



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

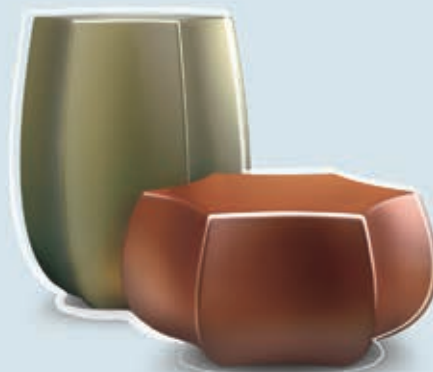
(A SINO-FOREIGN JOINT STOCK COMPANY INCORPORATED IN THE PEOPLE'S REPUBLIC OF CHINA WITH LIMITED LIABILITY)  
STOCK CODE: 1528

Annual Report  
2020



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# Company Profile

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

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

According to the statistics of Frost & Sullivan, the Company is a nationwide home improvement and furnishing shopping mall operator in China, which ranks first in terms of area of operational premises, the number of malls, and the geographic coverage. As at the end of the Reporting Period, the Group operated 92 Portfolio shopping malls, 273 Managed Shopping Malls and 11 home furnishing shopping malls through strategic cooperation. In addition, the Group opened 66 franchised home improvement material projects by way of franchising, including a total of 476 home improvement material stores/industry streets. The Company's Portfolio shopping malls and Managed Shopping Malls spread over 223 cities in 30 provinces, municipalities and autonomous regions in China, with a total operating area of 22,055,668 sq.m., which offer more than 31,300 brands in total. In 2020, the Group had a 17.1% market share in the chain home improvement and furnishing mall sector and a 7.1% market share in the whole home improvement and furnishing mall sector (including chain and non-chain) in terms of retail sales, owning the largest market share in China's steadily growing home improvement and furnishing retail industry.

The Group has been committed to "building warm and harmonious homes and enhancing taste for home life of Chinese", and will continue to steadily promote its main and expansionary businesses around the "Asset-Light and Operation-Heavy" business model. The Group continues to expand its network in the sinking market through the asset-light operation model, and to consolidate Red Star Macalline's market leadership in the home improvement and furnishing industry in China. At the same time, the Group will accelerate the development of expansionary businesses, focus on tongcheng retail, deepen engagement in the home improvement business, and consolidate the professional status of "Red Star Macalline" as an expert of home life in our customers' minds, to pursue our enterprise development goal of growing into China's most advanced and professional "omni-channel platform service provider for the pan-home improvement and furnishings industry".

# Corporate Information

## BOARD OF DIRECTORS

### Executive Directors

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

### Non-executive Directors

Ms. CHEN Shuhong  
Mr. XU Hong  
Mr. JING Jie  
Mr. LIU Jin  
Mr. CHEN Zhaohui

### Independent Non-executive Directors

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

## SUPERVISORS

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

## 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  
Ms. QIN Hong

## COMPANY SECRETARY

Mr. GUO Binghe

## AUTHORIZED REPRESENTATIVES

Mr. CHE Jianxing  
Mr. GUO Binghe

## REGISTERED OFFICE

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

## HEADQUARTERS IN THE PRC

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



## Corporate Information

### PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

### H SHARE REGISTRAR

#### Computershare Hong Kong Investor Services Limited

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

### LEGAL ADVISORS

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

Davis Polk & Wardwell  
Hong Kong Solicitors  
18/F, The Hong Kong Club Building  
3A Chater Road, Hong Kong

#### As to the PRC law

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

### AUDITOR

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

### PRINCIPAL BANKS

#### Industrial and Commercial Bank of China

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

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

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

#### Bank of Communications

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

### STOCK CODES

Hong Kong Stock Exchange: 1528  
Shanghai Stock Exchange: 601828

### COMPANY'S WEBSITE

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

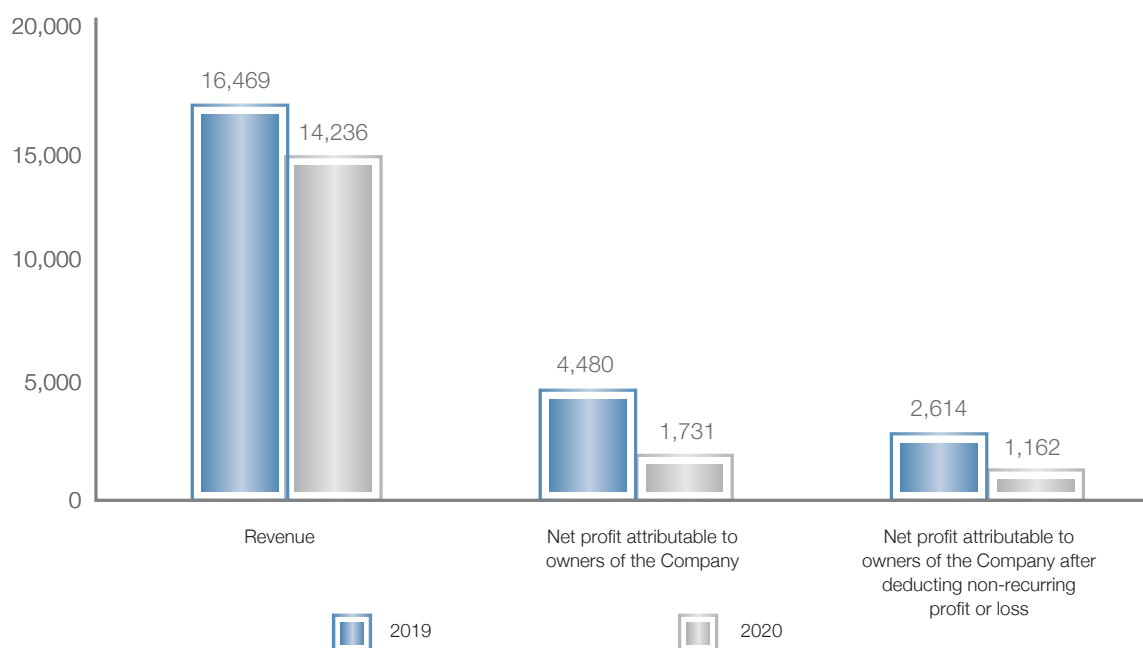
# Financial and Operational Highlights

## FINANCIAL HIGHLIGHTS

	For the year ended 31 December	
	2020 <i>(Audited)</i>	2019 <i>(Audited)</i>
	(RMB'000, except otherwise stated)	
Revenue	14,236,460	16,469,238
Gross profit	8,756,290	10,733,627
Gross profit margin	61.5%	65.2%
Net profit	2,064,077	4,686,242
Net profit attributable to owners of the Company	1,730,582	4,479,682
Net profit margin attributable to owners of the Company	12.2%	27.2%
Net profit attributable to owners of the Company after deducting non-recurring profit or loss	1,162,324	2,613,622
Net profit margin attributable to owners of the Company after deducting non-recurring profit or loss	8.2%	15.9%
Earnings per share	RMB0.44	RMB1.15

## KEY FINANCIAL PERFORMANCE INDICATORS

RMB million



## Financial and Operational Highlights

### OPERATIONAL HIGHLIGHTS

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

	As at 31 December 2020	As at 31 December 2019
Number of shopping malls	365	337
Operating area of shopping malls (sq.m.)	22,055,668	20,986,950
Number of cities covered	223	212
Number of Portfolio Shopping Malls	92	87
Operating area of Portfolio Shopping Malls (sq.m.)	8,034,277	7,736,844
Average occupancy rate of Portfolio Shopping Malls	92.1%	93.4%
Number of Managed Shopping Malls	273	250
Operating area of Managed Shopping Malls (sq.m.)	14,021,390	13,250,106
Average occupancy rate of Managed Shopping Malls	90.7%	93.5%

*Note:*

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

# Chairman's Statement



Dear Shareholders,

On behalf of the Board, I am pleased to present the annual result report of the Company and its subsidiaries (the “Group” or “we” or “us”) for the year ended 31 December 2020 (the “Reporting Period”) to all shareholders: In 2020, the Group’s operating revenue amounted to RMB14,236 million; net profit attributable to owners of the Company amounted to RMB1,731 million; and net profit attributable to owners of the Company after deducting non-recurring profit and loss amounted to RMB1,162 million. Having taken into account of the long-term development strategy and short-term operation of the Company, in order to ensure the smooth implementation of the Company’s non-public issuance of Shares and take account of the existing and future investment fund requirements, operating capital turnover and other major capital arrangements, and meeting the Company’s liquidity demand under the COVID-19 pandemic, the Board announces no dividend for 2020.

In 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 pandemic prevention and control as well as the economic and social development. Due to the implementation of a series of policies, China’s economy has been steadily recovering from the recession. After being hit by the pandemic in the first quarter of last year, home improvement and pan-home consumption began to bottom out from the second quarter. The “May Day” and “618” promotion activities both acted as catalysts, in line with the traditional “Golden Nine Silver Ten” peak season for home improvement and furniture consumption, making the previously suppressed rigid consumer demand begin to rebound in the second half of the year. In addition, the pandemic accelerated the rapid development of new business formats such as big data, cloud computing, and artificial intelligence, which effectively resolved some of the obstacles and difficulties in real life, and provided strong support for economic recovery.

In terms of these new business formats, the Group has been implementing strategic plans since 2018, and has achieved remarkable results in shopping mall digital operation and marketing. Through establishment of online investment promotion, Tongcheng retail, digital marketing, and other remote customer service capabilities, we 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 residents’ income 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.



### **THE ASSET-LIGHT EXPANSION MODEL CONSOLIDATES THE GROUP'S LEADING POSITION IN THE HOME IMPROVEMENT AND FURNISHING INDUSTRY**

According to the statistics of Frost & Sullivan, the Company is a nationwide home improvement and furnishing shopping mall operator in China, which ranks first in terms of area of operational premises, the number of malls, and the geographic coverage. As at the end of the Reporting Period, the Group operated 92 Portfolio shopping malls, 273 Managed Shopping Malls and 11 home furnishing shopping malls through strategic cooperation. In addition, the Group opened 66 franchised home improvement material projects by way of franchising, including a total of 476 home improvement material stores/industry streets. In 2020, the Group had a 17.1% market share in the chain home improvement and furnishing mall sector and a 7.1% market share in the whole home improvement and furnishing mall sector (including chain and non-chain) in terms of retail sales, owning the largest market share in China's steadily growing home improvement and furnishing retail industry.

Relying on the Company's well-known brand, mature business process and huge merchant resources, the Company adopts an asset-light strategy, and rapidly expands its presence in third-tier cities and below through its commissioned shopping mall business model and franchise model. Its ability to quickly open new stores nationwide and increase market penetration has enabled the Company to be ahead of its competitors in many cities. In addition to the strategic value of seizing the market layout, the profit model of asset-light operation is characterized by high profit margins due to the high added value and scarcity of relevant services.

### **THE GROUP IMPLEMENTS THE DIGITAL REFORM, DEEPLY CULTIVATES NEW RETAIL, AND IS COMMITTED TO BECOMING THE NEW RETAIL BENCHMARK IN THE HOME IMPROVEMENT AND FURNISHING INDUSTRY**

The Company continued to deepen its strategic cooperation with Alibaba based on the purpose of "focusing on user needs", established an online and offline integrated operation system around "Tmall Tongcheng Station", fully empowered offline operation and promoted the new retail transformation of the home furnishing industry. As of the end of the Reporting Period, the Company launched businesses at the Tmall Tongcheng Station in 22 cities, covering 56 shopping malls. The digital upgrade has covered 241 shopping malls in 176 cities. The Company is deeply engaged in data analysis and focused on commodity operations. Tmall Tongcheng Station has accumulated 16,000 brand merchants and launched nearly 500,000 online products, achieving 54.75 million traffic within Tongcheng Station throughout the year, with various industry-leading indicators.

