Malls (continued)

Revenue from commercial management and consultation service for construction project

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

Revenue from commercial consultation fees

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

Revenue from construction and design service

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

23. Revenue from contracts with customers (continued)

Revenue from home decoration related services and sales of merchandise

Revenue from home decoration refers to the revenue received by the Group from home design and decoration works provided by the Group. The revenue is recognized by the Group based on the performance schedule during the period of providing relevant services.

Revenue from sales of merchandise is the revenue which the Group's self-operated shopping malls obtained from sales of home decoration and furnishing products. Relevant revenue from sales of merchandise is recognized when the Group fulfilled the performance obligations under relevant contracts and customers obtained the right of control of relevant goods or services.

Other revenues

Revenue from strategic consultation fees

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

Joint marketing income

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



Notes to the Financial Statements

For the period ended 30 June 2020

RMB



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

24. Contract Assets and Contract Liabilities

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

Contract assets

The Group presents its right to receive considerations for goods already transferred to customers (depending on other factors other than time) as contract assets.

See Note III.9 for methods determining the expected credit loss of the Group's contract assets and relevant accounting methods.

Contract liabilities

In the event that the enterprises have received relevant amounts before transferring the promised goods, the Group presents the obligations for transfer of goods to customers for considerations received or receivable from customers as contract liabilities.

The Group presents contract assets and contract liabilities under the same contract as net amount after they offset each other.

25. Government Grants

Government grant is recognized when the Group can comply with the conditions attached to it and it can be received. If a government grant is in the form of monetary asset, it is measured at the amount received or receivable. If a government grant is in the form of non-monetary asset, it is measured at fair value; in the event that fair value is not reliably determinable, it is measured at a nominal amount.

Government grants for purchasing, building or forming long-term assets in other methods regulated in government documents are recognized as asset-related government grants. Judgments should be made based on the necessary basic conditions for obtaining the government grants when government documents are unclearly stated. Government grants with purchasing, building or forming long-term assets in other methods as basic conditions, are recognized as asset-related government grants, whereas the rest as income-related government grants.



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

25. Government Grants (continued)

Income-related government grants are used to recover related costs or losses in the subsequent period are recognized as deferred income, and are taken into the current profit or loss or used to offset related costs of the period in which the related costs or losses are recognized; those used to recover related costs or losses incurred are directly recognized in the current profit or loss or used to offset related costs.

Asset-related government grants are used to offset the book value of related assets; or recognized as deferred income, and arbitrarily and systematically included in profit or loss within the useful life of the related assets (however, government grants measured at nominal amounts are directly recognized in profit or loss for the current period); if the related assets are sold, transferred, discarded as useless or damaged before the end of their useful life, the balance of the relevant deferred income that has not been allocated shall be carried into the profit or loss of the period when the assets are disposed of.

26. Income Tax

Income tax comprises current and deferred income tax. Income tax is recognized as income or an expense in profit or loss for the current period, or recognized directly in shareholders' equity if it arises from a business combination or relates to a transaction or event which is recognized directly in shareholders' equity.

The Group measures a current income tax asset or liability arising from the current and prior period based on the amount of income tax expected to be paid by the Group or returned by tax authority calculated by related tax laws.

For temporary differences on the balance sheet date between the tax bases of assets and liabilities and their book value, and temporary differences between the book value and the tax bases of items, the tax bases of which can be determined for tax purposes, but which have not been recognized as assets and liabilities according to the tax laws, deferred income taxes are provided using the balance sheet liability method.

A deferred tax liability is recognized for all taxable temporary differences, except:

- (1) Where the taxable temporary differences arise from the initial recognition of goodwill, or the initial recognition of an asset or liability in a transaction which contains both of the following characteristics: the transaction is not a business combination; and at the time of the transaction, it affects neither accounting profit nor taxable income or deductible loss.
- (2) In respect of taxable temporary differences associated with investments in subsidiaries, joint ventures and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not be reversed in the foreseeable future.



Notes to the Financial Statements

For the period ended 30 June 2020

RMB



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

26. Income Tax (continued)

A deferred tax asset is recognized for deductible temporary differences, carry forward of deductible tax losses from subsequent years and tax credits, to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, and deductible tax losses and tax credits can be utilized, except:

- (1) Where the deductible temporary differences arise from a transaction that is not a business combination and, at the time of the transaction, neither the accounting profit nor taxable income or deductible loss is affected.
- (2) In respect of the deductible temporary differences associated with investments in subsidiaries, joint ventures and associates, a deferred tax asset is only recognized to the extent that it is probable that the temporary differences will be reversed in the foreseeable future and taxable income will be available against which the deductible temporary differences can be utilized in the future.

At the balance sheet date, deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, according to the requirements of tax laws. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Group expects at the balance sheet date, to recover the assets or settle the liabilities.

The book value of deferred tax assets is reviewed at the balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable income will be available in future periods to allow the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at the balance sheet date and are recognized to the extent that it has become probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be recovered.

Where all of the following conditions are satisfied, deferred tax assets and deferred tax liabilities are presented on a net basis after offsetting: With the legal rights of net settlement of current income tax assets and current income tax liabilities granted, and deferred tax assets and deferred tax liabilities are related to income tax to be paid by the same entity liable to pay tax to the same tax collection and management authority or related to different entities liable to pay tax, but the relevant entity liable to pay tax is intended to apply net settlement of current income tax assets and liabilities or, at the same time, acquire assets or repay debt whenever every significant deferred tax assets and liabilities would be reversed in the future.



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

27. Lease

Identification of leases

On the commencement date of the contract, the Group assesses whether the contract is a lease or contains a lease. If one party under the contract transfers one or more of the rights to control the use of identified assets for a certain period of time in exchange for consideration, the contract shall be considered as a lease or containing lease. In order to determine whether the contract has transferred the right to control the use of the identified assets within a certain period of time, the Group assesses whether the customers in the contract are entitled to substantially all of the economic benefits arising from the use of the identified assets during the period of use and have the right to lead the use of identified assets during this period of use.

Identification of separate leases

Where the contract contains multiple separate leases, the Group will split the contract and separate the leases for accounting treatment. The right to use the identified asset constitutes a separate lease in the contract if the following conditions are met:

- (1) The lessee can profit from using the asset alone or in conjunction with other resources that are readily available;
- (2) The asset does not have a high degree of dependency or a high degree of association with other assets in the contract.

Assessment of lease term

The lease term is the non-cancellable period during which the Group has the right to use the lease asset. The Group has the option to renew the lease, that is, it has the right to choose to renew the lease of the asset, and if it is reasonable to determine that the option will be exercised, the lease term also includes the period covered by an option to renew the lease. The Group has the option to terminate the lease, that is, it has the right to choose to terminate the lease of the asset, but if it is reasonable to determine that the option will not be exercised, the lease term includes the period covered by the termination of the lease option. In the event of a major event or change within the Group's controllable range, and affecting whether the Group reasonably determines that the corresponding option will be exercised, the Group reassesses whether it is reasonable to determine to exercise the option to renew the lease, purchase option or terminate the lease option.

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

27. Lease (continued)

As a lessee

For the general accounting treatment of the Group as a lessee, please refer to Note III. 16 and Note III. 21.

Lease modifications

The lease modifications refer to change of lease scope, lease consideration, and lease term outside the original contract terms, including the increase or termination of the use rights of one or more leased assets, and the extension or shortening of the lease term stipulated in the contract.

If the lease modifications have met the following conditions simultaneously, the Group will account for the lease modifications as a separate lease:

- (1) The lease modifications expand the scope of the lease by adding the rights of use of one or more leased assets; and
- (2) the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability by discounting the revised lease payments using a revised discount rate at the effective date of the lease modification. When calculating the present value of the lease payments after the modification, revised discount rate is determined as the interest rate implicit in the lease for the remainder of the lease term, if that rate can be readily determined, or the lessee's incremental borrowing rate at the effective date of the modification, if the interest rate implicit in the lease cannot be readily determined.

Regarding the impact of the above adjustment of lease liabilities, the Group distinguishes between the following circumstances for accounting treatment:

- (1) If the lease modifications result in a narrower lease scope or a shorter lease term, decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease. The lessee shall recognise in profit or loss any gain or loss relating to the partial or full termination of the lease;
- (2) Making a corresponding adjustment to the book value of right-of-use asset for all other lease modifications.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

27. Lease (continued)

Lease modifications (continued)

Short-term lease and low-value asset lease

The Group recognises the lease which has a term of not more than 12 months and does not include the purchase option on the commencement date of the lease term as a short-term lease; the lease with a value of not more than RMB40,000 when the single leased asset is a new asset is recognised as a low-value asset lease. If the Group subleases or expects to sublease the leased assets, the original lease is not recognised as a low-value asset lease. The Group does not recognise the right-of-use assets and lease liabilities for short-term leases and low-value asset leases. During each period of the lease term, the related asset costs or profit or loss for the current period are included by using the straight-line method.

As a lessor

At the lease commencement date, leases that substantially transfer almost all the risks and rewards related to the ownership of leased assets are classified as finance leases. Otherwise, all other leases are classified as operating leases. When the Group is an intermediate lessor, the sublease is classified as a finance lease or an operating lease by reference to the right-of-use assets arising from the head lease.

As a financial leases lessor

At the lease commencement date, the Group recognises financial leases as financial lease receivables and derecognises the underlying assets. When the financial lease receivables are initially measured, the Group shall account for the net lease investment as the value of the financial lease receivables. Net investment in the lease is the sum of present value of unguaranteed residual value and the lease payments receivable at the lease commencement date, discounted at the interest rate implicit in the lease.

The Group calculates and recognises interest income in each period during the lease term, based on a constant periodic rate of interest. Variable lease payments received by the Group, and not included in the measurement of the net investment in the lease shall be included into profit or loss for the current period when actually incurred.

Where the Group is deemed as a lessor of a producer or dealer of financial leases, at the lease commencement date, the Group will recognize the lower of the fair value of the leased assets and the present value of lease payments discounted at market interest rate as the revenue, and carry forward the balance of the carrying amount of the lease assets after deduction of the present value of the unguaranteed residual value as the cost of sales. The costs incurred for obtaining the financial leases by the Group, will be included into profit or loss for the current period at the lease commencement date.

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

27. Lease (continued)

As a lessor (continued)

As a financial leases lessor (continued)

If the financial leases changes and meets the following conditions simultaneously, the Group will account for the change as a separate lease:

- (1) The modifications expand the scope of the lease by adding the rights of use of one or more leased assets; and
- (2) the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

Financial lease changes, which are not accounted as a separate lease, for the changed leases, the Group distinguishes between the following cases for accounting treatment:

- (1) where the changes of a lease come into effect on the lease commencement date, and this lease would be classified as an operating lease, the Group will account for the operating lease as a new lease from the effective date of the lease modifications. The carrying amount of the lease assets equals to the net investment in the lease before the effective date of the lease modifications; or
- (2) where the changes of a lease come into effect on the lease commencement date, and this lease would be classified as a financial lease, the Group will carry out the accounting treatments for the financial lease in accordance with Note III.16 the requirements relating to the modified or renegotiated contract.

As a lessor under operating leases

Rental income from operating leases is recognized in profit or loss for the current period on the straight-line basis over the lease terms. A variable lease payment that is not included in lease receipt is included in profit or loss for the current period when it actually occurs.

In case of modification of an operating lease changes, the Group shall treat it as a new lease from the effective date of the modification, and the amount of the advance receipt or receivable related to the lease before the modification shall be regarded as the collection amount of the new lease.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

28. Hedge Accounting

For the purpose of the methods of hedge accounting, hedges of the Group are classified as:

- (1) Fair value hedges refer to the hedging against the risk of fair value change in respect of definite commitments which are not yet recognized (other than exchange rate risks) of assets or liabilities already recognized.
- (2) Cash flow hedges, a hedge of the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction, or a foreign currency risk in an unrecognized firm commitment.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship, as well as related risk management objectives and strategies. The documentation included identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group assessed the hedging effectiveness. Hedge effectiveness is the extent to which the changes in fair value or cash flows of the hedging instruments can offset changes in the fair value or cash flow of hedged items caused by hedged risk. Such hedges are assessed on an ongoing basis as complying with the effectiveness requirements of a hedge as at the initial designated date and in subsequent periods.

If the hedging instrument expires or is sold, terminated or exercised (but the replacement or rollover of part of a hedging instruments are not treated as expired or terminated), or there is a change in risk management objective, which makes the hedging relationship no longer meet the risk management objective, or the hedging no longer meets other qualifying criteria for hedge accounting, the Group discontinued the application of hedge accounting.

Where the hedge relationship no longer satisfies the validity requirements due to the hedging ratio, and the objective of risk management designated for the hedge relationship does not change, the hedge relationship will be re-balanced by the Group.

Hedges which meet the strict criteria for hedge accounting are accounted for as follows:

Fair value hedging

Gains or losses arising from a hedging instrument are recognized in profit or loss for the current period. Gains or losses in respect of the hedged item attributable to hedged risk exposure are recognized in profit or loss for the current period and the book value of the hedged item not at fair value is adjusted at the same time.

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

28. Hedge Accounting (continued)

Fair value hedging (continued)

For fair value hedging relating to debt instruments carried at amortized cost, the adjustments to the book value of the hedged items are amortized to profit or loss for the current period over the remaining term of the hedge using the effective interest rate method. Amortization at effective interest rate may begin upon the adjustment of the book value but no later than the time when the hedged item ceases to be adjusted for changes in its fair value attributable to the hedge risk. For the hedged items which are debt instruments at fair value through other comprehensive income, the cumulative gains or losses arising from the hedging already recognized are amortized in the same manner, and taken to profit or loss for the current period, but no adjustment shall be made to the book value of financial assets.

If the hedged item is derecognized, the unamortized fair value is recognized in profit or loss for the current period.

When an unrecognized firm commitment is designated as a hedged item, the cumulative changes in the fair value of the firm commitment attributable to the hedge risk are recognized as an asset or liability with corresponding gains or losses recognized in profit or loss for the current period.

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognized directly in other comprehensive income, while the ineffective portion is included in profit or loss for the current period.

If an expected transaction being hedged is subsequently recognized as non-financial assets or non-financial liabilities, or an expected transaction of non-financial assets or non-financial liabilities forms a firm commitment under applicable fair value hedges, the amount of cash flow hedging reserve originally recognized in other comprehensive income is transferred out and included in the initial recognized amount of that asset or liability. For the remaining cash flow hedges, if an expected sale occurs in the same period when the expected cash flow being hedged affects profit or loss, the cash flow hedging reserve recognized in other comprehensive income is transferred out and included in profit or loss for the current period.

When the Group terminates the use of hedge accounting in respect of cash flow hedge, if the future cash flow being hedged is still expected to occur, the amount previously included in other comprehensive income is not transferred out until the expected transaction actually occurs or the firm commitment is honored; if the future cash flow being hedged is no longer expected to occur, the accumulated amount of cash flow hedging reserve shall be transferred out from other comprehensive income and included in profit or loss for the current period.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

28. Hedge Accounting (continued)

Cost of hedging

The Group separates the intrinsic value and time value of an option contract and designates as the hedging instrument only the change in intrinsic value of an option; or separates the forward element from the spot element of a forward contract and designates as the hedging instrument only the change in the value of the spot element; or separates the foreign currency basis spread of the financial instruments and designates as the hedging instrument only the financial instruments which foreign currency basis spread is separated, the Group recognises the time value of an option, forward element of a forward contract and the part of the hedged items that are relevant to the fair value changes of foreign currency basis spread of the financial instrument into other comprehensive income. If the characteristics of the hedged items are related to the transaction, the same accounting treatment with the cash flow hedge reserve shall be applied. If the characteristics of the hedged items are related to the period of time, the above fair value change shall be amortised on a systematic and reasonable basis over the time when the hedged item affects the profit or loss or other comprehensive income, transferred from other comprehensive income to profit or loss for the current period.

29. Repurchase of Shares

Consideration and transaction costs paid for the repurchase of the Company's own equity instruments are charged against shareholders' equity. The issuance (including refinancing), repurchase, sale or cancellation of its own equity instruments is treated as change in equity.

30. Profit Distribution

The Company's cash dividends are recognized as liabilities upon approval by the shareholders' general meeting. Since the Board is authorized to approve the interim cash dividends under the Articles of Association of the Company, the interim cash dividends shall be recognized as liabilities upon approval by the Board.

31. Fair Value Measurement

The Group measures its investment properties, other equity instruments, other non-current financial assets and financial assets held for trading at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal market must be accessible by the Group at the measurement date. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

31. Fair Value Measurement (continued)

The Group uses valuation techniques that are appropriate in the current circumstances and supported by sufficient available data and other information, maximising the use of relevant observable inputs and use unobservable inputs only under the circumstances where observable inputs cannot be obtained or practicably obtained.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy described as follows, based on the lowest level input that is significant to the fair value measurement as a whole: Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities accessible at the measurement date; Level 2 – based on directly or indirectly observable inputs for the asset or liability other than inputs within Level 1; Level 3 – based on unobservable inputs for the asset or liability.

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Group re-assesses them at each balance sheet date to determine whether transfers have occurred between levels in the hierarchy.

32. Significant Accounting Judgments and Estimates

The preparation of the financial statements requires the management to make judgments, estimates and assumptions that will affect the reported amounts and disclosure of revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities at the balance sheet date. However, uncertainty about these estimates and assumptions could result in outcomes that could lead to a material adjustment to the book value of the assets or liabilities affected in the future.

Judgments

In the process of applying the Group's accounting policies, the management has made the following judgments which have significant effect on the amounts recognized in the financial statements:

Operating lease — in the case of the lessor

The Group has entered into leasing contracts for its investment properties. The Group is of the opinion that, according to the terms of such leasing contracts, the Group has retained all material risks and rewards of the ownership of these properties, and thus they are regarded as operating lease.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

32. Significant Accounting Judgments and Estimates (continued)

Judgments (continued)

Determination of single performance obligation and allocation of transaction prices to single performance obligation

The Group's brand consulting and management service for the project covers three service commitments: (1) brand consulting and management service for the early stage of the project; (2) annual brand consulting and management service for the project; (3) tenant sourcing commissions. Customers are able to obtain benefits from the use of the three service commitments or the joint use of the three service commitments and other easily available resources, and the three service commitments can be separately distinguished from other service commitments, so each of the three service commitments constitutes a single performance obligation.

On the commencement date of the contract, the Group allocates the transaction prices to the above three service commitments so that the transaction price allocated to the Group's single performance obligation can reflect the consideration amount that it is expected to receive due to the transfer of the service commitments to the customer. When the standalone selling price cannot be directly observed, the Group will comprehensively consider all relevant information that it can reasonably obtain, and reasonably estimate the standalone selling price by adopting the market adjustment method. Information considered includes market conditions, enterprise-specific factors, and customer-related information.

Method for determining the performance schedule of construction contracts

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

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

32. Significant Accounting Judgments and Estimates (continued)

Judgments (continued)

Business mode

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

Contractual cash flow characteristics

The classification of financial assets at initial recognition depends on the contractual cash flow characteristics of the financial assets. When it is necessary to judge whether the contractual cash flow is only for the payment of the principal and the interest based on the outstanding principal, including the assessment of the correction of the time value of money, it is necessary to judge whether there is a significant difference compared with the benchmark cash flow, and to judge whether the fair value of financial assets with prepayment characteristics is insignificant.

Division of investment properties and fixed assets

The Group will exercise its discretion to classify investment properties and fixed assets. Investment property is any property held to rental earnings or capital appreciation or both. Fixed assets are mainly tangible assets that are held by the Group for use in the production or supply of goods or services, or for administrative purposes, and have useful lives of more than one accounting year. Therefore, in classifying investment properties and fixed assets, the Group will fully consider the management's intention, whether relevant lease agreements are concluded, and other factors.

Pending litigation

The Group judges the amount and possibility of the current obligations arising from the pending litigation of the Group based on the progress of the case trial and the judgment and opinions of the lawyer on the outcome of the case. If the performance of the current obligation is not likely to cause economic benefits to flow out of the enterprise, or the amount of the current obligation cannot be measured reliably, the Group will disclose as a contingent liability; if the performance of the current obligation is likely to cause economic benefits to flow out of the enterprise, and if the amount of the current obligation can be measured reliably, the Group regards it as an estimated liability.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

32. Significant Accounting Judgments and Estimates (continued)

Judgments (continued)

Judgment of significant influence on invested company

The Group is based on whether it has the power to participate in decision-making on the financial and operating policies of the invested enterprise, but cannot control or jointly control the formulation of these policies with other parties as a criterion for judging whether it has a significant impact on the invested enterprise. The Group recognizes equity investments that the Group has a significant impact on the investee as long-term equity investments.

Hedging validity judgment

The Group believes that there is an economic relationship between the hedged item and the hedging instrument. This economic relationship causes the value of the hedged item and the hedged item to change in opposite directions due to the same hedged risk; among the changes in the value arising from the economic relationship between the hedged items and the hedging instrument, the impact of credit risk is not dominant; the hedge ratio of the hedging relationship is equal to the ratio of the actual number of hedged items to the actual number of hedging instruments that hedge it. The Group continuously evaluates the effectiveness of the hedging relationship in accordance with the hedging relationship on and after the hedging start date.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that may cause a material adjustment to the book value of assets and liabilities within the future accounting periods, are discussed below.

Impairment of financial instruments and contract assets

The Group uses the expected credit loss model to assess the impairment of financial instruments and contract assets. The application of the expected credit loss model requires significant judgments and estimations, and all reasonable and evidenced information, including forward-looking information, should be considered. In making such judgments and estimations, the Group infers the expected changes in the debtor's credit risk based on the historical repayment data in combination with economic policies, macroeconomic indicators, and industry risks. Different estimates may affect the provision for impairment losses. The provision for impairment losses may not be equal to the actual amount of future impairment losses.

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

32. Significant Accounting Judgments and Estimates (continued)

Estimation uncertainty (continued)

Fair value of unlisted equity investments

The valuation of unlisted equity investments is the estimated future cash flows discounted on the basis of the current discount rate of other financial instruments with similar contractual terms and risk characteristics. This requires the Group to estimate future cash flows, credit risks, fluctuations and discount rates, so the valuation of unlisted equity investments is uncertain.

Investment property fair value measurement

The Group adopts the fair value model with changes in fair value recognized in profit or loss for the current period for conducting follow-up measurement of its investment properties. The assessment of the fair value of investment properties requires the management to make reasonable estimates of such parameters as rental growth rate, rate of return during the lease term, rate of return beyond the lease term, and vacancy rate.

Impairment of non-current assets other than financial assets (other than goodwill)

The Group assesses whether there are any indications of impairment for all non-current assets other than financial assets at the balance sheet date. For non-current assets other than financial assets, which are tested for impairment when there are indicators that the carrying amount may not be recoverable. Impairment exists when the carrying amount of an asset or asset group exceeds its recoverable amount, which is the higher of its fair value less disposal costs and the present value of the future cash flows. The calculation of the fair value less disposal costs is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When present value of future cash flows calculations are undertaken, the management must estimate the expected future cash flows from the asset or asset group and choose a suitable discount rate in order to calculate the present value of those cash flows.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

32. Significant Accounting Judgments and Estimates (continued)

Estimation uncertainty (continued)

Impairment of goodwill

The Group carries out tests for impairment of goodwill on an annual basis, which entails estimation of the present value of future cash flows of the asset groups or asset portfolios to which goodwill is allocated. When estimating the present value of future cash flows, the Group needs to estimate the cash flows generated by the future asset groups or asset portfolios, and select the appropriate discount rate to determine the present value of future cash flows.

Deferred tax assets

Deferred tax assets shall be recognised for all deductible losses not used to the extent that there is likely sufficient taxable income available for deduction of deductible losses. It requires the management to determine the value of the to-be-recognized deferred tax assets by using adequate discretion to estimate the time and amount of taxable income to be obtained in the future in combination with tax planning strategies.

Lessee's incremental borrowing rate

For leases where the interest rate within the lease cannot be determined, the Group adopts the lessee's incremental borrowing rate as the discount rate to calculate the present value of the lease payments. When determining the incremental borrowing rate, the observable interest rate is used as reference basis according to the economic environment in which it operates. Based on this, the reference interest rate is adjusted to get applicable incremental borrowing rate according to its own situation, the underlying asset situation, lease term, the amount of the lease liability and other specific conditions of leasing business.

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

IV. TAXATION

1. Major Categories of Tax and Tax Rate

Value-added tax (VAT)	<p>– Rental income: output VAT was calculated as per 5% (simple taxation conditions should be met) or 9% of the taxable income;</p> <p>Income from modern service industry (including entrusted management service and project management and consulting): output VAT is calculated as per 6% of the taxable income;</p> <p>Income from construction services: output VAT was calculated as per 9% of the taxable income;</p> <p>Revenue from sales of goods: output VAT was calculated as per 13% of the taxable income;</p> <p>For the output VAT calculated above, the Group may pay VAT after deducting deductible input VAT for the current period apart from simple calculation and payment.</p> <p>Small-scale taxpayers should pay VAT as per 3% of the taxable income.</p>
Urban maintenance and construction tax	<p>– It is levied as per the turnover taxes actually paid: For city urban area, tax rate is 7%; for counties and towns, tax rate is 5%; for other areas, tax rate is 1%.</p>
Enterprise income tax	<p>– It is levied at 25% of the taxable income, except for the subsidiaries subject to tax preference.</p>
Property tax	<p>– For properties subject to price-based taxation, tax should be paid based on the residual value of the property approved by the tax authorities at a rate of 1.2%; for properties subject to taxation based on rental income, tax should be paid based on the rental income at a rate of 12%. Property tax is declared and paid by the Company and its subsidiaries on their own as required.</p>
Land use tax	<p>– Paid as actual tax rate.</p>
Stamp duty	<p>– Paid as actual tax rate.</p>

All the overseas subsidiaries of the Company (including Hong Kong Special Administrative Region of the PRC) should calculate and pay taxes as per the applicable categories of tax and tax rate required by local tax laws.

IV. TAXATION (continued)

2. Tax Preference

Pursuant to Cai Shui [2011] No. 58 Notice on the Taxation Policies for Deepening the Implementation of the Western Development Strategy 《關於深入實施西部大開發戰略有關稅收政策問題的通知》 and Announcement of Taxation on Issues concerning Enterprise Income Tax in Deepening the Implementation of the Western Development Strategy 《關於深入實施西部大開發戰略有關企業所得稅問題的公告》 (SAT [2012] No. 12), Chengdu Red Star Macalline Xinnan Business Management Company Limited (成都紅星美凱龍新南商業管理有限公司), Chengdu Red Star Ogloria Brand Management Company Limited, Red Star Macalline Chengdu Business Management Company Limited, and Red Star Macalline Chengdu Enterprise Management and Consultancy Company Limited under the Company are entitled to the enterprise income tax preference policy, and the above companies, were subject to a tax rate of 15% for the year upon approval by competent tax authorities as they met relevant conditions.

Red Star Xizhao Investment Company Limited, Red Star Macalline Home Furnishing Mall Management Company Limited, Red Star Zhongying Investment Company Limited (紅星眾盈投資有限公司) under the Company are entitled to enterprise income tax preference policy and are subject to a tax rate of 9% 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%.

Red Star Macalline Enterprise Management and Consultancy Company Limited (紅星美凱龍企業管理諮詢有限公司), Red Star Ogloria Enterprise Management Company Limited (紅星歐麗洛雅企業管理有限公司), Khorgos Red Star Macalline Business Management Company Limited (霍爾果斯紅星美凱龍商業管理有限公司), Khorgos Hongju Corporate Management Co., Ltd. (霍爾果斯紅居企業管理有限公司) under the Company are temporarily exempted from enterprise income tax for the year pursuant to the Cai Shui [2011] No. 112 Notice on Corporate Income Tax Preferential Policy in the Kashi and Khorgos Special Economic Development Zones in Xinjiang 《關於新疆喀什霍爾果斯兩個特殊經濟開發區企業所得稅優惠政策的通知》 and Cai Shui [2016] No. 85 Notice on Improving Xinjiang Depressed Region and Encouraged Development Industries Enterprise Income Tax Incentives Directory《關於完善新疆困難地區重點鼓勵發展產業企業所得稅優惠目錄的通知》.

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

1. Cash and Bank Balances

	30 June 2020	31 December 2019
Cash on hand	7,278,113.86	10,745,522.74
Bank deposits	9,122,613,673.67	6,947,110,542.57
Other cash and bank balances	378,018,487.49	271,383,304.04
	9,507,910,275.02	7,229,239,369.35

As at 30 June 2020, in the Group's other cash and bank balances, RMB120,000,000.00 of certificates of deposit was used as pledge for obtaining RMB115,000,000.00 (31 December 2019: RMB5,000,000.00 was used as deposits for long-term borrowing) short-term borrowing from Huaxia Bank; RMB0 (31 December 2019: RMB448,837.00) was frozen; RMB127,896,263.52 (31 December 2019: RMB164,245,962.21) was deposit reserve placed with the People's Bank of China by 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), a subsidiary of the Group; RMB30,748,359.49 (31 December 2019: RMB10,141,501.53) was deposited investment fund placed with securities accounts; and RMB99,373,864.48 (31 December 2019: RMB91,547,003.30) was deposits.

As at 30 June 2020, the Group's cash and bank balances deposited overseas was RMB94,025,303.93 (31 December 2019: RMB58,757,995.45).

As at 30 June 2020, among the cash and bank balances the Group's time deposits with maturity of more than three months amounted to RMB323,706,481.36 (31 December 2019: RMB181,762,704.83). Interest income earned on the Bank's current deposits is calculated by using its current deposit interest rate. The deposit periods for time deposits vary from 7 days to 60 months depending on the cash requirements of the Group and the Group earned interest according to the respective time deposit rates of the Bank.

When preparing the cash flow statement, the aforesaid restricted other cash and bank balances and time deposits with maturity of more than three months were excluded from cash and cash equivalents.

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

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

2. Financial Assets Held for Trading

	30 June 2020	31 December 2019
Financial assets at fair value through profit or loss		
Equity instrument investments	76,452,570.30	108,027,022.00
Debt instrument investments	147,864,478.23	125,358,448.05
	224,317,048.53	233,385,470.05

3. Accounts Receivable

	30 June 2020	31 December 2019
Accounts receivable	2,898,102,193.55	2,974,651,453.92
Less: Bad debt allowance	1,134,912,650.76	1,168,987,516.74
	1,763,189,542.79	1,805,663,937.18

Aging analysis of the accounts receivable is as follows:

	30 June 2020	31 December 2019
Within 1 year	1,344,140,178.82	1,171,286,266.34
1 to 2 years	295,142,730.07	505,520,280.07
2 to 3 years	342,725,836.09	348,682,994.18
Over 3 years	916,093,448.57	949,161,913.33
Less: Allowance for bad debts in relation to accounts receivable	1,134,912,650.76	1,168,987,516.74
	1,763,189,542.79	1,805,663,937.18

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

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

3. Accounts Receivable (continued)

	30 June 2020			
	Book balance		Bad debt allowance	
	Amount	Percentage (%)	Amount	Percentage (%)
Receivables for which bad debt allowance is provided individually	774,932,185.49	26.74	768,932,185.49	99.23
Receivables for which bad debt allowance is provided by portfolio of credit risk characteristics	2,123,170,008.06	73.26	365,980,465.27	17.24
	2,898,102,193.55	100.00	1,134,912,650.76	39.16

	31 December 2019			
	Book balance		Bad debt allowance	
	Amount	Percentage (%)	Amount	Percentage (%)
Receivables for which bad debt allowance is provided individually	861,591,858.42	28.96	855,591,858.42	99.30
Receivables for which bad debt allowance is provided by portfolio of credit risk characteristics	2,113,059,595.50	71.04	313,395,658.32	14.83
	2,974,651,453.92	100.00	1,168,987,516.74	39.30

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

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

3. Accounts Receivable (continued)

Accounts receivable portfolio for which bad debt allowance is provided on portfolio of credit risk characteristics:

	30 June 2020		
	Book balance	Proportion (%)	Bad debt allowance
Portfolio One: Brand consulting and management services for the early stage of project			
Within 1 year	204,850,000.00	8.50	17,412,250.00
1 to 2 years	258,830,000.00	14.38	37,219,754.00
2 to 3 years	354,030,000.00	18.49	65,455,491.60
3 to 4 years	152,810,218.09	24.83	37,942,777.15
4 to 5 years	88,900,000.00	38.51	34,235,390.00
5 to 6 years	78,900,000.00	64.09	50,567,010.00
Over 6 years	13,240,000.00	100.00	13,240,000.00
	1,151,560,218.09		256,072,672.75
Portfolio Two: Construction and design services			
Within 1 year	200,072,252.29	4.75	9,503,431.98
1 to 2 years	4,096,236.56	9.00	368,661.29
Over 2 years	3,779,922.32	15.00	566,988.35
	207,948,411.17		10,439,081.62

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

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

3. Accounts Receivable (continued)

Accounts receivable portfolio for which bad debt allowance is provided on portfolio of credit risk characteristics (continued):

	30 June 2020		
	Book balance	Proportion (%)	Bad debt allowance
Portfolio Three: Other consulting services			
Within 1 year	201,497,800.71	16.01	32,259,797.89
1 to 2 years	44,002,576.75	23.90	10,516,615.84
2 to 3 years	20,144,628.93	38.11	7,677,118.09
3 to 4 years	27,858,054.79	100.00	27,858,054.79
	293,503,061.18		78,311,586.61

	30 June 2020		
	Book balance	Proportion (%)	Bad debt allowance
Portfolio Four: Rental and related income			
Within 1 year	171,518,937.89	4.50	7,718,352.20
Over 1 years	11,086,689.97	4.50	498,901.05
	182,605,627.86		8,217,253.25

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

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

3. Accounts Receivable (continued)

Accounts receivable portfolio for which bad debt allowance is provided on portfolio of credit risk characteristics (continued):

	30 June 2020		
	Book balance	Proportion (%)	Bad debt allowance
Portfolio Five: Others			
Within 1 year	199,081,209.18	4.50	8,958,654.41
1 to 2 years	81,922,167.58	4.50	3,686,497.54
Over 2 years	6,549,313.00	4.50	294,719.09
	287,552,689.76		12,939,871.04

	31 December 2019		
	Book balance	Proportion (%)	Bad debt allowance
Portfolio One: Brand consulting and management services for the early stage of project			
Within 1 year	374,080,000.00	8.96	33,517,568.00
1 to 2 years	374,020,000.00	13.99	52,325,398.00
2 to 3 years	218,970,218.09	19.57	42,852,471.68
3 to 4 years	141,490,000.00	26.83	37,961,767.00
4 to 5 years	37,050,000.00	53.11	19,677,255.00
5 to 6 years	41,540,000.00	69.67	28,940,918.00
Over 6 years	5,000,000.00	100.00	5,000,000.00
	1,192,150,218.09		220,275,377.68

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

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

3. Accounts Receivable (continued)

Accounts receivable portfolio for which bad debt allowance is provided on portfolio of credit risk characteristics (continued):

	31 December 2019		
	Book balance	Proportion (%)	Bad debt allowance
Portfolio Two: Construction and design services			
Within 1 year	397,355,788.49	4.75	18,874,399.94
1 to 2 years	4,451,837.10	9.00	400,665.34
	401,807,625.59		19,275,065.28

	31 December 2019		
	Book balance	Proportion (%)	Bad debt allowance
Portfolio Three: Other consulting services			
Within 1 year	123,742,911.25	13.76	17,027,024.59
1 to 2 years	21,018,243.75	22.44	4,716,493.90
2 to 3 years	35,681,598.63	32.65	11,650,041.95
Over 3 years	26,400,000.00	100.00	26,400,000.00
	206,842,753.63		59,793,560.44

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

3. Accounts Receivable (continued)

Accounts receivable portfolio for which bad debt allowance is provided on portfolio of credit risk characteristics (continued):

	31 December 2019		
	Book balance	Proportion (%)	Bad debt allowance
Portfolio Four: Rental and related income			
Within 1 year	73,893,789.14	4.50	3,325,220.51
Over 1 year	5,087,858.73	4.50	228,953.64
	78,981,647.87		3,554,174.15

	31 December 2019		
	Book balance	Proportion (%)	Bad debt allowance
Portfolio Five: Others			
Within 1 year	154,549,638.74	4.50	6,954,733.75
Over 1 year	78,727,711.58	4.50	3,542,747.02
	233,277,350.32		10,497,480.77

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

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

3. Accounts Receivable (continued)

In the current period, the bad debt allowance provided was RMB24,610,033.66, and the recovery or reversal of bad debt allowance was RMB17,937,967.00, and the actual written-off of accounts receivable was RMB40,746,932.64.

As at 30 June 2020, the top five amount of accounts receivable are as follows:

	Closing balance	Proportion to total balance of accounts receivable (%)	Bad debt allowance Closing balance
Changzhou Wujin Construction Engineering Co., Ltd. (常州市武進建設工程有限公司)	55,000,000.00	1.90	55,000,000.00
Changzhou Red Star Plaza Business Management Co., Ltd. (常州紅星廣場商業管理有限公司)	47,610,354.40	1.64	2,261,491.83
Fengyang Zhongzhi Construction Development Co., Ltd. (鳳陽中置建設發展有限公司)	42,000,000.00	1.45	6,056,400.00
Jiangsu Provincial Construction Group Co., Ltd (江蘇省建築工程集團有限公司)	31,000,000.00	1.07	28,000,000.00
Yangjiang City Hesheng Investment Real Estate Limited (陽江市合生投資置業有限公司)	30,000,000.00	1.04	2,550,000.00
	205,610,354.40	7.10	93,867,891.83

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

4. Prepayments

Aging analysis of prepayments is as follows:

	30 June 2020		31 December 2019	
	Book balance	Percentage (%)	Book balance	Percentage (%)
Within 1 year	276,781,276.32	92.70	319,453,894.61	93.76
1 to 2 years	14,768,724.47	4.95	17,090,684.39	5.02
2 to 3 years	4,283,268.85	1.43	1,978,363.17	0.58
Over 3 years	2,735,784.73	0.92	2,194,695.90	0.64
	298,569,054.37	100.00	340,717,638.07	100.00

As at 30 June 2020, none of the Group's significant prepayments aged more than one year.