### **THE GROUP WILL DEEPLY FOCUS ON HOME DECORATION BUSINESS, MAKE A BREAKTHROUGH IN FULL-CYCLE SERVICES OF HOME FURNISHINGS CONSUMPTION AND STRENGTHEN THE USER MENTALITY OF “CHOOSING DECORATION AND BUYING FURNITURE ALL IN RED STAR MACALLINE”**

Amid the pandemic, relying on its strong supply chain integration capabilities, a network of physical shopping malls across the country and its own home improvement business management system platform, and taking solving customer pain points as its mission, the Company completed the expansion of the home improvement business. As of the end of the Reporting Period, the Company has opened 214 home decoration stores nationwide across the country, 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”.

### **THE GROUP WILL ACTIVELY EMBRACE AND LEAD CHANGES IN THE INDUSTRY**

In 2021, the Company will comprehensively promote the digital reform of shopping malls, actively embrace digital technologies, and deeply conduct online and offline integrated operations. As consumer groups become younger and their behaviors of favoring consumption on the mobile terminal, by accelerating the construction of online Tongcheng channels, we deepen consumers' user mentality of “online preselection, offline transaction”, and complete the full-link service chain of precise online traffic directing and offline conversion and transaction through in-depth operation of new retail online, further empowers dealers on the operation and marketing side.

In addition, the Company will intensify the integration of home improvement and home furnishing marketing, strengthen the user mentality of “choosing decoration and buying furniture all in Red Star Macalline”, further enhance the mid-to-high-end brand image, to realize brand rejuvenation. We leveraged home decoration and design to attract customer traffic and emphasized the full-link consumption of customers to integrate the upstream and downstream industry chains, strengthen the cooperation among factories, dealers and designers and enhance resources integration and service abilities.

## Chairman's Statement

Facing the reforms happening in the market, the management of the Company led us to actively embrace changes, which advanced sound development of the Company. In the coming year, always shouldering the responsibility of improving the taste in home life of all Chinese people, all Red Star Macalline staff will continue to make joint diligent efforts to forge ahead, to repay the Country, the society and the industry with hard work and diligence.

**CHE Jianxing**

*Chairman*

30 March 2021

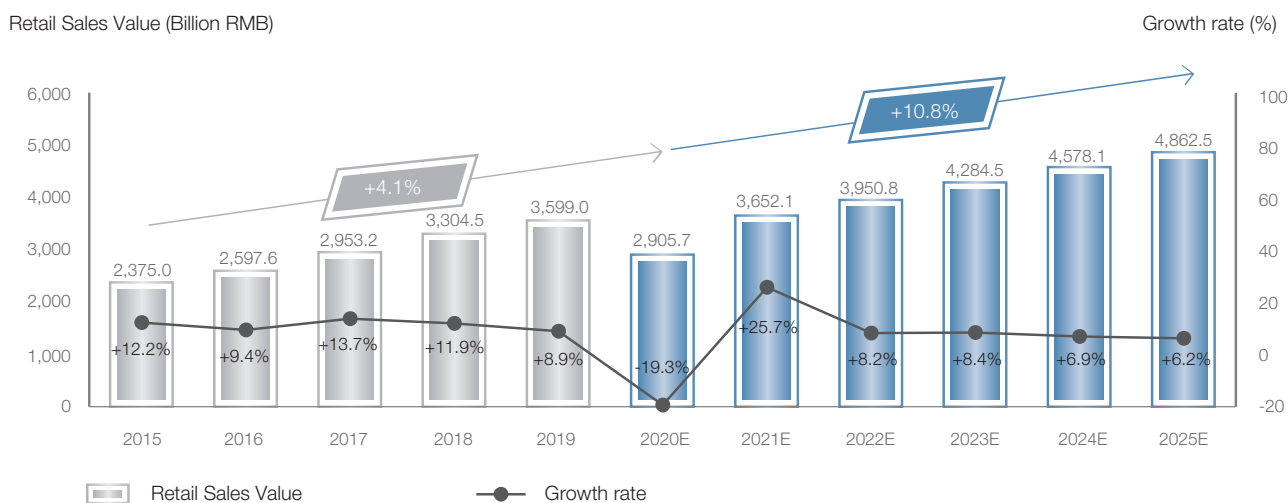
# Management Discussion and Analysis

## INDUSTRY OVERVIEW

The COVID-19 pandemic broke out unexpectedly and brought unprecedented impacts. The global economy experienced the most serious recession since World War II, while the national economy faced severe risks and challenges. Under the leadership of the CPC Central Committee, great efforts have been made throughout China to promote the pandemic prevention and control as well as the economic and social development. Due to the implementation of a series of policies, China's economy has been steadily recovering from the recession.

According to the statistics of the National Bureau of Statistics of the PRC, the spread of the local pandemic was basically blocked in late March, and more than 90% enterprises above the designated size recovered production in mid-April. Since the second quarter, the year-on-year growth of China's GDP has turned from negative to positive value. In 2020, the GDP in China grew by 2.3% on a year-on-year basis, while the national disposable income per capita increased by 4.7% over the corresponding period of last year in terms of nominal growth, with an actual increase of 2.1% after deducting price factors. During the same period, the total retail sales of social consumer goods decreased by 3.9% on a year-on-year basis, the total sales in furniture category decreased by 7.0% on a year-on-year basis, and the total sales in construction and decoration material categories decreased by 2.8% on a year-on-year basis.

According to the statistics of Frost & Sullivan, as affected by the pandemic, retail sales in the home decoration and furniture retail market fell to RMB290.57 billion in 2020, a year-on-year decrease of 19.3%, and is expected to grow at a compound annual growth rate (CAGR) of 10.8% over the next five years.



Source: Frost & Sullivan

# Management Discussion and Analysis

## INDUSTRY OVERVIEW (continued)

According to the statistics of Frost & Sullivan, in 2020, regarding retail sales volume, the Group had a 17.1% market share in the chain home improvement and furnishing shopping mall sector and a 7.1% market share in the whole home improvement and furnishing mall sector (including chain and non-chain), owning the largest relevant market share in China's home improvement and furnishing retail industry.

In the meantime, the pandemic has accelerated the rapid development of new business formats such as big data, cloud computing and artificial intelligence, 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 in 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 residents' 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.

## BUSINESS REVIEW

During the Reporting Period, the Group continued to focus on the strategic positioning of growing into an “omni-channel platform service provider for the pan-home improvement and furnishings industry”, 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 retail, 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”.

In terms of business model, the Company transformed from the “two-pronged business model of Portfolio Shopping Malls and Managed Shopping Malls” to the “asset-light and operation-heavy” business model, which means to rapidly develop the businesses such as Managed Shopping Malls, shopping malls operated through strategic cooperation and franchised shopping malls to reduce the proportion of Portfolio Shopping Malls, thereby greatly reducing the Company's capital expenditure, improving the efficiency of opening shopping malls and the market share. At the same time, the Company strengthened the construction of Tmall “Home Decoration Tongcheng Station” and the new-generation home decoration platform system project, further enhancing the Company's ability to provide one-stop pan-home consumption industry chain services for consumers, and thereby strengthening the Company's market leadership in China's home improvement and furnishing industry.



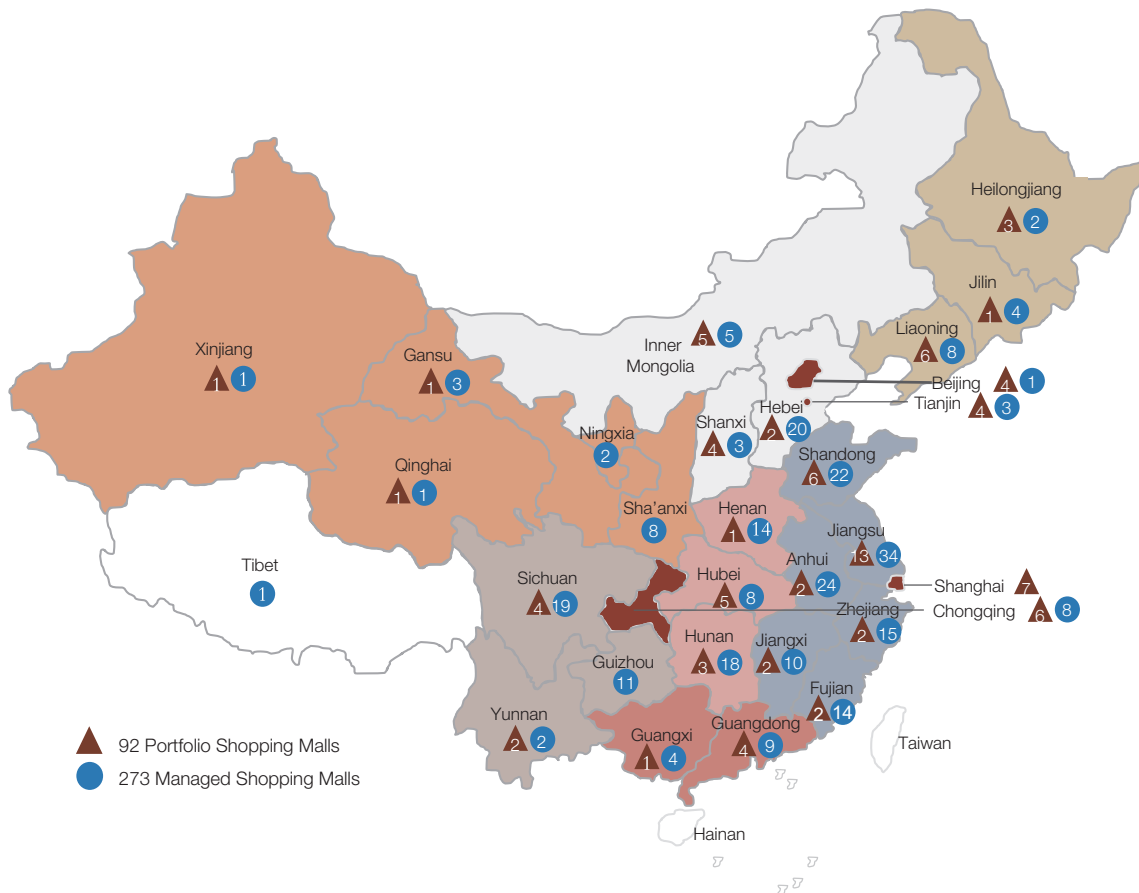
### BUSINESS REVIEW (continued)

In terms of business operation, during the Reporting Period, in order to integrate the Company's resources from all business lines in a more effective manner, the Group 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, the Company will continue to pursue the long-term development goal of becoming the most advanced and professional "omni-channel platform service provider for the pan-home improvement and furnishings industry" in China.

In addition, during the Reporting Period, in order to actively cooperate with the pandemic prevention and control and support the development of commercial tenants affected by the COVID-19 pandemic, the Company took the initiative to exempt relevant eligible tenants of Portfolio Shopping Malls from the rent and management fees for one month, and offered preferential support to some Managed Shopping Malls which were seriously affected by the pandemic. Apart from exempting the one-month rent and management fees, further rent preference has been given to specific Portfolio Shopping Malls most seriously affected by the pandemic. In the meantime, the pandemic also delayed the progress of the Company's brand consulting agency management service and construction business in the early stage of the project. The revenue (total amount of rents and management fees) involved in this rent-free policy was RMB600 million, accounting for about 4.2% of the Company's total audited revenue in 2020; approximately RMB410 million of the net profit attributable to the parent company in 2020 was affected by the total amount of rents and management fees involved in this rent-free policy, accounting for approximately 23.7% of the audited net profit attributable to the parent company in 2020. In response to the pandemic, the Company have effectively solved the practical difficulties faced by many companies during the pandemic period through certain measures such as remote office, shopping mall digital marketing, Tmall Tongcheng retail and online road show for investment promotion, and the shopping malls across China gradually return to the normal operation level since the second quarter in 2020.

## 1. BUSINESS DEVELOPMENT AND DEPLOYMENT: STEADY DEVELOPMENT OF SHOPPING MALLS AND STRATEGIC DEPLOYMENT WITH A NATIONWIDE COVERAGE

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



## 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 at the end of Reporting Period:

Color	Region(1) (Municipality/ Administrative Region)	Portfolio Shopping Malls		Managed Shopping Malls	
		Number of shopping malls	Sub-total of Operating Area (sq. m.)	Number of shopping malls	Sub-total of Operating Area (sq. m.)
	Beijing	4	343,728	1	112,885
	Shanghai	7	905,389	–	–
	Tianjin	4	457,240	3	178,268
	Chongqing	6	449,897	8	265,218
	Northeast China	10	1,030,696	14	714,635
	North China (excluding Beijing, Tianjin)	11	664,495	28	1,536,903
	East China (excluding Shanghai)	27	2,293,280	119	6,486,497
	Central China	9	936,842	40	1,852,924
	South China	5	235,407	13	649,539
	Western China	9	717,304	47	2,224,522
	<b>Total</b>	<b>92</b>	<b>8,034,277</b>	<b>273</b>	<b>14,021,390</b>

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 seven large regions and four municipalities (excluding Hong Kong, Macau and Taiwan regions), among which, Northeast China includes Heilongjiang Province, Jilin Province, Liaoning Province; North China (excluding Beijing and Tianjin) includes Shanxi Province, Hebei Province, Inner Mongolia Autonomous Region; East China (excluding Shanghai) includes Shandong Province, Jiangsu Province, Zhejiang Province, Anhui Province, Jiangxi Province, Fujian Province; Central China includes Hunan Province, Hubei Province, Henan Province; South China includes Hainan Province, Guangdong Province, Guangxi Zhuang Autonomous Region; Northwest 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; four municipalities are Beijing, Shanghai, Tianjin and Chongqing, respectively.

### 1. BUSINESS DEVELOPMENT AND DEPLOYMENT: STEADY DEVELOPMENT OF SHOPPING MALLS AND STRATEGIC DEPLOYMENT WITH A NATIONWIDE COVERAGE (continued)

As at the end of the Reporting Period, the Group operated 92 Portfolio Shopping Malls, 273 Managed Shopping Malls and 11 home furnishing shopping malls through strategic cooperation<sup>(1)</sup>. In addition, the Group opened 66 franchised home improvement material projects by way of franchising<sup>(2)</sup>, including a total of 476 home improvement material stores/industry streets<sup>(3)</sup>. Our Portfolio Shopping Malls and Managed Shopping Malls spread over 223 cities in 30 provinces, municipalities and autonomous regions in China, with a total operating area of 22,055,668 sq.m.. Through the two-pronged business model of Portfolio Shopping Malls and Managed Shopping Malls, the Group occupied properties in prime locations of Tier I and Tier II Cities, rapidly increased the proportion of shopping malls operated through strategic cooperation and franchising, accumulated extensive experience in operating shopping malls, constantly strengthened the brand value, and set a relatively high entry barrier for other companies. As at the end of the Reporting Period, the Group operated 92 Portfolio Shopping Malls covering a total operating area of 8,034,277 sq.m., with an average occupancy rate of 92.1%<sup>(4)</sup>. Among them, 21 Portfolio Shopping Malls, representing 22.8% 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 aforesaid Portfolio Shopping Malls was 2,156,254 sq.m., representing 26.8% of the total operating area of the Portfolio Shopping Malls. The same mall growth of mature shopping malls<sup>(5)</sup> during the Reporting Period was -14.9%. Such growth was mainly due to the impact of the pandemic on the Company's Portfolio Shopping Malls and the Company's rent-free policy against the pandemic.

During the Reporting Period, we opened six new Portfolio Shopping Malls. In addition, two Portfolio Shopping Malls were closed and one Managed Shopping Mall was converted into Portfolio Shopping Mall. As at the end of the Reporting Period, we had 24 pipeline Portfolio Shopping Malls. As at the end of the Reporting Period, we had 273 Managed Shopping Malls in operation covering a total operating area of 14,021,390 sq.m., with an average occupancy rate of 90.7%<sup>(6)</sup>. Among them, 147 Managed Shopping Malls, representing 53.9% 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 8,023,400 sq.m., representing 57.2% of the total operating area of Managed Shopping Malls. During the Reporting Period, the Group opened 31 new Managed Shopping Malls and closed 7 Managed Shopping Malls. In addition, one Managed Shopping Mall was converted into Portfolio Shopping Mall.

As at the end of the Reporting Period, among the pipeline Managed Shopping Malls, the Group has obtained land use rights/land parcels for 348 contractual projects. Along with steady social and economic development of the country, further progress on urbanization strategy, and stable growth in disposable income per capita, the Group will focus on increasing the rate of expansion of our Managed Shopping Malls business throughout China.

# 1. BUSINESS DEVELOPMENT AND DEPLOYMENT: STEADY DEVELOPMENT OF SHOPPING MALLS AND STRATEGIC DEPLOYMENT WITH A NATIONWIDE COVERAGE (continued)

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 31 December 2020, Shandong Inzone Green Home Co., Ltd. and its controlling subsidiaries operated 11 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, are jointly invested, jointly held and jointly operated by the Company and its partners.
- (2) Franchised home improvement material projects represent the home improvement material stores and home improvement material industry streets operated by the Group by way of franchising. For such franchised home improvement material projects, the Group will not participate in the daily operation and management after the 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) 2 shopping malls were not included for the purpose of calculating the occupancy rate due to adjustments in business planning.
- (5) "Same mall growth of mature shopping malls" is the growth in operating income in the Reporting Period compared with the same period in the prior year for all Portfolio Shopping Malls (including associates and joint ventures) that were in operation for at least three financial years and were still in operation as at the end of the Reporting Period.
- (6) 8 shopping malls were not included for the purpose of calculating the occupancy rate due to adjustments in business planning, and another one currently closed mall was not included for the purpose of calculating the occupancy rate.



### **2. ROBUST DEVELOPMENT IN 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 improvement 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 improvement 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 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 a shopping experience closer to the needs of end consumers and more personalized and high-quality home decoration services 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".

## 2. ROBUST DEVELOPMENT IN 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 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 further promote the Company's pan-home improvement and furnishings consumption industry chain services. The "Home Decoration Tongcheng New Retail" project between the Company and Tmall is a core part in the above-mentioned strategic cooperation between the Company and Alibaba, aiming at providing better home furnishings shopping experience for users with the help of Tmall online empowerment and in combination with the offline shopping malls and services of Red Star Macalline. As the main front of Home Decoration Tongcheng New Retail, "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 digital store interface to users according to their geological location. After a user enters the interface of "Tmall Tongcheng Station", the back-office system will automatically generate information about the goods and services of the Macalline offline shopping mall where the user is located. Then the user can consult about or purchase the household products in the shopping malls of Red Star Macalline, and learn the details of the products through pictures, videos, and 3D scenes, and other means. After selecting specific products, the user 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 user can choose to pick up the products in the offline stores or request brand dealers to deliver and install them at home. As such, the integration of "displays, orders, payments, services" is achieved.

## 2. ROBUST DEVELOPMENT IN 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 Tongcheng Retail (continued)

During the Reporting Period, the Company continued to deepen its strategic cooperation with Alibaba in line with the mission of “focusing on user needs”, and established an integrated online and offline operation system based on “Tmall Tongcheng Station”, with a view to empowering offline operations and promoting the transformation of new home furnishings retail. As of the end of the Reporting Period, Tmall Tongcheng Station launched 56 online shopping malls in 22 cities, and initiated the digital upgrade of 241 shopping malls in 176 cities. With in-depth efforts in data analysis and focusing on product operations, the Company continued to promote the online operation of tenants’ products, services and activities following numerous promotion campaigns including the “618 Ideal Life” carnival, the global home furnishing carnival, and the Tmall Double Eleven global shopping carnival. As of the end of the Reporting Period, Tmall Tongcheng Station covered a total of 16,000 brand tenants and nearly 500,000 online products, achieving 54.75 million online traffic in 2020 and taking lead in various business indicators of the industry.

To cope with the COVID-19 in 2020, Tmall Tongcheng Station empowered terminals with online platforms and organized 382 online trainings for 15,000 shopping guides of shopping malls. In our efforts to promote live-streaming sales, we have organized 78,293 live broadcasts with a total view of 33.25 million. Meantime, we posted 3,596 short videos with a total view of over 4.99 million. In terms of technologies, the Company, in cooperation with Alibaba, upgraded Tmall Tongcheng Station and launched a Tongcheng Qing store (“同城輕店”) app. All products, promotion campaigns and live broadcasts launched by tenants via Red Star Macalline’s Tmall flagship store will be automatically synchronized to the Qing store, so that users can follow tenant information in a timely fashion through the Qing store. Through the digital empowerment of the Qing store, we turned extensive operation into refined division of customers and improved the matching of users and goods. As of the end of the Reporting Period, we have received over 10,000 applications from tenants for online operation on the Qing store.

At the same time, the Company further deepened its cooperation with brands on Tmall. The Company attracted brands on Tmall to establish online and offline stores through Tmall Tongcheng Station to supplement product categories and price systems, so as to help the rental and operation of shopping malls and enhance the competitiveness of hypermarkets. As of the end of the Reporting Period, nearly 60 brand stores were established with operation area of approximately 16,000 square meters.

## 2. ROBUST DEVELOPMENT IN 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 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".

## 2. ROBUST DEVELOPMENT IN 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 Home Decoration Business (continued)

#### 2.2.1 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 214 self-operated home decoration stores nationwide including 106 franchise stores and platform cooperation home decoration enterprises, which were located in our shopping malls in cities including Beijing, Tianjin, Shanghai, Chongqing, Nanjing, Suzhou, Shenyang, Chengdu, Zhengzhou, Hefei and Shijiazhuang. 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. At the same time, we have comprehensively upgraded whole case designers to project chief designers who will fully coordinate 15 major product dealers and link every step of construction, and are responsible for design, material selection, engineering, delivery of solution, and artistic life.

During the Reporting Period, the home decoration business achieved bucking growth despite of the impact of global COVID-19 outbreak, with annual contract value exceeding RMB4.5 billion, including 131 orders with value above RMB1 million.



## 2. ROBUST DEVELOPMENT IN 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 Home Decoration Business (continued)

#### 2.2.2 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 22,000,000 m<sup>2</sup> 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 of 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 of the end of the Reporting Period, the M+ high-end interior design competition has attracted a total of over 20,000 designers from 150 cities of China. As a 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 30 national patents, 305 characteristic construction technology and two national 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. The Company regards its reputation among customers as the only lifeline, and is committed to providing services beyond expectations as well as decorations that make customers feel warm.

## 2. ROBUST DEVELOPMENT IN 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 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 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 240,000 real product models, which has been used by over 110,000 designers. Meanwhile, we have promoted the use of Shejiyun platform software in numerous cities to open up a complete service chain from design to goods purchase. As of the end of the Reporting Period, the platform has already established partnership with numerous famous medium and large-sized decoration enterprises in Shanghai, with the sales amount of goods driven by the platform amounting to several million yuan.

### 3. BUSINESS MANAGEMENT: CONTINUOUSLY IMPROVE THE OPERATION AND MANAGEMENT LEVEL OF SHOPPING MALLS

**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 some 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; coordinated and deepened the home decoration business to comprehensively promote the integration of home decoration and furnishing; coordinated new retail centers of Tongcheng Station and promoted the online operation and the integration of online and offline operations, thereby fully combining the Company's capabilities in all-fields traffic operation, remote customer services and communication, offline pipelines and supply chain management, which have achieved remarkable results.