Top five prepayments by closing balance collection of prepaid targets:

Name of entity	Amount	Percentage to the total amount of prepayments (%)
Shanghai Youping Culture Media Co., Ltd. (上海優屏文化傳媒有限公司)	12,518,553.50	4.19
Otis Electromechanical Elevator Co., Ltd. (奧的斯機電電梯有限公司)	10,799,952.00	3.62
Nanchang Wuse Metal Products Co., Ltd. (南昌五色金屬製品有限公司)	7,348,516.12	2.46
Gozco Limited	5,961,022.74	2.00
Changzhoushi Caizhi Shangmao Co., Ltd. (常州市財智商貿有限公司)	5,713,230.57	1.91
	42,341,274.93	14.18

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

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

5. Other Receivables

	30 June 2020	31 December 2019
Interests receivable	44,134,231.35	31,717,766.99
Dividends receivable	31,000,000.00	31,000,000.00
Other receivables	882,088,207.02	647,294,328.27
	957,222,438.37	710,012,095.26

Interests receivable

	30 June 2020	31 December 2019
Interests receivable	44,134,231.35	31,717,766.99

Other receivables

Aging analysis of other receivables is as follows:

	30 June 2020	31 December 2019
Within 1 year	585,325,323.91	396,969,716.30
1 to 2 years	178,416,170.44	156,957,329.59
2 to 3 years	81,170,825.09	55,646,762.91
Over 3 years	300,581,843.61	293,793,276.53
Less: Bad debt allowance for other receivables	263,405,956.03	256,072,757.06
	882,088,207.02	647,294,328.27

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

5. Other Receivables (continued)

Other receivables (continued)

The movements of bad debt allowance for other receivables based on 12-month expected credit loss and the lifetime expected credit loss, respectively, are as follows:

	Stage 1 Expected credit losses in the next 12 months	Stage 2 Lifetime expected credit losses (Not credit impaired)	Stage 3 Lifetime expected credit losses (Credit impaired)	Total
Balance on 1 January 2020	101,184,008.04	–	154,888,749.02	256,072,757.06
Balance on 1 January 2020 for the current period	–	–	–	–
– Transfer to stage 2	–	–	–	–
– Transfer to stage 3	–	–	–	–
– Reverse to stage 2	–	–	–	–
– Reverse to stage 1	–	–	–	–
Provision during the period	32,774,026.47	–	–	32,774,026.47
Reversal during the period	(19,390,191.80)	–	–	(19,390,191.80)
Write-off for the current period	–	–	(6,050,635.70)	(6,050,635.70)
Balance on 30 June 2020	114,567,842.71	–	148,838,113.32	263,405,956.03

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

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

5. Other Receivables (continued)

Other receivables (continued)

In the current period, the bad debt allowance provided was RMB32,774,026.47, the recovery or reversal of bad debt allowance was RMB19,390,191.80, and write-off bad debt provision was RMB6,050,635.70.

Other receivables classified by nature are as follows:

	30 June 2020	31 December 2019
Loan and advances	426,788,242.84	417,486,046.46
Sales proceeds collected on behalf of the tenants	260,459,090.57	93,108,529.97
Deposit	84,184,754.87	58,350,162.76
Others	110,656,118.74	78,349,589.08
	882,088,207.02	647,294,328.27

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

5. Other Receivables (continued)

Other receivables (continued)

As at 30 June 2020, the top five entities with the largest amounts of other receivables are as follows:

	Closing balance	Proportion to total balance of other receivables (%)	Nature	Aging	Bad debt allowance Closing balance
Shanghai Mingyi Enterprise Development Co., Ltd. (上海名藝商業企業發展有限公司)	135,000,000.50	11.79	Loan and advances	Over 5 years	6,750,000.03
Baoxiang Red Star Macalline (Xiamen) Global Home Plaza Co., Ltd. (寶象紅星美凱龍(廈門)全球家居廣場有限公司)	45,708,404.95	3.99	Loan and advances	1 to 2 years	6,185,903.89
Liu Peng (劉鵬)	41,000,000.00	3.58	Loan and advances	Over 5 years	41,000,000.00
Anhui Tianhui Real Estate Co., Ltd. (安徽天徽置業有限公司)	30,000,000.00	2.62	Loan and advances	1 to 2 years	5,266,760.95
Ningbo Longkai Home Living Shopping Company Limited (寧波隆凱家居生活購物有限公司)	25,045,635.85	2.19	Loan and advances	Over 5 years	25,045,635.85
	276,754,041.30	24.17			84,248,300.72

6. Inventories

	30 June 2020			31 December 2019		
	Book balance	Impairment allowance	Book value	Book balance	Impairment allowance	Book value
Commodities in inventory	295,670,491.62	–	295,670,491.62	282,732,321.01	–	282,732,321.01
Low-value consumables	46,288,640.48	–	46,288,640.48	48,246,207.98	–	48,246,207.98
	341,959,132.10	–	341,959,132.10	330,978,528.99	–	330,978,528.99

The Group has made no provision for inventory impairment.

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

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

7. Contract Assets

	30 June 2020		
	Book balance	Impairment allowance	Book value
Construction and design	489,152,675.62	2,449,234.00	486,703,441.62
Charges for the brand consulting and management service for the early stage of the project	758,375,839.34	70,480,799.63	687,895,039.71
	1,247,528,514.96	72,930,033.63	1,174,598,481.33

	31 December 2019		
	Book balance	Impairment allowance	Book value
Construction and design	436,148,818.58	1,345,306.39	434,803,512.19
Charges for the brand consulting and management service for the early stage of the project	676,113,269.93	71,547,828.63	604,565,441.30
	1,112,262,088.51	72,893,135.02	1,039,368,953.49

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

8. Non-current Assets Due within One Year

	30 June 2020	31 December 2019
Entrusted loans	539,865,162.57	555,066,245.64

9. Other Current Assets

	30 June 2020	31 December 2019
Factoring receivables	–	209,145,833.34
Tax prepaid	807,568,982.97	719,119,392.12
Financial lease receivables (Note 1)	73,515,556.30	69,717,778.19
Entrusted loans	1,224,953,347.16	731,207,998.63
Less: bad debt allowance	80,837,695.03	91,969,292.84
	2,025,200,191.40	1,637,221,709.44

Note 1: Financial lease receivables from financial lease business of the Group as at June 30, 2020 was RMB73,515,556.30 (December 31, 2019: RMB69,717,778.19). The unrealized financial income in the above-mentioned financial lease receivables was RMB2,557,678.02 (31 December 2019: RMB4,082,221.82).

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

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

10. Long-term Receivables

	30 June 2020		
	Book balance	Impairment allowance	Book value
Project loan	194,690,771.63	1,946,907.73	192,743,863.90
Deposits	238,790,000.00	238,790.00	238,551,210.00
Lease deposit	157,658,443.26	157,658.44	157,500,784.82
Finance lease payment	34,652,953.12	354,555.30	34,298,397.82
	625,792,168.01	2,697,911.47	623,094,256.54

	31 December 2019		
	Book balance	Impairment allowance	Book value
Project loan	426,332,962.28	4,263,329.62	422,069,632.66
Deposits	233,060,000.00	233,060.00	232,826,940.00
Lease deposit	117,407,410.26	117,407.41	117,290,002.85
Finance lease payment	28,594,047.47	285,940.47	28,308,107.00
	805,394,420.01	4,899,737.50	800,494,682.51

The movement of bad debt allowance for long-term receivables based on 12-month expected credit loss and the lifetime expected credit loss, respectively, are as follows:

	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 2020	4,899,737.50	-	-	4,899,737.50
Provision during the period	1,297,495.73	-	-	1,297,495.73
Reversal during the period	(3,499,321.75)	-	-	(3,499,321.75)
Balance on 30 June 2020	2,697,911.48	-	-	2,697,911.48

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

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

11. Long-term Equity Investments

30 June 2020

Investee	Opening balance	Increase/decrease during the period								Closing balance	Closing balance of impairment allowance
		Increase in investment	Decrease in investment	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		
I. Joint ventures											
Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司)	792,828,772.46	-	-	7,760,192.30	-	-	-	-	-	800,588,964.76	-
Shanghai CTME Economy & Trade Development Co., Ltd. (上海中貿美凱龍經貿發展有限公司)	100,762,144.50	-	-	(1,340,544.88)	-	-	-	-	-	99,421,599.62	-
Shanghai Mingyi Enterprise Development Co., Ltd. (上海名藝商業企業發展有限公司)	59,792,554.09	-	-	2,926,509.73	-	-	-	-	-	62,719,063.82	-
Baoxiang Red Star Macalline (Xiamen) Global Home Furnishing Plaza Company Limited (寶象紅星美凱龍(廈門)全球家居廣場有限公司)	9,632,034.92	-	-	1,951,281.42	-	-	-	-	-	11,583,316.34	-
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公司)	9,742,396.17	-	-	7,421.99	-	-	-	-	-	9,749,818.16	-
Sleep Maker (HongKong) Company Limited	5,178,705.00	-	-	82,824.94	-	-	-	-	-	5,261,529.94	-
Shenzhen Red Star Macalline Business Management Company Limited (深圳紅星美凱龍商業管理有限公司)	1,224,716.68	4,620,000.00	-	(644,691.47)	-	-	-	-	-	5,200,025.21	-
Guangzhou Red Star Macalline Expo Home Plaza Co., Ltd. (廣州紅星美凱龍世博家居廣場有限公司)	214,147.64	5,500,000.00	-	(838,328.79)	-	-	-	-	-	4,875,818.85	-
Shenzhen Red Star Macalline Expo Home Plaza Co., Ltd. (深圳紅星美凱龍世博家居廣場有限公司)	1,528,388.04	-	-	79,408.62	-	-	-	-	-	1,607,796.66	-

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

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

11. Long-term Equity Investments (continued)

30 June 2020 (continued)

Investee	Opening balance	Increase/decrease during the period								Closing balance	Closing balance of impairment allowance	
		Increase in investment	Decrease in investment	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			
Xiamen Baoxiang Red Star Macalline Home Furnishing Plaza Company Limited (廈門寶象紅星美凱龍家居生活廣場有限公司)	-	-	-	-	-	-	-	-	-	-	-	-
Sub-total	980,903,859.50	10,120,000.00	-	9,984,073.86	-	-	-	-	-	1,001,007,933.36	-	
II. Associates												
Shandong Inzone Green Home Co., Ltd. (山東銀座家居有限公司)	348,464,343.58	-	-	22,449,898.72	-	-	-	-	-	370,914,242.30	-	
Haier Consume Financing Company Limited (海爾消費金融有限公司)	358,898,925.67	-	-	9,497,613.31	-	-	-	-	-	368,396,538.98	-	
Yaxiya Building Materials Co., Ltd. (亞細亞建築材料股份有限公司)	168,845,194.79	56,000,000.00	-	(7,779,869.44)	-	-	-	-	-	217,065,325.35	-	
Shenyudao Cultural Tourism Holding Co., Ltd. (神玉島文化旅遊控股股份有限公司)	185,636,621.29	-	-	(2,760,162.66)	-	-	-	-	-	182,876,458.63	-	
Sunseaparking Inc	144,031,972.83	-	-	(6,495,027.30)	-	-	-	-	-	137,536,945.53	-	
Guangdong Sanweijia Information Technology Co., Ltd. (廣東三維家信息科技有限公司)	144,801,482.91	-	-	(10,176,135.43)	-	-	-	-	-	134,625,347.48	-	
Wuhan Zhengkai Logistics Co., Ltd. (武漢市正凱物流有限公司)	129,892,159.18	-	-	(928,802.03)	-	-	(3,600,000.00)	-	-	125,363,357.15	-	
Guangdong VIFA Customized Home Furnishings Co., Ltd. (廣東威法定制家居股份有限公司)	90,576,230.40	-	-	3,596,272.19	-	-	(2,925,000.50)	-	-	91,247,502.09	-	
Weifang Binxing Properties Co., Ltd. (濰坊濱星置業有限公司)	89,847,896.52	-	-	(246,625.26)	-	-	-	-	-	89,601,271.26	-	

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

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

11. Long-term Equity Investments (continued)

30 June 2020 (continued)

Investee	Opening balance	Increase/decrease during the period								Closing balance	Closing impairment allowance
		Increase in investment	Decrease in investment	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		
Zhejiang Zhongguang Electric Appliances Co., Ltd. (浙江中廣電器股份有限公司)	87,523,050.01	-	-	(2,111,989.53)	-	-	-	-	-	85,411,060.48	-
Shanghai Xincheng'an Construction Co., Ltd. (上海鑫誠安建設有限公司)	69,121,511.58	-	-	7,975,178.71	-	-	-	-	-	77,096,690.29	-
Klas International Home Living Company Limited (克拉斯國際家居有限公司)	79,249,208.32	-	-	(9,916,689.73)	-	-	-	-	-	69,332,518.59	-
Shanghai Tianhe Smart Home Technology Company Ltd. (上海天合智能科技股份有限公司)	65,588,151.69	-	-	(125,392.62)	-	-	-	-	-	65,462,759.07	-
Suzhou Supin Home Culture Co., Ltd. (蘇州市蘇品宅配文化有限公司)	61,811,051.20	-	-	1,755,335.53	-	-	-	-	-	63,566,386.73	-
LEAWOD Door and Window Profiles Company (四川良木道門窗型材有限公司)	63,960,679.60	-	-	(1,143,602.34)	-	-	-	-	-	62,817,077.26	-
Meishang (Guangzhou) Cosmetics Co., Ltd. (美尚(廣州)化妝品股份有限公司)	-	58,500,000.00	-	288,126.64	-	-	-	-	-	58,788,126.64	-
Shenzhen Red Star Macalline Home Furnishing Plaza Company Limited (深圳紅星美凱龍家居生活廣場有限公司)	46,645,850.91	-	-	(1,113,794.10)	-	-	-	-	-	45,532,056.81	-
Ant live (Tianjin) Network Technology Co., Ltd. (熾安居(天津)網絡技術有限公司)	43,446,999.80	-	-	(203,548.98)	-	-	-	-	-	43,243,450.82	-
Icolor Private Limited	34,236,320.87	7,904,899.13	-	(1,032,000.00)	-	-	-	-	-	41,109,220.00	-
Beijing Bilin Hongke Technology Co., Ltd. (北京比鄰弘科科技有限公司)	40,720,002.31	-	-	(573,782.34)	-	-	-	-	-	40,146,219.97	-
Shanghai Qiangshang Environmental Technology Company Limited (上海強尚環保科技有限公司)	36,130,798.25	-	-	51,563.46	-	-	-	-	-	36,182,361.71	-
Shanghai CONJOINT Construction Technology Co., Ltd. (上海開裝建築科技有限公司)	34,341,952.62	-	-	(570,082.69)	-	-	-	-	-	33,771,869.93	-

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

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

11. Long-term Equity Investments (continued)

30 June 2020 (continued)

Investee	Opening balance	Increase/decrease during the period								Closing balance	Closing balance of impairment allowance
		Increase in investment	Decrease in investment	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		
Super Smart Home (Shanghai) Internet of Things Technology Co., Ltd. (超級智慧家(上海)物聯網科技有限公司)	33,807,572.48	-	-	(1,953,543.98)	-	-	-	-	-	31,854,028.50	-
Shanghai Jinjiang United Purchasing Supply Chain Co., Ltd. (上海錦江採購供應鏈有限公司)	29,999,889.03	-	-	4,653.45	-	-	-	-	-	30,004,542.48	-
Chengdu Rhine Etam Furniture Co., Ltd. (成都艾格傢俱有限公司)	31,918,184.28	-	-	(2,244,633.85)	-	-	-	-	-	29,673,550.43	-
Jiangsu Baili Aijia Home Technology Co., Ltd. (江蘇佰麗愛家家居科技有限公司)	31,290,567.38	-	-	(1,816,027.07)	-	-	-	-	-	29,474,540.31	-
BigZone Information Technology (Shanghai) Company Limited (大域信息科技(上海)有限公司)	19,125,711.28	-	-	(267,644.79)	-	-	-	-	-	18,858,066.49	-
Shanghai Harbour Home Investment Management Co., Ltd. (上海灣寓投資管理有限公司)	17,518,018.12	-	-	-	-	-	-	-	-	17,518,018.12	-
Shanghai Zhenyang Decoration Co., Ltd. (上海振洋建築裝潢工程有限公司)	-	15,003,073.65	-	84,629.36	-	-	-	-	-	15,087,703.01	-
Meiwu 365 (Tianjin) Technology Company Limited (美屋三五(天津)科技有限公司)	15,268,421.15	-	-	(629,597.79)	-	-	-	-	-	14,638,823.36	-
ArtPollo Network Technology (Beijing) Company Limited (愛萊網絡科技(北京)有限公司)	13,480,433.70	-	-	(53,728.98)	-	-	-	-	-	13,426,704.72	-
Shengbao (Shanghai) Furniture Co., Ltd. (晟葆(上海)傢俱有限公司)	13,141,921.57	-	-	(452,474.38)	-	-	-	-	-	12,689,447.19	-
Beijing Canny-Robot Technology Co., Ltd. (北京康力優藍機器人科技有限公司)	12,454,221.36	-	-	(224,247.36)	-	-	-	-	-	12,229,974.00	-

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

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

11. Long-term Equity Investments (continued)

30 June 2020 (continued)

Investee	Opening balance	Increase/decrease during the period								Closing balance	Closing impairment allowance
		Increase in investment	Decrease in investment	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		
Shenzhen Yatai Macalline Life Space Technology Co., Ltd. (深圳市亞泰美凱龍空間科技有限公司)	10,353,869.40	-	-	34,283.54	-	-	-	-	-	10,388,152.94	-
Shanghai Jiazhan Construction Engineering Company Limited (上海嘉展建築裝潢工程有限公司)	7,824,586.00	-	-	(75,161.49)	-	-	(2,551,239.00)	-	-	5,198,185.51	-
Guangzhou Huoshu Yinhua Information Technology Co., Ltd. (廣州火數銀花信息科技有限公司)	4,746,336.80	-	-	(304,976.80)	-	-	-	-	-	4,441,360.00	-
Shenzhen Huasheng Home Furnishing Group Co., Ltd. (深圳華生大家居集團有限公司)	3,617,858.52	-	-	(387,430.71)	-	-	-	-	-	3,230,427.81	-
Yimeijisi Optoelectronics Technology (Fujian) Co., Ltd. (誼美吉斯光電科技(福建)有限公司)	2,475,000.00	-	-	6,725.76	-	-	-	-	-	2,481,725.76	-
Shenzhen Langletu Sleep Technology Co., Ltd. (深圳市朗樂福睡眠科技有限公司)	1,073,066.34	-	-	448,271.25	-	-	-	-	-	1,521,337.59	-
Anka Household Products (Shanghai) Co., Ltd. (安咖家居用品(上海)有限公司)	1,922,408.97	-	-	(506,559.30)	-	-	-	-	-	1,415,849.67	-
Wuhu Meihe Asset Management Company Limited (蕪湖美和資產管理有限公司)	-	-	-	299,667.50	-	-	-	-	-	299,667.50	-
Hangzhou Red Star Macalline Global Home Living Company Limited (杭州紅星美凱龍環球家居有限公司)	94,378,784.70	-	(91,723,981.35)	(2,654,803.35)	-	-	-	-	-	-	-
Shaanxi Red Star Heji Home Shopping Plaza Company Limited (陝西紅星和記家居購物廣場有限公司)	5,207,920.29	-	(3,795,016.62)	(1,412,903.67)	-	-	-	-	-	-	-

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

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

11. Long-term Equity Investments (continued)

30 June 2020 (continued)

Investee	Opening balance	Increase/decrease during the period							Closing balance	Closing impairment allowance
		Increase in investment	Decrease in investment	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		
Handan Fengfeng Mining District Royal Property Development Company Limited (邯鄲市峰峰礦區皇室房地產開發有限公司)	-	-	-	-	-	-	-	-	-	-
Handan Red Star Royal Properties Co., Ltd. (邯鄲市紅星皇室置業有限公司)	-	-	-	-	-	-	-	-	-	-
Shanghai AI.Pure Intelligent Technology Co., Ltd. (上海智諦智能科技有限公司)	-	-	-	-	-	-	-	-	-	-
Shanghai Weilaishi Decoration Technology Co., Ltd. (上海威來適裝飾科技有限公司)	-	-	-	-	-	-	-	-	-	-
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)	-	-	-	-	-	-	-	-	-	-
Subtotal	2,673,375,175.70	137,407,972.78	(95,518,997.97)	(11,669,018.55)	-	-	(9,076,239.50)	-	-	2,694,518,892.46
Total	3,654,279,035.20	147,527,972.78	(95,518,997.97)	(1,684,944.69)	-	-	(9,076,239.50)	-	-	3,695,526,825.82

Other instructions

Joint ventures: Pursuant to the articles of association of the investees, significant events are required to obtain unanimous approval in general meetings, and therefore the Group and other shareholders have joint control over such investees. The Group accounts for it as joint venture.

Associates: The Group has appointed representatives to the board of directors or similar power of authority of the investees, and is entitled to substantive participation and decision-making rights accordingly, and thereby having material influence over the investees. Therefore, the Group accounts for it as an associate.

There are no impairment allowances for long-term equity investments in the current period.

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

12. Other Equity Instrument Investments

30 June 2020

Item	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))	1,018,647,800.06	524,766,670.29
Oppein Home Group Inc. (歐派家居集團股份有限公司)	581,179,043.30	1,162,925,361.00
Dingdong (Cayman) Limited	486,561,890.40	261,895,819.07
Chengdu Xinchao Media Group Co., Ltd. (成都新潮傳媒集團有限公司)	248,200,000.00	273,582,903.00
AUPU Home Co., Ltd. (奧普家居股份有限公司)	247,550,330.95	231,992,639.19
Keeson Technology Corporation Limited (麒盛科技股份有限公司)	222,623,667.24	230,919,052.00
Beijing Bayi Space LCD Technology Co., Ltd. (北京八億時空液晶科技股份有限公司)	200,348,400.00	141,615,600.00
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))	161,572,312.79	180,175,339.60
Oriental Standard Human Resources Holdings Limited	129,697,257.85	84,770,661.80
Sinostone (Guangdong) Co., Ltd. (廣東中旗新材料科技有限公司)	92,266,684.04	92,266,684.04
Zhejiang Entive Intellectual Kitchen Electricity Co., Ltd. (浙江億田智能廚電股份有限公司)	72,214,256.53	68,826,085.92
Guangzhou Snimay Home Furnishing Co., Ltd. (廣州市詩尼曼家居股份有限公司)	60,399,765.53	69,142,902.57
PLUSspace International (Shanghai) Co., Ltd. (璞勒仕建築工程(上海)股份有限公司)	53,925,482.20	68,888,510.57
Qingdao Yilai Intelligent Technology Co., Ltd. (青島易來智能科技股份有限公司)	53,560,799.89	20,137,319.75
DESSMANN (China) Machinery & Electronic Co., Ltd. (德施曼機電(中國)有限公司)	50,828,541.00	25,167,490.62
Sleemon Furniture Co., Ltd. (喜臨門傢俱股份有限公司)	49,988,924.00	119,171,598.00
YunDing Network Technology (Beijing) Co., Ltd. (雲丁網絡技術(北京)有限公司)	46,578,054.61	48,079,600.58
Zhejiang Xingyue Electric Equipment Co., Ltd. (浙江星月電器有限公司)	45,853,662.96	31,153,338.51
Harbin Sayyas Windows Stock Co., Ltd. (哈爾濱森鷹窗業股份有限公司)	43,222,990.16	37,250,000.00

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

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

12. Other Equity Instrument Investments (continued)

30 June 2020 (continued)

Item	Closing balance	Opening balance
Beijing Parking Easy Information Technology co. LTD (北京停簡單信息技術有限公司)	31,748,318.20	31,367,126.43
Pathfinder Holdings Group Co., Ltd. (探路者控股集團股份有限公司)	30,513,112.71	25,013,372.28
Hangzhou Water Show Culture GROUP Co., Ltd (杭州水秀文化集團有限公司)	22,048,329.72	20,809,641.29
Meicai (Wuhan) Technology Co., Ltd. (美材(武漢)科技有限公司)	22,000,000.00	22,000,000.00
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))	21,416,115.36	45,993,246.66
Weride Inc	20,200,471.65	20,200,471.65
Angstrong Tech. (深圳市安思疆科技有限公司)	20,000,000.00	–
Zhejiang Mingdu Intelligent Control Technology Co., Ltd. (浙江明度智控科技有限公司)	19,000,237.00	12,444,141.80
Xi'an Jiahexing Household Co., Ltd. (西安佳和興家居有限責任公司)	11,400,000.00	11,400,000.00
Guangzhou Animation Cartoon Game Life Technology Co, Ltd. (廣州酷漫居動漫科技有限公司)	11,323,291.92	11,323,291.92
Beijing Bluepower Technology Co., Ltd. (北京藍海華業科技股份有限公司)	10,704,550.45	16,157,812.00
Shenzhen ORVIBO Technology Co., Ltd. (深圳市歐瑞博科技有限公司)	10,000,000.00	10,000,000.00
Others	72,365,714.88	99,721,144.90
Total	4,167,940,005.40	3,999,157,825.44

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

13. Other Non-Current Financial Assets

	30 June 2020	31 December 2019
Financial assets at FVTPL	527,395,540.60	368,774,540.60

14. Investment Property

Subsequent measurement by adopting the fair value model:

30 June 2020

	Houses and buildings	Properties under construction	Total
Opening balance	75,574,000,000.00	9,533,000,000.00	85,107,000,000.00
Purchase	147,957,613.20	788,047,968.46	936,005,581.66
Transfer from inventory/fixed assets/ construction in progress	821,000,000.00	–	821,000,000.00
Business combinations	–	3,020,104,494.63	3,020,104,494.63
Disposal	107,000,000.00	–	107,000,000.00
Changes in fair value	(13,957,613.20)	309,847,536.91	295,889,923.71
Closing balance	76,422,000,000.00	13,651,000,000.00	90,073,000,000.00

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

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

14. Investment Property (continued)

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

As at 30 June 2020, the investment properties valued RMB76,971,000,000.00 was held by the Group as security to acquire borrowings of RMB33,646,801,521.82.

As at 30 June 2020, the investment properties at fair value of RMB1,884,000,000.00 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 finance lease. The Group held no ownership certificate for such investment properties.

As at 30 June 2020, the investment properties with ownership certificate not settled are as follows:

	Book value	Reason for not yet settling ownership certificate
Nanjing International Home Living Plaza (南京國際家居廣場)	1,334,000,000.00	Application for ownership certificate is in progress
Lanzhou Shibo Home Furnishing Plaza (蘭州世博家居商場)	466,000,000.00	Application for ownership certificate is in progress
Hangzhou Shibo Furniture Plaza (杭州世博家居商場)	283,000,000.00	Application for ownership certificate is in progress
Part leased out of Hongqiao office building	857,000,000.00	Application for ownership certificate is in progress
	2,940,000,000.00	

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

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

15. Fixed Assets

30 June 2020

Item	Houses and buildings	Special equipment	Transportation equipment	Electronic equipment, appliances and fixtures	Total
I. Original book value:					
1. Opening balance	549,918,707.57	138,090,150.38	161,881,716.10	369,989,814.27	1,219,880,388.32
2. Increase during the current period	1,848,015,234.90	75,584,436.12	6,696,871.27	36,470,621.86	1,966,767,164.15
(1)Purchase		29,139,330.66	5,331,785.45	36,372,221.42	70,843,337.53
(2)Transfer from construction in progress	1,848,015,234.90	46,445,105.46			1,894,460,340.36
(3)Increases on business combinations			1,365,085.82	98,400.44	1,463,486.26
3. Reduced amount in the current period		42,675,761.50	6,618,899.66	11,257,574.42	60,552,235.58
(1)Disposal or retirement		42,675,761.50	6,618,899.66	11,257,574.42	60,552,235.58
4. Closing balance	2,397,933,942.47	170,998,825.00	161,959,687.71	395,202,861.71	3,126,095,316.89
II. Accumulated depreciation					
1. Opening balance	-	16,223,754.35	109,665,816.46	196,494,662.90	322,384,233.71
2. Increased amount in the current period	62,999,364.00	6,647,753.94	7,842,249.38	14,287,994.14	91,777,361.46
(1)Provision	62,999,364.00	6,647,753.94	7,030,947.26	14,287,994.14	90,966,059.34
(2)Increases on business combinations			811,302.12		811,302.12
3. Reduced amount in the current period	-	108,571.33	6,172,261.98	5,644,621.01	11,925,454.32
(1)Disposal or retirement	-	108,571.33	6,172,261.98	5,644,621.01	11,925,454.32
4. Closing balance	62,999,364.00	22,762,936.96	111,335,803.86	205,138,036.03	402,236,140.85

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

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

15. Fixed Assets (continued)

30 June 2020 (continued)

Item	Houses and buildings	Special equipment	Transportation equipment	Electronic equipment, appliances and fixtures	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 or retirement					
4. Closing balance					
IV. Book value					
1. Closing book value	2,334,934,578.47	148,235,888.04	50,623,883.85	190,064,825.68	2,723,859,176.04
2. Opening book value	549,918,707.57	121,866,396.03	52,215,899.64	173,495,151.37	897,496,154.61

As at the end of this period, the Group held no temporarily vacant fixed assets or fixed assets rented in under lease.

As at the end of this period, the Group's fixed assets with value of RMB129,320,567.14 were rented out under operating lease, and part of the Hongqiao office building's ownership certificate, which worth RMB 1,832,736,714.16, were not settled, and the application is in progress.

As at the end of the period, the management of the Group assessed fixed assets and considered no provision for impairment was necessary.

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

16. Construction in Progress

	30 June 2020			31 December 2019		
	Book balance	Impairment allowance	Book value	Book balance	Impairment allowance	Book value
Construction in progress	73,038,612.20	-	73,038,612.20	2,329,221,258.37	-	2,329,221,258.37

As at the end of the period, the management of the Group assessed construction in progress and considered no provision for impairment was necessary.

17. Right-of-Use Assets

30 June 2020

	Property lease	Other equipments	Total
Initial value			
Opening balance	5,353,184,766.99	24,321,055.16	5,377,505,822.15
Increased amount in the current period	105,775,191.08		105,775,191.08
Reduced amount in the current period	-		-
Closing balance	5,458,959,958.07	24,321,055.16	5,483,281,013.23
Accumulated depreciation			
Opening balance	2,277,958,402.29	12,363,203.04	2,290,321,605.33
Provision	230,852,367.74	608,026.38	231,460,394.12
Closing balance	2,508,810,770.03	12,971,229.42	2,521,781,999.45
Impairment allowance			
Opening and closing balance	-		-
Book balance			
Closing	2,950,149,188.04	11,349,825.74	2,961,499,013.78
Opening	3,075,226,364.70	11,957,852.12	3,087,184,216.82

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

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

18. Intangible Assets

30 June 2020

	Software	Trademark use right (Note)	Others	Total
Initial value				
Opening balance	185,991,243.68	525,000,000.00	12,725,691.68	723,716,935.36
Purchase	12,481,623.00	–	27,722.77	12,509,345.77
Internal research and development	14,209,302.25	–	–	14,209,302.25
Transfer from construction in progress	5,230,565.40	–	70,754.72	5,301,320.12
Disposal	22,415,942.89	–	–	22,415,942.89
Closing balance	195,496,791.44	525,000,000.00	12,824,169.17	733,320,960.61
Accumulated amortization				
Opening balance	77,711,231.31	86,794,682.97	9,948,688.19	174,454,602.47
Provision	22,119,091.00	6,941,887.30	413,991.30	29,474,969.60
Decrease	21,690,561.89	–	–	21,690,561.89
Closing balance	78,139,760.42	93,736,570.27	10,362,679.49	182,239,010.18
Impairment allowance Opening and closing balance	–	100,000,000.00	–	100,000,000.00
Book balance				
Closing	117,357,031.02	331,263,429.73	2,461,489.68	451,081,950.43
Opening	108,280,012.37	338,205,317.03	2,777,003.49	449,262,332.89

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

18. Intangible Assets (continued)

At the end of the period, intangible assets formed through internal research and development accounted for 3.15% of the balance of intangible assets.

Note: RMB525,000,000.00 in the initial book value of the right to use the trademarks is used to purchase the right to use the registered trademark of Jisheng Wellborn (“JSWB”) from Shanghai Jisheng Wellborn Furniture Company Limited (上海吉盛偉邦家居市場經營管理有限公司) by the Company. In May 2014, the Company and the controlling shareholders of Shanghai Jisheng Wellborn Furniture Company Limited entered into the Registered Trademark Licensing Contract, pursuant to which, Shanghai Jisheng Wellborn Furniture Company Limited authorizes the Company to use eight of its registered trademarks (the “licensed trademarks”) on an exclusive basis, and the Company has the right to use the licensed trademarks in our Portfolio Shopping Malls or Managed Shopping Malls and in the business operation course related with those shopping malls. Meanwhile, the Company has the right to authorize any third parties to use the licensed trademarks within the properties of the shopping malls from 1 June 2014 to 30 May 2044.

The Company shall pay an annual fee in standard for establishing shopping malls to use the licensed trademarks in addition to the nonrecurring trademark licensing fee of RMB525,000,000.00, the period for payment is the period from the opening date of the shopping mall to the day on which the shopping mall ceases to use the licensed trademarks. The right to use the trademark was amortized on a straight-line basis within 30 years of the licensed period contracted by the Group since June 2014. As at the end of the period, the balance of impairment allowance of the right to use the trademarks of JSWB amounted to RMB100,000,000.00.

19. Development Expenditure

30 June 2020

	Opening balance	Increase in the current period Internal research and development	Decrease in the current period Capitalized as intangible assets	Recognized in profit or loss	Closing balance
Home improvement and data platform	34,245,602.45	5,669,419.28	14,209,302.25	–	25,705,719.48

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

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

20. Goodwill

30 June 2020

	Opening balance	Increase in the current period Business combinations not involving enterprises under common control	Decrease in the current period Disposal group/disposal allocated to held for sale	Closing balance
Suzhou Industry Park Zhongxiang Meitong Storage Company Limited (蘇州工業園區中翔美通倉儲銷售有限公司)	16,592,357.41	-	-	16,592,357.41
Xinsheng Property Management (Shanghai) Co., Ltd. (鑫笙物業管理(上海)有限公司)	81,004,690.44	-	-	81,004,690.44
	97,597,047.85	-	-	97,597,047.85

At the end of the period, the management of the Group considers that there was no situation that caused the book value of the goodwill of the Group exceeding the recoverable amount of the goodwill, and therefore there is no impairment recognized of the goodwill.

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

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

21. Long-term Prepaid Expenses

30 June 2020

	Opening balance	Increase in the current period	Amortized in the current period	Closing balance
Improvement expenditures for fixed assets rented (Note)	328,902,726.05	7,103,054.68	51,218,970.33	284,786,810.40
Others	160,895,187.35	4,771,692.37	27,242,591.20	138,424,288.52
	489,797,913.40	11,874,747.05	78,461,561.53	423,211,098.92

Note: Improvement expenditures for fixed assets rented represents improvement expenditures for Leased Portfolio Shopping Malls are evenly amortized by the Group in the period of the shorter of an estimated beneficial period of 10 years and the lease term from Leased Portfolio Shopping Malls.

22. Deferred Tax Assets/Liabilities

Deferred tax assets and deferred tax liabilities that are not offset:

	30 June 2020		31 December 2019	
	Deductible temporary difference	Deferred tax assets	Deductible temporary difference	Deferred tax assets
Deferred tax assets				
Provision for impairment of assets	1,813,873,652.34	416,583,637.71	1,852,105,223.01	442,995,107.89
Deductible loss	2,984,362,212.15	737,149,026.41	1,595,772,514.14	398,072,306.19
Provision for unpaid expenses	983,610,717.15	216,283,111.79	1,365,643,156.99	311,791,221.75
Asset-related deferred income	203,167,317.36	50,791,829.34	206,266,686.48	51,566,671.62
Cost overruns for advertising expenses	336,161,155.05	82,215,167.40	501,281,736.97	123,495,312.88
Long-term assets capitalized in Group's internal transaction	266,539,066.91	66,634,766.73	258,543,175.84	64,635,793.96
	6,587,714,120.96	1,569,657,539.38	5,779,612,493.43	1,392,556,414.29

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

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

22. Deferred Tax Assets/Liabilities (continued)

	30 June 2020		31 December 2019	
	Taxable temporary difference	Deferred tax liabilities	Taxable temporary difference	Deferred tax liabilities
Deferred tax liabilities				
Changes in the fair value of available-for-sale assets	-	-	-	-
Changes in the fair value of other equity instrument investments	2,416,965,206.77	474,765,122.72	2,223,390,803.09	384,033,088.42
Changes in fair value of investment properties	46,268,714,622.74	11,567,178,655.69	45,085,034,844.84	11,271,258,711.21
Adjustment to the fair value arising from business combination	2,207,854,229.64	551,963,557.41	2,207,854,229.64	551,963,557.41
Transfer from owner-occupied properties to investment properties measured at fair value	103,551,404.16	25,887,851.04	-	-
	50,997,085,463.31	12,619,795,186.86	49,516,279,877.57	12,207,255,357.04

Deferred tax assets and deferred tax liabilities are presented on a net basis after offsetting:

	30 June 2020		31 December 2019	
	Offset amount	Balance after offset	Offset amount	Balance after offset
Deferred tax assets	201,141,601.98	1,368,515,937.40	217,978,253.40	1,174,578,160.89
Deferred tax liabilities	201,141,601.98	12,418,653,584.88	217,978,253.40	11,989,277,103.64

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

22. Deferred Tax Assets/Liabilities (continued)

Deductible temporary difference and deductible loss, for which deferred tax assets are not recognized, are as follows:

	30 June 2020	31 December 2019
Deductible temporary difference	113,328,222.95	113,328,222.95
Deductible loss	5,007,872,367.58	4,418,853,167.03
	5,121,200,590.53	4,532,181,389.98

Deductible temporary difference and deductible loss, for which deferred tax assets are not recognized, will expire in the following years:

	30 June 2020	31 December 2019
2020	462,875,799.34	590,599,367.55
2021	459,830,486.30	504,987,710.68
2022	813,115,319.80	880,688,302.72
2023	1,031,245,933.29	1,114,328,364.37
2024	1,263,178,432.82	1,328,249,421.71
2025	977,626,396.03	–
	5,007,872,367.58	4,418,853,167.03

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

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

23. Other Non-Current Assets

	30 June 2020	31 December 2019
Prepayments for construction and advance payment for land compensation	1,418,072,080.81	1,118,428,360.33
Earning right related to land consolidation (Note 1)	1,835,867,940.18	1,835,867,940.18
Prepayments for purchasing properties (Note 2)	935,848,736.34	1,126,150,960.96
Entrusted loans and borrowings (Note 3)	920,994,757.82	1,221,159,903.72
Prepayments for equity transfer (Note 4)	193,600,000.00	230,549,000.00
Prepayments for repurchase	247,705,000.00	247,705,000.00
Prepayments for land	–	32,923,170.75
Deposits	301,000,000.00	38,100,000.00
	5,853,088,515.15	5,850,884,335.94

Note 1: In August 2018, the Group acquired 70% equity interest in Yintai (Yongqing) New City Investment Co., Ltd. (銀泰(永清)新城投資有限公司) at a consideration of RMB1 billion, and acquired an earning right thereof related to land consolidation simultaneously.