### 3. BUSINESS MANAGEMENT: CONTINUOUSLY IMPROVE THE OPERATION AND MANAGEMENT LEVEL OF SHOPPING MALLS (continued)

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

#### 3.1 Tenant sourcing management

(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 continued 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. During the Reporting Period, 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 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. In order to promote the implementation of this strategic plan, the Company has built the model of “one sample house for one city”, namely “Home Furnishing No. 1 Store” (家居1號店), in 30 cities to upgrade brands and popular products. In the meantime, the Company proposed “the strategy to build the NO.1 distribution channel for high-end home appliances in the industry”, which will provide a more scene-oriented, intelligent experience shopping scene for high-end home appliances. The strategy is planned to implement in shopping malls nationwide in 2021. As of the end of the Reporting Period, the Company has successfully established 55 door and window theme pavilions, 39 high-end customized theme pavilions, 64 living room design pavilion, 260 smart appliance pavilions and 40 import theme pavilions.

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.

### 3. BUSINESS MANAGEMENT: CONTINUOUSLY IMPROVE THE OPERATION AND MANAGEMENT LEVEL OF SHOPPING MALLS (continued)

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

#### 3.1 Tenant sourcing management (continued)

- (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, and further refined rental management by adding the system and manual calibration functions, so as to identify management loopholes in a timely manner and improve management efficiency, thus ensuring 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. During the Reporting Period, the number of participating dealers and brands has doubled, and the sales increased by over 125% year on year.

### 3. BUSINESS MANAGEMENT: CONTINUOUSLY IMPROVE THE OPERATION AND MANAGEMENT LEVEL OF SHOPPING MALLS (continued)

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

#### 3.1 Tenant sourcing management (continued)

- (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 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 shopping malls nationwide with the help of Longyi system, and form into data precipitation, so as to further improve the service ability of dealers. During the Reporting Period, the Company completed over 400 publications covering research reports of categories and brands, instruction manuals and white papers, which provided a more scientific, comprehensive and in-depth analysis of industry trends and developments of various brands. Meantime, the Company also provided consultation services.

In addition, since the outbreak of COVID-19, the Company set up a tenant sourcing business middle-office to integrate factories, shopping malls and dealers, and launched a new model of online road shows to integrate online and offline tenant sourcing and enhance efficiency. During the Reporting Period, the Company provided the online road show services for more than 120 brands in total, achieved more than 2 million of dealer views, accurately excavated more than 4,000 intended dealers to achieve online business pairing, offline business matching, and achieved online intention payment for more than 3,000 orders which were all converted and placed to shopping malls, thus developing a rather good reputation in the industry. At the same time, the Company also actively integrates and connects all resources related to tenant sourcing 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 tenant sourcing and services to tenants.

### 3. BUSINESS MANAGEMENT: CONTINUOUSLY IMPROVE THE OPERATION AND MANAGEMENT LEVEL OF SHOPPING MALLS (continued)

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

#### 3.1 Tenant sourcing management (continued)

- (4) *Bring in excellent global brands and reserve tenant sourcing and business integration resources through trade shows*

During the Reporting Period, the Company has successfully co-organized the China International Furniture Fair together with China Foreign Trade Guangzhou Exhibition General Corp. and China Foreign Trade Macalline Exhibition, which covered top exhibition halls (such as contemporary design hall) and characteristic exhibition halls (such as contemporary home trend and concept exhibition hall). Relying on over 50 brand activities, the Company effectively realized the linkage of trade shows and stores, and integrated brand resources to empower shopping malls.

#### 3.2 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 improved the special risk control system for operation during the COVID-19 outbreak and continued to operate the product quality control system and tenant credit system to ensure customers’ satisfaction with household related consumption.



### 3. BUSINESS MANAGEMENT: CONTINUOUSLY IMPROVE THE OPERATION AND MANAGEMENT LEVEL OF SHOPPING MALLS (continued)

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

#### 3.2 Operational Management (continued)

In terms of service commitments, in order to maximize the protection of customers' rights, 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, experiencing products offline 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.

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 COVID-19 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 67% of the total customer services provided by the Company, while the manpower customer service transferred from intelligent customer service accounted for only 33%.

In terms of the special risk control system for operation during the COVID-19 outbreak, the Company formulated the Risk Control and Management Requirements for Imported Products during the COVID-19 Outbreak, carried out special trainings on integrated control of online and offline risks, and optimized procedures of compensation in advance and after-sales service fee, thereby ensuring that there was no significant customer complaint in 2020.

### 3. BUSINESS MANAGEMENT: CONTINUOUSLY IMPROVE THE OPERATION AND MANAGEMENT LEVEL OF SHOPPING MALLS (continued)

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

#### 3.2 Operational Management (continued)

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 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 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. During the Reporting Period, the Company comprehensively promoted our tenants credit system, and upgraded the Credit Classification and Management System for Tenants in Shopping Malls of Red Star Macalline Group (紅星美凱龍家居集團商場商戶信用分類管理), enabling real-time online inquiries via tenants credit app covering 285 shopping malls. In 2020, a total of 1.568 million inquiries were submitted. The Company hosted 789 award ceremonies and seminars for five-star tenants, and collected 4,258 feedbacks from tenants. In addition, the Company actively participated in the construction of social credit system. 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. Our success was widely reported by government websites and Xinhua News Agency APP, and the number of views on Xinhua News Agency APP exceeded 1.49 million. At the same time, the Company initiated the selection campaign of Top 10 Trustworthy Young Tenants (十佳誠信青年商戶評選), which attracted more than 2 million participants and covered a population of 7.8 million. In addition, the Company further strengthened its blacklist-based management to realize online reporting, review and sharing, leading to more convenient utilization of data in systems.

### 3. BUSINESS MANAGEMENT: CONTINUOUSLY IMPROVE THE OPERATION AND MANAGEMENT LEVEL OF SHOPPING MALLS (continued)

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

#### 3.2 Operational Management (continued)

As of the end of the Reporting Period, the net recommendation value was 67.53%, increased by 6.87% compared with last year; the overall satisfaction rate was 95.18%, rising by 2.34% compared with the same period last year, of which, the service satisfaction rate was 95.2%, increased by 2.74% on a year-on-year basis, the delivery and installation satisfaction rate was 94.6%, increased by 2.65% on a year-on-year basis, the commodity satisfaction rate was 94.6%, increased by 2.32% on a year-on-year basis, and the environmental satisfaction rate was 96.0%, increased by 2.11% on a year-on-year basis.

#### 3.3 Marketing Management

##### (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.

The essence of generating traffic is the operation of user assets, which leads to the improvement of marketing efficiency and the reduction of marketing costs. Behind it, big data capabilities and accurate user scenarios are required. To this end, IMP has not only independently developed the 2B (for dealers) and 2E (for brands) digital marketing system – “Tumbling Cloud” (“筋斗雲”) for user operation in 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 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 based on dozens of user portrait models and algorithms of scene modelling, enabling Red Star Macalline and the home decoration brand dealers in the platform to 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.

### 3. BUSINESS MANAGEMENT: CONTINUOUSLY IMPROVE THE OPERATION AND MANAGEMENT LEVEL OF SHOPPING MALLS (continued)

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

#### 3.3 Marketing Management (continued)

##### (1) Traffic operation (continued)

As of the end of the Reporting Period, IMP has provided DMP (Data Management Platform) advertising service for 9 categories of goods, more than 200 leading home furnishing brands and more than 20,000 dealers, resulting in higher conversion rates and higher efficiency. The cost of customer acquisition for the whole year of 2020 has dropped for 20 consecutive months on a month-on-month basis, a decrease of 41% compared with 2019. The overall intention rate of sales leads reached 55%, and the conversion rate was 3 times higher than the industry average.

In addition to improving the efficiency of public domain traffic acquisition and conversion leveraged by big data capabilities, the Company also relied on its strong advantages of the platform and the digital marketing system Tumbling Cloud and built national marketing, the community of property owners, we-media team, live broadcast and other accurate user scenarios, becoming the industry level traffic entrance.

During the Reporting Period, the national marketing platform, which gathered 250,000 shopping mall guides, home decoration designers and KOLs (Key Opinion Leaders), have attracted more than 1.98 million targeted participants for various major activities, category festival activities, brand day activities and alliance activities, bringing nearly 100 million interactive communications.

In 2020, the community of property owners, which was composed of 28,000 groups of middle-and high-end property owners covering 3.53 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 47% higher than that of non-community channels, and more than 1,027,000 consumers were attracted to various activities.

### 3. BUSINESS MANAGEMENT: CONTINUOUSLY IMPROVE THE OPERATION AND MANAGEMENT LEVEL OF SHOPPING MALLS (continued)

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

#### 3.3 Marketing Management (continued)

*(1) Traffic operation (continued)*

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 2020, which has contributed to significant growth in the online promotion, marketing and transformation efficiency for businesses with the shortest marketing link. In 2020, the Company launched a total of 78,293 broadcasts, including 12 super-large-scale national live broadcasts such as “Carnival Night of Surprises” in cooperation with CCTV. It set 10 industry live broadcast records and ranked first in the home furnishing industry for many times in terms of the cumulative number of viewers and hourly views at the Taobao live streaming platform. Meanwhile, through the establishment of the “Red Star” live broadcast platform, the problems of unclosed-loop data and difficult user retention have been completely solved, and the overall efficiency of live broadcast marketing has been improved by 300%.

In addition, through the operation of 11 we-media accounts on platforms such as WeChat, Weibo, Tik Tok, WeChat Channel, Zhihu, Xiaohongshu, and Toutiao, we attracted nearly 100 million views with 2.5 billion exposures, creating a communication value of RMB55 million (calculated at CPM of RMB22/thousand exposures). Red Star Macalline’s official Weibo account has topped the home furnishing industry rankings of [www.gsdata.cn](http://www.gsdata.cn) several times, and its WeChat Service account has jumped from 6th last year to 3rd in the home improvement industry list.

Thanks to the IMP platform, the Company continues to deepen the brand-new home furnishing joint marketing mode subject to online interactive traffic attraction and offline experience transaction, empowering the entire industry to rapidly build a digital, full-domain, full-scenario full-link and full-cycle user operation community, and gradually solve the marketing pain points of difficult access to accurate traffic, high traffic cost and low traffic utilization rate.

### 3. BUSINESS MANAGEMENT: CONTINUOUSLY IMPROVE THE OPERATION AND MANAGEMENT LEVEL OF SHOPPING MALLS (continued)

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

#### 3.3 Marketing Management (continued)

##### (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.

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.

During the Reporting Period, the Company continued to expand the influence of its own IP (Intellectual Property) “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. It has won a high reputation for the brand and highlighted the beauty and value of top-notch design products of Red Star Macalline.

Meanwhile, the Company continued to build the IP of Home Loving Day brand. Under the special background of 2020, the 11th anniversary of Home Loving Day invited the talk show ghost Li Xueqin to interpret the connotation of “KPI (Key Performance Indicator) for home” in a lively and relaxed way, customized the talk show to ingeniously incorporate brand care into it, which broke the routine emotional marketing model, and restored the happiness of the home in a happy and relaxed way, allowed users to smoothly accept the love-home proposition of the brand, enhancing its reputation.

### 3. BUSINESS MANAGEMENT: CONTINUOUSLY IMPROVE THE OPERATION AND MANAGEMENT LEVEL OF SHOPPING MALLS (continued)

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

#### 3.3 Marketing Management (continued)

##### (2) Brand management (continued)

In addition, the Company conducted cross-border cooperation with the IP of National Geographic and jointly created the “Mother Nature Style” (大自然同款) brand marketing campaign, setting a precedent for the marketing of, and an example for the better localization of, imported home furnishing brands in China. The event produced videos and posters that were in line with the high-quality positioning of imported home furnishings. Offline events such as pop-up store promotion and designer salons were held in 5 physical shopping malls, achieving a win-win situation for project dissemination and revenue generation.

During the Reporting Period, Red Star Macalline exclusively titled Tmall 618 Super Night” and Tmall Double 11 Gala. 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. Tmall Double 11 Gala via national live broadcasting, subverted the traditional party mode and stage presentation, fused top-notch design home furnishing products and top stars, and created the first full domain, full scenario carnival night in history, allowing the whole people to enjoy the immersive entertainment consumption experience. The main topic “Double 11 Gala” had nearly 10 billion views.

Focusing on the mission of “Improving Home Furnishing Taste of Chinese”, we improved terminal visuals through furniture arts, and upgraded the overall image of malls around the country by introducing a supportive reward and punishment system and establishing a sound internal and external scoring system to continuously enhance our brand recognition over our rivals and provide consumers with unique shopping experiences in home furnishing malls.



### 3. BUSINESS MANAGEMENT: CONTINUOUSLY IMPROVE THE OPERATION AND MANAGEMENT LEVEL OF SHOPPING MALLS (continued)

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

#### 3.4 Property Management

- (1) *Carry out anti-pandemic work promptly in all shopping malls nationwide and ensure normal operation of shopping malls during the COVID-19 outbreak*

During the COVID-19 outbreak in early 2020, the Company has taken timely measures and established an anti-pandemic emergency team to carry out COVID-19 prevention and control work promptly in all shopping malls nationwide. On the one hand, the Company has strictly implemented the prevention and control requirements of local governments and departments. On the other hand, the Company has formulated the Cleaning and Disinfection Guidelines for Shopping Malls during the COVID-19 Outbreak, purchased and supplemented anti-pandemic supplies in a timely manner, and worked out the anti-pandemic emergency management plan and exercised drills. Moreover, functional departments of the Company conducted random video inspections of the prevention and control work in shopping malls, thus ensuring the strict implementation of prevention and control measures in all shopping malls.

### 3. BUSINESS MANAGEMENT: CONTINUOUSLY IMPROVE THE OPERATION AND MANAGEMENT LEVEL OF SHOPPING MALLS (continued)

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

#### 3.4 Property Management (continued)

(2) *The Company continued to strictly manage and control the safety risks in our shopping malls with preventive 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 pandemic situation, we formulated the pandemic management and control system, established the emergency procedures for pandemic prevention and control, and comprehensively prevented and controlled the occurrence of the pandemic 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 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.

### 3. BUSINESS MANAGEMENT: CONTINUOUSLY IMPROVE THE OPERATION AND MANAGEMENT LEVEL OF SHOPPING MALLS (continued)

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

#### 3.4 Property Management (continued)

*(3) Constantly improve the environment of our shopping malls to enhance the experience and satisfaction of our tenants and customers*

During the Reporting Period, the Company organized a series of theme activities such as “New Outlook”, “User-orientated and Better Environment” and “Ensuring Safety and Improving Quality”, which aimed to enhance the overall quality of shopping malls and improve the experience of users. Meanwhile, the Company also carried out five special improvement activities covering HVAC, plaza and parking lot, toilet, lighting and public space. In order to comprehensively improve the environment of shopping malls and user satisfaction, the Company sorted out key environment issues, conducted satisfaction surveys through visiting users, arranged dedicated personnel to follow up key issues and rectify every problems, and strengthened quality management training for and evaluation of employees.

### 4. INFORMATION CONSTRUCTION

During the Reporting Period, the Information Technology Center 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 Company provided 87 IT support projects for the Group’s business departments in line with the strategy of comprehensively integrating home decoration and furnishing, of which 75 projects have been successfully launched upon exploration, analysis, confirmation of requirements, design and completion of implementation plans.

### 4. INFORMATION CONSTRUCTION (continued)

In terms of human resources management terminal, in order to drive the performance growth of every department and pave way for employees at levels to fulfill duties and start businesses, a talent file platform is established from the perspective of employees based on the Company's existing talent policy, 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. In terms of property management terminal, the Company has broken the barriers of data flow relying on the Internet, and strove to transform the traditional property into the intelligent property, covering from property inspection to intelligent parking and to facilities and equipment and intelligent security platform. In terms of the large operation management terminal, it serves the entire life-cycle of the operation of the Company's shopping malls, which covers all business scenarios including opening preparations, tenant selection, budgeting, metaplanning of space division, contract signing, abnormal changes of booth, annual renewals, tenant withdrawal and all-around marketing, so as to connect the whole business link, realize the integration of core business, and help with business promotion, management and efficiency improvement. In terms of the development management terminal, its changing formats can closely follow our business network and intensify the application of data and the management and control of special projects, with an aim to expand follow-ups after the opening of shopping malls and gradually form a closed-loop business model. In terms of the functional management terminal, it has realized the effective combination of key business processes and information technology management through establishment of the backstage function management systems such as contract management, seal management, archives management, related transaction, etc., so as to prevent risks and ensure the safe operation of the Company. In addition, during the Reporting Period, the finance and procurement segment launched the digital and online operation of over 10 key projects, which constantly promoted the transformation and upgrading and strategic innovation of the Group's finance and procurement functions.

### 4. INFORMATION CONSTRUCTION (continued)

In terms of big data strategy, the Company continued to enhance its capabilities to drive business development with integrated data, and built a data middle-office for service and business application, which provides a full-chain, one-stop service for the targeted marketing, intelligent tenant sourcing, and management decision-making of new home decoration and furnishing retail. As such, the Company can bring in targeted online and offline traffic for home decoration and furnishings business through integrating all-around traffic data. Meantime, in order to help business operation and management, the Company improved the real-time visual display of core data as well as the collection of data on user preferences and popular products, which can provide basis for business decisions in a timely fashion; empowered employees, shopping guides and dealers through the analysis of national marketing data; and provided early warning of business risks through the risk control engine. In terms of information security, during the Reporting Period, the Company strictly followed China's requirements on technical support and security management in relation to the construction of information system security, and established a long-term security management mechanism to enhance the Company's information security and protection capabilities. According to relevant laws and regulations and internal policies of the Company, including the Cybersecurity Law of the People's Republic of China, the Administrative Measures for the Graded Protection of Information Security, and the Security Management System of Red Star Macalline Group on Personal Information, the Company has conducted and passed grade III information safety evaluation of its key systems.

### 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 for 2020, namely "Focusing on practical operation and enhancing notability and products", we have proactively carried out all human resources work to support the healthy development of home decoration and furnishing businesses.

In terms of promotion of corporate values, we've actively implemented Red Star Macalline's "Thirteen-Word Corporate Values". The Company has organized assessment of every Red Star employee in respect of every aspect of the "Thirteen-Word Corporate Values". Through bilateral communication and consensus, we can promote employees to continuously summarize and reflect on their strengths and weaknesses, and achieve spiral growth.

### 5. HIGHLY EFFICIENT HUMAN RESOURCES MANAGEMENT POLICIES: SUPPORTING EFFICIENT BUSINESS GROWTH (continued)

In terms of performance management, we continued to upgrade and deliberately consider the performance system of shopping malls in line with our strategic development. During the Reporting Period, in order to rapidly enhance the performance of shopping malls, the Company adopted innovative performance support tools, and developed and promoted several special performance assessment templates covering move-in ready decoration, collection of receivables and joint revenue, thus improving the operation of shopping malls. With prompt home furnishing solution as our first priority and in order to implement the integration of home decoration and furnishing, we have formulated the Performance Assessment Indicators Library for Home Furnishing-Related Posts (商場全崗位關聯家裝績效考核指標庫), and the Operating Manual of Indicators Library for the Integration of Home Decoration and Furnishing (家裝家居一體化指標庫操作說明) which aims to help shopping malls define assessment indicators covering acquisition of customers, orders and contracts in a better and timely manner, so as to promote the implementation, application, and transformation in shopping malls. Moreover, we continued to improve the implementation and application of regular performance assessment in the home furnishing system from the perspectives of the regular piece-work assessment of performance, community marketing and operation, special programs assistance, empowerment through external marketing, provincial center overall management and the integration of home decoration and furnishing. In 2020, we got a total of 122 excellent performance cases, of which 31 cases were selected for distribution, promotion, learning and transformation. In terms of talent development, we've established a talent succession plan, which closely combines the talent management with the management performance of managers in key positions, and also focused on implementing training plans. During the Reporting Period, we have completed the successor training plan for 168 employees and the successor reserve plan for next 2-3 years for 523 employees, effectively helping the business development of the Company. We have set up the "Youth Luban" talent development program, which has organically combined with the "Star Motivation" program to form a rapid growth and development channel for high-potential talents. 156 university graduates were introduced via the "Star Motivation" program, and 191 manager-level employees were selected into the "Youth Luban" backup talent program, 63 senior managers into the "Youth Luban" reserve talent program, and 20 outstanding general managers into the "Youth Luban" talent program. At the same time, we have implemented a talent training and development program with the Chairman of the Company as the chief tutor and business executives responsible for tutoring and teaching. As such, we can take lead in the upgrading of the industry, and intensify the talent development, thus expanding our talent pool for the diversified business development and industry transformation and upgrading. In terms of business support, we recruited 1,288 employees for expansionary business and business development during the Reporting Period. These measures aim to provide talent reserves for our existing departments and teams as well as talent support for the establishment of numerous new business departments, and to further optimize and upgrade the organizational system, assessment mechanism and incentive system to provide professional human resources support for the rapid development of the Company. In terms of personnel operation and employee relations, we have taken solid steps in basic personnel operations to ensure that the human resources work of the Group complies with laws and regulations and aims to protect the rights and interests of employees. Through close cooperation among the human resources, the labor union and the administration department of the Group, we have actively carried out the prevention and control of COVID-19, employee health monitoring and donations for fighting against COVID-19.

### 5. HIGHLY EFFICIENT HUMAN RESOURCES MANAGEMENT POLICIES: SUPPORTING EFFICIENT BUSINESS GROWTH (continued)

During the Reporting Period, we have been granted five authoritative employer brand awards, including “China Role Model Employer”, “An Employer of Extraordinary Diversity”, “China Best Employer for the Year”, “China Pioneer Employer in Terms of Human Resources” and “2020 TOP 100 Private Enterprises in Fighting against COVID-19”.

As of the end of the Reporting Period, we had a total of 25,201 employees.

### 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 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.



# Management Discussion and Analysis

## FINANCIAL REVIEW

The key financial performance indicators of the Company can generally be categorized into operating revenue, net profit attributable to owners of the Company and net profit attributable to owners of the Company after deducting non-recurring profit and loss. These indicators provide a measurement of our performance against the key drivers of the Company. For details of the financial performance indicators, please refer to “Revenue” and “Net profit attributable to owners of the Company, net profit attributable to owners of the Company after deducting non-recurring profit and loss and earnings per share” on pages 44 to 45 and page 49, respectively.

### 1. Revenue

During the Reporting Period, the Group’s revenue amounted to RMB14,236.5 million, representing a decrease of 13.6% from RMB16,469.2 million in 2019. The decrease in our revenue was primarily due to the impact of the pandemic 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 14.3%, which was mainly due to the decline in the occupancy rate of the Group’s Portfolio Shopping Malls in areas affected by the pandemic in the short term and the Group’s launch of a rent-free policy. The related income from our Managed Shopping Malls decreased by 23.9% during the Reporting Period, mainly due to the delay in performance of contracts affected by the pandemic, which resulted in a decrease in the number of projects for the revenue recognition of consulting services as compared with 2019, and the Group has waived the management fees of some Managed Shopping Malls. In addition, the revenue from construction and design and other revenue have declined by different degrees as compared with 2019. Meanwhile, the Company has been committed to one-stop and high-quality home decoration services. Under the impact of the pandemic, revenue from home decoration related services and sales of merchandise increased by 115.1% on a year-on-year basis.