Note 2: As of June 30, 2020, prepaid purchases were mainly prepayments paid by the Group for the purchase of several commercial properties and office buildings this year.

Note 3: The interest rate of the trust loan issued by the Group to Oupai Furniture Group Co., Ltd. is 10.00%. As of June 30, 2020, the balance of the loan principal is RMB435,000,000.00, and the maturity date is December 2021. The repayment of principal and interest is one time at maturity, the balance of interest was RMB52,492,667.64, which was listed in other non-current assets;

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 11.00%, which was used for land construction supporting costs and costs at the early stage. The balance of principal and interest as of June 30, 2020 was RMB304,667,440.53, which was all listed as other non-current assets at the end of the year; The Group's interest-free loans from Shanxi Chongkang Real Estate Development Co., Ltd. (山西崇康房地產開發有限公司) was totally RMB45,792,767.00;

The entrusted loan granted by the Group to Langfang Urban Real Estate Development Co., Ltd. (廊坊市城區房地產開發有限公司) had an interest rate of 5.8065% and a balance amounting to RMB35,800,000.00 as at the end of the period, with a term of 120 months. According to the repayment plan stipulated in the contract, RMB4,400,000.00 was accounted as other non-current assets due within one year, and RMB35,800,000.00 was accounted as other non-current assets as at the end of the period;

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

23. Other Non-Current Assets (continued)

Note 4: The Group has signed an agreement with Aibi (Beijing) Intelligent Technology Co., Ltd. (愛筆(北京)智能科技有限公司) to subscribe for 3,918,671 preferred shares. As of June 30, 2020, the Group prepaid equity transfer payment of RMB140,000,000.00 according to the contract.

The Group signed an agreement with Shaanxi Jiaxin Weiye Industrial Development Co., Ltd. (陝西佳鑫偉業實業發展有限責任公司) to acquire 18.6% shares of Xi'an Jiahexing Home Furnishing Co., Ltd. (西安佳和興家居有限責任公司) held by Shaanxi Jiaxin Weiye Industrial Development Co., Ltd. (陝西佳鑫偉業實業發展有限責任公司), as of June 30, 2020, the Group prepaid equity transfer amount of RMB18,600,000.00 according to the contract;

The Group signed a share purchase agreement with Quzhou Gangrunhong Holdings Co., Ltd. (衢州港潤宏控股有限公司), the controlling shareholder of Zhejiang Xierkang Smart Home Co., Ltd. (浙江喜爾康智能家居有限公司), to acquire 4.48913% shares of Xierkang. As of June 30, 2020, the Group prepaid equity transfer payment of RMB20,000,000.00 according to the contract;

The Group signed a share purchase agreement with Shanghai Zhenghui Kangju Environmental Protection Technology Co., Ltd. (上海正輝康居環保科技股份有限公司) to acquire the 5.26% shares that it plans to issue. As of June 30, 2020, the Group prepaid equity transfer payment of RMB5,000,000.00 according to the contract;

24. Short-term Loans

	30 June 2020	31 December 2019
Pledge loans	115,123,625.00	–
Mortgage loans	2,568,452,602.60	2,434,380,441.26
Guaranteed loans	308,199,835.00	302,428,750.00
Credit loans	550,744,250.00	350,568,684.02
Pledge loans and guaranteed loans	–	300,516,666.67
	3,542,520,312.60	3,387,894,541.95

As at 30 June 2020, the aforesaid borrowings carried interest at 3.00%-5.22%.

As at 30 June 2020, there were no loans overdue.

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

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

25. Accounts Payable

	30 June 2020	31 December 2019
Amounts payable for advertisements and purchase of goods	339,711,848.53	531,122,995.77
Amounts payable for engineering	875,785,144.26	945,247,859.30
	1,215,496,992.79	1,476,370,855.07

As at 30 June 2020, the Group had no material accounts payable aged more than one year.

26. Advance from Customers

	30 June 2020	31 December 2019
Rental and relevant payments	700,930,999.01	1,159,059,013.47

27. Contract Liabilities

	30 June 2020	31 December 2019
Charges for the brand consulting and management service for the early stage of the project	848,271,185.24	1,079,308,561.64
Charges for annual brand consulting and management service for the project	143,034,776.10	182,652,701.27
Charges for commercial management and consultation service for construction project	–	95,283,018.87
Commercial consultation fees and tenant sourcing commissions	282,562,053.99	302,550,032.20
Construction and design service	191,533,579.26	162,578,534.73
Others	492,617,912.23	399,462,609.25
	1,958,019,506.82	2,221,835,457.96

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

28. Payroll Payable

30 June 2020

	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Short-term compensation	834,175,023.67	1,361,580,975.42	1,893,438,687.04	302,317,312.05
Retirement benefits (defined contribution plans)	14,209,355.88	45,969,834.11	55,294,418.24	4,884,771.75
Termination benefits	1,978,532.00	18,117,866.29	19,515,530.29	580,868.00
	850,362,911.55	1,425,668,675.82	1,968,248,635.57	307,782,951.80

Details of short-term compensation are as follows:

30 June 2020

	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Wages or salaries, bonuses, allowances and subsidies	813,210,003.82	1,129,343,521.37	1,658,095,217.28	284,458,307.91
Staff welfare	108,583.62	96,113,971.44	95,876,856.42	345,698.64
Social insurance	8,151,228.10	53,827,633.18	56,685,624.77	5,293,236.51
Including: Medical insurance	7,158,573.55	49,495,831.11	51,787,985.85	4,866,418.81
Work injury insurance	438,815.80	1,604,349.42	1,899,631.09	143,534.13
Maternity insurance	553,838.75	2,727,452.65	2,998,007.83	283,283.57
Housing fund	9,726,323.00	74,484,749.08	74,801,088.49	9,409,983.59
Labour union and staff education fund	2,978,885.13	7,811,100.35	7,979,900.08	2,810,085.40
	834,175,023.67	1,361,580,975.42	1,893,438,687.04	302,317,312.05

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

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

28. Payroll Payable (continued)

Details of defined contribution plans are as follows:

30 June 2020

	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Basic pension insurance premium	13,669,951.43	44,405,499.70	53,399,466.90	4,675,984.23
Unemployment insurance premium	539,404.45	1,564,334.41	1,894,951.34	208,787.52
	14,209,355.88	45,969,834.11	55,294,418.24	4,884,771.75

The Group participates in pension insurance and unemployment insurance plans established by government institutions as required. According to such plans, the Group makes contribution to such plans based on the staff's basic wage and the percentage specified by local governments, respectively. Besides above monthly contributions, the Group will not undertake further payment obligation. The corresponding cost charges to the profit or loss for the current period or the cost of a relevant asset when occurs.

29. Taxes Payable

	30 June 2020	31 December 2019
Enterprise income tax	236,550,512.24	479,574,541.33
VAT	89,857,160.35	187,446,869.35
Property tax	31,947,463.04	40,924,519.90
Others	19,897,982.74	31,447,882.67
	378,253,118.37	739,393,813.25

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

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

30. Other Payables

	30 June 2020	31 December 2019
Interest payables	–	–
Dividends payable	898,150,000.00	48,000,000.00
Other payables	8,095,110,126.36	7,751,973,358.09
	8,993,260,126.36	7,799,973,358.09

Dividends payable

	30 June 2020	31 December 2019
WU Yetian (吳業添)	–	48,000,000.00
Public shareholders	270,630,109.68	–
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司)	627,519,890.32	–
	898,150,000.00	48,000,000.00

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

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

30. Other Payables (continued)

Other payables

	30 June 2020	31 December 2019
Deposit for quality from tenants	2,210,879,182.36	2,226,343,504.62
Amounts due to partners	2,131,910,225.73	1,907,521,251.46
Amounts payable to construction contractors	667,024,496.00	902,975,131.35
Amount payables to equity transfer	66,999,999.94	756,899,618.95
Proceeds collected on behalf of the tenants	1,799,032,434.15	703,358,452.32
Rental deposits from tenants	661,338,177.62	681,454,337.68
Accrued expenses	270,559,227.07	330,712,588.52
Amount payables to prepaid cards	22,909,579.34	9,996,855.95
Others	264,456,804.15	232,711,617.24
	8,095,110,126.36	7,751,973,358.09

Significant other payables aged over 1 year are as follows

Items	Closing balance	Reasons for non-payment or reverse
Zhengzhou Huashanghai Real Estate Development Co., Ltd (鄭州華商匯房地產開發有限公司)	105,717,326.87	Not yet paid
Daqing Xusheng Real Estate Development Co., Ltd. (大慶旭生房地產開發有限公司)	84,645,637.43	Not yet paid

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

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

31. Non-current Liabilities Due Within One Year

	30 June 2020	31 December 2019
Long-term loans due within one year	4,435,732,835.29	3,407,200,952.18
Bonds payable due within one year	5,152,041,820.21	3,157,772,715.57
Long-term payables due within one year	102,334,476.00	–
Lease liabilities due within one year	550,748,431.09	548,397,168.84
Long-term loans due within one year – interest	64,524,522.50	38,733,650.00
Bonds payable due within one year – interest	283,252,996.24	171,858,690.41
Commercial mortgage backed securities due within one year – principal	2,429,886,499.25	2,426,270,000.00
Commercial mortgage backed securities due within one year – interest	116,769,329.11	54,507,456.43
	13,135,290,909.69	9,804,740,633.43

32. Other Current Liabilities

	30 June 2020	31 December 2019
Output VAT to be transferred	177,269,990.61	204,086,142.79
Super short-term commercial papers (Note 1)	503,675,000.00	–
Asset-backed securities (Note 2)	779,304,504.45	144,228,766.87
	1,460,249,495.06	348,314,909.66

Note 1: On 21 October 2019, the National Association of Financial Market Institutional Investors published the Notice for Acceptance of Registration (Zhong Shi Xie Zhu [2019] No. SCP390), indicating its consent for acceptance of the registration for the issuance of Super Short-term Commercial Papers by the Company with the amount for registration of Super Short-term Commercial Papers reaching RMB1.5 billion and the registered amount would be effective for 2 years since 21 October 2019. The Company can issue Super Short-term Commercial Papers in installments during the registration period. The Group has issued the 2020 first tranche of Super Short-term Commercial Papers on 27 April 2020 to 28 April and net proceeds have been received on in full on 29 April 2020.

Note 2: The Group issued respectively the “Ping An-Lian Yirong-Red Star Macalline Home Supply Chain Finance No. 2 Asset-backed Special Plan” and “Ping An-Lian Yirong-Red Star Macalline Home Supply Chain Finance No. 3 Asset-backed Special Plan” through the Shanghai Stock Exchange’s fixed-income securities integrated electronic platform. The No. 2 assetbacked special plan issued asset-backed securities of approximately RMB360 million, with a maturity date of November 3, 2020, and a fixed interest rate of 5.98%. The No. 3 assetbacked special plan issued asset-backed securities of approximately RMB410 million, with a maturity date of February 25, 2021, and a fixed interest rate of 5.90%.

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

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

33. Long-term Loans

	30 June 2020	31 December 2019
Pledge loans	–	602,350,000.00
Mortgage loans	9,203,093,149.75	7,219,210,000.03
Credit loans	100,000,000.00	–
Mortgage and pledge loans	5,767,880,047.72	5,176,096,029.92
Mortgage and guaranteed loans	3,362,800,470.22	2,777,970,285.81
Mortgage and pledge and guaranteed loans	532,000,000.00	144,000,000.00
	18,965,773,667.69	15,919,626,315.76

Pledge loans	Represent the loans obtained by pledging all of the operating revenue of the shopping malls and the equity of our Group during the loan period.
Mortgage loans	Represent the loans obtained by securing with the investment properties.
Credit loans	Represent the loans obtained by providing guarantees by the companies within the Group or loans obtained by the Group from banks with its own reputation.
Mortgage and pledge loans	Represent the loans obtained by securing with the investment properties and pledging with all of the operating revenue of the shopping malls during the loan period.
Mortgage and guaranteed loans	Represent the loans obtained by securing with the investment properties and provided guarantee by the related parties.
Mortgage, pledge and guaranteed loans	Represent the loans obtained by securing with the investment properties, pledging with cash and bank balances and all of the operating revenue of the shopping malls during the loan period.

As at the end of the period, there were no long-term loans that were overdue.

As at 30 June 2020, the aforesaid loans carried interest rates at 4.25% to 11% per annum.

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

34. Bonds Payable

	30 June 2020	31 December 2019
USD Bonds of 2017 of Hong Kong Red Star Macalline (5-year)	2,104,560,229.32	2,069,727,307.24
Corporate Bonds of 2016 of Red Star Macalline Group Corporation Ltd. (First tranche)(7-year)	1,494,071,606.04	1,491,578,398.86
Medium-term notes of 2018 of Red Star Macalline Group Corporation Ltd. (First tranche)	497,591,442.16	496,730,654.98
Corporate Bonds of 2016 of Red Star Macalline Group Corporation Ltd. (First tranche) (5-year)	46,800,000.00	46,800,000.00
Medium-term notes of 2019 of Red Star Macalline Group Corporation Ltd. (First tranche)	498,637,247.35	498,226,329.56
Public offering of Corporate Bonds of 2019 of Red Star Macalline Group Corporation Ltd. (First tranche) (type 2)	–	1,989,378,280.09
Medium-term notes of 2020 of Red Star Macalline Group Corporation Ltd. (First tranche)	497,820,697.02	–
Public offering of Corporate Bonds of 2020 of Red Star Macalline Group Corporation Ltd. (First tranche)	497,327,724.75	–
Public offering of Corporate Bonds of 2020 of Red Star Macalline Group Corporation Ltd. (Second tranche)	496,856,486.16	–
	6,133,665,432.80	6,592,440,970.73

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

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

34. Bonds Payable (continued)

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	The effect of exchange gains and losses	Closing balance
5-year Public offering of Corporate Bonds of 2016 of Red Star Macalline Group Corporation Ltd. (First tranche) (16hongmei01)	100.00	14 July 2016	5 years	1,483,202,830.19	46,800,000.00		28,566,600.00	-			46,800,000.00
7-year Corporate Bonds of 2016 of Red Star Macalline Group Corporation Ltd. (First tranche) (16hongmei02)	100.00	14 July 2016	7 years	1,476,127,358.48	1,491,578,398.86		64,350,000.00	2,493,207.18	(64,350,000.00)		1,494,071,606.04
5-year US\$-denominated bonds of Hong Kong Red Star Macalline in 2017	1,000.00	21 September 2017	5 years	1,937,306,895.63	2,069,727,307.24		562,135,644.86	4,053,036.87	35,537,146.88	30,779,885.21	2,104,560,229.32
First tranche of the medium-term notes of 2018 of Red Star Macalline Group Corporation Ltd.	100.00	23 October 2018	4 years	494,828,301.89	496,730,654.98		30,900,000.00	860,787.18	(30,900,000.00)		497,591,442.16
First tranche of the medium-term notes of 2019 of Red Star Macalline Group Corporation Ltd.	100.00	25 January 2019	3 years	497,508,490.57	498,226,329.56		11,979,166.65	410,917.79			498,637,247.35
Medium-term notes of 2020 of Red Star Macalline Group Corporation Ltd. (First tranche)	100.00	20 January 2020	3 years	497,414,150.94	-	497,414,150.94	14,250,000.00	406,546.08			497,820,697.02
Public offering of Corporate Bonds of 2020 of Red Star Macalline Group Corporation Ltd. (First tranche)	100.00	10 March 2020	3 years	496,793,301.89	-	496,793,301.89	8,250,000.00	534,422.86			497,327,724.75
Public offering of Corporate Bonds of 2020 of Red Star Macalline Group Corporation Ltd. (Second tranche)	100.00	3 June 2020	3 years	496,726,320.75	-	496,726,320.75	2,062,500.00	130,165.41			496,856,486.16
Total	/	/	/	7,379,907,650.34	4,603,062,690.64	1,490,933,773.58	722,493,911.51	8,889,083.37	(59,712,853.12)	30,779,885.21	6,133,665,432.80

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

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

35. Lease Liabilities

	30 June 2020	31 December 2019
Property lease	3,281,976,954.50	3,321,817,733.91

36. Long-term Payables

Long-term payables

	30 June 2020	31 December 2019
Amounts due to partners (Note 1)	565,387,504.94	634,392,235.62
Sales-and-leaseback payable (Note 2)	169,719,739.83	–
	735,107,244.77	634,392,235.62

Note 1: Amounts due to partners are the borrowings provided by the minority shareholders of certain subsidiaries of the Group, and shall be repaid by agreements after the completion of relevant cooperation projects and existing surplus or be repaid on demands after one year. Therefore, such amounts shall be recorded as long-term payables.

Note 2: Panjin Red Star Macalline Global Home Furnishings Plaza Co., Ltd. (盤錦紅星美凱龍全球家居生活廣場有限公司), a subsidiary of the Group, signed a financing leaseback contract with Haitong Unitrust International Financial Leasing Co., Ltd. (海通恆信國際融資租賃股份有限公司), with a total transfer price of RMB297,000,000.00.

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

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

37. Deferred Income

30 June 2020

	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Government grant	206,279,197.58	–	2,953,275.20	203,325,922.38
Value-added tax additional deduction	19,623,362.89	13,515,697.10	12,455,815.67	20,683,244.32
	225,902,560.47	13,515,697.10	15,409,090.87	224,009,166.70

Government grant projects

	Opening balance	Increase in the current period	Recognized in other income in the current period	Closing balance
Subsidy for land supporting expenses	206,279,197.58	–	2,953,275.20	203,325,922.38

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

38. Other Non-current Liabilities

	30 June 2020	31 December 2019
Charges for the brand consulting and management service for the early stage of the project (Note 1)	1,061,678,513.83	1,111,057,378.24
Commercial mortgage-backed securities (Note 2)	5,708,073,506.67	5,747,108,371.13
	6,769,752,020.50	6,858,165,749.37

Note 1: Representing the contract liabilities of the Company recognized based on management service contract, as the management expected that it would be more than 1 year to recognize the corresponding revenue, these amounts were included in other non-current liabilities.

Note 2: The Company issued the home furnishing shopping mall asset-backed securities, namely the "First Tranche of Red Star Macalline Home Furnishing Marketplace Asset-Backed Special Project", on 22 September 2017. Such asset-backed special project is pledged with the assets of two shopping malls of the Group in Shanghai and Tianjin and their rental income rights, which included Class A Preferred Securities (securities abbreviation: "Macalline 1A", securities code: 146550) and Class B Preferred Securities (securities abbreviation: "Macalline 1B", securities code: 146551). Macalline 1A had an issuance size of RMB1,350 million, with an annualized return of 5.00%, the principal and interest of which shall be repaid annually. The relevant amounts of Macalline 1A due within one year have been included in the non-current liabilities due within one year. Macalline 1B had an issuance size of RMB1,050 million, with an annualized return of 6.20% and a maturity of 18 years, the principal of which shall be repaid in a one-off manner upon maturity. RMB2,352,316,499.25 of Macalline 1A and Macalline 1B due within one year have been included in the non-current liabilities due within one year.

The Company issued the home furnishing shopping mall asset-backed securities, namely "Red Star Macalline Asset-Backed Special Project", on 12 July 2018. Such asset-backed special project was pledged with the assets of two shopping malls of the Group in Beijing and Yantai and their rental income rights, which included Class A Preferred Securities (securities abbreviation: "18 Hongmei A1", securities code: 156486), Class B Preferred Securities (securities abbreviation: "18 Hongmei A2", securities code: 156487) and subordinated Securities (securities abbreviation: "18 Hongmei Ci", securities code: 156488). 18 Hongmei A1 had an issuance size of RMB2,289 million, with an annualized return of 5.80% and a maturity of 18 years, the principal and interest of which shall be repaid annually. The relevant amounts of 18 Hongmei A1 due within one year have been included in the non-current liabilities due within one year. 18 Hongmei A2 had an issuance size of RMB211 million, with an annualized return of 6.30% and a maturity of 18 years, the principal of which shall be repaid in a one-off manner upon maturity. The Group, as a posterior investor of 18 Hongmei Ci, subscribed RMB100 million with no annualized return and a maturity of 18 years. RMB48,000,000.00 of 18 Hongmei A1 due within one year have been included in the non-current liabilities due within one year.

The Company issued the first tranche of asset-backed notes of 2019 of Red Star Macalline Group Corporation Ltd. on 7 May 2019. The asset-backed notes were pledged with the assets of two shopping malls of the Group in Changzhou and their rental income rights, which included priority notes (securities abbreviation: "19 Macalline ABN001 Youxian", securities code: 081900208) and subordinated notes (securities abbreviation: "19 Macalline ABN001 Ci", securities code: 081900209). 19 Macalline ABN001 Youxian had an issuance size of RMB1,290 million, with an annualized return of 6.30% and a maturity of 18 years, the principal and interest of which shall be repaid annually. The relevant amounts of 19 Macalline ABN001 Youxian due within one year have been included in the non-current liabilities due within one year. The Group, as a posterior investor of 19 Macalline ABN001 Ci, subscribed RMB10 million with no annualized return and a maturity of 18 years. The Group, as a posterior investor of 19 Macalline ABN001 Ci, subscribed RMB10 million with no annualized return and a maturity of 18 years. RMB14,000,000.00 of 19 Macalline ABN001 Preferred due within one year have been included in the non-current liabilities due within one year.

The Company issued the home furnishing shopping mall asset-backed securities, namely "Red Star Macalline Asset-Backed Special Project", on 1 August 2019. Such asset-backed special project was pledged with the assets of two shopping malls of the Group in Beijing and Wuhan and their rental income rights, which included Class A Preferred Securities (securities abbreviation: "19 Hongmei A1", securities code: 159557), Class B Preferred Securities (securities abbreviation: "19 Hongmei A2", securities code: 159558) and subordinated Securities (securities abbreviation: "19 Hongmei Ci", securities code: 159559). 19 Hongmei A1 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 principal of which shall be repaid semi-annually. The Group, as a posterior investor of 18 Hongmei Ci, subscribed RMB150 million with no annualized return and a maturity of 21 years. RMB15,570,000.00 of 19 Hongmei A and 19 Hongmei B due within one year have been included in the non-current liabilities due within one year.

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

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

39. Share Capital

30 June 2020

	Opening amount	Changes during the period			Sub-total	Closing amount
		Issue of new shares	Shares giving Capital reserve transferred	Others		
I. Restricted shares						
1. State ownership						
2. State-owned corporate shares						
3. Other domestic shares	2,480,315,772.00					2,480,315,772.00
Include: Domestic non-stated-owned corporate shares	2,480,315,772.00					2,480,315,772.00
Domestic natural person shares						
Total restricted shares	2,480,315,772.00					2,480,315,772.00
II. Unrestricted shares						
1. RMB-denominated ordinary shares	395,788,197.00					395,788,197.00
2. Overseas listed foreign shares	673,896,031.00					673,896,031.00
Total unrestricted shares	1,069,684,228.00					1,069,684,228.00
Total	3,550,000,000.00					3,550,000,000.00

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

40. Capital Reserve

30 June 2020

	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Capital premium	4,293,381,742.02	–	254,353,817.67	4,039,027,924.35
Other capital reserve	(53,405,170.98)	12,782,188.75	–	(40,622,982.23)
	4,239,976,571.04	12,782,188.75	254,353,817.67	3,998,404,942.12

Others:

In the first half of 2020, the decrease in the capital reserve of the Group was due to the differences between the consideration for acquisition of non-controlling interests of Shenyang Mingdu Home Furnishing Plaza Company Limited (瀋陽名都家居廣場有限公司) and the carrying amount of net assets of subsidiaries.

The increase in other capital reserve was due to the impact of the employee stock ownership plans implemented by the Group. The Group considered and approved the first phase and the second phase of employee stock ownership plans (hereinafter referred to as “Employee Stock Ownership Plan(s)”) on 14 January 2019 and 15 May 2019, respectively, aiming to enhance the cohesion of employees, attract and retain management talents and core staff, etc.. The persons qualified included management and core staff of the Company and its subsidiaries. The first and the second phase of Employee Stock Ownership Plans came into force on 14 January 2019 and 15 May 2019, respectively. In 2019, the fair value of relevant Employee Stock Ownership Plans was RMB38,257,300.00, of which RMB12,782,188.75 was recognised by the Group as share-based compensation in the first half of 2020.

The grant-date fair value of the equity instruments granted under the two phases of Employee Stock Ownership Plans was estimated using the binary tree model based on key parameters such the Company’s share price as at the grant date, risk-free interest rate and stock fluctuation rate while taking into account the terms and conditions of the equity instruments granted.

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

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

41. Other Comprehensive Income

The accumulated balance of other comprehensive income in the consolidated balance sheet attributable to the Company's shareholders:

	1 January 2020	Changes in the current period	30 June 2020
Other comprehensive income that will not be reclassified to profit or loss			
Changes in fair value of other equity instrument investments	1,507,253,032.92	198,426,650.07	1,705,679,682.99
Other comprehensive income that will be reclassified to profit or loss	(24,125,991.75)	87,768,956.29	63,642,964.54
	1,483,127,041.17	286,195,606.36	1,769,322,647.53

Item	Opening balance	Amount incurred in the current period				After-tax amount attributable to non-controlling interests	Closing balance
		Amount before income tax in 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	1,507,253,032.92	775,476,318.04	439,868,370.65	136,221,474.98	198,426,650.07	959,822.34	1,705,679,682.99
Include: Changes in fair value of other equity instrument investments	1,507,253,032.92	775,476,318.04	439,868,370.65	136,221,474.98	198,426,650.07	959,822.34	1,705,679,682.99
II. Other comprehensive income that will be reclassified to profit or loss	(24,125,991.75)	113,656,807.33		25,887,851.04	87,768,956.29		63,642,964.54
Include: Exchange differences on translation of foreign operations		877,342.99			877,342.99		877,342.99
Changes in fair value of hedging	(24,125,991.75)	9,228,060.18			9,228,060.18		(14,897,931.57)
Transfer from owner-occupied properties to investment properties measured at fair value		103,551,404.16		25,887,851.04	77,663,553.12		77,663,553.12
Total of other comprehensive income	1,483,127,041.17	889,133,125.37	439,868,370.65	162,109,326.02	286,195,606.36	959,822.34	1,769,322,647.53

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

42. Surplus Reserve

30 June 2020

	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Statutory surplus reserve	1,954,818,567.23	–	–	1,954,818,567.23

The Company is required to appropriate 10% of its profit pursuant to the Company Law and the Articles of Association of the Company to the statutory surplus reserve until the reserve balance reaches 50% of its registered capital.

After the appropriation of the statutory surplus reserve, the Company may appropriate the discretionary surplus reserve. When approved, the discretionary surplus reserve can be used to recover accumulated losses or increase the share capital.

43. Retained Earnings

	January to June 2020	January to June 2019
Closing balance of retained earnings for last year before adjustment	34,486,715,762.57	30,629,417,859.13
Retroactive adjustment of change in accounting policy	–	(210,803,273.67)
Opening balance of retained earnings after adjustment	34,486,715,762.57	30,418,614,585.46
Net profits attributable to shareholders of the Company	1,101,316,487.91	2,705,544,357.44
Less: Appropriation to statutory surplus reserve	–	–
Appropriation to general risk provisions	–	–
Cash dividend payable for ordinary shares	898,150,000.00	958,500,000.00
Add: Other comprehensive income converted to retained earnings	439,868,370.65	337,689,819.38
Closing balance of retained earnings	35,129,750,621.13	32,503,348,762.28

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

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

44. Revenue and Cost of Sales

	January to June 2020		January to June 2019	
	Revenue	Cost	Revenue	Cost
Principal business	5,896,159,272.03	1,960,692,987.55	7,608,591,444.99	2,471,514,406.99
Other business	128,281,593.98	33,907,260.67	148,523,042.47	90,945,737.00
	6,024,440,866.01	1,994,600,248.22	7,757,114,487.46	2,562,460,143.99

Revenue from contracts are set out as follows:

	January to June 2020	January to June 2019
Revenue from the brand consulting and management service for the early stage of the project	440,472,175.76	544,564,357.68
Revenue from annual brand consulting and management service for the project	980,618,356.10	1,010,593,275.85
Revenue from commercial management and consultation service for construction project	84,125,340.75	61,320,754.72
Revenue from commercial consultation fees and tenant sourcing commissions	323,725,834.88	545,971,109.58
Revenue from construction and design service	640,753,919.60	937,841,156.07
Revenue from sales of goods and home decoration	182,300,235.25	206,083,076.14
Other revenues	344,532,479.52	498,618,579.85
	2,996,528,341.86	3,804,992,309.89

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

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

45. Taxes and Surcharges

	January to June 2020	January to June 2019
Property tax	117,284,249.02	144,227,404.88
Urban maintenance and construction tax	17,319,898.19	19,618,165.81
Education surcharge	15,970,303.50	15,636,013.08
Land use tax	11,065,735.18	13,051,478.82
Stamp duty	6,087,798.67	4,443,267.13
Others	4,208,003.49	4,867,596.04
	171,935,988.05	201,843,925.76

46. Distribution and Selling Expenses

	January to June 2020	January to June 2019
Advertising and promotional expenses	342,738,313.22	618,580,445.85
Energy and maintenance expenses	181,420,109.41	212,239,343.45
Salary, bonus and benefits	57,965,830.58	38,697,383.14
After-sales service expenses	15,701,566.39	19,034,710.88
Office and administrative expenses	13,762,189.03	15,182,559.09
Depreciation and amortization	8,018,842.54	14,011,099.12
Others	11,641,999.41	13,870,893.54
	631,248,850.58	931,616,435.07

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

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

47. General and Administrative Expenses

	January to June 2020	January to June 2019
Salary, bonus and benefits	382,198,422.77	376,349,537.35
Office and administrative expenses	154,963,392.42	182,256,307.98
Other professional services expenses	61,194,617.59	63,528,202.49
Depreciation and amortization	86,940,278.35	37,581,565.74
Energy and maintenance expenses	1,118,473.42	3,058,712.95
Others	58,045,431.88	39,804,651.89
	744,460,616.43	702,578,978.40

48. Research and Development Costs

	January to June 2020	January to June 2019
Salary, bonus and benefits	9,635,292.96	17,172,681.45
Depreciation and amortization	350,576.71	29,981.76
Others	857,932.99	63,679.25
	10,843,802.66	17,266,342.46

49. Financial Expenses

	January to June 2020	January to June 2019
Interest expenses	1,494,947,836.22	1,206,143,277.27
Less: Interest income	(79,419,260.20)	(108,474,110.83)
Less: Amounts to interest capitalization	(164,785,561.32)	(110,857,630.27)
Foreign exchange differences	75,872,756.72	(16,013,615.47)
Others	21,744,543.17	13,897,009.66
	1,348,360,314.59	984,694,930.36

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

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

50. Other Income

	January to June 2020	January to June 2019
Subsidy for land supporting expenses and subsidy for gas-fired air conditioning equipment	2,953,275.20	3,030,065.18
Other government grants relating to daily operational activities	83,062,080.22	55,546,132.00
	86,015,355.42	58,576,197.18

Other government grants relating to daily activities are as follows:

	January to June 2020	January to June 2019	Related to assets/profit
Subsidies (Note 1)	29,355,166.99	13,907,368.89	Related to profit
Special government grants (Note 2)	24,531,659.68	15,459,238.63	Related to profit
Reward support (Note 3)	29,175,253.55	26,179,524.48	Related to profit
	83,062,080.22	55,546,132.00	

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.

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

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

51. Investment Income

	January to June 2020	January to June 2019
Long-term equity investment income calculated by equity method	(1,684,944.69)	40,647,033.37
Bonuses received from other equity instruments	21,373,624.17	24,067,397.35
Bonuses received from other non-current financial assets	438,940.33	2,132,876.71
Investment gain/(loss) from disposal of financial assets held for trading	(5,793,149.73)	59,699,883.20
Investment gain or loss from disposal of associates	–	84,992,350.33
Investment gain from acquisition of associates in the current period	126,196,808.81	128,138,717.38
Investment gain from disposal of subsidiaries	1,035,517.01	–
Investment gain from disposal of other non-current financial assets	1,019,859.79	–
	142,586,655.69	339,678,258.34

52. Gains on Fair Value Changes

	January to June 2020	January to June 2019
Financial assets held for trading	(1,764,525.71)	11,833,546.98
Other non-current financial assets	2,473,800.00	–
Investment properties measured at fair value	295,889,923.71	893,402,356.50
	296,599,198.00	905,235,903.48

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

53. Impairment Losses of Credit

	January to June 2020	January to June 2019
Bad debt losses of accounts receivable	6,672,066.66	56,126,820.79
Impairment losses of contract assets	36,898.61	20,614,627.01
Bad debt losses of other receivables	13,383,834.67	10,257,888.44
Impairment losses of other non-current assets	(3,248,234.35)	20,705,602.95
Bad debt losses of long-term receivables	(2,201,826.02)	–
Impairment losses of non-current assets due within one year	(153,546.29)	–
Impairment losses of other current assets	(10,955,902.66)	(3,700,000.00)
	3,533,290.62	104,004,939.19

54. Gains from Disposal of Assets

	January to June 2020	January to June 2019
Gains (losses) from disposal of assets	(21,769,125.68)	7,106,901.16

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

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

55. Non-operating Income

	January to June 2020	January to June 2019	Amount included in non-recurring profit or loss for the current period
Income from default compensation	1,246,412.27	1,313,614.83	1,246,412.27
Others (Note)	16,102,892.28	20,628,544.24	16,102,892.28
	17,349,304.55	21,942,159.07	17,349,304.55

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

56. Non-operating expenses

	January to June 2020	January to June 2019	Amount included in non-recurring profit or loss for the current period
Compensation expenses	45,103,087.50	5,561,530.99	24,178,087.50
Charitable donations	27,905,000.00	1,384,600.00	27,905,000.00
Others	10,511,234.02	3,596,837.11	10,511,234.02
	83,519,321.52	10,542,968.10	62,594,321.52

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

57. Income Tax Expenses

	January to June 2020	January to June 2019
Current income tax expenses	283,647,287.87	607,301,878.82
Deferred income tax expenses	118,818,819.38	105,989,134.71
	402,466,107.25	713,291,013.53

The relationship between income tax expenses and total profit is as follows:

	January to June 2020	January to June 2019
Total profit	1,556,719,821.32	3,574,645,243.36
Income tax expenses calculated based on statutory tax rate	389,179,955.33	893,661,310.71
Impact of different tax rates applicable to subsidiaries	(130,522,064.97)	(173,487,506.51)
Adjustments on the income tax of previous periods	(15,715,268.25)	7,264,247.67
Profits and losses attributable to joint ventures and associates	421,236.17	(9,125,095.04)
Impact of non-deductible costs, expenses and losses	22,707,741.57	25,406,708.31
Deductible losses utilized from previous years	(106,181,421.08)	(79,789,865.33)
Tax impact of deductible temporary difference and deductible loss previously not recognized	243,227,465.17	82,098,646.97
Tax impact of disposal of subsidiaries	30,897,665.51	-
Investment gain from acquisition of associates	(31,549,202.20)	(32,737,433.26)
Income tax expense calculated based on the effective tax rate of the Group	402,466,107.25	713,291,013.53

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

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

58. Earnings per Share

Calculation of the basic earnings per share for the six months ended 30 June 2020 and 30 June 2019 is based on the following data:

	Six months ended 30 June	
	2020 (Unaudited)	2019 (Unaudited)
Net profit for the current period attributable to owners of the Company	1,101,316,487.91	2,705,544,357.44
Including: Net profit attributable to continuing operations	1,101,316,487.91	2,705,544,357.44
Net profit attributable to discontinued operations		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share ⁽¹⁾	3,905,000,000	3,905,000,000
Basic earnings per share	0.28	0.69

The Group does not have dilutive ordinary shares.

Note :

- (1) During the Reporting Period, the Company issued one share per 10 shares by way of conversion of capital reserve to all of its shareholders and such capitalization shares have been distributed after the Reporting Period. According to the Public Issuance of Securities Companies Information Disclosure and Compilation Rules No. 09 – Calculation and Disclosure of Return on Equity and Earnings Per Share (CSRC Announcement [2010] No. 2), the Company's basic earnings per share during the same period in 2019 was recalculated and presented based on the number of shares after the conversion.

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

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

59. Notes to the Cash Flow Statements

	January to June 2020	January to June 2019
Other cash received in connection with operating activities		
Deposits received	68,557,031.75	600,572,520.85
Net proceeds collected and paid on behalf of others	1,102,175,816.13	–
Reserves with central bank	36,349,698.69	57,459,341.94
Non-operating income and government grants	84,121,961.65	82,469,212.79
Interest income	37,488,979.34	18,837,443.85
	1,328,693,487.56	759,338,519.43
Other cash paid in connection with operating activities		
Payment of expenses and other proceeds	1,217,236,303.13	1,480,992,027.27
Net proceeds collected and paid on behalf of others	–	1,007,990,521.20
Bank charges and other expenses	5,141,015.67	8,560,541.15
Non-operating expenses	83,519,321.52	10,542,968.10
	1,305,896,640.32	2,508,086,057.72
Other cash received in connection with investing activities		
Project-related current account	527,379,287.59	550,333,199.51
Recovery of the entrusted loan	308,651,735.76	352,704,500.00
Interest income from loans	81,944,739.43	86,817,770.02
Redemption of the wealth management products	22,506,030.18	–
Recovery of restricted funds	19,228,357.33	428,465,778.68
Redemption of fixed bank deposits due after over 3 months	181,762,704.83	278,230,000.00
	1,141,472,855.12	1,696,551,248.21

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

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

59. Notes to the Cash Flow Statements (continued)

	January to June 2020	January to June 2019
Other cash paid in connection with investing activities		
Project-related current account	1,890,768,060.53	673,398,109.08
Granting entrusted loan	80,500,000.00	518,782,481.96
Restricted cash payment	42,213,239.47	311,773,248.40
Fixed bank deposits due after over 3 months	323,706,481.36	89,742,800.24
	2,337,187,781.36	1,593,696,639.68
Other cash received in connection with financing activities		
Project-related current account	–	102,587,914.31
Compensation promised by shareholders (Note 1)	–	154,384,500.54
	–	256,972,414.85
Other cash paid in connection with financing activities		
Project-related current account	105,389,397.90	465,080,062.11
Acquisition of non-controlling interests	189,150,543.39	234,139,401.00
Loan charges	–	13,897,009.66
Rental paid for leased Portfolio Shopping Malls	225,718,737.17	385,073,135.34
	520,258,678.46	1,098,189,608.11

Note 1: RMB154,384,500.54 was received in 2019 from the actual controller Mr. CHE Jianxing who promised such payment as compensation for the case with Changsha Ideal.