The following table sets forth our revenue by segments:

	For the year ended 31 December			
	2020 (Audited)		2019 (Audited)	
	Amount	%	Amount	%
Owned/Leased Portfolio Shopping Malls	6,682,413,448.77	46.9	7,798,760,658.12	47.2
Managed Shopping Malls	3,580,465,132.95	25.2	4,702,248,186.58	28.6
Construction and design	1,668,238,075.14	11.7	2,250,505,124.04	13.7
Related home decoration and sales of merchandise	1,224,005,416.99	8.6	568,999,157.09	3.5
Others	1,081,338,025.13	7.6	1,148,724,663.09	7.0
Total	14,236,460,098.98	100.00	16,469,237,788.92	100.0

## FINANCIAL REVIEW (continued)

### 1. Revenue (continued)

- Owned/Leased Portfolio Shopping Malls: the revenue decreased by 14.3% from RMB7,798.8 million in 2019 to RMB6,682.4 million in 2020, which was mainly due to the decline in the occupancy rate of the Group's Owned Portfolio Shopping Malls in areas affected by the pandemic and the Group's launch of a rent-free policy. As at the end of 2020, the number of Owned Portfolio Shopping Malls opened by the Group was five more than at the end of 2019; moreover, operating efficiency was improved through adjusting the layout of the opened shopping malls, and the total operating area was increased by 297,433 sq.m..
- Managed Shopping Malls: the revenue dropped 23.9% from RMB4,702.2 million in 2019 to RMB3,580.5 million in 2020, mainly due to the delay in performance of contracts affected by the pandemic, which resulted in a decrease in the number of projects for the revenue recognition of consulting services as compared with 2019, and the Group has waived the management fees of some Managed Shopping Malls.
- Construction and design: During the Reporting Period, the Group's revenue from construction and design totaled RMB1,668.2 million, a decrease of RMB582.3 million compared to 2019, mainly due to the delay in the progress of construction projects affected by the pandemic.
- Related home decoration and sales of merchandise: During the Reporting Period, the Group's revenue from home decoration related services and sales of merchandise totaled RMB1,224.0 million, an increase of RMB655.0 million compared to 2019, mainly because the Company has been committed to one-stop and high-quality home decoration services.

## FINANCIAL REVIEW (continued)

### 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. The cost of sales of the Group decreased from RMB5,735.6 million in 2019 to RMB5,480.2 million in 2020, representing a decline of 4.5%, mainly due to the Company's further strengthening of effective management and control of various costs, and the reduction in revenue of some projects corresponding to the reduction in costs.

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

	For the year ended 31 December			
	2020 (Audited)		2019 (Audited)	
	Amount	%	Amount	%
Owned/Leased Portfolio Shopping Malls	1,566,523,960.01	28.7	1,654,802,504.45	28.9
Managed Shopping Malls	1,437,893,251.23	26.2	1,624,820,375.85	28.3
Construction and design	1,123,349,218.85	20.5	1,459,522,282.78	25.4
Related home decoration and sales of merchandise	956,135,495.38	17.4	440,190,913.00	7.7
Others	396,268,099.39	7.2	556,274,935.42	9.7
Total	5,480,170,024.86	100.0	5,735,611,011.50	100.0

## FINANCIAL REVIEW (continued)

### 3. Gross Profit and Gross Profit Margin

During the Reporting Period, the Group's gross profit was RMB8,756.3 million, representing a decrease of 18.4% from RMB10,733.6 million in 2019; the Group's integrated gross profit margin was 61.5%, representing a decrease of 3.7 percentage points from 65.2% in 2019, primarily due to the impact of the pandemic and the introduction of the rent-free policy during the Reporting Period.

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

	For the year ended 31 December	
	2020 (Audited)	2019 (Audited)
Owned/Leased Portfolio Shopping Malls	76.6%	78.8%
Managed Shopping Malls	59.8%	65.4%
Construction and design	32.7%	35.1%
Related home decoration and sales of merchandise	21.9%	22.6%
Others	63.4%	51.6%
<b>Total</b>	<b>61.5%</b>	65.2%

### 4. Sale expenses

During the Reporting Period, the Group's sale expenses amounted to RMB1,693.8 million (accounting for 11.9% of the revenue), representing a decrease of 26.1% from RMB2,290.9 million (accounting for 13.9% of the revenue) in 2019, which was primarily due to the decrease in advertising and promotional expenses because 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 pandemic.

## FINANCIAL REVIEW (continued)

### 5. Management expenses

During the Reporting Period, the Group's management expenses amounted to RMB1,680.9 million (accounting for 11.8% of the revenue), representing a decrease of 4.1% from RMB1,751.9 million (accounting for 10.6% of the revenue) in 2019, which was primarily due to the Group's effective responses to the pandemic and reduced non-essential expenses, leading to an apparent decrease in office and administrative expenses.

### 6. Financial Expenses

During the Reporting Period, the Group's financial expenses were mainly comprised of interest expenses, interest income and exchange gains and losses, etc.. Financial expenses increased from RMB2,260.1 million in 2019 to RMB2,464.4 million in 2020, representing an increase of 9.0%.

Interest expenses were comprised of interest of bank and other borrowings, interest of financial lease and bond interests, etc.. Interest expenses increased from RMB2,677.3 million in 2019 to RMB2,914.5 million in 2020, representing an increase of 8.9%, which was primarily due to the increase in the amount of interest-bearing liabilities to achieve sufficient liquidity and obtain enough capital under the sudden outbreak of the pandemic. However, at the same time, the Company effectively controlled investment expenditures, and the scale of interest-bearing liabilities began to fall in the third quarter of 2020, and it had dropped significantly by the end of 2020.

### 7. Treasury Policies and Objectives

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

## FINANCIAL REVIEW (continued)

### 8. Income Tax Expenses

During the Reporting Period, the income tax expenses of the Group amounted to RMB750.1 million, representing a decrease of 50.5% from RMB1,516.8 million in 2019, which was mainly due to the decrease in the profit before tax during the Reporting Period because of the pandemic.

### 9. 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 RMB1,730.6 million, which represented a decrease of 61.4% as compared with RMB4,479.7 million in 2019; the net profit attributable to owners of the Company after deducting non-recurring profit or loss amounted to RMB1,162.3 million, representing a decrease of 55.5% from RMB2,613.6 million in 2019. The above decreases were primarily due to the impact of the pandemic and the implementation of rent-free policy by the Group.

	For the year ended 31 December		Increase/ Decrease
	2020 (Audited)	2019 (Audited)	
Net profit attributable to owners of the Company	<b>1,730,581,791.56</b>	4,479,681,652.61	-61.4%
Net profit margin attributable to owners of the Company	<b>12.2%</b>	27.2%	-15 ppts
Net profit attributable to owners of the Company after deducting non-recurring profit or loss	<b>1,162,324,473.64</b>	2,613,622,255.31	-55.5%
Net profit margin attributable to owners of the Company after deducting non-recurring profit or loss	<b>8.2%</b>	15.9%	-7.7 ppts

During the Reporting Period, the Group's earnings per share was RMB0.44, as compared to RMB1.15 in the same period of 2019.

# Management Discussion and Analysis

## FINANCIAL REVIEW (continued)

### 10. Accounts Receivable

As at the end of the Reporting Period, the book value of accounts receivable of the Group amounted to RMB1,934.8 million (including the book balance of accounts receivable of RMB3,095.6 million and the bad debt allowance of RMB1,160.8 million), representing an increase of RMB129.1 million from RMB1,805.7 million as at the end of 2019, which was primarily due to the significant increase in revenue from home decoration related services and sales of merchandise resulting in the increase of related accounts receivable during the Reporting Period.

### 11. Other Receivables

As at the end of the Reporting Period, the book value of other receivables of the Group was RMB1,524.7 million, representing an increase of RMB814.7 million from RMB710.0 million as at the end of 2019, which was mainly due to the increase in sales proceeds collected on behalf of the tenants, and the increase in amounts during the Reporting Period.

### 12. Other Equity Instrument Investments

As at the end of the Reporting Period, the book value of other equity instrument investments of the Group was RMB4,206.7 million, which was mainly because the Group invested in the equity of upstream and downstream enterprises in the household industry and home furnishing product manufacturing related to artificial intelligence, for strategic purposes, and planned to hold such equity investments for a long time.

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

As at the end of the Reporting Period, the book value of the Group's investment properties amounted to RMB93,150.0 million, representing an increase of 9.5% from RMB85,107.0 million as at the end of 2019. During the Reporting Period, the investment properties of the Group realized a gain on fair value changes of RMB496.7 million. It was mainly due to advancement in construction progress of investment properties under development and the purchase of new properties during the Reporting Period.



## FINANCIAL REVIEW (continued)

### 14. Capital Expenditure

During the Reporting Period, the Group's capital expenditure amounted to RMB2,897.0 million (2019: RMB4,320.3 million), which mainly includes purchase expenditure of investment properties and construction development expenditure. The expenditure in 2020 decreased by 32.9% as compared with 2019, mainly because the Group has deepened its business strategy of "focusing on asset-light operation, and lowering leverage", effectively controlling capital expenditures, and will further expand its asset-light business.

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

As at the end of the Reporting Period, the cash and bank balances of the Group amounted to RMB6,511.1 million (of which, the balance of cash and cash equivalents amounted to RMB5,901.1 million), representing a decrease of RMB718.1 million from RMB7,229.2 million (of which, the balance of cash and cash equivalents amounted to RMB6,776.1 million) as at the end of 2019.

	For the year ended 31 December	
	2020 (Audited)	2019 (Audited)
Net cash flow from operating activities	4,159,732,441.59	4,093,981,030.60
Net cash flow from investment activities	(4,851,801,126.36)	(4,082,774,044.60)
Net cash flow from financing activities	(181,898,109.56)	(849,680,902.47)
Impact of exchange rate changes on cash and cash equivalents	(1,064,656.34)	80,048.26
Net increase/(decrease) in cash and cash equivalents	(875,031,450.67)	(838,393,868.21)

During the Reporting Period, the Group's net cash inflow from operating activities amounted to RMB4,159.7 million, representing an increase of RMB65.7 million as compared with the net inflow of RMB4,094.0 million in 2019. Although the company implemented rent free policy for merchants this year, the company's operating cash flows is still sufficient.

During the Reporting Period, the Group's net cash outflow from investment activities amounted to RMB4,851.8 million, representing an increase of RMB769.0 million as compared with the net outflow of RMB4,082.8 million in 2019. It was primarily due to the increased cash paid for various investments during the Reporting Period.

During the Reporting Period, the Group's net cash outflow from financing activities amounted to RMB181.9 million, representing a decrease of RMB667.8 million as compared with net outflow of RMB849.7 million in 2019.

## FINANCIAL REVIEW (continued)

### 16. Debt Profile and Debt Ratio

As of the end of the Reporting Period, the total amount of debt of the Group was RMB44,670.2 million, of which banks and other borrowings were RMB29,919.4 million, bonds payable were RMB8,465.9 million and commercial mortgage-backed securities payables were RMB6,284.9 million.