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

60. Supplementary Information of Cash Flow Statements

(1) Supplementary information of cash flow statements

Reconciliation of net profits to cash flow from operating activities:

	January to June 2020	January to June 2019
Net profits	1,154,253,714.07	2,861,354,229.83
Add: Impairment losses of credit	3,533,290.62	104,004,939.19
Amortization of right-of-use assets	231,460,394.12	207,912,622.93
Depreciation of fixed assets	90,966,059.34	31,650,439.16
Amortization of intangible assets	29,474,969.60	17,564,768.27
Amortization of long-term prepaid expenses	78,461,561.53	66,048,030.13
Amortization of deferred income	–	–
Losses/(gains) on disposal of fixed assets, intangible assets and other long-term assets	21,769,125.68	(7,106,901.16)
Gains from changes in fair value	(296,599,198.00)	(905,235,903.48)
Financial expense	1,363,358,973.71	860,348,879.74
Investment income	(142,586,655.69)	(305,931,078.51)
Increase in deferred tax assets	(193,937,776.51)	(134,707,885.94)
Increase in deferred tax liabilities	267,267,155.22	483,333,027.45
Decrease in inventories	(10,980,603.11)	(35,496,282.02)
Increase in operating receivables	(163,451,333.66)	(177,641,348.12)
Decrease in operating payables	(1,367,094,872.71)	(1,887,019,819.72)
Net cash flows from operating activities	1,065,894,804.21	1,179,077,717.75
Net change in cash and cash equivalents:		
Closing balance of cash	8,806,185,306.17	7,790,340,174.64
Less: Opening balance of cash	6,776,093,360.48	7,614,487,228.69
Net increase in cash and cash equivalents	2,030,091,945.69	175,852,945.95

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

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

60. Supplementary Information of Cash Flow Statements (continued)

(2) Information for acquisition or disposal of subsidiaries and other business units

Information for acquisition of subsidiaries and other business units

	January to June 2020	January to June 2019
Cash and cash equivalents paid in the current period for acquisition of subsidiaries and other business units in the last period	779,516,918.95	428,704,639.14
Cash and cash equivalents paid for acquisition of subsidiaries and other business units in the current period	922,510,000.00	193,105,228.55
Less: Cash and cash equivalents held for acquisition of subsidiaries and other business units	27,027,623.64	34,716,318.77
Net cash paid for acquisition of subsidiaries and other business units	1,674,999,295.31	587,093,548.92

Information of disposal of subsidiaries and other business units.

	January to June 2020	January to June 2019
Cash and cash equivalents paid for disposal of subsidiaries and other business units in the last period	4,422,078.92	–
Cash and cash equivalents paid for disposal of subsidiaries and other business units in the current period	1.00	–
Less: Cash and cash equivalents held for disposal of subsidiaries and other business units	–	–
Net cash received from disposal of subsidiaries and other business units	4,422,079.92	–

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

60. Supplementary Information of Cash Flow Statements (continued)

(3) Cash and cash equivalents

	30 June 2020	30 June 2019
Cash	8,806,185,306.17	7,790,340,174.64
Including: Cash on hand	7,278,113.86	18,417,958.32
Bank deposits readily to be withdrawn on demand	8,798,907,192.31	7,771,922,216.32
Closing balance of cash and cash equivalents	8,806,185,306.17	7,790,340,174.64

61. Assets with Restricted Ownership or Use Right

	30 June 2020	31 December 2019	Reasons for limitation
Cash and bank balances	120,000,000.00	5,000,000.00	Long-term Loan pledge
Cash and bank balances	1,006,431.26	1,005,097.99	Engineering deposit
Cash and bank balances	–	448,837.00	Court freezing
Cash and bank balances	30,748,359.49	10,141,501.53	Deposited investment fund
Cash and bank balances	127,896,263.52	164,245,962.21	Reserves deposited in the Central Bank
Cash and bank balances	52,400,000.00	52,400,000.00	Hedging deposit
Cash and bank balances	41,828,811.85	23,948,811.85	Guarantee deposit
Cash and bank balances	4,138,621.37	14,193,093.46	Migrant worker deposit
Investments in other equity instruments	–	702,000,000.00	Loan mortgage
Investment properties	76,971,000,000.00	68,633,000,000.00	Loans, CMBS, Trust pledge/mortgage
Fixed assets	2,221,593,006.12	549,918,707.57	Loan pledge
Construction in progress	–	2,310,501,272.84	Loan pledge
	79,570,611,493.61	72,466,803,284.45	

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

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

61. Assets with Restricted Ownership or Use Right

Others:

As at the end of the period, the revenue of operations from Nanjing Kazimen Mall, Shanghai Zhenbei Shopping Mall, Shanghai Wuzhonglu Shopping Mall, Jinan Red Star Shopping Mall, Zhengzhou Red Star Shopping Mall, Shanghai Jinqiao Shopping Mall, Hefei Red Star Shibo, Nanjing Pukou, Harbinxi Railway Station and Shanghai Jinshan during relevant loan periods was used for loan pledge. The revenue of property operation from Xinglong Home Furnishing, Tianjin Hedong, Beijing East Four Ring, Yantai Red Star, Wuhan Etouwan, Beijing West Four Ring, Changzhou Home World and Changzhou Macalline during relevant periods was used for CMBS pledge.

62. Monetary Items Denominated in Foreign Currency

	30 June 2020			31 December 2019		
	Original currencies	Exchange rate	RMB equivalent	Original currencies	Exchange rate	RMB equivalent
Cash and bank balances						
USD	5,155,098.51	7.0795	36,495,519.90	2,338,925.22	6.9762	16,316,810.12
EUR	3,440,080.18	7.9610	27,386,478.31	6,200,000.00	7.8155	48,456,100.00
HKD	40,612,549.35	0.9134	37,095,502.58	331,953.20	0.8958	297,363.68
Bonds payable						
USD	297,275,263.69	7.0795	2,104,560,229.29	296,684,055.39	6.9762	2,069,727,307.24
Short-term loans						
HKD	-	-	-	965,000,000.00	0.8958	864,447,700.00
EUR	172,850,000.00	7.9610	1,376,058,850.00	-	-	-

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

63. Hedging

Fair value hedging

Hong Kong Red Star Macalline Global Home Furnishing Company Limited (香港紅星美凱龍全球家居有限公司) (hereinafter referred to as "Hong Kong Red Star Macalline"), a subsidiary of the Group (whose functional currency is RMB), issued USD300,000,000.00 long-term bonds on 21 September 2017, which will mature on 21 September 2022 and has interest rate of 3.375% per annum payable semi-annually on March 21 and September 21 of each year commencing on 21 March 2018. In response to this part of long-term bonds facing the exchange rate risk exposure caused by changes in RMB against USD. On April 2, 2019, the Group purchased a structured currency swap (can cancel the range forward), against USD150,000,000 of the USD-dominated loan of Hong Kong Red Star. On May 9, 2019, the Group purchased an option portfolio product consisting of the signed options and the purchased options to hedge the USD100,000,000 of the USD-dominated loan of Hong Kong Red Star. Through qualitative analysis, the Group determined that the ratio of the number of hedging instruments to hedged items was 1: 1. The invalid part of the hedge mainly comes from the foreign exchange basis.

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

2020

	Nominal amount of hedging instruments	Book value of hedging instruments Assets	Items listed on the balance sheet with hedging instruments	Changes in the fair value of hedging instruments used as the basis for confirming the invalid part of the hedge in 2020
Structured currency swaps	USD150,000,000	32,023,423.42	Derivative financial instruments	–
Option portfolio	USD100,000,000	22,388,229.75	Derivative financial instruments	–

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

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

63. Hedging (continued)

Fair value hedging (continued)

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

2020

	Book value of hedged items Liabilities	Cumulative amount of fair value hedging adjustment of the hedged item (included in the book value of the hedged item) Liabilities	Listed items in the balance sheet including hedged items	Changes in the fair value of hedged items used as the basis for confirming the invalid part of the hedge for current period
USD-dominated bonds	1,769,875,000.00	(57,330,000.00)	Bonds payable	8,620,000.00

VI. CHANGES IN CONSOLIDATION SCOPE

1. Business Combinations Involving Enterprises Not Under Common Control

No business combinations involving enterprises not under common control in this period

2. Assets Acquisition

Asset acquisitions completed by the Group this year are as follows:

In January 2020, the Group entered into an equity transfer agreement with Shanghai Hongjun Investment Company Limited (上海弘郡投資有限公司) (“Hongjun Investment”), the original shareholder of Hangzhou Red Star Macalline Global Home Living Company Limited (杭州紅星美凱龍環球家居有限公司) (“Hangzhou Global”), and transferred 81% of the equity of the target company Hangzhou Global. After the acquisition was completed, the Group holds 100% shares of Hangzhou Global.

On 18 June 2020, the Group and other shareholders of 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 Heji”) passed a resolution to amend the Articles of Association of the Company. The Articles of Association stipulated that the Group will increase the capital by RMB95,500,000.00 to Shaanxi Heji. Upon completion of the capital increase, the Group’s shareholding ratio in Shaanxi Heji will rise from 18% to 80%.

The management of the Group believes that none of the above transactions constitute a business combination and considers these acquisitions as asset acquisitions.

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

VI. CHANGES IN CONSOLIDATION SCOPE (continued)

3. Disposal of subsidiaries

Unit: yuan Currency: RMB

Subsidiary name	Amount of disposal for equity	Disposal ratio (%)	Mode of disposal	Time of ceased control	Time of for the time of ceased control	Differences arising from disposal amount and portion of net assets held by disposal investment for	Ratio of the remaining equity at the date of financial statement	Book value of the remaining equity at the date of ceased control	Fair value of the remaining equity at the date of ceased control	Gain or loss arising from remeasurement at fair value of remaining equity	Recognition and assumption for fair value of the remaining equity at the date of ceased control	Profit or loss arising from transformation of other comprehensive income which is related to equity investment
Shanghai Xingju Supply Chain Management Company Limited (上海星聚供應鏈管理有限公司)	1.00	60	loss of control	20 March 2020	Time of ceased control	579,845.37						
Shanghai Weilaishi Decoration Technology Company Limited (上海威來適裝飾科技有限公司)	0.00	60	loss of control	26 May 2020	Time of ceased control	455,671.64	40	-	-	-	nil	-

VI. CHANGES IN CONSOLIDATION SCOPE (continued)

4. Changes in scope of consolidation due to non-other reasons

(1) Newly established

Subsidiary name	Main business site	Place of incorporation	Business nature	Shareholding ratio		Reason of changes newly established company
				Direct (%)	Indirect (%)	
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
Meishan Red Star Macalline Expo Home Plaza Co., Ltd. (眉山紅星美凱龍世博家居廣場有限公司)	Sichuan	Sichuan	Site leasing management	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
Tianjin Hongju Supply Chain Technology Co., Ltd. (天津紅居供應鏈科技有限公司)	Tianjin	Tianjin	Supply chain management	-	100	Subsidiaries acquired through establishment or investment
Tianjin Hongmei Supply Chain Technology Co., Ltd. (天津紅美供應鏈科技有限公司)	Tianjin	Tianjin	Supply chain management	-	100	Subsidiaries acquired through establishment or investment
Shanghai Macalline Wenshang Business Management Co., Ltd. (上海美凱龍文商商業管理有限公司)	Shanghai	Shanghai	Management and consultancy	100	-	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
Nanchang Betterhome Decoration Engineering Co., Ltd. (南昌家倍得裝飾工程有限公司)	Jiangxi	Jiangxi	Home design	-	54	Subsidiaries acquired through establishment or investment
Shanghai Aimule Decoration Engineering Co., Ltd. (上海愛木樂裝飾工程有限公司)	Shanghai	Shanghai	Home design	-	68	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

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

VI. CHANGES IN CONSOLIDATION SCOPE (continued)

4. Changes in scope of consolidation due to non-other reasons (continued)

(2) Cancelled subsidiary

The subsidiaries cancelled by the Group this year were Chengdu Red Star Macalline Logistics Company Limited (成都紅星美凱龍物流有限公司), Xiaogan Betterhome Building Technology Co., Ltd. (孝感家倍得建築科技有限公司), Shanghai Juqin Enterprise Management Partnership (Limited Partnership)(上海聚欽企業管理合夥企業(有限合夥)), Shanghai Jibin Enterprise Management Partnership (Limited Partnership)(上海集彬企業管理合夥企業(有限合夥)) and Shanghai Jici Enterprise Management Partnership (Limited Partnership)(上海集慈企業管理合夥企業(有限合夥)).

VII. INTERESTS IN OTHER ENTITIES

1. Interests in subsidiaries

(1) Composition of enterprise group

Subsidiary name	Main business site	Place of incorporation	Business nature	Shareholding ratio (%)		Acquisition method
				Direct	Indirect	
Anhui Red Star Macalline Logistics Company Limited (安徽紅星美凱龍物流有限公司)	Anhui	Anhui	Warehouse logistics	-	100	Subsidiaries acquired through establishment or investment
Guizhou Red Star Macalline Logistics Company Limited (貴州紅星美凱龍物流有限公司)	Guizhou	Guizhou	Warehouse logistics	-	100	Subsidiaries acquired through establishment or investment
Hefei Red Star Macalline Logistics Company Limited (合肥紅星美凱龍物流有限公司)	Anhui	Anhui	Warehouse logistics	-	100	Subsidiaries acquired through establishment or investment
Hebei Red Star Macalline Logistics Company Limited (河北紅星美凱龍物流有限公司)	Hebei	Hebei	Warehouse logistics	-	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

VII. 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	
Shaanxi Red Star Macalline Logistics Company Limited (陝西紅星美凱龍物流有限公司)	Shaanxi	Shaanxi	Warehouse logistics	-	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 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 Beibo Logistics Company Limited (上海倍博物流有限公司)	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 Beihao Logistics Company Limited (上海倍皓物流有限公司)	Shanghai	Shanghai	Warehouse logistics	-	100	Subsidiaries acquired through establishment or investment
Shanghai Beilang Logistics Company Limited (上海倍朗物流有限公司)	Shanghai	Shanghai	Warehouse logistics	-	100	Subsidiaries acquired through establishment or investment
Shanghai Beimai Logistics Company Limited (上海倍邁物流有限公司)	Shanghai	Shanghai	Warehouse logistics	-	100	Subsidiaries acquired through establishment or investment
Shanghai Beimao Logistics Company Limited (上海倍茂物流有限公司)	Shanghai	Shanghai	Warehouse logistics	-	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

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

VII. 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 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 Beixun Logistics Company Limited (上海倍訊物流有限公司)	Shanghai	Shanghai	Warehouse logistics	-	100	Subsidiaries acquired through establishment or investment
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
Shanghai Beiyue Logistics Company Limited (上海倍躍物流有限公司)	Shanghai	Shanghai	Warehouse logistics	-	100	Subsidiaries acquired through establishment or investment
Shanghai Beizheng Logistics Company Limited (上海倍正物流有限公司)	Shanghai	Shanghai	Warehouse logistics	-	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
Shanghai Hongyue Logistics Company Limited (上海宏嶽物流有限公司)	Shanghai	Shanghai	Warehouse logistics	-	60	Subsidiaries acquired through establishment or investment
Tianjin Red Star Macalline Logistics Company Limited (天津紅星美凱龍物流有限公司)	Tianjin	Tianjin	Warehouse logistics	-	60	Subsidiaries acquired through establishment or investment
Chongqing Red Star Macalline Logistics Company Limited (重慶紅星美凱龍物流有限公司)	Chongqing	Chongqing	Warehouse logistics	-	100	Subsidiaries acquired through establishment or investment
Shenzhen Red Star Macalline Gaosheng City Development Company Limited (深圳市紅星美凱龍高產城發展有限公司)	Guangdong	Guangdong	Industrial investment	51	-	Subsidiaries acquired through establishment or investment

VII. 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 (%)		
				Direct	Indirect	Acquisition method
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
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
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
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
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
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

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

VII. 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 (%)		
				Direct	Indirect	Acquisition method
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
Foshan Red Star Macalline Home Furnishing Plaza Company Limited (佛山紅星美凱龍家居生活廣場有限公司)	Guangdong	Guangdong	Site leasing management	100	–	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
Guangzhou Red Star Macalline Home Expo Center Company Limited (廣州紅星美凱龍家居博覽中心有限公司)	Guangdong	Guangdong	Site leasing management	100	–	Subsidiaries acquired through establishment or investment
Guangzhou Red Star Macalline Home Furnishing Building Material Company Limited (廣州紅星美凱龍家居建材有限公司)	Guangdong	Guangdong	Site leasing management	100	–	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
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
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

VII. 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 (%)		
				Direct	Indirect	Acquisition method
Haikou Tangong Industrial Limited (海口檀宮實業有限公司)	Hainan	Hainan	Site leasing management	100	–	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
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
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
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
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
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
Meishan Red Star Macalline Expo Home Plaza Co., Ltd. (眉山紅星美凱龍世博家居廣場有限公司)	Sichuan	Sichuan	Site leasing management	100	–	Subsidiaries acquired through establishment or investment

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

VII. 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 (%)		
				Direct	Indirect	Acquisition method
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
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
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)	Jiangsu	Jiangsu	Site leasing management	100	–	Subsidiaries acquired through establishment or investment
Nantong Hongmei Shibo Home Furnishing Plaza Company Limited (南通紅美世博家居廣場有限公司)	Jiangsu	Jiangsu	Site leasing management	100	–	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
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 Ditu Home Furnishing Company Limited (上海締圖家居有限公司)	Shanghai	Shanghai	Site leasing management	–	30	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

VII. 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 (%)		
				Direct	Indirect	Acquisition method
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 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
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
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
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
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
Shenyang Red Star Macalline Home Living 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

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

VII. 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 (%)		
				Direct	Indirect	Acquisition method
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
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
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
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
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
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 Home Furnishings Plaza Company Limited (天津紅星美凱龍家居家飾生活廣場有限公司)	Tianjin	Tianjin	Site leasing management	100	–	Subsidiaries acquired through establishment or investment
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)	Tianjin	Tianjin	Site leasing management	100	–	Subsidiaries acquired through establishment or investment

VII. 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 (%)		
				Direct	Indirect	Acquisition method
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
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
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
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
Wuhan Red Star Macalline Shibo Home Living Plaza Development Company Limited (武漢紅星美凱龍世博家居廣場發展有限公司)	Hubei	Hubei	Site leasing management	100	–	Subsidiaries acquired through establishment or investment
Xi'an Red Star Macalline Home Living Plaza Company Limited (西安紅星美凱龍家居生活廣場有限公司)	Shaanxi	Shaanxi	Site leasing management	75	–	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

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

VII. 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 (%)		
				Direct	Indirect	Acquisition method
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
Yantai Red Star Macalline Home Living Company Limited (煙臺紅星美凱龍家居有限公司)	Shandong	Shandong	Site leasing management	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
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
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
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
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

VII. 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 (%)		
				Direct	Indirect	Acquisition method
Zhengzhou Red Star Macalline Shibo Home Furnishing Plaza 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
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
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
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
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
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
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

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

VII. 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 (%)		
				Direct	Indirect	Acquisition method
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
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)	Shanghai	Shanghai	Loan service	95	5	Subsidiaries acquired through establishment or investment
Red Star Daojia (Shanghai) Technology Company Limited (紅星到家(上海)科技有限公司)	Shanghai	Shanghai	E-commerce	100	-	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
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
Shanxi Xingyi Tonghui Network Technology Company Limited (山西星易通匯網絡科技有限公司)	Shanxi	Shanxi	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 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 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

VII. 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 (%)		
				Direct	Indirect	Acquisition method
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
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
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 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
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
Shanghai Jia Ju Information Technology Company Limited (上海家聚信息技術有限公司)	Shanghai	Shanghai	E-commerce	–	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 Yingtailijin Technology Company Limited (上海英太利金科技有限公司)	Shanghai	Shanghai	E-commerce	80	–	Subsidiaries acquired through establishment or investment

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

VII. 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 (%)		
				Direct	Indirect	Acquisition method
Tianjin Hongju Supply Chain Technology Co., Ltd. (天津紅居供應鏈科技有限公司)	Tianjin	Tianjin	Supply chain management	-	100	Subsidiaries acquired through establishment or investment
Tianjin Hongmei Supply Chain Technology Co., Ltd. (天津紅美供應鏈科技有限公司)	Tianjin	Tianjin	Supply chain management	-	100	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
Red Star Macalline (Shanghai) Business Management Company Limited (紅星美凱龍(上海)企業管理有限公司)	Shanghai	Shanghai	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
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
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 Macalline Wenshang Business Management Co., Ltd. (上海美凱龍文商商業管理有限公司)	Shanghai	Shanghai	Management and consultancy	100	-	Subsidiaries acquired through establishment or investment

VII. 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 (%)		
				Direct	Indirect	Acquisition method
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
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
Nanchang Betterhome Decoration Engineering Co., Ltd. (南昌家倍得裝飾工程有限公司)	Jiangxi	Jiangxi	Home design	–	54	Subsidiaries acquired through establishment or investment
Shanghai Aimule Decoration Engineering Co., Ltd. (上海愛木樂裝飾工程有限公司)	Shanghai	Shanghai	Home design	–	68	Subsidiaries acquired through establishment or investment
Shanghai Fengdilong Home Decorating Design Company Limited (上海峰迪龍裝飾設計工程有限公司)	Shanghai	Shanghai	Home design	–	80	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 Red Star Macalline Construction and Decoration Design Company Limited (上海紅星美凱龍住建裝配設計有限公司)	Shanghai	Shanghai	Home design	–	100	Subsidiaries acquired through establishment or investment
Shanghai Jiading Construction Home Decorating Design Company Limited (上海家鼎建築裝飾設計工程有限公司)	Shanghai	Shanghai	Home design	–	80	Subsidiaries acquired through establishment or investment

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

VII. 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 (%)		
				Direct	Indirect	Acquisition method
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
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
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
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
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 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
Shanghai BetterHome Industrial Company Limited (上海家倍得實業有限公司)	Shanghai	Shanghai	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

VII. 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 (%)		
				Direct	Indirect	Acquisition method
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
Shanghai Red Star Macalline Home Decorating Company Limited (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
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
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
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
Shanghai Red Star Macalline Labour Dispatch Company Limited (上海英太翡思營銷策劃有限公司)	Shanghai	Shanghai	Labour dispatching	100	-	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
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

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

VII. 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 (%)		
				Direct	Indirect	Acquisition method
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
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
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
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
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 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
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

VII. 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 (%)		
				Direct	Indirect	Acquisition method
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
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
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
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
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
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
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

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

VII. 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 (%)		
				Direct	Indirect	Acquisition method
Red Star Macalline Enterprise Management Consultation 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 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
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 Hongju Corporate Management Company Limited (霍爾果斯紅居企業管理有限公司)	Xinjiang	Xinjiang	Enterprise management and consultancy	70	–	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
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	–	50	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 Enliu Enterprise Management Company Limited (上海蔥柳企業管理有限公司)	Shanghai	Shanghai	Enterprise management and consultancy	–	100	Subsidiaries acquired through establishment or investment

VII. 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 Ersai Enterprise Management Company Limited (上海邕賽企業管理有限公司)	Shanghai	Shanghai	Enterprise management and consultancy	-	100	Subsidiaries acquired through establishment or investment
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 Installation of Construction and Furnishing Materials Technology Company Limited (上海紅星美凱龍住建裝配科技有限公司)	Shanghai	Shanghai	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 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
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 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 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 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

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

VII. 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 (%)		
				Direct	Indirect	Acquisition method
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 Zhiya Business Management Company Limited (上海柘雅管理諮詢有限公司)	Shanghai	Shanghai	Enterprise management and consultancy	–	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
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
Xi'an Comfort Meijia Housekeeping Service Co., Ltd. (西安舒適美佳家政服務有限責任公司)	Shaanxi	Shaanxi	Enterprise management and consultancy	65	–	Subsidiaries acquired through establishment or investment
Tibet Macalline Business Management Company Limited (西藏紅星美凱龍企業管理有限公司)	Tibet	Tibet	Enterprise management and consultancy	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
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

VII. 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 (%)		
				Direct	Indirect	Acquisition method
Yantai Xinhuan Enterprise Management Company Limited (煙臺欣歡企業管理有限公司)	Shandong	Shandong	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
Zhengzhou Juankai Enterprise Management Consultation Company Limited (鄭州雋鑑企業管理諮詢有限公司)	Henan	Henan	Enterprise management and consultancy	-	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 Red Star Macalline Financial Leasing Company Limited (上海紅星美凱龍融資租賃有限公司)	Shanghai	Shanghai	Equipment leasing	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
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)	Shanghai	Shanghai	Market company	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

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

VII. 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 (%)		
				Direct	Indirect	Acquisition method
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
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
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 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
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
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 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
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
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

VII. 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 (%)		
				Direct	Indirect	Acquisition method
Shanghai Jiajinsuo Financial Technology Information Services Company Limited (上海家金所金融科技信息服務有限公司)	Shanghai	Shanghai	Investment management	-	100	Subsidiaries acquired through establishment or investment
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
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
Shanghai Kaichun Investment Management Company Limited (上海凱淳投資管理有限公司)	Shanghai	Shanghai	Investment 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 Fanju Network Technology Company Limited (上海泛居網絡科技有限公司)	Shanghai	Shanghai	Network technique	-	100	Subsidiaries acquired through establishment or investment
Shanghai Huaixing Culture Company Limited (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
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
Henan Xixiliya Property Management Company Limited (河南西西亞物業管理有限公司)	Henan	Henan	Property management	-	100	Subsidiaries acquired through establishment or investment

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

VII. 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 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 Red Star Macalline Commercial Factoring Company Limited (上海紅星美凱龍商業保理有限公司)	Shanghai	Shanghai	Accounts receivable financing	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 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
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
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)	Shanghai	Shanghai	Proprietary sales	100	–	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

VII. 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 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
Shanghai Youmei Home Furnishing Co., Ltd. (上海悠美家居有限公司)	Shanghai	Shanghai	Proprietary sales	-	100	Subsidiaries acquired through establishment or investment
Red Star Macalline GmbH	Munich Germany	Munich Germany	Other	-	100	Subsidiaries acquired through establishment or investment
Red star Global Holdings Limited	The Virgin Islands	The Virgin Islands	Other	-	100	Subsidiaries acquired through establishment or investment
Shanghai Dingshi Enterprise Management Partnership (Limited Partnership) (上海鼎識企業管理合夥企業(有限合夥))	Shanghai	Shanghai	Enterprise management and consultancy	-	100	Subsidiaries acquired through establishment or investment
Shanghai Hezhu Enterprise Management Partnership (Limited Partnership) (上海合祝企業管理合夥企業(有限合夥))	Shanghai	Shanghai	Enterprise management and consultancy	-	100	Subsidiaries acquired through establishment or investment
Shanghai Jiliang Enterprise Management Partnership (Limited Partnership) (上海集量企業管理合夥企業(有限合夥))	Shanghai	Shanghai	Enterprise management and consultancy	-	100	Subsidiaries acquired through establishment or investment
Shanghai Juzun Enterprise Management Partnership (Limited Partnership) (上海聚尊企業管理合夥企業(有限合夥))	Shanghai	Shanghai	Enterprise management and consultancy	-	100	Subsidiaries acquired through establishment or investment

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

VII. 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 Juchu Business Management Partnership (Limited Partnership (LP)) (上海聚楚企業管理合夥企業(有限合夥))	Shanghai	Shanghai	Enterprise management and consultancy	-	1	Subsidiaries acquired through establishment or investment
Shanghai Herou Business Management Partnership (Limited Partnership (LP)) (上海合柔企業管理合夥企業(有限合夥))	Shanghai	Shanghai	Enterprise management and consultancy	-	1	Subsidiaries acquired through establishment or investment
Shanghai Hezeng Business Management Partnership (Limited Partnership (LP)) (上海合增企業管理合夥企業(有限合夥))	Shanghai	Shanghai	Enterprise management and consultancy	-	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
Anhui Shengshi Dingtong Logistics Company Limited (安徽盛世鼎通物流有限公司)	Anhui	Anhui	Warehouse logistics	-	100	Subsidiaries acquired through business combination not under common control

VII. 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 Company Limited (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
Yongqing Yintai New City Construction Development Company Limited (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
Yongqing Yintong Construction Development Company Limited (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
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
Dalian Red Star Macalline Shibo Home Furnishing Plaza Company (大連紅星美凱龍世博家居廣場有限公司)	Liaoning	Liaoning	Site leasing management	62	-	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

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

VII. 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	
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
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 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 Property 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
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
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
Xinsheng property management (Shanghai) Company Limited (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
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

VII. 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 Dingsheng Construction Management and Design Company Limited (上海紅星美凱龍建築設計有限公司)	Shanghai	Shanghai	Construction decoration	-	100	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
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
Shanghai Betterhome Decoration Engineering Company Limited (上海家倍得裝飾工程有限公司)	Shanghai	Shanghai	Home design	-	90	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
Qianzhi (Shanghai) Home Living Company Limited (乾智(上海)家居有限公司)	Shanghai	Shanghai	Proprietary sales	60	-	Subsidiaries acquired through business combination not 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
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

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

VII. 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 (%)		
				Direct	Indirect	Acquisition method
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
Changzhou Hongyang Home Living 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
Changzhou Macalline International Computer and Home Appliance City Company Limited (常州美凱龍國際電腦家電裝飾城有限公司)	Jiangsu	Jiangsu	Site leasing management	100	–	Subsidiaries acquired through business combination under common control
Changzhou Worldwide Home Living and Furnishing Plaza Company Limited (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
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
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
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

VII. 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	
Lianyungang Red Star Macalline International Home Living Plaza Company Limited (連雲港紅星美凱龍國際家居廣場有限公司)	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 Living 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 Global Home Living 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 Red Star Macalline Home Furnishing City Company Limited (上海紅星美凱龍裝飾傢俱城有限公司)	Shanghai	Shanghai	Site leasing management	92	5	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
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
Wuxi Red Star International Home Furnishing Company Limited (無錫紅星美凱龍國際傢俱裝飾有限公司)	Jiangsu	Jiangsu	Site leasing management	90	10	Subsidiaries acquired through business combination under common control

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

VII. 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 (%)		
				Direct	Indirect	Acquisition method
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)	Hunan	Hunan	Site leasing management	100	–	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
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
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
Shanghai Red Star Macalline Advertising Company Limited (上海雋邁廣告有限公司)	Shanghai	Shanghai	Advertisement company	–	100	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
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

VII. 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	
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
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 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
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
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
Shanghai Xingkai Chengpeng Business Management Company Limited (上海星凱程鵬企業管理有限公司)	Shanghai	Shanghai	Investment management	100	-	Subsidiaries acquired through business combination under common control

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

VII. 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 Expo Home Living Plaza Co., Ltd. (濟南紅星美凱龍世博家居生活廣場有限公司), after the completion of the relevant cooperative project buildings, Shandong Furong Group Co., Ltd. got part of property rights of the buildings, which is rented by the Group. The lease term is 10 years from the official opening of the project (2010 to 2020). Shandong Furong Group Co., Ltd. obtained a fixed rental return and did not participate in the daily management and other profit distribution of Jinan Red Star. 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 from the 12th month after construction commencement day, 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.

VII. 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:

Notes 1: Shanghai Red Star Macalline International Trading Company Limited (上海紅星美凱龍國際貿易有限公司) controlled by the Group accounts for 55% of the percentage of equity of Shanghai Ditu Home Furnishing Company Limited (上海締圖家居有限公司). Pursuant to the Articles of Association, resolutions of the general meeting shall be approved by shareholders representing at least half of voting rights of the whole shareholders, and the Group could exercise control over it.

Notes 2: Shanghai Red Star Macalline International Trading Company Limited (上海紅星美凱龍國際貿易有限公司) controlled by the Group accounts for 51% of the percentage of equity of Shanghai Red Star Macalline Home Furnishing Trading Company Limited (上海紅星美凱龍美居商貿有限公司). 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.

Notes 3: Other shareholders of Longzhahui (Shanghai) Facility Management Services Co., Ltd. (龍之惠(上海)設施管理服務有限公司) will not participate in the specific operation and management of Company and the Group has the rights to determine its financial and operational policies, and could exercise control over it.

Notes 4: The board of directors of Shanghai Hongxin Oukai Home Furnishing Company Limited (上海虹欣歐凱家居有限公司) totally sets five seats, three of which were appointed by the Group. CHE Jianxing serves as the chairman, and the Group could exercise control over it.

Notes 5: The board of directors of Chengdu Changyi Red Star Macalline Home Living Market Management Company Limited totally sets five seats, three of which were appointed by the Group. CHE Jianxing serves as the chairman, and the Group could exercise control over it.

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

VII. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in subsidiaries (continued)

(2) Important non-wholly owned subsidiaries

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	43,847,406.05	32,400,000.00	926,728,450.85
Yintai New City Investment	30.00	(1,795,994.12)		424,527,255.37
Suzhou Red Star	45.00	46,841,408.38		351,716,084.35

(3) Important financial information of important non-wholly owned subsidiaries

Unit: Yuan Currency: RMB

Subsidiary name	Current assets	Non-current assets	Closing balance			
			Total assets	Current liabilities	Non-current liabilities	Total liabilities
Zhengzhou Red Star	1,049,383,013.51	3,459,169,535.68	4,508,552,549.19	183,502,055.61	1,816,666,279.25	2,000,168,334.86
Yintai New City Investment	268,807,885.69	2,394,301,553.21	2,663,109,438.90	538,766,776.42	459,251,811.26	998,018,587.68
Suzhou Red Star	606,470,652.29	1,366,083,152.13	1,972,553,804.42	678,925,704.07	512,036,801.80	1,190,962,505.87

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

VII. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in subsidiaries (continued)

(3) Important financial information of important non-wholly owned subsidiaries (continued)

Unit: Yuan Currency: RMB

Subsidiary name	Current		Opening balance		Non-current		Total liabilities
	assets	assets	assets	liabilities	liabilities	liabilities	
Zhengzhou Red Star	752,962,728.87	3,405,005,332.95	4,157,968,061.82	172,778,507.44	1,507,280,034.05	1,680,058,541.49	
Yintai New City Investment	267,818,818.76	2,366,138,026.10	2,633,956,844.86	753,627,535.30	459,251,811.26	1,212,879,346.56	
Suzhou Red Star	386,361,019.44	1,299,386,941.37	1,685,747,960.81	514,459,311.14	493,789,369.75	1,008,248,680.89	

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	133,560,783.38	110,474,694.00	110,474,694.00	57,001,279.63	172,918,274.13	155,865,054.32	155,865,054.32	123,180,652.91
Yintai New City Investment	-	(5,986,647.08)	(5,986,647.08)	(10,212,431.57)		(10,847,580.18)	(10,847,580.18)	(5,224,330.77)
Suzhou Red Star	79,357,255.96	104,092,018.63	104,092,018.63	65,864,524.61	45,684,655.34	39,106,208.07	39,106,208.07	33,583,288.03

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

VII. INTERESTS IN OTHER ENTITIES (continued)

2. Transactions with Changes in Shares of Equities Attributable to Owners of Subsidiaries and with Control over the Subsidiaries

(1) Description of changes in shares of equities attributable to owners of subsidiaries

In January 2020, Shanghai Red Star Macalline Industrial Company Limited (上海紅星美凱龍實業有限公司), a subsidiary of the Group, acquired 40% equity of Shenyang Mingdu Home Furnishing Plaza Company Limited (瀋陽名都家居廣場有限公司) from Zhejiang Borui Holding Group Company Limited (浙江博瑞控股集團有限公司), minority shareholders of Shenyang Mingdu Home Furnishing Plaza Company Limited for RMB184,124,517.79. After the acquisition, shares of Shenyang Mingdu Home Furnishing Plaza Company Limited held by the Group increased from 60% to 100%, and the capital reserve was reduced by RMB143,018,336.13.

From 12 September 2019 to 15 October 2019, the Group obtained 4.9% equity of Xinsheng Property Management (Shanghai) Co., Ltd. (鑫笙物業管理(上海)有限公司) held by Jin Jiang International Holding Company Limited (錦江國際(集團)有限公司) through public listing on the exchange for RMB32,830,000.00, and obtained 5.1% equity of Xinsheng Property Management (Shanghai) Co., Ltd. held by Shanghai New Long March (Group) Co., Ltd. (上海新長征(集團)有限公司) for RMB34,170,000.00. The registration date for business change is 12 March 2020. After the acquisition, shares of Xinsheng Property Management (Shanghai) Co., Ltd. held by the Group increased from 90% to 100%, and the capital reserve was reduced by RMB35,424,355.59.

In April 2020, the Group acquired 5% equity of Guangzhou Red Star Macalline Home Furnishing Building Material Co., Ltd. (廣州紅星美凱龍家居建材有限公司) from Guangzhou Zhongtang Holdings Group Co., Ltd. (廣州中堂控股集團有限公司) for RMB1.00. After the acquisition, shares of Guangzhou Red Star Macalline Home Furnishing Building Material Co., Ltd. held by the Group increased from 95% to 100%, and the capital reserve was reduced by RMB216,122.83.

In April 2020, Shanghai Hongmei E-Commerce Company Limited (上海紅美電子商務有限公司), a subsidiary of the Group, acquired 99% equity of Shanghai Hezeng Business Management Partnership (Limited Partnership (LP)) (上海合增企業管理合夥企業(有限合夥)) from partners for RMB727,101.36. After the acquisition, shares of Shanghai Hezeng Business Management Partnership (Limited Partnership (LP)) held by the Group increased from 1% to 100%, and the capital reserve was reduced by RMB77,248.64.

In April 2020, 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)(“Yuejia”), a subsidiary of the Group, acquired 20% equity of Shanghai Fanju Network Technology Company Limited (上海泛居網絡科技有限公司) from Shanghai Herou Enterprise Management Partnership (Limited Partnership) (上海合柔企業管理合夥企業(有限合夥)) for RMB0.00. After the acquisition, shares of Shanghai Fanju Network Technology Company Limited held by the Group increased from 53.688% to 100%, and the capital reserve was reduced by RMB3,781,612.61.

VII. INTERESTS IN OTHER ENTITIES (continued)

2. Transactions with Changes in Shares of Equities Attributable to Owners of Subsidiaries and with Control over the Subsidiaries (continued)

(1) Description of changes in shares of equities attributable to owners of subsidiaries (continued)

In 2020, Shanghai Hongmei E-Commerce Company Limited (上海紅美電子商務有限公司) (“Hongmei E-Commerce”), a subsidiary of the Group, acquired 59% equity of Shanghai Hezhu Enterprise Management Partnership (Limited Partnership) (上海合祝企業管理合夥企業(有限合夥)) (“Hezhu”) from Zhou Qun and 40% equity of Hezhu from Shanghai Hezeng Business Management Partnership (Limited Partnership (LP)) (上海合增企業管理合夥企業(有限合夥)) (“Hezeng”) for RMB0.00. After the acquisition, shares of Hezhu held by the Group increased from 1.4% to 100%.

In 2020, Hongmei E-Commerce, a subsidiary of the Group, acquired 99% shares of Shanghai Jiliang Enterprise Management Partnership (Limited Partnership) (上海集量企業管理合夥企業(有限合夥)) (“Jiliang”) held by the partners for RMB1,895,977.10. After the acquisition, shares of Jiliang held by the Group increased from 1% to 100%.

In 2020, Hongmei E-Commerce, a subsidiary of the Group, acquired 99% shares of Shanghai Juzun Enterprise Management Partnership (Limited Partnership) (上海聚尊企業管理合夥企業(有限合夥)) (“Juzun”) held by the partners for RMB2,808,219.17. After the acquisition, shares of Juzun held by the Group increased from 1% to 100%.

In March 2020, Red Star Macalline Home Furnishing Mall Management Company Limited (紅星美凱龍家居商場管理有限公司), a subsidiary of the Group, acquired 5% shares of Shanghai Dingshi Enterprise Management Partnership (Limited Partnership) (上海鼎識企業管理合夥企業(有限合夥)) (“Dingshi”) held by Zhou Qun for RMB0.00. After the acquisition, shares of Dingshi held by the Group increased from 95% to 100%.

After the completion of the above acquisitions, shares of Yuejia held by the Group increased from 66.86% to 100%. At the same time, shares of 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) (“Decorating Public Network Technology”), Shanghai Anjia Network Technology Company Limited (上海安家網絡科技有限公司) (“Anjia Network”) and Shanghai Red Star Macalline Network Technology Company Limited (上海紅星美凱龍網絡技術有限公司) (“Macalline Network Technology”) held by Yuejia increased from 66.86% to 100%, and the total capital reserve was reduced by RMB71,836,141.87.

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

VII. INTERESTS IN OTHER ENTITIES (continued)

2. Transactions with Changes in Shares of Equities Attributable to Owners of Subsidiaries and with Control over the Subsidiaries (continued)

(2) Impact of transactions on non-controlling interests and equity attributable to owners of the parent company

	Shenyang Mingdu Home Furnishing Plaza Company Limited (瀋陽名都家居 廣場有限公司)	Xinsheng Property Management (Shanghai) Co., Ltd. (鑫生物業管理 (上海)有限公司)	Guangzhou Red Star Macalline Home Furnishing Building Material Co., Ltd. (廣州紅星美凱龍 家居建材有限公司)	Shanghai Hezeng Business Management Partnership (Limited Partnership (LP)) (上海合增企業 管理合夥企業 (有限合夥))	Shanghai Fanju Network Technology Company Limited (上海泛居網絡 科技有限公司)	Yuejia related
Purchase cost/disposal consideration						
- Cash	184,124,517.79	70,166,300.00	1.00	727,101.36		4,704,196.27
- Fair value of non-cash asset						
Total purchase cost/disposal consideration	184,124,517.79	70,166,300.00	1.00	727,101.36		4,704,196.27
Less: The share of net assets of the subsidiary calculated based on the percentage of equity acquired/disposed of	41,106,181.66	34,741,944.41	(216,121.83)	649,852.72	(3,781,612.61)	(67,131,945.60)
Differences	143,018,336.13	35,424,355.59	216,122.83	77,248.64	3,781,612.61	71,836,141.87
Including: Capital reserve adjustment	143,018,336.13	35,424,355.59	216,122.83	77,248.64	3,781,612.61	71,836,141.87
Surplus reserve adjustment						
Retained earnings adjustment						

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

VII. INTERESTS IN OTHER ENTITIES (continued)

3. Interests in joint ventures or associates

(1) Important joint ventures or associates

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 lease 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
Baoxiang Red Star Macalline (Xiamen) Global Home Furnishing Plaza Company Limited (寶象紅星美凱龍(廈門)全球家居廣場有限公司)	Fujian	Fujian	Wholesale and retail	50.00	-	Equity method
Wuhu Red Star Macalline Equity Investment Fund Management Company Limited (蕪湖紅星美凱龍股權投資基金管理有限公司)	Anhui	Anhui	Commercial services	-	50.00	Equity method
Sleep Maker (HongKong) Company Limited	Hong Kong	Hong Kong	Wholesale and retail	-	30.00	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)	Shenzhen	Shenzhen	Wholesale and retail	-	43.00	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
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
Xiamen Baoxiang Red Star Macalline Home Furnishing Plaza Company Limited (廈門寶象紅星美凱龍家居生活廣場有限公司)	Fujian	Fujian	Wholesale and retail	50.00	-	Equity method

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

VII. INTERESTS IN OTHER ENTITIES (continued)

3. Interests in joint ventures or associates (continued)

(1) Important joint ventures or associates (continued)

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	
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
Haier Consume Financing Company Limited (海爾消費金融有限公司)	Shandong	Shandong	Finance	–	25.00	Equity method
Yaxiya Building Materials Co., Ltd. (亞細亞建築材料股份有限公司)	Shanghai	Shanghai	Wholesale and retail	–	13.73	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
Sun Sea Parking Inc	Cayman	Cayman	Transportation, storage and postage	–	10.24	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 service	–	11.04	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	–	13.00	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 Co., Ltd. (浙江中廣電器股份有限公司)	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
Klas International Home Living Company Limited (克拉斯國際家居有限公司)	Beijing	Beijing	Wholesale and retail	–	30.00	Equity method
Shanghai Tianhe Smart Home Technology Company Ltd. (上海天合智能科技股份有限公司)	Shanghai	Shanghai	Science research and technology service	–	10.00	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

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

VII. INTERESTS IN OTHER ENTITIES (continued)

3. Interests in joint ventures or associates (continued)

(1) Important joint ventures or associates (continued)

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	
LEAWOD Door and Window Profiles Company (四川良木道門窗型材有限公司)	Sichuan	Sichuan	Manufacture	-	24.20	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	-	10.09	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
Icolor Private Limited	Cayman	Cayman	Construction	-	8.00	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 (上海牆尚環保科技有限公司)	Shanghai	Shanghai	Wholesale and retail	-	8.00	Equity method
Shanghai CONJOINT Construction Technology Co., Ltd. (上海開裝建築科技有限公司)	Shanghai	Shanghai	Science research and technology service	-	14.61	Equity method
Super Smart Home (Shanghai) Internet of Things Technology Co., Ltd. (超級智慧家(上海)物聯網科技有限公司)	Shanghai	Shanghai	Science research and technology service	-	12.38	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
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. (江蘇佰麗愛家居科技有限公司)	Jiangsu	Jiangsu	Science research and technology service	-	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

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

VII. INTERESTS IN OTHER ENTITIES (continued)

3. Interests in joint ventures or associates (continued)

(1) Important joint ventures or associates (continued)

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	
Shanghai Harbour Home Investment Management Co., Ltd. (上海灣寓投資管理有限公司)	Shanghai	Shanghai	Leasing and commercial services	-	5.49	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
Meiwu 365 (Tianjin) Technology Company Limited (美屋三六五(天津)科技有限公司)	Tianjin	Tianjin	Science research and technology service	8.31	-	Equity method
ArtPollo Network Technology (Beijing) Company Limited (愛波蘿網絡科技(北京)有限公司)	Beijing	Beijing	Science research and technology service	-	15.00	Equity method
Shengbao (Shanghai) Furniture Co., Ltd. (晟葆(上海)傢俱有限公司)	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
Shenzhen Yatai Macalline Life Space Technology Co., Ltd. (深圳市亞泰美凱龍空間科技有限公司)	Guangdong	Guangdong	Wholesale and retail	49.00	-	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 service	-	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. (詠美吉斯光電科技(福建)有限公司)	Fujian	Fujian	Science research and technology service	-	4.95	Equity method

VII. INTERESTS IN OTHER ENTITIES (continued)

3. Interests in joint ventures or associates (continued)

(1) Important joint ventures or associates (continued)

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	
Shenzhen Langlefu Sleep Technology Co., Ltd. (深圳市朗樂福睡眠科技有限公司)	Shenzhen	Shenzhen	Wholesale and retail	-	10.00	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
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
Handan Fengfengkuang District Royal Property Development Company Limited (邯鄲市峰峰礦區皇室房地產開發有限公司)	Hebei	Hebei	Real estate	-	10.00	Equity method
Handan Red Star Royal Properties Co., Ltd. (邯鄲市紅星皇室置業有限公司)	Hebei	Hebei	Real estate	-	10.00	Equity method
Shanghai Zhidi Intelligent Technology Co., Ltd. (上海智諦智能科技有限公司)	Shanghai	Shanghai	Wholesale and retail	-	30.00	Equity method
Shanghai Weilaishi Decoration Technology Co., Ltd. (上海威來適裝飾科技有限公司)	Shanghai	Shanghai	Construction	-	40.00	Equity method
Shenzhen Red Star Macalline Century Center Home Living Plaza Co., Ltd. (深圳紅星美凱龍世紀中心家居生活廣場有限公司)	Shenzhen	Shenzhen	Leasing and commercial services	37.00	-	Equity method

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 2020

RMB

VII. INTERESTS IN OTHER ENTITIES (continued)

3. Interests in joint ventures or associates (continued)

(2) Major financial information of important joint ventures

Unit: Yuan Currency: RMB

	Closing balance/ Amount for the period Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司)	Opening balance/ Amount for previous period Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司)
Current assets	250,140,642.81	232,771,069.04
Including: Cash and cash equivalents	1,998,051.89	82,922,776.17
Non-current assets	1,843,698,984.51	1,855,864,202.07
Total assets	2,093,839,627.32	2,088,635,271.11
Current liabilities	85,625,921.34	100,917,890.69
Non-current liabilities	407,035,776.46	402,059,835.49
Total liabilities	492,661,697.80	502,977,726.18
Net assets share calculated based on the shareholding ratio	800,588,964.76	792,828,772.46
Book value of joint venture equity investment	800,588,964.76	792,828,772.46
Fair value of joint venture equity investment of public offer		
Revenue	52,562,851.75	148,568,293.19
Financial expenses	(3,177,844.75)	(4,805,744.93)
Income tax expense	5,375,761.30	18,517,995.32
Net profit	15,520,384.59	55,528,291.55
Total comprehensive income	15,520,384.59	55,528,291.55
Dividends received from joint ventures for the period	–	102,233,703.73

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

VII. INTERESTS IN OTHER ENTITIES (continued)

3. Interests in joint ventures or associates (continued)

(3) Major financial information of important associates

Unit: Yuan Currency: RMB

	Closing balance/Amount for the period Haier Consume Financing Company Limited (海爾消費金融有限公司)	Opening balance/Amount for previous period Haier Consume Financing Company Limited (海爾消費金融有限公司)	Closing balance/Amount for the period Shandong Inzone Green Home Co., Ltd. (山東銀座家居有限公司)	Opening balance/Amount for previous period Shandong Inzone Green Home Co., Ltd. (山東銀座家居有限公司)
Current assets	8,486,591,973.74	9,804,002,262.03	188,441,270.28	126,216,930.08
Non-current assets	923,696,324.03	485,899,783.38	1,177,854,251.33	1,120,759,159.87
Total assets	9,410,288,297.77	10,289,902,045.41	1,366,295,521.61	1,246,976,089.95
Current liabilities	2,923,978,141.85	2,668,672,679.91	454,344,856.12	395,048,125.57
Non-current liabilities	5,012,724,000.01	6,185,633,662.84	247,631,953.62	235,888,605.02
Total liabilities	7,936,702,141.86	8,854,306,342.75	701,976,809.74	630,936,730.59
Net assets share calculated based on the shareholding ratio	368,396,538.98	358,898,925.67	308,908,201.02	286,458,302.10
Adjustments			62,006,041.28	62,006,041.28
- Others			62,006,041.28	62,006,041.28
Book value of associates equity investment	368,396,538.98	358,898,925.67	370,914,242.30	348,464,343.38
Revenue	680,262,572.21	1,389,189,609.67	147,433,250.66	397,489,375.06
Net profit	37,990,453.25	204,611,052.92	48,279,352.51	(1,945,188.90)
Total comprehensive income	37,990,453.25	204,611,052.92	48,279,352.51	(1,945,188.90)
Dividends received from associates for the period		-		-

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

VII. INTERESTS IN OTHER ENTITIES (continued)

3. Interests in joint ventures or associates (continued)

(4) Consolidated financial information of unimportant joint ventures and associates

Unit: Yuan Currency: RMB

	Closing balance/Amount for the period	Opening balance/Amount for previous period
Joint ventures:		
Total book value of the investments	200,418,968.60	188,075,087.04
The aggregate of following items calculated based on the shareholding ratio		
– Net profit	2,223,881.56	19,923,290.70
– Other comprehensive income	–	–
– Total comprehensive income	2,223,881.56	19,923,290.70
	–	–
Associates:		
Total book value of the investments	1,955,208,111.17	1,966,011,906.45
The aggregate of following items calculated based on the shareholding ratio		
– Net profit	(43,616,530.57)	39,341,882.72
– Other comprehensive income	–	–
– Total comprehensive income	(43,616,530.57)	39,341,882.72

4. Descriptions of significant restrictions on the ability of joint ventures or associates to transfer capital to the Company

None

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

VII. INTERESTS IN OTHER ENTITIES (continued)

5. Excess loss generated in joint ventures or associates

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
Xiamen Baoxiang Red Star Macalline Home Furnishing Plaza Co., Ltd. (廈門寶象紅星美凱龍家居生活廣場有限公司)	(8,217,795.84)	(4,262,037.22)	(12,479,833.06)
Handan Fengfengkuang District Royal Property Development Company Limited (邯鄲市峰峰礦區皇室房地產開發有限公司)	(12,742,730.48)	4,213,084.79	(8,529,645.69)
Handan Red Star Royal Properties Co., Ltd. (邯鄲市紅星皇室置業有限公司)	(5,839,146.49)	1,635,609.61	(4,203,536.88)
Wuhu Meihe Asset Management Company Limited (蕪湖美和資產管理有限公司)	(392,707.25)	692,374.75	299,667.50
Shanghai Zhidi Intelligent Technology Co., Ltd. (上海智諦智能科技有限公司)	(682,472.51)	(1,100,223.39)	(1,782,695.90)
Shanghai Weilaishi Decoration Technology Company Limited (上海威來適裝飾科技有限公司)		(58,906.62)	(58,906.62)

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

VIII. INTERESTS IN OTHER ENTITIES (continued)

1. Financial Instruments

The book values of various financial instruments on the balance sheet date are as follows:

30 June 2020

Financial assets

	Financial assets at fair value through profit or loss		Measured at fair value through other comprehensive income		Total
	Required by the standards	Measured at amortized cost	Required by the standards	Designated	
Cash and bank balance	-	9,507,910,275.02	-	-	9,507,910,275.02
Financial assets held for trading	224,317,048.53	-	-	-	224,317,048.53
Derivative financial assets	54,411,653.17	-	-	-	54,411,653.17
Accounts receivable	-	1,763,189,542.79	-	-	1,763,189,542.79
Receivables financing	-	-	5,050,000.00	-	5,050,000.00
Other receivables	-	926,222,438.37	-	-	926,222,438.37
Non-current assets due within one year	-	539,865,162.57	-	-	539,865,162.57
Other current assets	-	1,217,631,208.43	-	-	1,217,631,208.43
Long-term receivables	-	623,094,256.54	-	-	623,094,256.54
Other equity instrument investment	-	-	-	4,167,940,005.40	4,167,940,005.40
Other non-current financial assets	527,395,540.60	-	-	-	527,395,540.60
Other non-current assets	-	1,221,994,757.82	-	-	1,221,994,757.82
	806,124,242.30	15,799,907,641.54	5,050,000.00	4,167,940,005.40	20,779,021,889.24

VIII. INTERESTS IN OTHER ENTITIES (continued)

1. Financial Instruments (Continued)

The book values of various financial instruments on the balance sheet date are as follows: (continued)

30 June 2020

Financial liabilities

	Financial liabilities measured at amortized cost
Short-term loans	3,542,520,312.60
Accounts payable	1,215,496,992.79
Other payables	8,095,110,126.36
Non-current liabilities due within one year	13,135,290,909.69
Other current liabilities	1,282,979,504.45
Long-term loans	18,965,773,667.69
Bonds payable	6,133,665,432.80
Lease liabilities	3,281,976,954.50
Long-term payables	735,107,244.77
Other non-current liabilities	5,708,073,506.67
	62,095,994,652.32

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

VIII. INTERESTS IN OTHER ENTITIES (continued)

1. Financial Instruments (Continued)

The book values of various financial instruments on the balance sheet date are as follows: (continued)

2019

Financial assets

	Financial assets at fair value through profit or loss		Measured at fair value through other comprehensive income		Total
	Required by the standards	Measured at amortized cost	Required by the standards	Designated	
Cash and bank balance	-	7,229,239,369.35	-	-	7,229,239,369.35
Financial assets held for trading	233,385,470.05	-	-	-	233,385,470.05
Derivative financial assets	31,751,504.22	-	-	-	31,751,504.22
Accounts receivable	-	1,805,663,937.18	-	-	1,805,663,937.18
Receivables financing	-	-	41,040,000.00	-	41,040,000.00
Other receivables	-	679,012,095.26	-	-	679,012,095.26
Non-current assets due within one year	-	555,066,245.64	-	-	555,066,245.64
Other current assets	-	918,797,817.32	-	-	918,797,817.32
Long-term receivables	-	800,494,682.51	-	-	800,494,682.51
Other equity instrument investment	-	-	-	3,999,157,825.44	3,999,157,825.44
Other non-current financial assets	368,774,540.60	-	-	-	368,774,540.60
Other non-current assets	-	1,259,259,903.72	-	-	1,259,259,903.72
	633,911,514.87	13,247,534,050.98	41,040,000.00	3,999,157,825.44	17,921,643,391.29

VIII. INTERESTS IN OTHER ENTITIES (continued)

1. Financial Instruments (Continued)

The book values of various financial instruments on the balance sheet date are as follows: (continued)

2019

Financial liabilities

	Financial liabilities measured at amortized cost
Short-term loans	3,387,894,541.95
Accounts payable	1,476,370,855.07
Other payables	7,751,973,358.09
Non-current liabilities due within one year	9,804,740,633.43
Other current liabilities	144,228,766.87
Long-term loans	15,919,626,315.76
Bonds payable	6,592,440,970.73
Lease liabilities	3,321,817,733.91
Long-term payables	634,392,235.62
Other non-current liabilities	5,747,108,371.13
	54,780,593,782.56

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

VIII. INTERESTS IN OTHER ENTITIES (continued)

2. Risks of Financial Instruments

The Group faces various risks of financial instruments during daily activities, mainly including credit risks, liquidity risks and market risks (including foreign exchange risk, interest rate risk and price risk). Major financial instruments of the Group include cash and bank balances, financial assets held for trading, derivative financial assets, accounts receivable, receivables financing, other receivables, non-current assets due within one year, other current assets, long-term receivables, other equity instrument investment, other non-current financial assets, other non-current assets, accounts payable, other payables, long-term payables, short-term loans, non-current liabilities due within one year, long-term loans, bonds payable, long-term payables, other non-current liabilities and lease liabilities. The following will show the risks relating to these financial instruments and the risk management strategies the Group adopted to reduce the relevant risks.

The Board is responsible for planning and establishing the risk management structure of the Group, working out the risk management policies and relevant guidelines of the Group and supervising the implementation of the risk management measures. The Group has worked out risk management policies to identify and analyze the risks it faced. These risk management policies have clearly defined specific risks, covering market risk, credit risk and liquidity risk management. The Group regularly assesses changes in the market environment and its operating activities to decide whether or not to update the risk management policies and systems. The Group's risk management is conducted by the risk management committee according to the policies approved by the Board. The risk management committee identifies, assesses and avoids relevant risks via close cooperation with other business departments of the Group. The internal audit department of the Group conducts regular review on the risk management control and procedures and reports the review results to the audit committee of the Group.

The Group diversifies risks of financial instruments through appropriate diversified investments and business portfolios and works out relevant risk management policies to reduce the risks concentrated in any single industry, specific region or specific counterparty.

VIII. INTERESTS IN OTHER ENTITIES (continued)

2. Risks of Financial Instruments (Continued)

Credit risks

The Group only conducts transactions with accredited and reputable third parties. According to the Group's policies, all the customers who require credit-based transactions are subject to credit audit. Moreover, the Group keeps monitoring the balances of accounts receivable to ensure it will not face material bad debt risks. Regarding transactions not settled in the recording currency of the relevant operating entities, the Group will not provide any credit transaction conditions, save as otherwise approved by the credit control department of the Group.

As our counterparties of cash and bank and bank acceptances receivable 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 2020

RMB



VIII. INTERESTS IN OTHER ENTITIES (continued)

2. 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..



VIII. INTERESTS IN OTHER ENTITIES (continued)

2. 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 2020

RMB

VIII. INTERESTS IN OTHER ENTITIES (continued)

2. 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.

VIII. INTERESTS IN OTHER ENTITIES (continued)

2. Risks of Financial Instruments (Continued)

Liquidity risk

The Group manages its risk to deficiency of funds using a recurring liquidity planning tool. This tool considers both the maturity of its financial instruments and the projected flows from the Group's operations.

The Group's objective is to maintain a balance between continuity and flexibility of funding through the use of bank borrowings, bonds and other interest-bearing borrowings and other financing methods. 39.5% (31 December 2019: 37.9%) of the Group's debts would mature in less than one year as at 30 June 2020.

The table below summarizes the maturity profile of financial liabilities based on the undiscounted contractual cash flows:

2020

	Within one year	1-2 years	2-5 years	Over 5 years	Total
Accounts payable	1,215,496,992.79	-	-	-	1,215,496,992.79
Other payables	8,187,233,665.66	-	-	-	8,187,233,665.66
Long-term payables	-	174,625,545.38	450,914,345.06	764,246,687.44	1,389,786,577.88
Short-term loans	3,647,071,236.93	-	-	-	3,647,071,236.93
Non-current liabilities					
due within one year	13,549,473,591.15	-	-	-	13,549,473,591.15
Other current liabilities	1,324,823,073.22	-	-	-	1,324,823,073.22
Long-term loans	986,342,057.58	3,616,278,722.36	9,164,511,743.61	10,505,993,685.83	24,273,126,209.38
Bonds payable	292,257,137.50	2,726,742,562.16	3,696,987,081.68	-	6,715,986,781.34
Lease liabilities	-	508,028,688.01	1,376,705,180.94	3,207,132,924.86	5,091,866,793.81
Other non-current liabilities	354,727,940.00	6,019,323,669.86	-	-	6,374,051,609.86
	29,557,425,694.83	13,044,999,187.77	14,689,118,351.29	14,477,373,298.13	71,768,916,532.02

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

VIII. INTERESTS IN OTHER ENTITIES (continued)

2. Risks of Financial Instruments (Continued)

Liquidity risk (continued)

2019

	Within one year	1-2 years	2-5 years	Over 5 years	Total
Accounts payable	1,476,370,855.07	-	-	-	1,476,370,855.07
Other payables	7,751,973,358.09	-	-	-	7,751,973,358.09
Long-term payables	-	121,225,260.90	203,314,451.89	963,020,499.24	1,287,560,212.03
Short-term loans	3,448,200,620.09	-	-	-	3,448,200,620.09
Non-current liabilities					
due within one year	10,199,894,882.37	-	-	-	10,199,894,882.37
Other current liabilities	148,998,880.45	-	-	-	148,998,880.45
Long-term loans	824,490,155.07	4,140,901,407.78	7,457,784,163.78	7,608,796,944.04	20,031,972,670.67
Bonds payable	471,906,688.98	4,265,914,463.36	2,645,917,897.53	-	7,383,739,049.87
Lease liabilities	-	588,011,304.22	1,359,179,153.05	3,686,039,064.31	5,633,229,521.58
Other non-current liabilities	408,245,720.80	2,790,743,340.46	3,516,507,083.00	-	6,715,496,144.26
	24,730,081,160.92	11,906,795,776.72	15,182,702,749.25	12,257,856,507.59	64,077,436,194.48

VIII. INTERESTS IN OTHER ENTITIES (continued)

2. Risks of Financial Instruments (Continued)

Interest rate risk

The Group's exposure to the risk of changes in market interest rates primarily relates to the floating-rate long-term liabilities of the Group.

The table below is a sensitivity analysis of interest rate risk, which reflects the impact on net profit or loss (through the impact on floating-rate borrowings) after tax, when there are reasonable and potential changes in interest rates, under the presumption that all other variables remain unchanged.

2020

	Increase/(decrease) in basis point	Increase/(decrease) in net profit or loss	Increase/(decrease) in total shareholders' equity
Bank borrowings	50.00	(76,741,711.89)	(76,741,711.89)
Bank borrowings	(50.00)	76,741,711.89	76,741,711.89

2019

	Increase/(decrease) in basis point	Increase/(decrease) in net profit or loss	Increase/(decrease) in total shareholders' equity
Bank borrowings	50.00	(65,464,603.82)	(65,464,603.82)
Bank borrowings	(50.00)	65,464,603.82	65,464,603.82

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

VIII. INTERESTS IN OTHER ENTITIES (continued)

2. Risks of Financial Instruments (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 and HKD exchange rates, under the presumption that all other variables remain unchanged.

2020

	Increase/(decrease) in exchange rate	Increase/(decrease) in net profit or loss	Increase/(decrease) in total shareholders' equity
Depreciation of RMB against USD	(5.00)	(11,182,114.10)	(11,182,114.10)
Appreciation of RMB against USD	5.00	11,182,114.10	11,182,114.10
Depreciation of RMB against HKD	(5.00)	1,391,142.27	1,391,142.27
Appreciation of RMB against HKD	5.00	(1,391,142.27)	(1,391,142.27)
Depreciation of RMB against EURO	(5.00)	(50,575,213.94)	(50,575,213.94)
Appreciation of RMB against EURO	5.00	50,575,213.94	50,575,213.94

VIII. INTERESTS IN OTHER ENTITIES (continued)

2. Risks of Financial Instruments (Continued)

Exchange rate risk (Continued)

2019

	Increase/(decrease) in exchange rate	Increase/(decrease) in net profit or loss	Increase/(decrease) in total shareholders' equity
Depreciation of RMB against USD	(5.00)	(11,823,748.04)	(11,823,748.04)
Appreciation of RMB against USD	5.00	11,823,748.04	11,823,748.04
Depreciation of RMB against HKD	(5.00)	(32,405,611.36)	(32,405,611.36)
Appreciation of RMB against HKD	5.00	32,405,611.36	32,405,611.36
Depreciation of RMB against HKD	(5.00)	1,817,103.75	1,817,103.75
Appreciation of RMB against HKD	5.00	(1,817,103.75)	(1,817,103.75)

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

VIII. INTERESTS IN OTHER ENTITIES (continued)

3. Capital Management

The key objective of the Group's capital management is to ensure the Group's ability to operate on a going concern basis and maintain healthy capital ratios so as to support business growth and maximize shareholder value.

The Group manages its capital structure and makes adjustments in response to changes in economic conditions and risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the distribution of profits to shareholders, return capital to shareholders or issue new shares. The Group is not constrained by any external mandatory requirements on capital. In 2020 and 2019, there was no change in the Group's capital management objectives, policies or procedures.

The Group manages its capital with the gearing ratio, which refers to net liabilities divided by the total sum of adjusted capital and net liabilities. Net liabilities include bank 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 2020	31 December 2019
Short-term loans	3,542,520,312.60	3,387,894,541.95
Non-current liabilities due within one year	13,135,290,909.69	9,804,740,633.43
Other current liabilities	1,282,979,504.45	144,228,766.87
Long-term loans	18,965,773,667.69	15,919,626,315.76
Bonds payable	6,133,665,432.80	6,592,440,970.73
Long-term payable-financial lease payable	–	–
Other non-current liabilities commercial mortgage backed	5,708,073,506.67	5,747,108,371.13
Lease liabilities	3,281,976,954.50	3,321,817,733.91
Cash and cash equivalents	8,806,185,306.17	6,776,093,360.48
Net liabilities	43,244,094,982.23	38,141,763,973.30
Adjusted capital	44,632,974,130.48	44,231,510,900.84
Capital and net liabilities	87,877,069,112.71	82,373,274,874.14
Gearing ratio	49.2%	46%

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

IX. DISCLOSURE OF FAIR VALUE

1. Closing Fair Value of Assets and Liabilities Measured at Fair Value

Unit: Yuan Currency: RMB

Item	Fair value measurement in first level	Closing fair value		Total
		Fair value measurement in second level	Fair value measurement in third level	
1. Persistent fair value measurement	2,434,041,128.56	70,166,203.62	92,547,906,915.52	95,052,114,247.70
(I) Financial assets held for trading	76,452,570.30	54,411,653.17	147,864,478.23	278,728,701.70
1. Financial assets measured at fair value				
through profit or loss	76,452,570.30	54,411,653.17	147,864,478.23	278,728,701.70
(1) Debt instrument investments	-	-	147,864,478.23	147,864,478.23
(2) Equity instrument investments	76,452,570.30	-	-	76,452,570.30
(3) Derivative financial assets	-	54,411,653.17	-	54,411,653.17
(II) Other equity instrument investments	2,357,588,558.26	10,704,550.45	1,799,646,896.69	4,167,940,005.40
(III) Investment properties			90,073,000,000.00	90,073,000,000.00
1. Buildings leased out			90,073,000,000.00	90,073,000,000.00
(IV) Other non-current financial assets			527,395,540.60	527,395,540.60
(V) Receivables financing		5,050,000.00		5,050,000.00
Total assets measured continuously at fair value	2,434,041,128.56	70,166,203.62	92,547,906,915.52	95,052,114,247.70

2. Basis for determining market price of continuous and non-continuous Level-1 fair value measurement items

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.

3. Basis for determining market price of continuous and non-continuous Level-2 fair value measurement items

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.

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

IX. 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

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 RMB93,584,000.00; under quite favorable assumption, the fair values increase approximately RMB176,498,000.00.

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 2020, the mark to market value of derivative financial assets is the net value after offsetting the credit valuation adjustment attributable to the default risk of derivative instrument counterparties. The change of counterparty credit risk has no significant impact on the evaluation of hedging effectiveness of designated derivatives in hedging relationship and other financial instruments measured at fair value.

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.

IX. 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 2020 were assessed by Beijing Huaya Zhengxin Assets Appraisal Co., Ltd, an independent valuer from the Group.

In estimating the fair value of the properties, the best use purpose of investment properties is its current use. There is no change in the valuation methods used.

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

IX. 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 2020		Fair value	Valuation technique(s)	Unobservable inputs	Range (Weighted average)
Investment properties – completed properties	2020	76,371,000,000.00	Income approach	Price of unit area leasable (per square meter per month)	2020: RMB13–234
	2019	75,574,000,000.00			2019: RMB14–245
Investment properties – properties under construction at an early development stage	2020	9,089,000,000.00	Direct comparison approach	Unit area price of investment properties (per square meter)	2020: 5.5%–7.5%
	2019	6,224,000,000.00			2019: 5.5%–7.5%
Investment properties – other properties under construction	2020	4,613,000,000.00	Hypothetical development approach	Price of unit area leasable (per square meter per month)	2020: RMB360–11,288
	2019	3,309,000,000.00			2019: RMB343–19,544
Other equity instrument investments	2020	1,799,646,896.69	Comparable company approach	Liquidity discount rate	2020: RMB10–59
	2019	1,503,137,980.68			2019: RMB28–85
Other non-current financial assets	2020	527,395,540.60	Discounted cash flow approach	Risk-adjusted discount rate	2020: 6.5%–7.5%
	2019	368,774,540.60			2019: 6.5%–7.5%
Financial assets held for trading – debt instrument investments	2020	147,864,478.23	Discounted cash flow approach	Risk-adjusted discount rate	2020: 80%–82%
	2019	125,358,448.05			2019: 80%–82%
	2020	527,395,540.60	Discounted cash flow approach	Risk-adjusted discount rate	2020: 13.5%–20.5%
	2019	368,774,540.60			2019: 12.7%–19.5%
	2020	147,864,478.23	Discounted cash flow approach	Risk-adjusted discount rate	2020: 2.9%
	2019	125,358,448.05			2019: 2.4%

IX. 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

	Opening balance	Transferred Into level 3	Transferred Out of level 3	Included in profit or loss	Total gain or loss for the current period Included in other comprehensive income	Purchase	Sell	Closing balance	Changes in the unrealized gain or loss for the current period from assets held at the end of the year included in the profit or loss
Financial assets held for trading	125,358,448.05	-	-	-	-	147,864,478.23	(125,358,448.05)	147,864,478.23	-
Other equity instrument investment	1,503,137,980.68	37,250,000.00	-	-	259,499,851.96	20,000,000.00	(20,240,935.95)	1,799,646,896.69	-
Other non-current financial assets	368,774,540.60	-	(20,800,000.00)	3,493,659.79	-	198,696,000.00	(22,768,659.79)	527,395,540.60	3,493,659.79
Investment properties	85,107,000,000.00	-	-	295,889,923.71	-	4,777,110,076.29	(107,000,000.00)	90,073,000,000.00	295,889,923.71
	87,104,270,969.33	37,250,000.00	(20,800,000.00)	299,383,583.50	259,499,851.96	5,143,670,554.52	(275,368,043.79)	92,547,906,915.52	299,383,583.50

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

2020

	Transfer into	Transfer out of	Reason
Level 1	-	-	
Level 2	-	-	
Level 3	37,250,000.00	-	note 1
	37,250,000.00	-	

Note 1: Compared with 2019, in 2020, the fair value measurement level of other equity instrument investment of RMB37,250,000.00 was transferred from the level 2 to the level 3.

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

IX. 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)

2019

	Transfer into	Transfer out of	Reason
Level 1	667,422,582.70	–	note 2
Level 2	–	64,722,000.00	note 3
Level 3	–	663,307,582.70	note 4
	667,422,582.70	728,029,582.70	

Note 2: Compared with 2018, in 2019, other equity instrument investment of RMB602,700,582.70 was listed, and the fair value measurement level was transferred from the level 3 to the level 1.

Note 3: Compared with 2018, in 2019, other equity instrument investment of RMB64,722,000.00 was changed from the new third board to listing on Shanghai Stock Exchange, and the fair value measurement level was changed from the level 2 to the level 1.

Note 4: Compared with 2018, in the level 3, in addition to the above-mentioned transfer out, in 2019, other equity instrument investment of RMB60,607,000.00 was acquired as a joint venture or subsidiary, no longer measured at fair value.

7. Financial Assets and Financial Liabilities not Measured at Fair Value but Disclosed at Fair Value

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.

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

1. Parent of the Company

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)	Shanghai, China	Investment management	RMB200 million	69.87	69.87

2. Subsidiaries of the Company

For details of subsidiaries of the Company, please refer to the “Financial Reports VII. 1. Interests in Subsidiaries”.

3. Joint Ventures and Associates of the Company

For details of subsidiaries of the Company, please refer to the “Financial Reports VII. 1. Interests in Subsidiaries”.