The following table sets out our profile debt:

	As at 31 December 2020 (Audited) (RMB'000)	As at 31 December 2019 (Audited) (RMB'000)
<b>Bank and other borrowings</b>		
Secured	29,569,793	22,340,153
Unsecured	349,563	374,569
<b>Total</b>	<b>29,919,356</b>	22,714,722
Fixed-rate borrowings	7,256,420	5,257,494
Floating-rate borrowings	22,662,937	17,457,228
<b>Total</b>	<b>29,919,356</b>	22,714,722
<b>The borrowings are repayable</b>		
Within one year or on demand	7,706,927	6,795,095
More than one year, but not exceeding two years	3,143,196	3,398,639
More than two years, but not exceeding five years	8,377,401	5,961,543
More than five years	10,691,832	6,559,444
<b>Total</b>	<b>29,919,356</b>	22,714,721
<b>Actual interest rate range</b>		
Fixed-rate borrowings	3.00-11.00	4.28-7.0
Floating-rate borrowings	4.25-5.96	2.78-5.96

## FINANCIAL REVIEW (continued)

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

Name of bonds	Par value	Issue date	Maturity	As at	As at
				31 December 2020 (Audited) (RMB'000)	31 December 2019 (Audited) (RMB'000)
Corporate Bonds of 2015 of Red Star Macalline Group Corporation Ltd. (First tranche)	RMB5,000 million	2015	5 years	–	168,002
Public offering of Corporate Bonds of 2016 of Red Star Macalline Group Corporation Ltd. (First tranche) (7-year)	RMB1,500 million	2016	7 years	<b>1,495,683</b>	1,491,578
Medium-term notes of 2018 of Red Star Macalline Group Corporation Ltd. (First tranche)	RMB500 million	2018	3 years	<b>498,471</b>	496,731
Public offering of Corporate Bonds of 2018 of Red Star Macalline Group Corporation Ltd. (First tranche) (Type 1)	RMB3,000 million	2018	3 years	–	2,989,771
Medium-term notes of 2019 of Red Star Macalline Group Corporation Ltd. (First tranche)	RMB500 million	2019	3 years	<b>499,052</b>	498,226
Public offering of Corporate Bonds of 2019 of Red Star Macalline Group Corporation Ltd. (First tranche) (Type 2)	RMB2,000 million	2019	4 years	<b>1,992,310</b>	1,989,378
Public offering of Corporate Bonds of 2016 of Red Star Macalline Group Corporation Ltd. (First tranche) (5-year)	RMB1,500 million	2016	5 years	<b>46,800</b>	46,800

## FINANCIAL REVIEW (continued)

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

Name of bonds	Par value	Issue date	Maturity	As at	As at
				31 December 2020 (Audited) (RMB'000)	31 December 2019 (Audited) (RMB'000)
Medium-term notes of 2020 of Red Star Macalline Group Corporation Ltd. (First tranche)	RMB500 million	2020	3 years	498,227	–
Public offering of Corporate Bonds of 2020 of Red Star Macalline Group Corporation Ltd. (First tranche)	RMB500 million	2020	3 years	498,109	–
Public offering of Corporate Bonds of 2020 of Red Star Macalline Group Corporation Ltd. (Second tranche)	RMB500 million	2020	3 years	497,656	–
Public offering of Corporate Bonds of 2020 of Red Star Macalline Group Corporation Ltd. (First tranche) to professional investors	RMB500 million	2020	3 years	496,371	–
USD Bonds of 2017 of Hong Kong Red Star Macalline (5-year)	USD300 million	2017	5 years	1,943,220	2,069,727
<b>Total</b>				<b>8,465,899</b>	<b>9,750,213</b>

## FINANCIAL REVIEW (continued)

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

	As at 31 December 2020 (Audited) (RMB'000)	As at 31 December 2019 (Audited) (RMB'000)
<b>Commercial mortgage-backed securities payables</b>		
Securities due in 2020	–	2,570,499
Securities due in 2021	2,451,754	2,381,039
Securities due in 2022	3,319,722	3,366,070
Securities due in 2023	513,376	–
<b>Total</b>	<b>6,284,852</b>	<b>8,317,608</b>

Among the total debts of the Group, the portion repayable within one year or on demand amounted to RMB14,774.8 million, the portion repayable over one year but less than two years amounted to RMB9,482.4 million, the portion repayable over two years but less than five years amounted to RMB10,498.4 million and the portion repayable over five years amounted to RMB11,039.7 million. The Group will promptly repay the above borrowings at maturity.

The following table sets out our major debt ratios:

	As at 31 December 2020 (Audited)	As at 31 December 2019 (Audited)
Asset-liability ratio <sup>(1)</sup>	61.2%	59.9%
Net gearing ratio <sup>(2)</sup>	76.9%	69.4%

	For the year ended 31 December 2020 (Audited)	2019 (Audited)
Interest expenses coverage ratio <sup>(3)</sup>	2.01	2.58

# Management Discussion and Analysis

## FINANCIAL REVIEW (continued)

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

*Notes:*

- (1) Asset-liability ratio is calculated as the total liabilities divided by total assets as at the end of each period.
- (2) Net gearing ratio means interest-bearing liabilities (including short-term borrowing, long-term borrowing, bond payables, financial lease payables, and commercial mortgage-backed securities payables) less cash and bank balances and then divided by total equity at the end of each period.
- (3) Interest expense coverage ratio is our adjusted EBITDA divided by our interest expenses before capitalization for each period. Adjusted EBITDA represents profit before tax, adding back finance 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.

### 17. Collateralized and Pledged Assets

As of the end of the Reporting Period, the Group had collateralized/pledged investment properties, fixed assets with a total book value of RMB82,219.0 million, and other equity instrument investments and restricted cash and bank balances with a total book balance of RMB504.1 million for obtaining loans, the balance of such loans is RMB36,263.9 million; the Group holds restricted cash and bank balances with a balance of RMB263.5 million for deposit reserve placed with the central bank, hedging operations, etc..

### 18. Contingent liabilities

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

### 19. Financial resources

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

### 20. Material acquisitions and disposals

There is no significant acquisition and disposal during the Reporting Period.

## FINANCIAL REVIEW (continued)

### 21. Capital commitment

As at the end of the Reporting Period, the amount of capital expenditure in respect of the acquisition and development of investment properties which the Group has contracted for but not recognized in the financial statements was RMB2,373.8 million. In addition, the Group has entered into agreements with its partners, pursuant to which the Group's commitment to contributing funds for development of investment properties jointly with the partners amounted to RMB606.3 million.

### 22. Future Plans for Major Investments

Our future major investments of the Group 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 furnishing industry by strategically opening new shopping malls in selected cities in China with attractive market attributes. As at the end of the Reporting Period, the amount of which the Group has contracted for but not provided in the financial statements was RMB2,373.8 million. In addition, the Group has entered into agreements with its partners, pursuant to which the Group's commitment to contributing funds for development of investment properties jointly with the partners amounted to RMB606.3 million. Such agreements are disclosed in Note XI.1 Significant Commitments of the Consolidated Financial Statements on page 526. This is one of our strategies, and we expect to strengthen our market leadership through strategic expansion of our shopping mall network and brand portfolio.

The source of the Group's future major investment funds will mainly come from cash from business operation of the Group, bank loans, issuing bonds and the equity capital contributed by the Shareholders. We will adhere to a prudent and rational financial management strategy, plan and arrange the investment and operating expenses based on the cash inflow, and expand financing channels while maintaining a reasonable financial condition and debt ratio level to provide better funding for business development in the future. Currently, we do not have detailed plans for material investments apart from opening new shopping malls in our ordinary course of business. Accordingly, we foresee that our major source of funding will be from our operating cash flow, revenue from our shopping malls, borrowing from banks and other financing activities of the Group.



## FINANCIAL REVIEW (continued)

### 23. Foreign Exchange Risk

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

### 24. Human resources

As at the end of the Reporting Period, the Group had 25,201 employees (31 December 2019: 27,113 employees). The Group signs labor contracts with employees according to the Labor Law of the People's Republic of China and the relevant provisions of the employee's locality. The Group will determine the employees' basic wage and bonus level according to the employees' performance, work experience and the market wage standard, and shall pay social insurance and housing provident fund for the employees. In 2020, the Group paid a total of RMB3,245.5 million for salary expenditure (2019: RMB3,651.2 million). Meanwhile, the Group also kept investing resources to provide various education and training opportunities for its employees, aiming to standardize the management work and improve the operation performance, and continuously improved the knowledge and technical competence as well as professional practice competence of the employees.

## RISK FACTORS

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

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

According to the statistics of the National Bureau of Statistics of the PRC, in 2020, the GDP of China grew by 2.3% compared to the comparable price in the same period last year, while the national disposable income per capita increased by 4.7% on a year-on-year basis, with an actual growth rate of 2.1% after deducting price factors. During the same period, the accumulative value of retail sales of social consumer goods fell by 3.9%, the total sales in furniture category decreased by 7.0% on a year-on-year basis, and the total sales in construction and decoration material categories decreased by 2.8% on a year-on-year basis. The slowdown in macroeconomic growth may slow down China's originally expected development of urbanization and adversely affect the improvement of residents' disposable income and living standards. At the same time, the real estate industry, as a basic industry under continuous regulation and control in China, is closely related to the country's macroeconomic development and exhibits strong cyclical characteristics. The slowdown in macroeconomic growth and the adverse changes caused by cyclical fluctuations in the real estate industry may weaken the demand in the home decoration and furniture retail industries, which will have a certain negative impact on the Company's operating results.

According to the statistics of Frost & Sullivan, as affected by the pandemic, the sales amount achieved in China's home improvement and furnishing industry in 2020 was RMB4.5 trillion, representing a decrease of 17.1% on a year-on-year basis. In the future, taking into account more timely pandemic detection and blocking measures, and the promotion of COVID-19 vaccines, the spread of the pandemic across the country will be more effectively controlled, and China's economic development is expected to achieve rapid recovery. At the same time, driven by the increase in disposable income, the improvement of living standards and the acceleration of urbanization, China's home furnishing market will also pick up. It is expected to grow to RMB7.3 trillion at a CAGR of 10.2% from 2020 to 2025. We will actively seize favourable opportunities of the rapid development in the home improvement and furnishing industry and increase the market share by the fast and steady expansion of the shopping mall network; while improving economies of scale and operational efficiency and strengthening the sustained stability of profitability, so as to better cope with and withstand the risks associated with macroeconomic and industry volatility.

## RISK FACTORS (continued)

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

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

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

### 3. Risks Associated with Expanding Business Development

Based on the nationwide retail platform and the largest database of businesses and consumers in the Chinese home improvement and furnishing industry, we plan to further develop the attractive Internet-related products and services as well as the supply chain related products and services. Compared with our shopping mall business, the business model and risks of expanding business may vary, but we may not have enough experience to effectively manage such expanding business and the related risks. Such expanding business may bring us new challenges and risks. If the expanding business fails to achieve the expected results, then our business, financial condition, results of operations and prospects as a whole may be adversely affected.

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

## RISK FACTORS (continued)

### 4. Other Risks

As of the end of 2020, the Company operated 92 portfolio shopping malls, including 58 self-owned properties, and the related property assets were included in investment properties, and the fair value model was adopted for subsequent measurement. As of the end of the Reporting Period, the book value of the Company's investment properties was RMB93.15 billion, accounting for 70.8% of total assets. It was the Company's main long-term operating asset. As the Company continued to invest in the construction of new self-owned properties, it is expected that the future scale of investment properties will continue to increase. During the Reporting Period, the investment properties of the Company realized a gain on fair value changes of RMB497 million, accounting for 17.7% of the Company's total profit, which was a large proportion. During the Reporting Period, the fair value of the Company's investment properties maintained overall growth, which did not have adverse effect on the financial position, operating performance and shareholder dividends of the Company.

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

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

### OUTLOOK AND PROSPECTS

The Company has persistently adhered to the mission of “building a warm and harmonious homeland and enhancing consumption and lifestyle”. In 2021 and thereafter, the Company will continue to follow the operation and management model of “market-oriented management and shopping mall management”, including further enhancing user mentality, focusing on operations, fighting corruption and upholding integrity, broadening sources of income and reducing expenditure, to provide better and more professional services for consumers, consolidate our market leadership and strengthen the brand image of “Home Furnishing Expert” of “Red Star Macalline” in the consumers’ mind to build the most pioneering and professional “omni-channel platform provider in the home improvement and furnishing industry”.

The Company’s future development plans are as follows:

**1. To Continue to Transform into “Asset-Light and Operation-Heavy” Business Model, Accelerate the Penetration of Management and Franchise Mode in the Sinking Market, and Further Strengthen the Market Leadership through the Combination of Full- Brand and Omni-Channel Network**

In terms of shopping mall network construction, the Company will fully ride the tide of the thriving trend shown in the industry arising from the acceleration of urbanization, improvement in living standards and the increased population mobility, and continue to selectively expand our network of home furnishing malls in cities with attractiveness. We will further strengthen the market leading position in Tier I and II Cities through self-operation mode, and continue to selectively open new home shopping malls in the core cities; at the same time, by relying on the sound brand reputation, mature shopping mall development, tenant sourcing and operation and management capabilities in the home improvement and furnishing industry, the Company will quickly penetrate into the Tier III Cities and other cities through the asset-light management and franchise business model, so as to further expand the operation coverage of companies in the country, and thus accelerate market penetration. At the same time, the Company will continue to improve the digitalization process of shopping malls, accelerate the implementation of the new retail model of online and offline integration, and further the integration of home improvement and home furnishing marketing. In terms of brand portfolio construction, the Company has adopted a diversified brand strategy to cover a wider range of consumer groups and market segments and serve our merchants, to further increase its market share.