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

4. Other Related Parties of the Company

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
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
CHE Yuqin (車玉琴)	Family member who has a close relationship with the ultimate actual controller
CHE Jianguo (車建國)	Family member who has a close relationship with the ultimate actual controller
ZHANG Jianfang (張建芳)	Family member who has a close relationship with the ultimate actual controller
CHE Mianzhen (車冕楨)	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
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
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
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
Changzhou Red Star Furniture Plant 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
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 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

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

4. Other Related Parties of the Company (continued)

Name of other related parties	Relationship between other related parties and the Company
Xuzhou Red Star Macalline International Home Furnishing Mall Company Limited (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
Business Division of Nanjing Pukou Lilicheng Furniture (南京市浦口區立力成家居經營部)	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
Hangzhou Nobel Ceramics Co., Ltd. and its branches (杭州諾貝爾陶瓷有限公司及其分公司)	Corporate controlled or invested by the family member who has a close relationship with the ultimate actual controller
Xuzhou Red Star Macalline Global Home Living Plaza Property Management Company Limited (徐州紅星美凱龍全球家居生活廣場物業管理有限公司)	Corporate controlled or invested by the family member who has a close relationship with the ultimate actual controller
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
Changzhou Yizhi Furniture Company Limited (常州市藝致傢俱有限公司)	Corporate which the family member who has a close relationship with director, supervisor or senior management has a significant position
Changzhou Longyao Equity Investment Management Co., Ltd. (常州龍耀股權投資管理有限公司)	Corporate which the family member who has a close relationship with director, supervisor or senior management has a significant position
Jining Kaixing Shopping Plaza Company Limited (濟寧凱星購物廣場有限公司)	Corporate which the director, supervisor or senior management has a significant position
Yixing Suning Tesco Sales Co., Ltd. (宜興市蘇寧易購銷售有限公司)	Corporate which the director, supervisor or senior management has a significant position
Xishuangbanna cloud investment construction Pan Asia Real Estate Co., Ltd (西雙版納雲投建設泛亞置業有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Liuzhou Red Star Macalline Real Estate Co., Ltd. (柳州紅星美凱龍置業有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Tianjin Xingkai Real Estate Development Co., Ltd (天津星凱房地產開發有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

4. Other Related Parties of the Company (continued)

Name of other related parties	Relationship between other related parties and the Company
Shanghai Xingcheng Yijia Home Furnishings Co., Ltd. (上海星誠藝佳家居有限責任公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Tianjin Meilong Real Estate Development Co., Ltd (天津美龍房地產開發有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Ningbo Kailong Property Company Limited (寧波凱龍置業有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Jinan Xinglong Property Development Company Limited (濟南星龍房地產開發有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Yunnan Hongxing Macalline Real Estate Co., Ltd (雲南紅星美凱龍置業有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Xiangshan Meilong Real Estate Co., Ltd. (象山美龍置業有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Qiaotong Enterprise Management Co., Ltd (上海喬彤企業管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Tianjin Hongxing Pacific Cinema Management Co., Ltd (天津紅星太平洋影院管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Tianjin Laina Huakai Film Co., Ltd (天津萊納華開影業有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Changzhou Hongmei Cinema Management Co., Ltd (常州紅美影院管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Suzhou Hongmei Cinema Management Co., Ltd (蘇州紅美影院管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Ningbo Kaixing Cinema Management Co., Ltd (寧波凱星影院管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Yixing Yimei cinema Co., Ltd (宜興逸美影城有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Changzhou Xingchen Interactive Entertainment Co., Ltd (常州星琛娛樂科技有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Xingchen Interactive Entertainment Technology Co., Ltd. (上海星琛互動娛樂科技有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Suzhou Red Star Macalline Real Estate Development Co., Ltd (蘇州紅星美凱龍房地產開發有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

4. Other Related Parties of the Company (continued)

Name of other related parties	Relationship between other related parties and the Company
Tianjin Cameo Film Co., Ltd (天津卡美奧影業有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Jinhua Jiayi Film Co., Ltd (金華市佳藝影業有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Nanjing Macalline Business Information Consulting Co., Ltd. (南京美凱龍商務信息諮詢有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Yunshen Intelligent Technology Co., Ltd (上海雲紳智能科技有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Kunming Hongxing Haihui Real Estate Co., Ltd (昆明紅星海匯房地產有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Yancheng Kailong Property Company Limited (鹽城凱龍置業有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Qingdao Hongxing International Real Estate Co., Ltd (青島紅星國際置業有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Red Star win win Cloud Computing Technology Co., Ltd (上海紅星共贏雲計算科技有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shenyang Red Star Macalline Property Management Co., Ltd. (瀋陽紅星美凱龍物業管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Aegean Business Management Co., Ltd (上海愛琴海商務管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Kunming xingqin Business Management Co., Ltd (昆明星琴商業管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
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
Beijing xingqin Business Management Co., Ltd (北京星琴商業管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Chengdu Wanfu Xingkai Business Management Co., Ltd (成都萬福星凱商業管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Chengdu Red Star Macalline Real Estate Co., Ltd. (成都紅星美凱龍置業有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

4. Other Related Parties of the Company (continued)

Name of other related parties	Relationship between other related parties and the Company
Chongqing Red Star Macalline Enterprise Development Co., Ltd (重慶紅星美凱龍企業發展有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai 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 Macalline Seven Star Hotel Management Co., Ltd. (上海美凱龍七星酒店管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Zhengzhou Xingbo Real Estate Development Co., Ltd (鄭州星鉑房地產開發有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Changzhou Red Star Home Furnishing City (常州市紅星裝飾城)	Corporate controlled by RSM Holding or the ultimate actual controller
Ningbo Huixin Real Estate Co., Ltd (寧波匯鑫置業有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Macalline Aijia 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 Hongmei Real Estate Co., Ltd (上海洪美置業有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Kunming Guangyuan Property Development Company Limited (昆明廣遠房地產開發有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Xinxing Catering Management Co., Ltd. (上海忒星餐飲管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Chongqing Kaixing Business Management Co., Ltd. (重慶凱幸商業管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Zhejiang Longkai Film Co., Ltd (浙江龍凱影業有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Liehu Investment Management Center (Limited Partnership) (上海獵戶投資管理中心(有限合伙))	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Red Star Macalline Real Estate Co. Ltd (上海紅星美凱龍置業有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Linwu Fitness Club Co., Ltd. (上海林茂健身俱樂部有限公司)	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

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

4. Other Related Parties of the Company (continued)

Name of other related parties	Relationship between other related parties and the Company
Yunnan Red Star Macalline Property Management Company Limited (雲南紅星美凱龍物業管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Xingchen Interactive Entertainment Co., Ltd. (上海星琛互動娛樂有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Taiyuan Red Star Weiye Property Development and Management Co., Ltd. (太原紅星偉業房地產開發經營有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Cixi Xingkai Real Estate Co., Ltd. (慈溪星凱置業有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Nantong Xinglong Real Estate Development Co., Ltd. (南通星龍房地產開發有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Nanning Haoran Real Estate Co., Ltd. (南昌浩然置業有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Huojing Business Management Company Limited and its branches (上海或京商業管理有限公司及其分公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Kaiqianjia Enterprise Management Co., Ltd. (凱乾嘉企業管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
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
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
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
Beijing Guofu Cultural Technology Consulting 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
Shanghai Xinhua Chengcheng Asset Management Co., Ltd (上海新華成城資產管理有限公司)	Corporate which the ultimate actual controller has a significant position
Jiangsu Longguan film and Television Culture Technology Co., Ltd (江蘇龍冠影視文化科技有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Jiangsu meishanlong Catering Culture Development Co., Ltd (江蘇美膳龍飲食文化發展有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Wuhu Minghui Business Management Co., Ltd (蕪湖明輝商業管理有限公司)	Subsidiary of a joint venture

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

4. Other Related Parties of the Company (continued)

Name of other related parties	Relationship between other related parties and the Company
Ningbo Qiangshang Home Living Company Limited (寧波牆尚家居有限公司)	Subsidiary of an associate
Shanghai Shengyu Information Technology Co., Ltd. (上海盛域信息技術有限公司)	Subsidiary of an associate
Beijing Sunsea Parking Management Co., Ltd and its branches (北京陽光海天停車管理有限公司及其分公司)	Subsidiary of an associate
Brewster Wallpaper International Trading (Shanghai) Co., Ltd (布魯斯特牆紙國際貿易(上海)有限公司)	Subsidiary of an associate
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
Yiwu Meilong Real Estate Co., Ltd. (義烏美龍置業有限公司)	Corporate significantly influenced by RSM Holding
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
Shenyang Red Star Macalline Company (瀋陽紅星美凱龍物業管理有公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Changzhou Jintan Weiyi Construction Engineering Co., Ltd (常州市金壇維億建設工程有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Related Party Transactions

(1) Related Party Transactions in relation to the purchase and sale of goods, provision and receipt of services

Unit: Yuan Currency: RMB

Related Parties	Details of Related Party Transactions	Amount Recognized in the Current Period	Amount Recognized in the Prior Period
Shanghai Zhidi Intelligent Technology Co., Ltd. (上海智諦智能科技有限公司)	Purchase of goods	1,817,613.54	992,652.29
Shanghai Yunshen Intelligent Technology Co., Ltd. (上海雲紳智能科技有限公司)	Purchase of goods	1,395,000.00	–
Shanghai Red Star win win Cloud Computing Technology Co., Ltd (上海紅星共贏雲計算科技有限公司)	Purchase of goods	1,308,018.86	–
Changzhou Red Star Furniture General Factory Co., Ltd. (常州市紅星傢俱總廠有限公司)	Purchase of goods	375,424.74	–
Shenzhen Langlefu Sleep Technology Co., Ltd. (深圳市朗樂福睡眠科技有限公司)	Purchase of goods	60,053.07	–
Yixing Suning Tesco Sales Co., Ltd. (宜興市蘇寧易購銷售有限公司)	Purchase of goods	26,495.00	–
Beijing Guofu Cultural Technology Consulting Co., Ltd. (北京國富縱橫文化科技諮詢股份有限公司)	Purchase of goods	21,000.00	–
Dream Maker Home (Shenzhen) Co., Ltd. (造夢者家居(深圳)有限公司)	Purchase of goods	14,232.77	–
Beijing Canny-Robot Technology Co., Ltd. (北京康力優藍機器人科技有限公司)	Purchase of goods	–	16,000.00
Shenyang Red Star Macalline Property Management Co., Ltd. (瀋陽紅星美凱龍物業管理有限公司)	Power costs	1,430,478.10	962,022.78
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)	Power costs	–	15,191.52
Wuhu Minghui Business Management Co., Ltd. (蕪湖明輝商業管理有限公司)	Settlement of interest income from deposit	7,590.92	4,258.18

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. 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)	Settlement of interest income from deposit	5,566.55	–
Handan Fengfengkuang District Royal Property Development Company Limited (邯鄲市峰峰礦區皇室房地產開發有限公司)	Settlement of interest income from deposit	3,824.09	–
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)	Settlement of interest income from deposit	846.87	–
Anhui Tenghui Investment Group Hefei Company Limited (安徽騰輝投資集團合肥有限公司)	Settlement of interest income from deposit	92.86	N/A
Xiamen Baoxiang Red Star Macalline Home Furnishing Plaza Company Limited (廈門寶象紅星美凱龍家居生活廣場有限公司)	Settlement of interest income from deposit	61.13	–
Wuhu Minghui Business Management Co., Ltd (蕪湖明輝商業管理有限公司)	Joint marketing	77,264.15	–
Wuhan Zhengkai Logistics Co., Ltd. (武漢市正凱物流有限公司)	Joint marketing	18,490.57	–
Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司)	Joint marketing	16,320.75	660,377.36
Baoxiang Red Star Macalline (Xiamen) Global Home Furnishing Plaza Company Limited (寶象紅星美凱龍(廈門)全球家居廣場有限公司)	Joint marketing	15,000.00	–
Xiamen Baoxiang Red Star Macalline Home Furnishing Plaza Company Limited (廈門寶象紅星美凱龍家居生活廣場有限公司)	Joint marketing	14,101.88	–
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	344,065.52	–

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. 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	158,730.10	–
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	134,285.79	–
Xuzhou Red Star Macalline Global Home Furnishings Plaza Co., Ltd. (徐州紅星美凱龍全球家居生活廣場有限公司)	Revenue from advertising space lease/ Administrative expenses	119,047.58	–
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)	Revenue from advertising space lease/ Administrative expenses	12,232.37	–
Shanghai Red Star win win Cloud Computing Technology Co., Ltd (上海紅星共贏雲計算科技有限公司)	Receipt of services	14,045,570.76	–
Shanghai Xingzhiyu Commercial Management Co., Ltd. (上海星之域商業經營管理有限公司)	Receipt of services	5,478,696.45	–
Shanghai Xincheng'an Construction Co., Ltd. (上海鑫誠安建設有限公司)	Receipt of services	3,696,161.40	–
Shanghai Zhenyang Decoration Co., Ltd. (上海振洋建築裝潢工程有限公司)	Receipt of services	3,571,536.17	N/A
Shenyang Red Star Macalline Property Management Co., Ltd. (瀋陽紅星美凱龍物業管理有限公司)	Receipt of services	340,380.00	152,830.19
Beijing Guofu Cultural Technology Consulting Co., Ltd. (北京國富縱橫文化科技諮詢股份有限公司)	Receipt of services	291,509.13	–
Shanghai Jiazhan Construction Engineering Company Limited (上海嘉展建築裝潢工程有限公司)	Receipt of services	174,054.65	–

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. 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
Zhejiang Longkai Film Co., Ltd (浙江龍凱影業有限公司)	Receipt of services	168,141.60	–
Kunming Xingqin Business Management Co., Ltd. (昆明星琴商業管理有限公司)	Receipt of services	64,020.00	–
Sheng Bao (Shanghai) Furniture Co., Ltd. (晟葆 (上海)傢俱有限公司)	Receipt of services	32,994.19	–
Wuhu Minghui Business Management Co., Ltd (蕪湖明輝商業管理有限公司).	Receipt of services	29,600.00	770,182.49
Baoxiang Red Star Macalline (Xiamen) Global Home Furnishing Plaza Company Limited (寶象 紅星美凱龍(廈門)全球家居廣場有限公司)	Receipt of services	13,950.40	–
Chengdu Dongtai Shopping Mall Company Limited (成都東泰商場有限公司)	Receipt of services	33,342.90	48,113.21
Beijing Sunsea Parking Management Co., Ltd (北京陽光海天停車管理有限公司)	Receipt of services	28,000.00	–
Qingdao Hongxing International Real Estate Co., Ltd (北京陽光海天停車管理有限公司)	Receipt of services	–	1,509,433.97
Suzhou Red Star Macalline Real Estate Development Co., Ltd (蘇州紅星美凱龍 房地產開發有限公司)	Receipt of services	–	1,307,396.23
Yangzhou Kailong Consulting Co., Ltd. (揚州凱龍管理諮詢有限公司)	Receipt of services	–	159,528.3
Xiamen Baoxiang Red Star Macalline Home Furnishing Plaza Company Limited (廈門 寶象紅星美凱龍家居生活廣場有限公司)	Receipt of services	–	62,798.26
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)	Receipt of services	–	58,983.30

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. 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 for the period	Amount for previous period
Wuhan Zhengkai Logistics Co., Ltd. (武漢市正凱物流有限公司)	Receipt of services	–	58,669.81
Anka Household Products (Shanghai) Co., Ltd. (安咖家居用品(上海)有限公司)	Sales of goods	5,550,739.86	–
Jinan Xinglong Property Development Company Limited (濟南星龍房地產開發有限公司)	Sales of goods	2,759,571.11	–
Shanghai Qiaotong Enterprise Management Co., Ltd (上海喬彤企業管理有限公司)	Sales of goods	198,000.00	–
Yancheng Kailong Property Company Limited (鹽城凱龍置業有限公司)	Sales of goods	114,336.28	–
Yangzhou Red Star Macalline Global Home Furnishings Plaza Property Co., Ltd. (揚州紅星美凱龍全球家居生活廣場置業有限公司)	Sales of goods	97,345.13	–
Wuhan Zhengkai Logistics Co., Ltd. (武漢市正凱物流有限公司)	Sales of goods	97,123.89	–
Suzhou Supin Home Culture Co., Ltd. (蘇州市蘇品宅配文化有限公司)	Sales of goods	89,622.64	–
Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司)	Sales of goods	52,535.41	–
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	40,707.97	–
Wuhu Minghui Business Management Co., Ltd (蕪湖明輝商業管理有限公司)	Sales of goods	26,460.20	–
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	10,796.46	–

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. 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 for the period	Amount for previous period
Baoxiang Red Star Macalline (Xiamen) Global Home Furnishing Plaza Company Limited (寶象紅星美凱龍(廈門)全球家居廣場有限公司)	Sales of goods	7,008.85	–
Zhejiang Zhongguang Electric Appliances Co., Ltd. (浙江中廣電器股份有限公司)	Rendering of services	1,650,943.38	–
Hangzhou Nabel Ceramics Co., Ltd. and its branches (杭州諾貝爾陶瓷有限公司)	Rendering of services	982,704.4	–
Kunming Hongxing Haihui Real Estate Co., Ltd (昆明紅星海匯房地產有限公司)	Rendering of services	918,645.12	–
Shenzhen Huasheng Home Furnishing Group Co., Ltd. (深圳華生大家居集團有限公司)	Rendering of services	786,163.52	–
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	768,689.44	–
Shanghai Qiaotong Enterprise Management Co., Ltd (上海喬彤企業管理有限公司)	Rendering of services	345,260.18	–
Ningbo Huixin Real Estate Co., Ltd (寧波匯鑫置業有限公司)	Rendering of services	325,202.87	–
Brewster Wallpaper International Trading (Shanghai) Co., Ltd (布魯斯特牆紙國際貿易(上海)有限公司)	Rendering of services	314,465.40	–
Shanghai Red Star Macalline Real Estate Co. Ltd (上海紅星美凱龍置業有限公司)	Rendering of services	107,486.61	–
Shanghai Linwu Fitness Club Co., Ltd. (上海林戊健身俱樂部有限公司)	Rendering of services	91,788.67	–
Changzhou Xingchen Interactive Entertainment Co., Ltd (常州星琛娛樂科技有限公司)	Rendering of services	66,689.52	–

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. 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 for the period	Amount for previous period
Tianjin Laina Huakai Film Co., Ltd (天津萊納華開影業有限公司)	Rendering of services	59,147.48	–
Tianjin Hongxing Pacific Cinema Management Co., Ltd (天津紅星太平洋影院管理有限公司)	Rendering of services	58,175.47	–
Changzhou Hongmei Cinema Management Co., Ltd (常州紅美影院管理有限公司)	Rendering of services	52,830.19	–
Suzhou Hongmei Cinema Management Co., Ltd (蘇州紅美影院管理有限公司)	Rendering of services	52,830.18	–
Ningbo Kaixing Cinema Management Co., Ltd (寧波凱星影院管理有限公司)	Rendering of services	51,835.30	–
Yixing Yimei cinema Co., Ltd (宜興逸美影城有限公司)	Rendering of services	51,568.43	–
Jinhua Jiayi Film Co., Ltd (金華市佳藝影業有限公司)	Rendering of services	44,516.65	–
Shanghai Xingchen Interactive Entertainment Technology Co., Ltd. (上海星琛互動娛樂科技有限公司)	Rendering of services	42,877.35	–
Tianjin Cameo Film Co., Ltd (天津卡美奧影業有限公司)	Rendering of services	18,743.40	–
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	15,251.61	–
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司)	Rendering of services	14,969.80	–
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	12,735.84	–
Shanghai Huojing Business Management Co., Ltd. (上海或京商業管理有限公司)	Rendering of services	10,460.42	N/A

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. 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 for the period	Amount for previous period
Shanghai Huangpu Red Star Microfinance Co., Ltd. (上海黃浦紅星小額貸款有限公司)	Rendering of services	4,981.14	–
Shanghai Yunshen Intelligent Technology Co., Ltd (上海雲紳智能科技有限公司)	Rendering of services	2,150.94	–
Handan Fengfengkuang District Royal Property Development Company Limited (邯鄲市峰峰礦區皇室房地產開發有限公司)	Consultation fees for previous period	14,721,978.12	–
Jining Hongrui Real Estate Co., Ltd. (濟寧鴻瑞置業有限公司)	Brand management service	2,028,301.89	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	1,886,792.45
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
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
Wuhu Minghui Business Management Co., Ltd. (蕪湖明輝商業管理有限公司)	Brand management service	1,415,094.34	1,415,094.34
Xuzhou Red Star Macalline Global Home Furnishings Plaza Co., Ltd. (徐州紅星美凱龍全球家居生活廣場有限公司)	Brand management service	1,218,553.45	1,657,232.72
Yangzhou Red Star Macalline Global Home Furnishings Plaza Property Co., Ltd. (揚州紅星美凱龍全球家居生活廣場置業有限公司)	Brand management service	1,179,245.28	1,415,094.34
Xuzhou Red Star Macalline International Home Furnishings City Co., Ltd. (徐州紅星美凱龍國際傢俱裝飾城有限公司)	Brand management service	746,855.34	1,015,723.29

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. 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 for the period	Amount for previous period
Yunnan Red Star Macalline Property Company Limited (雲南紅星美凱龍置業有限公司)	Brand management service	283,018.87	–
Yangzhou Kailong Consulting Co., Ltd. (揚州凱龍管理諮詢有限公司)	Xingyi Tonghui commission income regarding prepaid cards	7.17	–
Shaanxi Hongrui Home Furnishings Plaza Co., Ltd. (陝西鴻瑞家居生活廣場有限公司)	Xingyi Tonghui commission income regarding prepaid cards	0.94	378.97
Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司)	Xingyi Tonghui commission income regarding prepaid cards	–	95.11
Xishuangbanna cloud investment construction Pan Asia Real Estate Co., Ltd (西雙版納雲投建設泛亞置業有限公司)	Service income	21,060,274.21	–
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	12,076,224.48	N/A
Wuhu Meihe Asset Management Company Limited (蕪湖美和資產管理有限公司)	Service income	1,886,792.46	–
Guangzhou Red Star Macalline Expo Home Plaza Co., Ltd. (廣州紅星美凱龍世博家居廣場有限公司)	Service income	790,786.66	–
Shanghai Red Star win win Cloud Computing Technology Co., Ltd (上海紅星共贏雲計算科技有限公司)	Service income	377,358.49	–

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. 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 for the period	Amount for previous period
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	372,344.71	–
Kunming Hongxing Haihui Real Estate Co., Ltd (昆明紅星海匯房地產有限公司)	Service income	337,174.61	–
Kunming Guangyuan Property Development Company Limited (昆明廣遠房地產開發有限公司)	Service income	328,348.15	–
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	302,833.97	–
Xiangshan Meilong Real Estate Co., Ltd. (象山美龍置業有限公司)	Service income	179,179.43	–
Hangzhou Nobel Ceramics Co., Ltd. (杭州諾貝爾陶瓷有限公司)	Service income	131,944.21	–
UIOT Super Smart Home (Shanghai) Co., Ltd.(超級智慧家(上海)物聯網科技有限公司)	Service income	130,766.66	267,312.38
Business Division of Nanjing Pukou Lilicheng Furniture (南京市浦口區立力成傢俱經營部)	Service income	75,084.61	–
Shengbao (Shanghai) Furniture Co., Ltd. (晟葆(上海)傢俱有限公司)	Service income	81,497.84	133,599.73
Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司)	Service income	54,027.00	49,528.30
Shanghai Weilaishi Decoration Technology Company Limited (上海威來適裝飾科技有限公司)	Service income	28,509.68	N/A
Changzhou Red Star Furniture General Factory Co., Ltd. (常州市紅星傢俱總廠有限公司)	Service income	22,976.28	–

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. 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 for the period	Amount for previous period
Jiangsu Baili Aijia Home Technology Co., Ltd. (江蘇佰麗愛家居科技有限公司)	Service income	20,243.51	–
Ningbo Qiangshang Home Living Company Limited (寧波牆尚家居有限公司)	Service income	16,481.53	–
Anhui Tenghui Investment Group Hefei Company Limited (安徽騰輝投資集團合肥有限公司)	Service income	9,130.89	N/A
Xiamen Baoxiang Red Star Macalline Home Furnishing Plaza Company Limited (廈門寶象紅星美凱龍家居生活廣場有限公司)	Service income	5,500.00	16,081.79
Shanghai Tianhe Smart Home Technology Company Ltd. (上海天合智能科技股份有限公司)	Service income	4,603.85	–
Wuhu Minghui Business Management Co., Ltd (蕪湖明輝商業管理有限公司)	Service income	115.10	–
Shanghai CTME Economy & Trade Development Co., Ltd. (上海中貿美凱龍經貿發展有限公司)	Service income	10,080,188.40	5,004,433.85
Wuhan Zhengkai Logistics Co., Ltd. (武漢市正凱物流有限公司)	Service income	–	1,007,560.00
Yunnan Red Star Macalline Property Management Company Limited (雲南紅星美凱龍物業管理有限公司)	Service income	–	564,910.77
Shanghai Zhidi Intelligent Technology Co., Ltd (上海智諦智能科技有限公司)	Service income	–	182,751.00
Shanghai Xingchen Interactive Entertainment Co., Ltd. (上海星琛互動娛樂有限公司)	Service income	–	54,540.00
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司)	Service income	–	39,086.87
Klas International Home Living Company Limited (克拉斯國際家居有限公司)	Service income	–	1,769.91

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. 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 for the period	Amount for previous period
Shenzhen Red Star Macalline Home Furnishing Plaza Company Limited (深圳紅星美凱龍家居生活廣場有限公司)	Service income	–	1,000
Jining Kaixing Shopping Plaza Company Limited (濟寧凱星購物廣場有限公司)	Design consultation income	1,886,792.45	–
Yiwu Meilong Real Estate Co., Ltd. (義烏美龍置業有限公司)	Design consultation income	1,623,849.06	–
Tianjin Xingkai Real Estate Development Co., Ltd (天津星凱房地產開發有限公司)	Design consultation income	1,556,603.77	–
Jinan Xinglong Property Development Company Limited (濟南星龍房地產開發有限公司)	Design consultation income	1,132,075.48	–
Tianjin Meilong Real Estate Development Co., Ltd (天津美龍房地產開發有限公司)	Design consultation income	1,096,698.12	–
Taiyuan Red Star Weiye Property Development and Management Co., Ltd. (太原紅星偉業房地產開發經營有限公司)	Design consultation income	1,094,528.31	–
Cixi Xingkai Real Estate Co., Ltd. (慈溪星凱置業有限公司)	Design consultation income	809,716.98	–
Nantong Xinglong Real Estate Development Co., Ltd. (南通星龍房地產開發有限公司)	Design consultation income	603,773.58	–
Nanning Haoran Real Estate Co., Ltd. (南昌浩然置業有限公司)	Design consultation income	566,037.74	–
Suzhou Red Star Macalline Property Development Company Limited (蘇州紅星美凱龍房地產開發有限公司)	Design consultation income	257,207.55	–
Shaanxi Red Star Heji Home Shopping Plaza Company Limited (陝西紅星和記家居購物廣場有限公司)(Note 1)	Design consultation income	N/A	22,089,805.79
Ningbo Kailong Property Company Limited (寧波凱龍置業有限公司)	Design consultation income	–	2,240,928.83

Note 1: Shaanxi Red Star Heji Home Shopping Plaza Company Limited was converted into a subsidiary in 2020.

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Related Party Transactions (continued)

(2) Leases with related party

Unit: Yuan Currency: RMB

Lessee's name	Type of leased assets	Rental income recognized in the current period	Rental income recognized in the last period
Shanghai Xingzhiyu Commercial Management Co., Ltd. (上海星之域商業經營管理有限公司)	Office	19,662,268.57	–
Shanghai Xinhua Chengcheng Asset Management Co., Ltd (上海新華成城資產管理有限公司)	Parking garage	9,487,870.62	–
Hangzhou Nabel Ceramics Co., Ltd. and its branches (杭州諾貝爾陶瓷有限公司及其分公司)	Shop(s) in shopping mall	4,926,071.31	–
Klas International Home Living Company Limited (克拉斯國際家居有限公司)	Shop(s) in shopping mall	3,124,272.81	1,622,961.48
Super Smart Home (Shanghai) Internet of Things Technology Co., Ltd. (超級智慧家(上海)物聯網科技有限公司)	Shop(s) in shopping mall	1,962,942.20	1,313,329.79
Shengbao (Shanghai) Furniture Co., Ltd. (晟葆(上海)傢俱有限公司)	Shop(s) in shopping mall	1,438,223.77	495,711.48
Shanghai Huojing Business Management Company Limited and its branches (上海或京商業管理有限公司及其分公司)	Shop(s) in shopping mall	919,287.05	N/A
Beijing Sunsea Parking Management Co., Ltd and its branches (北京陽光海天停車管理有限公司及其分公司)	Parking garage	824,047.76	–
Jiangsu Baili Aijia Home Technology Co., Ltd. (江蘇佰麗愛家家居科技有限公司)	Shop(s) in shopping mall	624,098.54	646,272.00

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Related Party Transactions (continued)

(2) Leases with related party (continued)

Lessee's name	Type of leased assets	Rental income recognized in the current period	Rental income recognized in the last period
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	468,567.83	–
Changzhou Yizhi Furniture Company Limited (常州市藝致傢俱有限公司)	Shop(s) in shopping mall	263,609.96	289,883.80
Shanghai Macalline Seven Star Hotel Management Co., Ltd. (上海美凱龍七星酒店管理有限公司)	Office	219,194.20	–
Shanghai Tianhe Smart Home Technology Company Ltd. and its branches (上海天合智能科技股份有限公司及其分公司)	Shop(s) in shopping mall	193,603.41	–
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	181,809.72	217,325.04
Zhengzhou Xingbo Real Estate Development Co., Ltd (鄭州星鉞房地產開發有限公司)	Shop(s) in shopping mall	165,137.64	–
Ningbo Qiangshang Home Living Company Limited (寧波牆尚家居有限公司)	Shop(s) in shopping mall	150,021.72	–
Hangzhou Nabel Ceramics Co., Ltd. and its branches (杭州諾貝爾陶瓷有限公司及其分公司)	Advertising space	143,766.27	–
Shanghai Xingzhiyu Commercial Management Co., Ltd. (上海星之域商業經營管理有限公司)	Shop(s) in shopping mall	123,302.76	–
Shanghai Weilaishi Decoration Technology Company Limited (上海威來適裝飾科技有限公司)	Shop(s) in shopping mall	112,730.94	N/A

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Related Party Transactions (continued)

(2) Leases with related party (continued)

Lessee's name	Type of leased assets	Rental income recognized in the current period	Rental income recognized in the last period
CAO Zhongmin (曹仲民)	Shop(s) in shopping mall	107,292.66	388,931.33
ZHANG Jianfang (張建芳)	Shop(s) in shopping mall	81,536.52	94,929.89
Changzhou Longyao Equity Investment Management Co., Ltd. (常州龍耀股權投資管理有限公司)	Office	13,951.50	8,462.64
SleepMaker (Hong Kong) Company Limited (深圳市朗樂福睡眠科技有限公司)	Shop(s) in shopping mall	43,056.60	–
Shengbao (Shanghai) Furniture Co., Ltd. (晟葆(上海)傢俱有限公司)	Advertising space	7,749.99	–
CHE Mianzhen (車冕楨)	Shop(s) in shopping mall	–	369,581.61
Kaiqianjia Enterprise Management Co., Ltd. (凱乾嘉企業管理有限公司)	Office	–	47,645.27
Changzhou Red Star Home Furnishing City (常州市紅星裝飾城) (Note 1)	Shopping mall(s)	7,101,694.25	–
Shanghai Huojing Business Management Company Limited (上海或京商業管理有限公司)	Office	1,444,887.41	N/A
CHE Guoxing (車國興)	Dormitory	369,600.00	184,800.00
Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司)	Shop(s) in shopping mall	74,457.50	260,188.29
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	64,987.30	268,785.94

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Related Party Transactions (continued)

(2) Leases with related party (continued)

Lessee's name	Type of leased assets	Rental income recognized in the current period	Rental income recognized in the last period
CHEN Shuhong (陳淑紅)	Dormitory	52,000.00	52,000.00
Wuhu Minghui Business Management Co., Ltd (蕪湖明輝商業管理有限公司)	Shop(s) in shopping mall	47,070.67	205,051.95
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	11,500.06	198,412.85
Xuzhou Red Star Macalline Global Home Life Plaza Property Management Co., Ltd. (徐州紅星美凱龍全球家居生活廣場物業管理有限公司)	Warehouse	5,290.42	–
Yangzhou Red Star Macalline Global Home Furnishings Plaza Property Co., Ltd (揚州紅星美凱龍全球家居生活廣場置業有限公司)	Shop(s) in shopping mall	–	341,531.54
Jining Hongrui Real Estate Co., Ltd. (濟寧鴻瑞置業有限公司)	Shop(s) in shopping mall	–	178,090.23
Xiamen Baoxiang Red Star Macalline Home Furnishing Plaza Company Limited (廈門寶象紅星美凱龍家居生活廣場有限公司)	Shop(s) in shopping mall	–	166,390.29
Xuzhou Red Star Macalline International Home Furnishings City Co., Ltd. (徐州紅星美凱龍國際傢俱裝飾城有限公司)	Shop(s) in shopping mall	–	40,952.35
Wuhan Zhengkai Logistics Co., Ltd. (武漢市正凱物流有限公司)	Shop(s) in shopping mall	–	12,511.45

Note 1: The amount is presented without considering the impact of the new leasing standard

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Major Transactions between the Group and Related Parties (continued)

(3) Guarantees from related parties

Unit: Yuan Currency: RMB

	Amount of guarantees	Inception date of guarantee	Expiration date of guarantee	Whether guarantee has been performed
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股 集團有限公司) (Note 1)	715,000,000.00	2019/8/30	2031/6/15	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股 集團有限公司) (Note 2)	522,000,000.00	2019/6/20	2029/6/20	No
Red Star Macalline Holding Group Company Limited (Note 3)	225,600,000.00	2018/7/13	2028/7/12	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股 集團有限公司) (Note 4)	289,333,333.30	2018/2/26	2026/2/26	No
CHE Jianxing (車建興) (Note 5)	290,000,000.00	2016/6/8	2026/6/8	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股 集團有限公司) (Note 6)	437,500,000.00	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 7)	492,000,000.00	2019/12/19	2029/12/19	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股 集團有限公司)	157,000,000.00	2019/7/10	2020/7/9	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股 集團有限公司)	143,000,000.00	2019/7/10	2020/7/9	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股 集團有限公司) (Note 8)	116,500,000.00	2019/12/30	2027/12/20	No

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Major Transactions between the Group and Related Parties (continued)

(3) Guarantees from related parties (continued)

	Amount of guarantees	Inception date of guarantee	Expiration date of guarantee	Whether guarantee has been performed
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股 集團有限公司) (Note 9)	300,000,000.00	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 10)	85,000,000.00	2019/12/30	2027/12/20	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股 集團有限公司) (Note 11)	41,066,810.06	2020/4/3	2030/3/26	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股 集團有限公司) (Note 12)	360,000,000.00	2020/6/30	2030/6/30	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股 集團有限公司) (Note 13)	180,000,000.00	2020/3/23	2030/3/23	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股 集團有限公司) (Note 14)	330,000,000.00	2020/3/20	2028/3/19	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股 集團有限公司) (Note 15)	239,000,000.00	2019/7/5	2021/7/4	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股 集團有限公司) (Note 16)	443,256,600.00	2019/6/17	2022/6/16	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股 集團有限公司) (Note 17)	90,000,000.00	2020/5/15	2022/5/15	No

Note 1: The loan is also secured by the investment property of Dalian Red Star Macalline Shibo Home Furnishing Plaza Company Limited, a subsidiary of the Group.

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Major Transactions between the Group and Related Parties (continued)

(3) Guarantees from related parties (continued)

Note 2: The loan is also secured by the investment property of Zhengzhou Red Star Macalline International Home Living Company Limited, a subsidiary of the Group.

Note 3: 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 4: 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 5: The loan is also secured by the investment property of Chongqing Red Star Macalline Expo Home Living Plaza Company Limited, a subsidiary of the Group.

Note 6: The loan is also secured by the investment property of Ningbo Red Star Macalline Home Shopping Plaza Company Limited, a subsidiary of the Group.

Note 7: The loan is also secured by the investment property of Zhengzhou Red Star Macalline International Home Living Company Limited, a subsidiary of the Group, and is pledged with all operating revenues from lease of shopping malls project located at No. 1 Shangdu Road, Zhengdong New District, Zhengzhou City during the loan period.

Note 8: The loan is also secured by fixed assets of Shanghai Jianliu Enterprise Management Co., Ltd, a subsidiary of the Group.

Note 9: The loan is also secured by the investment property of Nanchang Red Star Macalline Global Home Expo Center Co., Ltd, a subsidiary of the Group.

Note 10: The loan is also secured by fixed assets of Shanghai enliu Enterprise Management Co., Ltd, a subsidiary of the Group.

Note 11: The loan is also secured by the investment property of Shaanxi Red Star Macalline Logistics Company Limited (陝西紅星美凱龍物流有限公司), a subsidiary of the Group.

Note 12: The loan is also secured by the investment property of 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), a subsidiary of the Group.

Note 13: The loan is also secured by the investment property of Nanning Red Star Macalline Shibo Home Furnishing Exhibition Centre Company Limited (南寧紅星美凱龍世博家居展覽中心有限公司), a subsidiary of the Group.

Note 14: The loan is also secured by the investment property of Foshan Junda Enterprise Management Co., Ltd. (佛山郡達企業管理有限公司), a subsidiary of the Group.

Note 15: The loan is also secured by the investment property of Hangzhou Weiliang Electromechanical Hardware market Co., Ltd (杭州偉量機電五金市場有限公司), a subsidiary of the Group.

Note 16: The loan is also secured by the investment property of Hangzhou Weiliang electromechanical hardware market Co., Ltd (杭州偉量機電五金市場有限公司), a subsidiary of the Group.

Note 17: The loan is also secured by the investment property of Tianjin Red Star Macalline Home Furnishings Plaza Co., Ltd (天津紅星美凱龍家居生活廣場有限公司), a subsidiary of the Group.

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Major Transactions between the Group and Related Parties (continued)

(4) Loans and borrowings of the related parties

Unit: Yuan Currency: RMB

Related party	Lending amount	Inception date	Expiration date	Instructions
Borrowings				
Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司)	81,600,000.00	31 May 2019	31 December 2020	
Lendings				
Shanghai Mingyi Enterprise Development Co., Ltd. (上海名藝商業企業發展有限公司)	3,400,000.00			Repayable on demand and interest-free
Xiamen Baoxiang Red Star Macalline Home Furnishing Plaza Company Limited (廈門寶象紅星美凱龍家居生活廣場有限公司)	94,943,099.85			Repayable on demand and interest-free

(5) Assets transfer and debt restructuring of related parties

Unit: Yuan Currency: RMB

Related party	Details of related party transactions	Amount in the current period	Amount in the last period
Chongqing Kaixing Business Management Co., Ltd. (重慶凱幸商業管理有限公司) (Note 1)	Disposal of other equity instrument investments	20,240,935.95	–

Note 1: On April 2020, Red Star Macalline Group Corporation Ltd. transferred 2.26% of the equity of Beijing Haozu Technology Development Co., Ltd. to Chongqing Kaixing Business Management Co., Ltd. (重慶凱幸商業管理有限公司) with the transfer price of RMB20,240,935.95.

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Major Transactions between the Group and Related Parties (continued)

(6) Compensation for key management personnel

Unit: ten thousand Yuan Currency: RMB

Item	Amount in the current period	Amount in the last period
Compensation for key management personnel	982.00	1,300.00

(7) Amounts due from/to related parties

(1) Receivables

Item	Related party	Closing balance		Opening balance	
		Book balance	Bad debt allowance	Book balance	Bad debt allowance
Accounts receivable	Shanghai Jiazhan Construction Engineering Company Limited (上海嘉展建築裝潢工程有限公司)	13,000,000.00	13,000,000.00	13,000,000.00	13,000,000.00
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)	10,071,085.78	567,914.53	N/A	N/A
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)	8,379,571.85	432,778.34	3,304,633.03	156,970.07
Accounts receivable	Shanghai Weilaishi Decoration Technology Company Limited (上海威來適裝飾科技有限公司)	5,000,000.00	225,000.00	N/A	N/A
Accounts receivable	Liuzhou Red Star Macalline Real Estate Co., Ltd. (柳州紅星美凱龍置業有限公司)	4,021,322.00	190,221.04	4,021,322.00	190,221.04
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	180,000.00	3,166,666.66	142,500.00
Accounts receivable	Anka Household Products (Shanghai) Co., Ltd. (安咖家居用品(上海)有限公司)	3,806,436.00	171,289.62	3,141,996.00	141,389.82

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Major Transactions between the Group and Related Parties (continued)

(7) Amounts due from/to related parties (continued)

(1) Receivables (continued)

Item	Related party	Closing balance		Opening balance	
		Book balance	Bad debt allowance	Book balance	Bad debt allowance
Accounts receivable	Zhejiang Zhongguang Electric Appliances Co., Ltd. (浙江中廣電器股份有限公司)	3,499,999.97	157,500.00	1,749,997.71	78,749.90
Accounts receivable	Shanghai Xinhua Chengcheng Asset Management Co., Ltd (上海新華成城資產管理有限公司)	3,421,235.12	153,955.58		
Accounts receivable	Tianjin Xingkai Real Estate Development Co., Ltd (天津星凱房地產開發有限公司)	2,250,000.00	106,875.00	600,000.00	28,500.00
Accounts receivable	Wuhu Minghui Business Management Co., Ltd (蕪湖明輝商業管理有限公司)	2,015,753.42	322,722.12	2,315,753.42	318,647.67
Accounts receivable	Shaanxi Hongrui Home Furnishings Plaza Co., Ltd. (陝西鴻瑞家居生活廣場有限公司)	1,854,511.98	256,103.04		
Accounts receivable	Yiwu Meilong Real Estate Co., Ltd. (義烏美龍置業有限公司)	1,721,280.00	81,760.80		
Accounts receivable	Shanghai Xingcheng Yijia Home Furnishings Co., Ltd. (上海星誠藝佳家居有限責任公司)	1,220,467.20	54,921.02	1,220,467.20	54,921.02
Accounts receivable	Tianjin Meilong Real Estate Development Co., Ltd (天津美龍房地產開發有限公司)	1,162,500.00	55,218.75		
Accounts receivable	Ningbo Kailong Property Company Limited (寧波凱龍置業有限公司)	1,142,215.60	51,399.70	2,615,018.20	117,675.82
Accounts receivable	Klas International Home Living Company Limited (克拉斯國際家居有限公司)	1,110,626.25	49,978.18		
Accounts receivable	Yunnan Hongxing Macalline Real Estate Co., Ltd (雲南紅星美凱龍置業有限公司)	900,000.00	144,090.00	600,000.00	82,560.00
Accounts receivable	Jinan Xinglong Property Development Company Limited (濟南星龍房地產開發有限公司)	600,000.00	28,500.00		
Accounts receivable	Jining Hongrui Real Estate Co., Ltd. (濟寧鴻瑞置業有限公司)	247,642.71	39,647.60		
Accounts receivable	Xiangshan Meilong Real Estate Co., Ltd. (象山美龍置業有限公司)	239,937.13	10,797.17		

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Major Transactions between the Group and Related Parties (continued)

(7) Amounts due from/to related parties (continued)

(1) Receivables (continued)

Item	Related party	Closing balance		Opening balance	
		Book balance	Bad debt allowance	Book balance	Bad debt allowance
Accounts receivable	Shanghai Qiaotong Enterprise Management Co., Ltd (上海喬彤企業管理有限公司)	198,000.00	8,910.00	84,644.68	3,809.01
Accounts receivable	Xiamen Baoxiang Red Star Macalline Home Furnishing Plaza Company Limited (廈門寶象紅星美凱龍家居生活廣場有限公司)	177,500.00	7,987.50	177,500.00	7,987.50
Accounts receivable	Shanghai Harbour Home Investment Management Co., Ltd. (上海灣寓投資管理有限公司)	147,000.00	6,615.00	866,066.57	38,973.00
Accounts receivable	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)	100,000.00	4,500.00	100,000.00	4,500.00
Accounts receivable	Tianjin Hongxing Pacific Cinema Management Co., Ltd (天津紅星太平洋影院管理有限公司)	92,499.00	4,162.46	308,330.00	13,874.85
Accounts receivable	Tianjin Laina Huakai Film Co., Ltd (天津萊納華開影業有限公司)	84,696.33	3,811.33	22,000.00	990.00
Accounts receivable	Changzhou Hongmei Cinema Management Co., Ltd (常州紅美影院管理有限公司)	56,000.00	2,520.00		
Accounts receivable	Suzhou Hongmei Cinema Management Co., Ltd (蘇州紅美影院管理有限公司)	56,000.00	2,520.00		
Accounts receivable	Ningbo Kaixing Cinema Management Co., Ltd (寧波凱星影院管理有限公司)	54,945.43	2,472.54		
Accounts receivable	Yixing Yimei cinema Co., Ltd (宜興逸美影城有限公司)	54,662.54	2,459.81		
Accounts receivable	Changzhou Xingchen Interactive Entertainment Co., Ltd (常州星琛娛樂科技有限公司)	47,127.28	2,120.73		
Accounts receivable	SleepMaker (Hong Kong) Company Limited (深圳市朗樂福睡眠科技有限公司)	45,639.73	2,053.79		

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Major Transactions between the Group and Related Parties (continued)

(7) Amounts due from/to related parties (continued)

(1) Receivables (continued)

Item	Related party	Closing balance		Opening balance	
		Book balance	Bad debt allowance	Book balance	Bad debt allowance
Accounts receivable	Shanghai Xingchen Interactive Entertainment Technology Co., Ltd. (上海星琛互動娛樂科技有限公司)	45,450.00	2,045.25	18,180.00	818.10
Accounts receivable	Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司)	38,700.00	1,741.50	300,000.00	13,500.00
Accounts receivable	Suzhou Red Star Macalline Real Estate Development Co., Ltd (蘇州紅星美凱龍房地產開發有限公司)	22,640.00	1,075.40		
Accounts receivable	Tianjin Cameo Film Co., Ltd (天津卡美奧影業有限公司)	19,868.00	894.06		
Accounts receivable	Jinhua Jiayi Film Co., Ltd (金華市佳藝影業有限公司)	17,187.65	773.44		
Accounts receivable	Nanjing Macalline Business Information Consulting Co., Ltd. (南京美凱龍商務信息諮詢有限公司)	14,272.42	6,422.59		
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)	12,200.00	549.00		
Accounts receivable	Super Smart Home (Shanghai) Internet of Things Technology Co., Ltd. (超級智慧家(上海)物聯網科技有限公司)	5,200.00	234.00	10,000.00	450.00
Accounts receivable	Ningbo Qiangshang Home Furnishing Co., Ltd. (寧波牆尚家居有限公司)	4,137.67	186.20		
Accounts receivable	Shanghai Yunshen Intelligent Technology Co., Ltd (上海雲紳智慧科技有限公司)	855.00	38.48	2,622.00	117.99
Accounts receivable	Kunming Hongxing Haihui Real Estate Co., Ltd (昆明紅星海匯房地產有限公司)			2,790,104.05	125,554.68

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Major Transactions between the Group and Related Parties (continued)

(7) Amounts due from/to related parties (continued)

(1) Receivables (continued)

Item	Related party	Closing balance		Opening balance	
		Book balance	Bad debt allowance	Book balance	Bad debt allowance
Accounts receivable	Shaanxi Red Star Heji Home Shopping Plaza Company Limited (陝西紅星和記家居購物廣場有限公司) (Note 1)	N/A	N/A	22,685,262.30	1,077,549.96
Accounts receivable	Changzhou Jintan Weiyi Construction Engineering Co., Ltd (常州市金壇維德建設工程有限公司)	1,500,000.00	240,150.00	1,500,000.00	206,400.00
Accounts receivable	Yancheng Kailong Property Company Limited (鹽城凱龍置業有限公司)			917,000.00	43,557.50
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)			858,546.00	40,780.94
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)			790,786.66	35,585.40
Accounts receivable	Jiangsu Longguan film and Television Culture Technology Co., Ltd (江蘇龍冠影視文化科技有限公司)			283,814.12	12,771.64
Accounts receivable	Jiangsu meishanlong Catering Culture Development Co., Ltd (江蘇美膳龍飲食文化發展有限公司)			133,435.49	6,004.60
Accounts receivable	Qingdao Hongxing International Real Estate Co., Ltd (青島紅星國際置業有限公司)			103,740.00	4,927.65
Accounts receivable	Shanghai Zhidi Intelligent Technology Co., Ltd (上海智諦智慧科技有限公司)			55,059.53	2,477.68
Accounts receivable	Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司)			3,967.00	178.52

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Major Transactions between the Group and Related Parties (continued)

(7) Amounts due from/to related parties (continued)

(1) Receivables (continued)

Item	Related party	Closing balance		Opening balance	
		Book balance	Bad debt allowance	Book balance	Bad debt allowance
Prepayments	Shanghai Huojing Business Management Company Limited Wuhan branch (上海或京商業管理有限公司武漢分公司)	3,026,066.98			
Prepayments	Shanghai Red Star win win Cloud Computing Technology Co., Ltd (上海紅星共贏雲計算科技有限公司)	886,500.00			
Prepayments	Shanghai Zhidi Intelligent Technology Co., Ltd (上海智諦智慧科技有限公司)	420,194.00			
Prepayments	Shenyang Red Star Macalline Property Management Co., Ltd. (瀋陽紅星美凱龍物業管理有限公司)	600,000.00		600,000.00	
Prepayments	Shanghai Jiazhan Construction Engineering Company Limited (上海嘉展建築裝潢工程有限公司)	572,805.00			
Prepayments	Shanghai Zhenyang Decoration Co., Ltd.	337,689.54			N/A
Prepayments	Shanghai Huojing Business Management Company Limited (上海或京商業管理有限公司)	285,858.59			
Prepayments	Shanghai Aegean Business Management Co., Ltd (上海愛琴海商務管理有限公司)	169,410.85		169,410.85	
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)	150,793.51		214,285.63	
Prepayments	Changzhou Red Star Furniture General Factory Co., Ltd. (常州市紅星傢俱總廠有限公司)	126,108.00		126,108.00	
Prepayments	Shaanxi Hongrui Home Furnishings Plaza Co., Ltd. (陝西鴻瑞家居生活廣場有限公司)	123,809.67		109,523.84	
Prepayments	Wuhu Minghui Business Management Co., Ltd (蕪湖明輝商業管理有限公司)	120,634.91		326,605.16	

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Major Transactions between the Group and Related Parties (continued)

(7) Amounts due from/to related parties (continued)

(1) Receivables (continued)

Item	Related party	Closing balance		Opening balance	
		Book balance	Bad debt allowance	Book balance	Bad debt allowance
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)	120,634.85		163,492.04	
Prepayments	Shanghai Xinhua Chengcheng Asset Management Co., Ltd (上海新華成城資產管理有限公司)	47,168.94		47,168.94	
Prepayments	Dream Maker Home (Shenzhen) Co., Ltd. (造夢者家居(深圳)有限公司)	42,515.24			
Prepayments	Shanghai Yunshen Intelligent Technology Co., Ltd (上海雲紳智慧科技有限公司)			3,906,000.00	
Prepayments	Kunming xingqin Business Management Co., Ltd (昆明星琴商業管理有限公司)			50,440.00	
Other receivables	Shanghai Mingyi Enterprise Development Co., Ltd. (上海名藝商業企業發展有限公司)	135,000,000.50	6,750,000.03	131,600,000.50	6,580,000.03
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)	45,708,404.95	6,185,903.89	48,561,439.14	3,212,299.04
Other receivables	Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司)	31,040,312.62	2,330.17	31,000,000.00	
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)	6,076,821.00	934,982.88	6,076,821.00	1,378,980.59
Other receivables	Yunnan Hongxing 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	Shanghai Xingcheng Yijia Home Furnishings Co., Ltd. (上海星誠藝佳家居有限責任公司)	1,892,905.64	1,892,905.64	1,892,905.64	1,119,432.44
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	28,901.22	500,000.00	37,797.23

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Major Transactions between the Group and Related Parties (continued)

(7) Amounts due from/to related parties (continued)

(1) Receivables (continued)

Item	Related party	Closing balance		Opening balance	
		Book balance	Bad debt allowance	Book balance	Bad debt allowance
Other receivables	Shanghai Huojing Business Management Company Limited (上海或京商業管理有限公司)	464,505.66	464.51		
Other receivables	Shanghai Aegean Business Management Co., Ltd (上海愛琴海商務管理有限公司)	256,900.00	256.90	256,900.00	256.90
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	N/A	N/A
Other receivables	Wuhu Minghui Business Management Co., Ltd (蕪湖明輝商業管理有限公司)	180,880.00	7,571.80	555,280.00	555.28
Other receivables	Shanghai Xinhua Chengcheng Asset Management Co., Ltd (上海新華成城資產管理有限公司)	141,506.82	141.51	141,506.82	141.51
Other receivables	Yancheng Kailong Property Company Limited (鹽城凱龍置業有限公司)	100,000.00	100.00		
Other receivables	Kunming xingqin Business Management Co., Ltd (昆明星琴商業管理有限公司)	76,030.00	76.03	76,030.00	76.03
Other receivables	Xiamen Baoxiang Red Star Macalline Home Furnishing Plaza Company Limited (廈門寶象紅星美凱龍家居生活廣場有限公司)	4,000.00	167.44	4,000.00	4.00
Other receivables	Shaanxi Hongrui Home Furnishings Plaza Co., Ltd. (陝西鴻瑞家居生活廣場有限公司)	1,184.00	49.56	3,896,650.33	117,864.21
Other receivables	Beijing xingqin Business Management Co., Ltd (北京星琴商業管理有限公司)			20,000.00	20.00
Other receivables	Chengdu Wanfu Xingkai Business Management Co., Ltd (成都萬福星凱商業管理有限公司)			20,000.00	20.00
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)	2,392,993.30	7,381.22	2,392,993.30	7,381.22

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Major Transactions between the Group and Related Parties (continued)

(7) Amounts due from/to related parties (continued)

(1) Receivables (continued)

Item	Related party	Closing balance		Opening balance	
		Book balance	Bad debt allowance	Book balance	Bad debt allowance
Long-term receivables	Xiamen Baoxiang Red Star Macalline Home Furnishing Plaza Company Limited (廈門寶象紅星美凱龍家居生活廣場有限公司)	120,043,099.85	1,200,431.00	25,100,000.00	251,000.00
Long-term receivables	Hangzhou Red Star Macalline Global Home Living Company Limited (杭州紅星美凱龍環球家居有限公司) (Note 2)	N/A	N/A	332,148,745.00	3,321,487.45
Other non-current assets	Chongqing Jinke Zhongjun Real Estate Development Co., Ltd. (重慶金科中俊房地產開發有限公司)	334,469,964.66		N/A	N/A
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	Shaanxi Red Star Heji Home Shopping Plaza Company Limited (陝西紅星和記家居購物廣場有限公司) (Note 1)	N/A	N/A	221,236,187.86	2,212,361.88

Note 1: Shaanxi Red Star Heji Home Shopping Plaza Company Limited will be converted into a consolidated subsidiary in 2020.

Note 2: Hangzhou Red Star Macalline Global Home Living Company Limited will be converted into a consolidated subsidiary in 2020.

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Major Transactions between the Group and Related Parties (continued)

(7) Amounts due from/to related parties (continued)

(2) Payables

Unit: Yuan Currency: RMB

Item	Related party	Closing book balance	Opening book balance
Account Payable	Shanghai Zhenyang Decoration Co., Ltd. (上海振洋建築裝潢工程有限公司)	57,177,390.21	N/A
Account Payable	Shanghai Xincheng'an Construction Co., Ltd. (上海鑫誠安建設有限公司)	27,829,649.42	43,522,109.91
Account Payable	Shanghai Jiazhan Construction Engineering Company Limited (上海嘉展建築裝潢工程有限公司)	5,746,743.81	29,020,042.08
Account Payable	Shanghai Zhidi Intelligent Technology Co., Ltd (上海智諦智慧科技有限公司)	1,906,783.27	1,497,343.39
Account Payable	Changzhou Red Star Furniture General Factory Co., Ltd. (常州市紅星傢俱總廠有限公司)	879,928.96	748,612.50
Account Payable	Hangzhou Nabel Ceramics Co., Ltd. (杭州諾貝爾陶瓷有限公司)	560,233.96	
Account Payable	Shenyang Red Star Macalline Property Management Co., Ltd. (瀋陽紅星美凱龍物業管理有限公司)	340,380.00	
Account Payable	Beijing Sunsea Parking Management Co., Ltd (北京陽光海天停車管理有限公司)	28,000.00	
Account Payable	Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司)	21,273.60	

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Major Transactions between the Group and Related Parties (continued)

(7) Amounts due from/to related parties (continued)

(2) Payables (continued)

Item	Related party	Closing book balance	Opening book balance
Account Payable	Dream Maker Home (Shenzhen) Co., Ltd. (造夢者家居(深圳)有限公司)	14,232.77	
Account Payable	Beijing Guofu Cultural Technology Consulting Co., Ltd. (北京國富縱橫文化科技諮詢股份有限公司)	6,000.00	
Other Payables	Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司)	627,888,744.32	
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)	72,303,820.31	45,303,820.31
Other Payables	Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司)	40,015,437.13	41,437,944.45
Other Payables	Shenyudao Cultural Tourism Holding Co., Ltd. (神玉島文化旅遊控股股份有限公司)	22,050,000.00	25,600,000.00
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)	10,037,436.42	6,176,810.43
Other Payables	Shanghai Zhenyang Decoration Co., Ltd. (上海振洋建築裝潢工程有限公司)	5,392,055.72	N/A
Other Payables	Shanghai Xincheng'an Construction Co., Ltd. (上海鑫誠安建設有限公司)	5,204,230.89	434,020.50

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Major Transactions between the Group and Related Parties (continued)

(7) Amounts due from/to related parties (continued)

(2) Payables (continued)

Item	Related party	Closing book balance	Opening book balance
Other Payables	Wuhan Zhengkai Logistics Co., Ltd. (武漢市正凱物流有限公司)	4,358,635.81	5,140,854.38
Other Payables	Hangzhou Nabel Ceramics Co., Ltd. (杭州諾貝爾陶瓷有限公司)	1,718,529.78	1,136,494.00
Other Payables	Handan Fengfengkuang District Royal Property Development Company Limited (邯鄲市峰峰礦 區皇室房地產開發有限公司)	1,466,545.57	
Other Payables	Shanghai Jiazhan Construction Engineering Company Limited (上 海嘉展建築裝潢工程有限公司)	1,198,805.77	
Other Payables	Super Smart Home (Shanghai) Internet of Things Technology Co., Ltd. (超級智慧家(上海)物聯 網科技有限公司)	1,140,133.88	285,000.00
Other Payables	Shaanxi Hongrui Home Furnishings Plaza Co., Ltd. (陝西鴻瑞家居生活 廣場有限公司)	1,076,781.13	257.58
Other Payables	LEAWOD door and window profiles company (四川良木道門窗型材有 限公司)	630,000.00	630,000.00
Other Payables	Hangzhou Nabel Group Co., Ltd. (杭州諾貝爾集團有限公司)	513,013.87	127,514.47
Other Payables	Jinan Xinglong Property Development Company Limited (濟南星龍房地產開發有限公司)	472,065.10	
Other Payables	Shanghai Tianhe Smart Home Technology Company Ltd. (上海 天合智能科技股份有限公司)	406,063.93	30,000.00

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Major Transactions between the Group and Related Parties (continued)

(7) Amounts due from/to related parties (continued)

(2) Payables (continued)

Item	Related party	Closing book balance	Opening book balance
Other Payables	SleepMaker (Hong Kong) Company Limited (深圳市朗樂福睡眠科技有限公司)	280,000.00	250,000.00
Other Payables	Shanghai Yunshen Intelligent Technology Co., Ltd (上海雲紳智慧科技有限公司)	279,000.00	
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)	200,000.00	199,956.99
Other Payables	Klas International Home Living Company Limited (克拉斯國際家居有限公司)	196,824.35	66,300.00
Other Payables	Changzhou Red Star Furniture General Factory Co., Ltd. (常州市紅星傢俱總廠有限公司)	164,183.44	142,706.57
Other Payables	Shengbao (Shanghai) Furniture Co., Ltd. (晟葆(上海)傢俱有限公司)	152,000.00	
Other Payables	Jiangsu Baili Aijia Home Technology Co., Ltd. (江蘇佰麗愛家居科技有限公司)	94,600.00	94,000.00
Other Payables	Suzhou Supin Home Culture Co., Ltd. (蘇州市蘇品宅配文化有限公司)	51,015.32	40,015.32
Other Payables	Beijing Guofu Cultural Technology Consulting Co., Ltd. (北京國富縱橫文化科技諮詢股份有限公司)	50,859.00	
Other Payables	Ningbo Qiangshang Home Living Company Limited (寧波牆尚家居有限公司)	50,000.00	

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Major Transactions between the Group and Related Parties (continued)

(7) Amounts due from/to related parties (continued)

(2) Payables (continued)

Item	Related party	Closing book balance	Opening book balance
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	40,000.00
Other Payables	Hangzhou Feishi Bath & Kitchen Products Co., Ltd (杭州菲氏浴廚用品有限公司)	20,000.00	20,000.00
Other Payables	Yangzhou Kailong Consulting Co., Ltd. (揚州凱龍管理諮詢有限公司)	13,109.59	33,979.78
Other Payables	Xiamen Baoxiang Red Star Macalline Home Furnishing Plaza Company Limited (廈門寶象紅星美凱龍家居生活廣場有限公司)	3,027.59	3,795.53
Other Payables	Wuhu Minghui Business Management Co., Ltd (蕪湖明輝商業管理有限公司)	1,503.60	162.90
Other Payables	Xuzhou Red Star Macalline International Home Furnishings City Co., Ltd. (徐州紅星美凱龍國際傢俱裝飾城有限公司)	1,076.88	1,797.63
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)	135.05	
Other Payables	Yunnan Hongxing Macalline Real Estate Co., Ltd (雲南紅星美凱龍置業有限公司)		36,104.33

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Major Transactions between the Group and Related Parties (continued)

(7) Amounts due from/to related parties (continued)

(2) Payables (continued)

Item	Related party	Closing book balance	Opening book balance
Other Payables	Changzhou Yizhi Furniture Company Limited (常州市藝致傢俱有限公司)		18,000.00
Advance from customers	上海星之域商業經營管理有限公司	12,859,123.68	
Advance from customers	CHE Yuqin (車玉琴)	766,736.93	
Advance from customers	Super Smart Home (Shanghai) Internet of Things Technology Co., Ltd. (超級智慧家(上海)物聯網科技有限公司)	525,002.80	
Advance from customers	Shanghai Xingzhiyu Commercial Management Co., Ltd. (上海星之域商業經營管理有限公司)	358,382.58	
Advance from customers	Hangzhou Nobel Ceramics Co., Ltd. (杭州諾貝爾陶瓷有限公司)	323,600.15	458,908.98
Advance from customers	CHE Jianguo (車建國)	252,101.86	
Advance from customers	Shengbao (Shanghai) Furniture Co., Ltd. (晟葆(上海)傢俱有限公司)	212,215.06	239,785.62
Advance from customers	Business Division of Nanjing Pukou Lilicheng Furniture (南京市浦口區立力成傢俱經營部)	130,022.14	
Advance from customers	Changzhou Red Star Furniture General Factory Co., Ltd. (常州市紅星傢俱總廠有限公司)	102,997.44	92,435.92
Advance from customers	Shanghai Tianhe Smart Technology Company Ltd. Hefei Branch (上海天合智慧科技股份有限公司合肥分公司)	44,947.24	

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Major Transactions between the Group and Related Parties (continued)

(7) Amounts due from/to related parties (continued)

(2) Payables (continued)

Item	Related party	Closing book balance	Opening book balance
Advance from customers	Jiangsu Baili Aijia Home Technology Co., Ltd. (江蘇佰麗愛家居科技有限公司)	37,403.84	
Advance from customers	Zhengzhou Xingbo Real Estate Development Co., Ltd (鄭州星鉞房地產開發有限公司)	30,000.00	210,000.00
Advance from customers	ZHANG Jianfang (張建芳)	17,187.52	
Advance from customers	Changzhou Longyao Equity Investment Management Co., Ltd. (常州龍耀股權投資管理有限公司)	2,940.91	
Advance from customers	Hangzhou Nobel Group Co., Ltd. (杭州諾貝爾集團有限公司)	115.00	
Advance from customers	Guangdong Sanweijia Information Technology Co., Ltd. (廣東三維家資訊科技有限公司)	20.59	
Lease liabilities	Changzhou Red Star Home Furnishing City (常州市紅星裝飾城)	1,042,651.67	1,576,761.26
Contract liabilities	Chongqing Jinke Real Estate Development Co., Ltd. (重慶金科房地產開發有限公司)	127,500,000.00	N/A
Contract liabilities	Shanghai CTME Economy & Trade Development Co., Ltd. (上海中貿美凱龍經貿發展有限公司)	8,343,716.40	
Contract liabilities	Handan Fengfeng Mining District Royal Property Development Company Limited (邯鄲市峰峰礦區皇室房地產開發有限公司)	6,943,396.23	15,094,339.62

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Major Transactions between the Group and Related Parties (continued)

(7) Amounts due from/to related parties (continued)

(2) Payables (continued)

Item	Related party	Closing book balance	Opening book balance
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)	3,635,820.61	
Contract liabilities	Anhui Tenghui Investment Group Hefei Company Limited (安徽騰輝投資集團合肥有限公司)	2,813,083.56	3,435,564.19
Contract liabilities	Wuhu Meihe Asset Management Company Limited (蕪湖美和資產管理有限公司)	1,886,792.46	
Contract liabilities	Hangzhou Nobel Ceramics Co., Ltd. (杭州諾貝爾陶瓷有限公司)	1,590,174.04	2,708,506.99
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)	1,569,723.56	1,359,031.34
Contract liabilities	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)	1,415,094.34	
Contract liabilities	SleepMaker (Hong Kong) Company Limited (深圳市朗樂福睡眠科技有限公司)	1,094,339.62	150,943.40
Contract liabilities	Yunnan Hongxing Macalline Real Estate Co., Ltd (雲南紅星美凱龍置業有限公司)	849,056.60	
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)	610,045.66	2,462,307.23

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Major Transactions between the Group and Related Parties (continued)

(7) Amounts due from/to related parties (continued)

(2) Payables (continued)

Item	Related party	Closing book balance	Opening book balance
Contract liabilities	Kunming Hongxing Haihui Real Estate Co., Ltd (昆明紅星海匯房地產有限公司)	578,494.10	
Contract liabilities	Wuhan Zhengkai Logistics Co., Ltd. (武漢市正凱物流有限公司)	569,178.08	1,952,054.79
Contract liabilities	Ningbo Huixin Real Estate Co., Ltd (寧波匯鑫置業有限公司)	375,981.31	282,301.12
Contract liabilities	Shanghai Macalline Seven Star Hotel Management Co., Ltd. (上海美凱龍七星酒店管理有限公 司)	354,170.80	
Contract liabilities	Liuzhou Red Star Macalline Real Estate Co., Ltd. (柳州紅星美凱龍置業有限公司)	280,267.26	
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)	275,684.11	
Contract liabilities	Shanghai Xuanyan Enterprise Management Company Limited (上海暄妍企業管理有限公司)	267,340.00	
Contract liabilities	Shanghai Hongmei Real Estate Co., Ltd (上海洪美置業有限公司)	150,504.13	150,504.13
Contract liabilities	Super Smart Home (Shanghai) Internet of Things Technology Co., Ltd. (超級智慧家(上海)物聯網科技有限公司)	106,981.13	

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Major Transactions between the Group and Related Parties (continued)

(7) Amounts due from/to related parties (continued)

(2) Payables (continued)

Item	Related party	Closing book balance	Opening book balance
Contract liabilities	Shaanxi Hongrui Home Furnishings Plaza Co., Ltd. (陝西鴻瑞家居生活廣場有限公司)	101,886.79	101,886.79
Contract liabilities	Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司)	90,546.16	889,517.70
Contract liabilities	Kunming Guangyuan Property Development Company Limited (昆明廣遠房地產開發有限公司)	73,202.95	
Contract liabilities	Shanghai Xinxing Catering Management Co., Ltd. (上海恣星餐飲管理有限公司)	33,800.00	
Contract liabilities	Dream Maker Home (Shenzhen) Co., Ltd. (造夢者家居(深圳)有限公司)	30,417.92	30,417.92
Contract liabilities	Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司)	14,103.77	
Contract liabilities	Shanghai Huojing Business Management Company Limited Beijing branch (上海或京商業管理有限公司北京分公司)	3,766.50	
Contract liabilities	Jining Kaixing Shopping Plaza Company Limited (濟寧凱星購物廣場有限公司)		1,886,792.45
Contract liabilities	Jining Hongrui Real Estate Co., Ltd. (濟寧鴻瑞置業有限公司)		851,280.46
Contract liabilities	Brewster Wallpaper International Trade (Shanghai) Co., Ltd. (布魯斯特牆紙國際貿易(上海)有限公司)		314,465.42

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

XI.COMMITMENTS AND CONTINGENCIES

1. Significant Commitments

	2020	2019
Contracted but not provisioned		
Capital commitments	2,251,239,000.00	2,095,018,000.00
Investment commitments	626,347,000.00	647,700,000.00
Total	2,877,586,000.00	2,742,718,000.00

2. Contingencies

None

XII.EVENTS AFTER THE BALANCE SHEET DATE

According to the profit distribution plan for 2019, the Company distributed cash dividend of RMB2.53 (tax inclusive) per 10 shares to all of its shareholders, based on the Company's total share capital of 3,550,000,000 shares as at the 31 December 2019, and at the same time, issued one share per 10 shares by way of conversion of capital reserve to all of its shareholders. The above profit distribution plan has been implemented and completed on 18 August 2020, and the total share capital of the Company has increased from 3,550,000,000 shares to 3,905,000,000 shares.

XIII. OTHER EVENTS

1. Segment Reporting

For management purposes, the Group is organized into business units based on their products and services and has 5 reporting segments as follows:

- (1) Owned/Leased Portfolio Shopping Malls
- (2) Managed Shopping Malls
- (3) Construction and design
- (4) Related home decoration and sales of merchandise
- (5) Others

The management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance are evaluated based on the segment profits reported. It represents the indicator after adjustments have been made to total profit of continuing operation, and other than the exclusion of interest income, financial expenses, dividend income, gains from changes in fair value of financial instruments, and headquarters expenses, the indicator is consistent with the Group's total profit of continuing operation.

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

XIII. OTHER EVENTS (continued)

1. Segment Reporting (continued)

For the period from 1 January to 30 June 2020

Unit: Yuan Currency: RMB

Items	Owned/Leased		Managed Shopping Malls	Construction and design	Related home decoration and sales of merchandise	Other	Unallocated item	Inter segment elimination	Total
	Portfolio Shopping Malls	Managed Shopping Malls							
External revenue	3,027,912,524.15	1,828,941,707.49	640,753,919.60	182,300,235.25	344,532,479.52	-	-	6,024,440,866.01	
Inter-segment revenue									
Total segment operating revenue	3,027,912,524.15	1,828,941,707.49	640,753,919.60	182,300,235.25	344,532,479.52	-	-	6,024,440,866.01	
Less: Cost of sales	722,039,515.61	586,243,820.51	487,113,882.43	130,868,560.01	68,334,469.66	-	-	1,994,600,248.22	
Taxes and surcharges	133,718,446.96	11,355,508.60	9,165,256.15	749,204.65	16,947,571.69	-	-	171,935,988.05	
Distribution and selling expenses	372,725,890.85	161,159,468.69	749,417.83	81,521,650.17	15,092,423.04	-	-	631,248,850.58	
General and administrative expenses	253,430,132.81	180,590,866.32	50,384,727.82	57,201,911.18	202,852,978.30	-	-	744,460,616.43	
Research and development expenses	-	-	-	-	-	10,843,802.66	-	10,843,802.66	
Financial expenses	-	-	-	-	-	1,348,360,314.59	-	1,348,360,314.59	
Add: Other income	-	-	-	-	-	86,015,355.42	-	86,015,355.42	
Investment income	-	-	-	-	-	142,586,655.69	-	142,586,655.69	
Gain on changes in fair value	-	-	-	-	-	296,599,198.00	-	296,599,198.00	
Impairment losses of credit	-	-	-	-	-	(3,533,290.62)	-	(3,533,290.62)	
Gain from disposal of assets	-	-	-	-	-	(21,769,125.68)	-	(21,769,125.68)	
Operating profit/(loss)	1,545,998,537.92	889,592,043.37	93,340,635.37	(88,041,090.77)	41,305,036.84	(859,305,324.44)	-	1,622,889,838.29	
Add: Non-operating income	-	-	-	-	-	17,349,304.55	-	17,349,304.55	
Less: Non-operating expenses	-	-	-	-	-	83,519,321.52	-	83,519,321.52	
Total profit/(loss)	1,545,998,537.92	889,592,043.37	93,340,635.37	(88,041,090.77)	41,305,036.84	(925,475,341.41)	-	1,556,719,821.32	
Less: Income tax expenses	-	-	-	-	-	402,466,107.25	-	402,466,107.25	
Net profit/(loss)	1,545,998,537.92	889,592,043.37	93,340,635.37	(88,041,090.77)	41,305,036.84	(1,327,941,448.66)	-	1,154,253,714.07	

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

XIII. OTHER SIGNIFICANT EVENTS (continued)

1. Segment Reporting (continued)

For the period from 1 January to 30 June 2019

Unit: Yuan Currency: RMB

Items	Owned/Leased		Managed Shopping Malls	Construction and design	Related home decoration and sales of merchandise	Other	Unallocated item	Adjustment and offset	Total
	Portfolio Shopping Malls	Managed Shopping Malls							
External revenue	3,952,122,177.57	2,162,449,497.83		937,841,156.07	206,083,076.14	498,618,579.85			7,757,114,487.46
Inter-segment revenue									
Total segment operating revenue	3,952,122,177.57	2,162,449,497.83		937,841,156.07	206,083,076.14	498,618,579.85			7,757,114,487.46
Less: Cost of sales	808,393,623.53	746,302,209.26		642,568,338.90	142,535,402.83	222,660,569.47			2,562,460,143.99
Taxes and surcharges	177,698,175.47	11,536,987.56		7,237,259.38	420,962.04	4,950,541.31			201,843,925.76
Distribution and selling expenses	616,927,738.88	219,482,702.17			64,230,034.66	30,975,959.36			931,616,435.07
General and administrative expenses	279,937,372.63	181,175,983.78		48,094,347.66	39,328,204.22	154,043,070.11			702,578,978.40
Research and development expenses		9,677,569.97				7,588,772.49			17,266,342.46
Financial expenses							984,694,930.36		984,694,930.36
Impairment losses of credit							104,004,939.19		104,004,939.19
Add: Other income							58,576,197.18		58,576,197.18
Investment income							339,678,258.34		339,678,258.34
Gain on changes in fair value							905,235,903.48		905,235,903.48
Gain from disposal of assets							7,106,901.16		7,106,901.16
Operating profit/(loss)	2,069,165,267.06	994,274,045.09		239,941,210.13	(40,431,527.61)	78,399,667.11	221,897,390.61		3,563,246,052.39
Add: Non-operating income							21,942,159.07		21,942,159.07
Less: Non-operating expenses							10,542,968.10		10,542,968.10
Total profit/(loss)	2,069,165,267.06	994,274,045.09		239,941,210.13	(40,431,527.61)	78,399,667.11	233,296,581.58		3,574,645,243.36
Less: Income tax expenses							713,291,013.53		713,291,013.53
Net profit/(loss)	2,069,165,267.06	994,274,045.09		239,941,210.13	(40,431,527.61)	78,399,667.11	(479,994,431.95)		2,861,354,229.83

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY

1. Accounts Receivable

	30 June 2020	31 December 2019
Accounts receivable	1,280,466,022.92	1,283,376,758.63
Less: Allowance for bad debts in relation to accounts receivable	868,450,700.26	909,070,574.54
	412,015,322.66	374,306,184.09

The movements on the allowance for bad debts in relation to accounts receivable are as follows:

Opening balance	Provision for the current period	Reversal for the current period	Write-off for the current period	Closing balance
909,070,574.54	13,930,125.72	30,937,967.00	23,612,033.00	868,450,700.26

	30 June 2020			
	Book balance		Bad debt allowance	
	Amount	Percentage (%)	Amount	Proportion (%)
Receivables for which bad debts are provided individually	697,886,079.50	54.50	690,851,343.60	98.99
Receivables for which bad debt allowance is provided by portfolio of credit risk characteristics	582,579,943.42	45.50	177,599,356.66	30.48
	1,280,466,022.92	100.00	868,450,700.26	67.82

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

1. Accounts Receivable (continued)

	31 December 2019			
	Book balance		Bad debt allowance	
	Amount	Percentage (%)	Amount	Proportion (%)
Receivables for which bad debts are provided individually	783,003,620.06	61.01	777,003,620.06	99.23
Receivables for which bad debt allowance is provided by portfolio of credit risk characteristics	500,373,138.57	38.99	132,066,954.48	26.39
	1,283,376,758.63	100.00	909,070,574.54	70.83

The aging analysis of accounts receivable is as follows:

	30 June 2020	31 December 2019
Within 1 year	272,210,127.67	172,585,476.58
1 to 2 years	110,709,062.53	138,675,103.83
2 to 3 years	152,544,628.93	144,958,648.62
Over 3 years	745,002,203.79	827,157,529.60
	1,280,466,022.92	1,283,376,758.63
Less: Allowance for bad debts for accounts receivable	868,450,700.26	909,070,574.54
	412,015,322.66	374,306,184.09

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

1. Accounts Receivable (continued)

Our Company's accounts receivable for which bad debts are provided by aging analysis method are as follows:

	30 June 2020		
	Book balance expected to incur credit loss	ECL rate (%)	Lifetime ECL
Portfolio One: Brand consulting and management services for the early stage of project			
Within 1 year	23,500,000.00	8.50	1,997,500.00
1 to 2 years	43,550,000.00	14.38	6,262,490.00
2 to 3 years	94,300,000.00	18.49	17,434,829.98
3 to 4 years	51,390,000.00	24.83	12,760,137.00
4 to 5 years	37,300,000.00	38.51	14,364,230.00
5 to 6 years	77,900,000.00	64.09	49,926,110.00
Over 6 years	13,240,000.00	100.00	13,240,000.00
	341,180,000.00	34.00	115,985,296.98

	30 June 2020		
	Book balance expected to incur credit loss	ECL rate (%)	Lifetime ECL
Portfolio Three: Other consulting services			
Within 1 year	110,342,253.57	16.01	17,665,794.80
1 to 2 years	29,298,539.84	23.90	7,002,351.02
2 to 3 years	17,144,628.93	38.11	6,533,818.09
Over 3 years	27,858,054.79	100.00	27,858,054.79
	184,643,477.13	31.99	59,060,018.70

XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

1. Accounts Receivable (continued)

Our Company's accounts receivable for which bad debts are provided by aging analysis method are as follows:
(continued)

Name	30 June 2020		
	Book balance expected to incur credit loss	ECL rate (%)	Lifetime ECL
Portfolio Four: Rental-related income			
Within 1 year	5,671,434.59	4.50	255,214.56
Over 1 year	34,572.10	4.50	1,555.74
	5,706,006.69	4.50	256,770.30

Name	30 June 2020		
	Book balance expected to incur credit loss	ECL rate (%)	Lifetime ECL
Portfolio Five: Others			
Within 1 year	33,638,892.57	4.50	1,513,750.16
Over 1 year	17,411,567.03	4.50	783,520.52
	51,050,459.60	4.50	2,297,270.68

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

1. Accounts Receivable (continued)

Our Company's accounts receivable for which bad debts are provided by aging analysis method are as follows:
(continued)

	31 December 2019		
	Book balance expected to incur credit loss	ECL rate (%)	Lifetime ECL
Portfolio One: Brand consulting and management services for the early stage of project			
Within 1 year	26,300,000.00	8.96	2,356,480.00
1 to 2 years	88,440,000.00	13.99	12,372,756.00
2 to 3 years	75,000,000.00	19.57	14,677,500.00
3 to 4 years	65,890,000.00	26.83	17,678,287.00
4 to 5 years	30,050,000.00	53.11	15,959,555.00
5 to 6 years	41,540,000.00	69.67	28,940,918.00
Over 6 years	5,000,000.00	100.00	5,000,000.00
	332,220,000.00	29.19	96,985,496.00

	31 December 2019		
	Book balance expected to incur credit loss	ECL rate (%)	Lifetime ECL
Portfolio Three: Other consulting services			
Within 1 year	75,090,393.42	13.76	10,332,438.14
1 to 2 years	13,820,720.28	22.44	3,101,369.63
2 to 3 years	25,558,648.63	32.65	8,344,898.78
Over 3 years	11,400,000.00	100.00	11,400,000.00
	125,869,762.33	26.36	33,178,706.55

XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

1. Accounts Receivable (continued)

Our Company's accounts receivable for which bad debts are provided by aging analysis method are as follows:
(continued)

	31 December 2019		
	Book balance expected to incur credit loss	ECL rate (%)	Lifetime ECL
Portfolio Four: Rental and related income			
Within 1 year	4,916,252.54	4.50	221,231.36
Portfolio Five: Others			
Within 1 year	21,867,123.72	4.50	984,020.57
Over 1 year	15,499,999.98	4.50	697,500.00
	37,367,123.70	4.50	1,681,520.57

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

1. Accounts Receivable (continued)

As at 30 June 2020, the top five accounts receivable were as follows:

	Closing balance	Proportion to total balance of accounts receivable (%)	Bad debt allowance Closing balance
Changzhou Wujin Construction Engineering Co., Ltd. (常州市武進建設工程有限公司)	55,000,000.00	4.30	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	2.03	23,000,000.00
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	1.56	20,000,000.00
Guizhou Linhengtai Property Development Company Limited (貴州林恒泰房地產開發有限公司)	18,000,000.00	1.41	5,563,800.00
Fujian vogu Investment Development Co., Ltd (福建沃谷投資發展有限公司)	17,000,000.00	1.33	17,000,000.00

2. Other Receivables

	30 June 2020	31 December 2019
Interest receivables	27,756,448.39	26,680,567.53
Dividend receivables	2,891,696,949.26	3,441,696,949.26
Other receivables	25,833,439,757.50	24,330,957,653.18
	28,752,893,155.15	27,799,335,169.97

Interest receivables

	30 June 2020	31 December 2019
Loan interest	27,756,448.39	26,680,567.53

XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

2. Other Receivables (continued)

Dividend receivables

	30 June 2020	31 December 2019
Red Star Macalline Home Furnishing Mall Management Company Limited (紅星美凱龍家居商場管理有限公司)	1,037,000,000.00	1,037,000,000.00
Shanghai Xingkai Chengpeng Business Management Company Limited (上海星凱程鵬企業管理有限公司)	1,108,856,949.26	608,856,949.26
Red Star Macalline Enterprise Management and Consulting Co., Ltd. (紅星美凱龍企業管理諮詢有限公司)	–	570,000,000.00
Red Star Xizhao Investment Company Limited (紅星喜兆投資有限公司)	–	360,000,000.00
Shanghai Red Star Macalline Global Home Furnishing Company Limited (上海紅星美凱龍全球家居有限公司)	352,000,000.00	352,000,000.00
Chongqing Red Star Macalline Shibo Home Living Plaza Company Limited (重慶紅星美凱龍世博家居生活廣場有限責任公司)	246,000,000.00	246,000,000.00
Shanghai Red Star Macalline Decorative Furniture Mall Co., Ltd (上海紅星美凱龍裝飾傢俱城有限公司)	1,440,000.00	121,440,000.00
Nanjing Mingdu Home Living Plaza Company Limited (南京名都家居廣場有限公司)	62,400,000.00	62,400,000.00
Changzhou Macalline International Computer and Electronics Furnishing Plaza Co., Ltd. (常州美凱龍國際電腦家電裝飾城有限公司)	36,000,000.00	36,000,000.00
Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司)	31,000,000.00	31,000,000.00
Jinan Red Star Macalline Shibo Home Living Plaza Company Limited (濟南紅星美凱龍世博家居生活廣場有限公司)	8,000,000.00	8,000,000.00
Shanghai Jisheng Wellborn Global Home Furnishing Brand Management Company Limited (上海吉盛偉邦環球家居品牌管理有限公司)	6,000,000.00	6,000,000.00
Changsha Red Star Macalline International Home Furnishing Art Expo Company Limited (長沙紅星美凱龍國際家居藝術博覽中心有限公司)	3,000,000.00	3,000,000.00
	2,891,696,949.26	3,441,696,949.26

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

2. Other Receivables (continued)

The aging analysis of other receivables is as follows:

	30 June 2020	31 December 2019
Within 1 year	26,150,288,540.80	20,562,114,370.66
1 to 2 years	65,175,134.65	1,213,566,833.42
2 to 3 years	47,872,062.50	17,751,077.50
Over 3 years	261,099,774.88	3,210,026,923.19
	26,524,435,512.83	25,003,459,204.77
Less: Bad debt allowance for other receivables	690,995,755.33	672,501,551.59
	25,833,439,757.50	24,330,957,653.18

The movements of bad debt allowance for other receivables based on 12-month expected credit loss and the lifetime expected credit loss, respectively, are as follows:

30 June 2020

	Stage 1 Expected credit losses in the next 12 months	Stage 2 Lifetime expected credit losses	Stage 3 Credit-impaired financial assets (Lifetime)	Total
Balance on 1 January 2020	24,328,214.62	–	648,173,336.97	672,501,551.59
– Transfer to stage 2	–	–	–	–
– Transfer to stage 3	–	–	–	–
– Reverse to stage 2	–	–	–	–
– Reverse to stage 1	–	–	–	–
Provision during the period	18,494,203.74	–	–	18,494,203.74
Reversal during the period	–	–	–	–
Reclassification during this period (note)	–	–	–	–
	42,822,418.36	–	648,173,336.97	690,995,755.33

XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

2. Other Receivables (continued)

30 June 2019

	Stage 1 Expected credit losses in the next 12 months	Stage 2 Lifetime expected credit losses (Not credit impaired)	Stage 3 Lifetime expected credit losses (Credit impaired)	Total
Balance on 1 January 2019	26,372,534.44	–	648,173,336.97	674,545,871.41
– Transfer to stage 2	–	–	–	–
– Transfer to stage 3	–	–	–	–
– Reverse to stage 2	–	–	–	–
– Reverse to stage 1	–	–	–	–
Provision during the period	7,482,848.59	–	–	7,482,848.59
Reversal during the period	–	–	–	–
	33,855,383.03	–	648,173,336.97	682,028,720.00

During the period, bad debt allowance was RMB18,494,203.74.

Other receivables are classified by nature as follows:

	30 June 2020	31 December 2019
Loan and advances		
– to related parties	25,760,918,096.42	24,115,358,320.67
– to third parties	33,397,089.22	207,253,734.32
Deposits	4,979,703.04	5,110,828.38
Others	34,144,868.82	3,234,769.81
	25,833,439,757.50	24,330,957,653.18

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

2. Other Receivables (continued)

On 30 June 2020, the top five entities with the largest amounts of other receivables are as follows:

	Closing balance	Proportion to the total amount of other receivables (%)	Nature	Aging	Bad debt allowance Closing balance
Shanghai Red Star Macalline Home Furnishing Design Expo Company Limited (上海紅星美凱龍家居藝術設計博覽有限公司)	2,468,419,305.17	9.56	Amounts due to and from subsidiaries	Within 1 year	129,552,550.73
Tianjin Red Star Macalline World Trade Home Living Company Limited (天津紅星美凱龍世貿家居有限公司)	1,241,035,559.73	4.80	Amounts due to and from subsidiaries	Within 1 year	-
Hangzhou Red Star Macalline Global Home Living Company Limited (杭州紅星美凱龍環球家居有限公司)	972,830,161.00	3.77	Amounts due to and from subsidiaries	Within 1 year	-
Nanjing Mingdu Home Furnishing Plaza Company Limited (南京名都家居廣場有限公司)	969,412,763.72	3.75	Amounts due to and from subsidiaries	Within 1 year	-
Red Star Macalline Shibo (Tianjin) Home Furnishing Plaza Company Limited (紅星美凱龍世博(天津)家居生活廣場有限公司)	961,926,587.66	3.72	Amounts due to and from subsidiaries	Within 1 year	80,000,000.00
	6,613,624,377.28	25.60			209,552,550.73

XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

3. Long-term Equity Investments

Investee	Opening balance	Increase during the period	Decrease during the period	Closing balance
Changzhou Macalline International Computer and Home Appliance City Company Limited (常州美凱龍國際電腦家電裝飾城有限公司)	(1,955,167.87)	-	-	(1,955,167.87)
Changzhou World Furniture and Home Plaza Co., Ltd. (常州世界傢俱家居廣場有限公司)	15,447,913.31	-	-	15,447,913.31
Wuxi Red Star International Home Furnishing Company Limited (無錫紅星美凱龍國際傢俱裝飾有限公司)	47,998,405.33	-	-	47,998,405.33
Lianyungang Red Star International Home Furnishing Plaza Company Limited (連雲港紅星美凱龍國際家居廣場有限公司)	3,465,415.12	-	-	3,465,415.12
Nanjing Red Star International Home Furnishing Mall Company Limited (南京紅星國際傢俱裝飾城有限公司)	59,689,261.20	-	-	59,689,261.20
Nanjing Mingdu Home Furnishing Plaza Company Limited (南京名都家居廣場有限公司)	47,227,734.43	-	-	47,227,734.43
Shanghai Red Star Macalline Decorative Furniture Mall Co., Ltd (上海紅星美凱龍裝飾傢俱城有限公司)	296,115,702.30	-	-	296,115,702.30
Shanghai Red Star Macalline Global Home Furnishing Company Limited (上海紅星美凱龍全球家居有限公司)	138,455,620.20	-	-	138,455,620.20
Shanghai Hongxin Oukai Home Furnishing Company Limited (上海虹欣歐凱家居有限公司)	92,508,623.92	-	-	92,508,623.92
Shanghai Xinwei Property Company Limited (上海新偉置業有限公司)	272,756,078.13	-	-	272,756,078.13
Shanghai Red Star Macalline Home Furnishing Market Management Company Limited (上海紅星美凱龍家居市場經營管理有限公司)	(1,408,244.71)	-	-	(1,408,244.71)
Changsha Red Star Macalline Home Furnishing Plaza Company Limited (長沙紅星美凱龍家居生活廣場有限公司)	5,000,000.00	-	-	5,000,000.00
Changsha Red Star Macalline International Home Furnishing Art Expo Company Limited (長沙紅星美凱龍國際家居藝術博覽中心有限公司)	871,353.75	-	-	871,353.75
Jinan Red Star Macalline Shibo Home Living Plaza Company Limited (濟南紅星美凱龍世博家居生活廣場有限公司)	71,243,669.12	-	-	71,243,669.12
Chengdu Red Star Macalline Shibo Home Living Plaza Company Limited (成都紅星美凱龍世博家居生活廣場有限責任公司)	30,275,655.03	-	-	30,275,655.03
Zhengzhou Red Star Macalline International Home Furnishing Company Limited (鄭州紅星美凱龍國際家居有限公司)	15,300,000.00	-	-	15,300,000.00

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

3. Long-term Equity Investments (continued)

Investee	Opening balance	Increase during the period	Decrease during the period	Closing balance
Shanghai Red Star Macalline Home Furnishing and Decorating Market Management Company Limited (上海紅星美凱龍傢俱裝飾市場經營管理有限公司)	1,349,876.56	-	-	1,349,876.56
Zhengzhou Red Star Macalline Global Home Living Plaza Management Company Limited (鄭州紅星美凱龍全球家居生活廣場經營管理有限公司)	510,000.00	-	-	510,000.00
Hangzhou Red Star Macalline Shibo Furniture Plaza Company Limited (杭州紅星美凱龍世博家居有限公司)	20,000,000.00	-	-	20,000,000.00
Shanghai Red Star Macalline Brand Management Company Limited (上海紅星美凱龍品牌管理有限公司)	5,000,000.00	-	-	5,000,000.00
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
Investments in subsidiaries				
Wuhan Red Star Macalline Shibo Home Furnishing Plaza Development Company Limited (武漢紅星美凱龍世博家居廣場發展有限公司)	552,878,664.00	-	-	552,878,664.00
Shanghai Red Star Macalline Home Furnishing Design Expo Company Limited (上海紅星美凱龍家居藝術設計博覽有限公司)	445,000,000.00	-	-	445,000,000.00
Yantai Red Star Macalline Home Furnishing Company Limited (煙台紅星美凱龍家居有限公司)	192,120,000.00	-	-	192,120,000.00
Shenyang Mingdu Home Furnishing Plaza Company Limited (瀋陽名都家居廣場有限公司)	153,000,000.00	-	-	153,000,000.00
Chongqing Red Star Macalline Expo Home Furnishing Plaza Company Limited (重慶紅星美凱龍博覽家居生活廣場有限責任公司)	280,000,000.00	-	-	280,000,000.00
Changsha Yinhong Home Furnishing Company Limited (長沙市銀紅家居有限公司)	249,990,049.97	-	-	249,990,049.97
Shanghai Jingdu Investment Company Limited (上海晶都投資有限公司)	5,100,000.00	-	-	5,100,000.00
Tianjin Red Star Macalline Home Furnishings Plaza Co., Ltd (天津紅星美凱龍家居裝飾生活廣場有限公司)	424,878,664.00	-	-	424,878,664.00

XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

3. Long-term Equity Investments (continued)

Investee	Opening balance	Increase during the period	Decrease during the period	Closing balance
Panjin Red Star Macalline Global Home Furnishings Plaza Co., Ltd. (盤錦紅星美凱龍全球家居生活廣場有限公司)	214,087,000.00		-	214,087,000.00
Shanghai Red Star Macalline Business Consulting Company Limited (上海紅星美凱龍商務諮詢有限公司)	650,000.00		-	650,000.00
Shenyang Red Star Macalline Home Furnishing Company Limited (瀋陽紅星美凱龍家居有限公司)	28,058,441.28		-	28,058,441.28
Shanghai Xingkai Chengpeng Business Management Company Limited (上海星凱程騰企業管理有限公司)	10,000,000.00		-	10,000,000.00
Changzhou Hongyang Home Furnishing Plaza Company Limited (常州紅陽家居生活廣場有限公司)	139,400,000.00		-	139,400,000.00
Shanghai Red Star Macalline Trading Company Limited (上海紅星美凱龍商貿有限公司)	50,000,000.00		-	50,000,000.00
Harbin Red Star Macalline Shibo Furniture Plaza Company Limited (哈爾濱紅星美凱龍世博家居廣場有限公司)	310,000,000.00		-	310,000,000.00
Chongqing Red Star Macalline Zhongkun Home Living Plaza Company Limited (重慶紅星美凱龍中坤家居生活廣場有限責任公司)	55,000,000.00		-	55,000,000.00
Zhongshan Red Star Macalline Shibo Furniture Plaza Company Limited (中山紅星美凱龍世博家居廣場有限公司)	149,939,332.00		-	149,939,332.00
Shenyang Dadong Red Star Macalline Home Furnishing Company Limited (瀋陽大東紅星美凱龍傢俱建材市場有限公司)	3,000,000.00		-	3,000,000.00
Wuxi Red Star Macalline Home Furnishing Plaza Company Limited (無錫紅星美凱龍家居生活廣場有限公司)	534,818,797.96		-	534,818,797.96
Xi'an Red Star Macalline Home Furnishing Plaza Company Limited (西安紅星美凱龍家居生活廣場有限公司)	30,000,000.00		-	30,000,000.00
Daqing Red Star Macalline Shibo Furniture Company Limited (大慶紅星美凱龍世博家居有限公司)	70,000,000.00		-	70,000,000.00
Langfang Kaihong Home Living Plaza Company Limited (廊坊市凱宏家居廣場有限公司)	70,000,000.00		-	70,000,000.00
Wuhan Red Star Macalline Global Home Furnishing Plaza Development Company Limited (武漢紅星美凱龍環球家居廣場發展有限公司)	149,939,332.00		-	149,939,332.00
Beijing Century Kailong Business Investment Company Limited (北京世紀凱隆商業投資有限公司)	10,000,000.00		-	10,000,000.00

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

3. Long-term Equity Investments (continued)

Investee	Opening balance	Increase during the period	Decrease during the period	Closing balance
Tianjin Red Star Macalline Home Fashion Plaza Company Limited (天津紅星美凱龍時尚家居廣場有限公司)	5,000,000.00	-	-	5,000,000.00
Shanghai Red Star Ogloria Home Living Market Management Company Limited (上海紅星歐麗洛雅家居市場經營管理有限公司)	500,000.00	-	-	500,000.00
Hefei Red Star Macalline Shibo Furniture Plaza Company Limited (合肥紅星美凱龍世博家居廣場有限公司)	349,848,330.00	-	-	349,848,330.00
Nanjing Red Star Macalline International Home Living Company Limited (南京紅星美凱龍國際家居有限責任公司)	764,016,993.00	-	-	764,016,993.00
Shanghai Xingyi Tonghui Business Service Company Limited (上海星易通匯商務服務有限公司)	150,000,000.00	-	-	150,000,000.00
Tianjin Red Star Macalline International Home Furnishing Expo Company Limited (天津紅星美凱龍國際家居博覽有限公司)	204,285,714.29	-	-	204,285,714.29
Tianjin Red Star Macalline World Trade Home Furnishing Company Limited (天津紅星美凱龍世貿家居有限公司)	200,000,000.00	-	-	200,000,000.00
Harbin Red Star Macalline International Home Furnishing Company Limited (哈爾濱紅星美凱龍國際家居有限公司)	349,817,995.00	-	-	349,817,995.00
Changchun Red Star Macalline Shibo Home Living Plaza Company Limited (長春紅星美凱龍世博家居生活廣場有限公司)	397,600,000.00	-	-	397,600,000.00
Red Star Xizhao Investment Company Limited (紅星喜兆投資有限公司)	90,000,000.00	-	-	90,000,000.00
Red Star Macalline Home Furnishing Mall Management Company Limited (紅星美凱龍家居商場管理有限公司)	50,000,000.00	-	-	50,000,000.00
Yangzhou Red Star Macalline International Home Furnishing Plaza Company Limited (揚州紅星美凱龍國際家居廣場有限公司)	3,000,000.00	-	-	3,000,000.00
Shanghai Red Star Macalline Longmei Home Furnishing Market Management Company Limited (上海紅星美凱龍龍美家居市場經營管理有限公司)	1,000,000.00	-	-	1,000,000.00
Shenyang Red Star Macalline Shibo Home Furnishing Company Limited (瀋陽紅星美凱龍世博家居有限公司)	81,443,441.90	-	-	81,443,441.90
Shanghai Red Star Macalline Bulk Purchasing of Construction and Furnishing Materials Trading Company (上海紅星美凱龍住建集採商貿有限公司)	10,000,000.00	-	-	10,000,000.00

XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

3. Long-term Equity Investments (continued)

Investee	Opening balance	Increase during the period	Decrease during the period	Closing balance
Shenyang Red Star Macalline Home Living Expo Company Limited (瀋陽紅星美凱龍博覽家居有限公司)	50,000,000.00		-	50,000,000.00
Lanzhou Red Star Macalline Shibo Home Furnishing Plaza Company Limited (蘭州紅星美凱龍世博家居廣場有限公司)	30,000,000.00		-	30,000,000.00
Shanghai Jisheng Wellborn Global Home Furnishing Brand Management Company Limited (上海吉盛偉邦環球家居品牌管理有限公司)	5,000,000.00		-	5,000,000.00
Yunnan Red Star Macalline Home Furnishing Plaza Company Limited (雲南紅星美凱龍家居生活廣場有限公司)	69,976,000.00		-	69,976,000.00
Urumchi Red Star Macalline Shibo Furniture Plaza Company Limited (烏魯木齊紅星美凱龍家居世博廣場有限公司)	50,000,000.00		-	50,000,000.00
Dongguan Red Star Macalline Shibo Furniture Plaza Company Limited (東莞紅星美凱龍世博家居廣場有限公司)	70,000,000.00		-	70,000,000.00
Hohhot Red Star Macalline Shibo Home Furnishing Plaza Company Limited (呼和浩特市紅星美凱龍世博家居廣場有限責任公司)	123,280,264.00		-	123,280,264.00
Kunming Diken Trading Company Limited (昆明迪肯商貿有限公司)	177,690,900.00		-	177,690,900.00
Suzhou Industry Park Red Star Macalline Home Furnishing Company Limited (蘇州工業園區紅星美凱龍家居有限公司)	160,934,831.55		-	160,934,831.55
Shanghai Xinghe Zhaipei Home Furnishing Service Company Limited (上海星和宅配家居服務有限公司)	38,000,000.00		-	38,000,000.00
Red Star Macalline Group (Shanghai) Logistics Company Limited (紅星美凱龍家居集團(上海)物流有限公司)	99,480,000.00	2,700,000.00	-	102,180,000.00
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 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
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

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

3. Long-term Equity Investments (continued)

Investee	Opening balance	Increase during the period	Decrease during the period	Closing balance
Red Star Macalline (Shanghai) Business Management Company Limited (紅星美凱龍(上海)企業管理有限公司)	100,000,000.00	-	-	100,000,000.00
Changsha Red Star Macalline Jinxia Home Living Plaza Company Limited (長沙紅星美凱龍金霞家居生活廣場有限公司)	120,000,000.00	-	-	120,000,000.00
Shanghai Jiajinsuo Investment Holding Company Limited (上海家金所投資控股有限公司)	140,000,001.00	-	-	140,000,001.00
Dalian Red Star Macalline Shibo Home Furnishing Plaza Company Limited (大連紅星美凱龍世博家居廣場有限公司)	24,800,000.00	-	-	24,800,000.00
Red Star Zhongying Investment Company Limited (紅星眾盈投資有限公司)	50,000,000.00	-	-	50,000,000.00
Shanghai Macalline Xinghe Asset Management Company Limited (上海美凱龍星荷資產管理有限公司)	10,000,000.00	-	-	10,000,000.00
Shanghai Yumu Enterprise Management Company Limited (上海宇慕企業管理有限公司)	5,000,000.00	-	-	5,000,000.00
Shanghai Yuxu Enterprise Management Company Limited (上海宇煦企業管理有限公司)	5,000,000.00	-	-	5,000,000.00
Shanghai Yuzhu Enterprise Management Company Limited (上海宇築企業管理有限公司)	5,000,000.00	-	-	5,000,000.00
Shanghai Yuxiao Enterprise Management Company Limited (上海宇霄企業管理有限公司)	5,000,000.00	-	-	5,000,000.00
Red Star Macalline Glory Casa (Shanghai) Home Furnishing Company Limited (紅星美凱龍凱撒至尊(上海)家居有限公司)	200,000,000.00	-	-	200,000,000.00
Shanghai Interface Marketing Planning Co., Ltd (上海英太翡思營銷策劃有限公司)	2,000,000.00	-	-	2,000,000.00
Xining Red Star Macalline Shibo Home Furnishing Plaza Company Limited (西寧紅星美凱龍世博家居廣場有限公司)	247,162,700.00	-	-	247,162,700.00
Red Star Macalline 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 Co., Ltd. (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

XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

3. Long-term Equity Investments (continued)

Investee	Opening balance	Increase during the period	Decrease during the period	Closing balance
Chongqing Red Star Macalline International Home Furnishing Plaza Company Limited (重慶紅星美凱龍國際家居生活廣場有限責任公司)	50,000,000.00	71,000,000.00	-	121,000,000.00
Shanghai Red Star Macalline Financial Leasing Company Limited (上海紅星美凱龍融資租賃有限公司)	1,000,751,635.68	-	-	1,000,751,635.68
Shanghai Jinshan Red Star Macalline Global Home Furnishing Company Limited (上海金山紅星美凱龍全球家居有限公司)	25,000,000.00	-	-	25,000,000.00
Khorgos Hongju Corporate Management Co., Ltd. (霍爾果斯紅居企業管理有限公司)	7,000,000.00	-	-	7,000,000.00
Chengdu Red Star Macalline Xinnan Business Management Company Limited (成都紅星美凱龍新南商業管理有限公司)	5,000,000.00	-	-	5,000,000.00
Shanghai Red Star Ogloria Brand Management Company Limited (上海紅星歐麗洛雅品牌管理有限公司)	5,000,000.00	-	-	5,000,000.00
Khorgos Red Star Yiming Venture Capital Company Limited (霍爾果斯紅星易鳴創業投資有限公司)	9,000,000.00	-	-	9,000,000.00
Kunshan Red Star Macalline Decoration Materials Company Limited (昆山紅星美凱龍裝飾材料有限公司)	50,487,866.71	-	-	50,487,866.71
Shanghai Red Star Macalline Commercial Factoring Company Limited (上海紅星美凱龍商業保理有限公司)	206,060,071.54	-	-	206,060,071.54
Tianjin Jinrui Corporate Management Company Limited (天津津瑞企業管理有限公司)	1,220,000,000.00	-	-	1,220,000,000.00
Ningbo Red Star Macalline Home Shopping Plaza Company Limited (寧波紅星美凱龍家居購物廣場有限公司)	1.00	-	-	1.00
Shanghai Huaixing Culture 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)	263,350,000.00	2,050,000.00	-	265,400,000.00
Taiyuan Red Star Macalline Global Home Furnishing Plaza Company Limited (太原紅星美凱龍全球家居廣場有限公司)	5,100,000.00	-	-	5,100,000.00
Changzhou Meilong Trading Company Limited (常州美龍貿易有限公司)	30,000.00	-	-	30,000.00

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

3. Long-term Equity Investments (continued)

Investee	Opening balance	Increase during the period	Decrease during the period	Closing balance
Zhengzhou Huashanghui Huarong Real Estate Co., Ltd. (鄭州華商匯華融置業有限公司)	5,500,000.00	-	-	5,500,000.00
Nantong Hongmei Shibo Home Furnishing Plaza Company Limited (南通紅美世博家居廣場有限公司)	150,000,000.00	-	-	150,000,000.00
Guangzhou Red Star Macalline Home Furnishing Building Material Co., Ltd. (廣州紅星美凱龍家居建材有限公司)	-	1.00	-	1.00
Nanning Red Star Macalline Shibo Home Furnishing Exhibition Centre Company Limited (南寧紅星美凱龍世博家居展覽中心有限公司)	50,000,000.00	255,000,000.00	-	305,000,000.00
Red Star Macalline (Zhejiang) Information Technology Co., Ltd. (紅星美凱龍(浙江)信息技術有限公司)	10,000,000.00	-	-	10,000,000.00
Qianzhi (Shanghai) Home Furnishing Co., Ltd. (乾智(上海)家居有限公司)	3,000,000.00	-	-	3,000,000.00
Shanghai Yingtai Lijin Technology Co., Ltd. (上海英太利金科技有限公司)	4,800,000.00	-	-	4,800,000.00
Xi'an Comfort Meijia Housekeeping Service Co., Ltd. (西安舒適美佳家政服務有限責任公司)	1,852,500.00	-	-	1,852,500.00
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)	2,000,000.00	10,000,000.00	-	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)	5,600,000.00	5,400,000.00	-	11,000,000.00
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)	27,527,706.00	-	104,716.60	27,422,989.40
Shanghai Red Star Macalline Home Decorating Company Limited (上海美凱龍裝飾工程集團有限公司)	20,000,000.00	-	-	20,000,000.00
Betterhome Construction Technology Company Limited (家倍得建築科技有限公司)	50,000,000.00	-	-	50,000,000.00
Red Star Home (Shanghai) Technology Co., Ltd. (紅星到家(上海)科技有限公司)	5,000,000.00	22,500,000.00	-	27,500,000.00
Xinsheng Property Management (Shanghai) Co., Ltd. (鑫生物業管理(上海)有限公司)	631,060,000.00	70,166,300.00	-	701,226,300.00

XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

3. Long-term Equity Investments (continued)

Investee	Opening balance	Increase during the period	Decrease during the period	Closing balance
Foshan Junda Enterprise Management Co., Ltd. (佛山郡達企業管理有限公司)	540,607,000.00	560,442,000.00	-	1,101,049,000.00
Shanghai Red Star Macalline Fanjia Information Service Co., LTD (上海紅星美凱龍泛家信息服務有限公司)	1,020,000.00	-	-	1,020,000.00
Hangzhou Red Star Macalline Global Home Living Company Limited (杭州紅星美凱龍環球家居有限公司)	-	931,344,793.89	-	931,344,793.89
Shaanxi Red Star Heji Home Shopping Plaza Company Limited (陝西紅星和記家居購物廣場有限公司)	-	99,914,861.15	-	99,914,861.15
Beijing Red Star Macalline International Home Furnishing Plaza Company Limited (北京紅星美凱龍國際傢俱建材廣場有限公司)	344,780,641.87	-	-	344,780,641.87
Beijing Red Star Macalline Shibo Furniture Plaza Company Limited (北京紅星美凱龍世博傢俱廣場有限公司)	31,856,462.57	-	-	31,856,462.57
Beijing Macalline Home Furnishing Material Market Company Limited (北京美凱龍傢俱建材市場有限公司)	630,335.17	-	-	630,335.17
Red Star Macalline Shibo (Tianjin) Home Furnishing Plaza Company Limited (紅星美凱龍世博(天津)家居生活廣場有限公司)	230,851,821.21	-	-	230,851,821.21
Kunshan Red Star Macalline Global Home Furnishing Company Limited (昆山紅星美凱龍全球家居有限公司)	1,000,000.00	-	-	1,000,000.00
Tongxiang Red Star Macalline Shibo Home Furnishing Plaza Management Company Limited (桐鄉紅星美凱龍世博家居廣場管理有限公司)	500,000.00	-	-	500,000.00
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
Total	16,324,150,303.43	2,030,517,956.04	104,716.60	18,354,563,542.87

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

3. Long-term Equity Investments (continued)

Investor	Opening balance	Increase in investment	Decrease in investment	Increase/decrease during the period				Closing balance of allowance	Closing impairment allowance
				Investment gain/loss under equity method	Adjustment of other comprehensive income	Other changes to equity	Cash dividend or profit declared		
Joint ventures									
Chengdu Dongtai Shopping Mall Company Limited (成都東泰南城有限公司)	792,828,772.46			7,760,192.30					800,588,964.76
Shanghai Mingyi Enterprise Development Co., Ltd. (上海名藝商業企業發展有限公司)	59,792,554.10			2,926,509.72					62,719,063.82
Baoxiang Red Star Macalline (Xiamen) Global Home Furnishing Plaza Company Limited (寶象紅星美凱龍(廈門)全球家居廣場有限公司)	9,632,034.92			1,951,281.42					11,583,316.34
Shenzhen Red Star Macalline Business Management Company Limited (深圳紅星美凱龍商業管理有限公司)	1,224,716.68	4,620,000.00		(644,691.47)					5,200,025.21
Xiamen Baoxiang Red Star Macalline Home Furnishing Plaza Company Limited (廈門寶象紅星美凱龍家居生活廣場有限公司)	-								-
Sub-total	863,478,078.16	4,620,000.00		11,993,291.97					880,091,370.13

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

3. Long-term Equity Investments (continued)

Investor	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					
Associates											
Shandong Inzone Green Home Co., Ltd. (山東銀座家居有限公司)	348,464,343.58			22,449,898.72						370,914,242.30	
Shenyudao Cultural Tourism Holding Co., Ltd. (神玉島文化旅遊控股股份有限公司)	185,636,621.28			(2,760,162.65)						182,876,458.63	
Zhejiang Mingdu Investment Company Limited (浙江名都投資有限公司)	165,300,000.00									165,300,000.00	
Wuhan Zhengkai Logistics Co., Ltd. (武漢市正凱物流有限公司)	129,892,158.74			(928,801.59)			3,600,000.00			125,363,357.15	
Shanghai Jinjiang United Purchasing Supply Chain Co., Ltd. (上海錦江聯採供應鏈有限公司)	29,999,889.03			4,653.45						30,004,542.48	
Meiwu 365 (Tianjin) Technology Company Limited (美屋三五(天津)科技有限公司)	15,268,421.15			(629,597.79)						14,638,823.36	
Shenzhen Yatai Macalline Life Space Technology Co., Ltd. (深圳市亞泰美凱龍空間科技有限公司)	10,353,869.40			34,283.54						10,388,152.94	
Shanghai Jiazhan Construction Engineering Company Limited (上海嘉展建築裝璜工程有限公司)	7,824,586.00			(75,161.49)			2,551,239.00			5,198,185.51	
Hangzhou Red Star Macalline Global Home Living Company Limited (杭州紅星美凱龍環球家居有限公司)	106,989,597.24		104,334,793.89	(2,654,803.35)						-	
Shaanxi Red Star Heji Home Shopping Plaza Company Limited (陝西紅星和記家居購物廣場有限公司)	5,827,764.83		4,414,861.16	(1,412,903.67)						-	
Shenzhen Red Star Macalline Century Center Home Living Plaza Co., Ltd. (深圳紅星美凱龍世紀中心家居生活廣場有限公司)	-									-	
Sub-total	1,005,557,251.25		108,749,655.05	14,027,405.17			6,151,239.00			904,683,762.37	
Total	1,869,035,329.41	4,620,000.00	108,749,655.05	26,020,697.14			6,151,239.00			1,784,775,132.50	

Notes to the Financial Statements

For the period ended 30 June 2020

RMB

XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

4. Revenue and Cost of Sales

Items	Amount for the period		Amount for previous period	
	Revenue	Costs	Revenue	Costs
Principal business	497,472,000.03	158,760,665.04	748,342,425.52	192,949,821.79
Other business	134,940,561.09	–	72,266,143.02	–
Total	632,412,561.12	158,760,665.04	820,608,568.54	192,949,821.79

	In the first half of 2020	In the first half of 2019
Revenue from the brand consulting and management service for the early stage of the project	(28,443,396.23)	14,676,811.27
Revenue from annual brand consulting and management service for the project	150,225,661.88	153,173,112.35
Revenue from commercial management and consultation service for construction project	–	61,320,754.72
Other revenues	212,154,263.38	193,122,772.73
Total	333,936,529.03	422,293,451.07

5. Investment Income

	Amount for the period	Amount for previous period
Gain on long-term equity investment based on cost method	601,600,000.00	49,090,056.49
Gain on long-term equity investment based on equity method	26,020,697.14	33,662,138.39
Investment gain from disposal of long-term equity investments	–	(120,000.00)
Investment gain from disposal of financial assets held for trading	(592,328.69)	–
Bonuses received from other equity instruments	6,287,223.34	–
Bonuses received from other non-current financial assets	5,351,690.83	–
Total	638,667,282.62	82,632,194.88

XV. APPROVAL OF THE FINANCIAL STATEMENTS

The Company's consolidated financial statements and the financial statements of the parent's company have been approved by the Board of the Company.

XVI. SUPPLEMENTARY INFORMATION

1. Breakdown of Non-Recurring Profit or Loss for the Current Period

Items	Amount
Gain or loss on disposal of non-current assets	(21,769,125.68)
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)	86,015,355.42
Funds-use income received from non-financial enterprises and credited to the profit or loss for the current period	86,951,872.62
Gains or losses on changes in fair values derived from financial assets held for trading, derivative financial assets, financial liabilities held for trading and derivative financial liabilities and investment income from disposal of financial assets held for trading, derivative financial assets, financial liabilities held for trading, derivative financial liabilities and other equity investments, except for effective hedging operations related to the normal operations of the Company	17,748,548.85
Reverse of the impairment allowance for accounts receivables and contract assets tested for impairment individually	17,037,967.00
Gain or loss arising from changes in fair value of investment properties measured subsequently at fair value	295,889,923.71
Non-operating income and expenses other than the above items	(66,170,016.98)
The value-added portion of investment gains from investment properties valuation of associates and joint ventures attributable to the enterprise	12,842,324.07
Investment gain on disposal of subsidiaries	1,035,517.01
Gain derived from acquiring associates and joint ventures to subsidiaries	126,196,808.81
Impact on income tax	(135,976,707.59)
Impact on non-controlling interests	(19,269,914.03)
Total	400,532,553.21

Notes to the Financial Statements

For the period ended 30 June 2020

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XVI. SUPPLEMENTARY INFORMATION (continued)

1. Breakdown of Non-Recurring Profit or Loss for the Current Period (continued)

Non-recurring profit or loss is recognized by our Group in accordance with the requirements of Explanatory Announcement No. 1 on Information Disclosure by Companies Offering Securities to the Public – Non-recurring Profit or Loss (CSRC Announcement [2008] No. 43).

2. Return on Net Assets and Earnings per Share

For the period from 1 January to 30 June 2020	Weighted average return on net assets (%)	Earnings per share	
		Basic	Diluted
Net profit attributable to shareholders of ordinary shares of the Company	2.40	0.28	N/A
Net profit attributable to shareholders of ordinary shares of the Company, after deducting non-recurring gains and losses	1.53	0.18	N/A

For the period from 1 January to 30 June 2019	Weighted average return on net assets (%)	Earnings per share	
		Basic	Diluted
Net profit attributable to shareholders of ordinary shares of the Company	6.36	0.69	N/A
Net profit attributable to shareholders of ordinary shares of the Company, after deducting non-recurring gains and losses	4.07	0.44	N/A