### OUTLOOK AND PROSPECTS (continued)

#### 2. To Deeply Focus on Home Decoration Business, Make a Breakthrough in Full-Cycle Services of Home Furnishings Consumption and Strengthen the User Mentality of “Choosing Decoration and Buying Furniture All in Red Star Macalline”

In 2021, the Company will intensify the integration of home improvement and home furnishing marketing, strengthen the user mentality of “choosing decoration and buying furniture all in Red Star Macalline”, further enhance the mid-to-high-end brand image, to realize brand rejuvenation. The Company will expand business lines to design, home decoration and other links in addition to home furnishing consumption based on the needs of consumers throughout the life cycle. As regards home furnishing business and home design, to meet the personalized needs of mid- and high-end customers, we will expand our business to front-end design and end-user services based on the existing Internet retail and Internet home furnishing business, and with the strategic goal of “one-stop service for high-end home improvement” in practice, provide consumers with one-stop solutions for design, home improvement, goods and services. In addition, we will continue to promote brand upgrading, create a social media matrix, realize brand rejuvenation, and build and strengthen the brand image of “omni-channel service provider for the pan-home improvement and furnishing industry” by, on the one hand, opening up the new traffic entrance to empower distributors comprehensively, and on the other hand, meticulously well operating the existing customer resources with active transformation.

#### 3. To Implement the Digital Reform, Deeply Penetrate in New Retail, Striving to Become a New Retail Benchmark in the Home Improvement and Furnishing Industry

In 2021, we will comprehensively promote the digital reform of shopping malls, actively embrace digital technologies, and deeply conduct online and offline integrated operations. As consumer groups become younger and their behaviors of favoring consumption on the mobile terminal, by accelerating the construction of online Tongcheng Station, we deepen consumers’ user mentality of “online preselection, offline transaction”, and complete the full-link service chain of precise online traffic directing and offline conversion and transaction through in-depth operation of new retail online, further empowers dealers on the operation and marketing side.

### OUTLOOK AND PROSPECTS (continued)

#### 4. To Further Strengthen Performance Appraisal and Deepen Talent Reserve

The Company will continue to optimize the human resources system, enhance corporate integrity, strengthen the awareness of performance management, improve the quality of performance promotion, and continue to do a good job in the survival of the fittest. We will build a three-dimensional youth Luban project, and through deep cultivation to actively build a youth Luban reserve echelon. We will conduct R&D and revision of the responsibilities of part-time employees at the regional management center under the provincial business development center, continue to assist the construction of new business unit teams, and complete the upgrade of the recruitment system and the optimization of recruitment channels. We will continue to promote Red Star Macalline's high-quality employer brand image.

#### 5. To Continuously Improve Corporate Governance of the Company, Standardized Operation, and Fulfill Our Social Responsibility

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



# Directors, Supervisors and Senior Management

## EXECUTIVE DIRECTORS

**Mr. CHE Jianxing**, aged 54, the founder of our Group. Mr. CHE started his career in furniture manufacturing in the late 1980s. He established Changzhou Red Star Furniture Store (常州市紅星傢俱城) in December 1990 and served as its general manager from 1990 to 1994; he founded Red Star Furniture Group Co., Ltd. in June 1994 and served as its chairman of the board of directors and general manager from 1994 to 2007; he founded Red Star Limited, the predecessor of the Company, in 2007, and has served as the Chairman and the general manager since 2007. Mr. CHE is Ms. CHEN Shuhong's husband and Ms. CHE Jianfang's brother. Mr. CHE is a member of the executive committee of All-China Federation of Industry & Commerce, the vice president of Shanghai Federation of Industry and Commerce and a standing member of the thirteen session of the Political Consultative Conference Shanghai Committee (上海市政協第十三屆委員會). Mr. CHE was awarded the "Working Model of Jiangsu Province" by Jiangsu Provincial People's Government in April 2006, the "National Excellent Private Enterprise Owner Caring for Employees (全國關愛員工優秀民營企業家)" by All-China Federation of Industry & Commerce and All-China Federation of Trade Union in June 2007, the "Most Respectful Entrepreneur of Jiangsu Province over the 30 Years of Opening and Reform (改革開放30年江蘇省最受尊敬企業家)" in 2008, the "Changzhou Outstanding Entrepreneur" by the Changzhou government in January 2012, the "Shanghai Top 10 Outstanding Persons of Commerce (上海商業十大傑出人物)" by Shanghai Commercial Association in October 2012, the "Glory Star of Shanghai (上海市光彩之星)" by Shanghai Federation of Industry and Commerce in June 2013, the "Shanghai Outstanding Star (上海傑出之星)" by the Shanghai government, Shanghai Federation of Industry and Commerce and Shanghai Outstanding Enterprise Promotion Association (上海光彩事業促進會) in February 2014, the "Leader of the Third Session of Industry and Commerce of Shanghai (第三屆上海市工商業領軍人物)" by Shanghai Commercial Association and Shanghai Enterprise Association (上海市企業聯合會) in March 2018, the "Outstanding Individual in the Work of Unionization of Shanghai (上海市統一戰線工作先進個人)" by Shanghai Unionization Department (上海市統戰部) in December 2018 and the "Excellent Entrepreneur of Shanghai (上海市優秀企業家)" by Shanghai Enterprise Association in February 2019.

**Mr. GUO Binghe**, aged 47, joined the Company in June 2007 and has been a vice general manager of the Company since October 2011. Since December 2013, he has been the secretary to the Board, and has also been serving as vice chairman since November 2018. He is primarily responsible for legal compliance, corporate governance, internal control, investor relations and information disclosure of the Company and providing support and assistance to the Board in the performance of its duties. Prior to joining the Company, Mr. GUO worked in the investment banking division of Shenyin & Wanguo Securities Co., Ltd. (申銀萬國證券股份有限公司) from July 2001 to March 2004. He then worked in Skyone Securities Co., Ltd. (天一證券有限公司) from March 2004 to October 2005. From 2006 to 2007, Mr. GUO served as assistant chief financial officer of Red Star Furniture Group.

Mr. GUO completed his studies in English education at Anhui Education College (安徽教育學院) (now known as Hefei Normal University (合肥師範學院)) in July 1998, and obtained a master's degree in economics from Fudan University (復旦大學) in July 2001 and a degree of executive master of business administration from Cheung Kong Graduate School of Business (長江商學院).

## Directors, Supervisors and Senior Management

**Ms. CHE Jianfang**, aged 52, joined our Company in June 2007 and has been an executive Director and a vice general manager of our Company since then. Ms. CHE is primarily responsible for merchandising management of our Company. Prior to joining our Company, Ms. CHE worked as the general manager at the Changzhou Red Star Furniture General Factory (常州市紅星傢俱總廠) from 1990 to 1993, mainly responsible for general operation of the business. She served as the general manager responsible for national investment operation at Red Star Furniture Group from 1994 to 2007. Ms. CHE is Mr. XU Guofeng's wife and Mr. CHE Jianxing's sister. Ms. CHE completed the "Senior Executive Program for China" jointly organized by China Europe International Business School (中歐國際工商學院) ("CEIBS"), Harvard Business School and the School of Economics and Management of Tsinghua University (清華大學經濟管理學院) in December 2007. She also completed the China CEO Program jointly organized by Cheung Kong Graduate School of Business (長江商學院), Columbia Business School, the International Institute for Management Development and London Business School in July 2011, the second phase of the CEO Alumni Humanities course of Cheung Kong Graduate School of Business in November 2016, and the CEO Leading the Future course of Shanghai Advanced Institute of Finance in March 2017. Ms. CHE completed the executive master of business administration (EMBA) program in PBC School of Finance, Tsinghua University in April 2018. Currently, Ms. CHE serves as a member of Shanghai Pudong New Area Committee of CPPCC, the vice chairman of the Federation of Industry and Commerce of Pudong New Area (浦東新區工商聯), a member of Shanghai Pudong New Area Committee of the China National Democratic Construction Association (中國民主建國會上海委員會), the executive director of the enterprise committee of Shanghai Committee of the China National Democratic Construction Association (中國民主建國會上海委員會), the vice-chairman of Shanghai Entrepreneur Association (上海市企業家聯合會), and vice president of the fourth council of Shanghai Outstanding Enterprise Promotion Association (上海市光彩事業促進會), and has always been committed to social welfare undertakings and initiated the establishment of Red Star True Love Fund. Ms. CHE has been honored as the Model of "Accomplishments of Females" by All-China Women's Federation, the Top Ten Entrepreneurs of Changzhou City, the "Glory Star of Shanghai in 2017", "The March 8th Red Banner Pacesetter in Shanghai in 2017-2018", an "Activists for Member Activities of Shanghai Enterprise Federation in 2020", the "Top Ten Outstanding Entrepreneurs" by Shanghai Committee of China National Democratic Construction Association", the "Advanced Individual in Prevention and Control of COVID-19 Pandemic" by Shanghai Committee of China National Democratic Construction Association and other awards.

**Mr. JIANG Xiaozhong**, aged 51, joined our Company in June 2007 and has been an executive Director and a vice general manager of our Company since December 2012. Mr. JIANG is primarily responsible for business development and operation of our Group. Prior to joining our Company, from June 1994 to June 2007, Mr. JIANG served in various positions at Red Star Furniture Group, including as secretary of the communist party branch committee, secretary of the communist party committee and as vice president, primarily responsible for business operation, administration and communist party committee related work. Mr. JIANG completed a three-year correspondence course for cadre in administrative management at the Communist Party School of Jiangsu Province (江蘇省委黨校) in July 1992. He completed his studies in the executive master of business administration program at Cheung Kong Graduate School of Business (長江商學院) in September 2011.

### NON-EXECUTIVE DIRECTORS

**Ms. CHEN Shuhong**, aged 48, joined our Company in June 2007 and has been a non-executive Director since then. Ms. CHEN is primarily responsible for overseeing our Company's management and strategic development. Prior to joining our Company, Ms. CHEN worked at the Changzhou Red Star Furniture General Factory (常州市紅星傢俱總廠) from July 1992 to December 1993, and was mainly responsible for finance and accounting-related work. She then served as a manager of Changzhou Home Furnishing Wholesale Center (常州建材傢俱批發中心) from January 1994 to June 1999. Ms. CHEN served as the chief financial officer of Red Star Furniture Group from June 1999 to June 2007. Ms. CHEN is Mr. CHE Jianxing's wife. Ms. CHEN obtained a college degree for adult higher education in accounting from Jiangsu Polytechnic University (江蘇工業學院) (now known as Changzhou University (常州大學)) in 2003. She graduated with an executive master of business administration degree from the executive master of business administration program of The Hong Kong University of Science and Technology (香港科技大學) in June 2012.

**Mr. XU Hong**, aged 47, joined Alibaba Group Holding Limited (listed on the New York Stock Exchange, stock code: BABA) in July 2018, where he currently serves as the Deputy Chief Financial Officer. From August 1996 to June 2018, he worked at PricewaterhouseCoopers Zhong Tian LLP and was promoted to a partner in July 2007. He has concurrently served as a non-executive director of Lianhua Supermarket Holdings Co., Ltd. (listed on the Stock Exchange, stock code: 980) since August 2018, a director of DSM Grup Danışmanlık İletişim Ve Satış Ticaret Anonim şirketi since August 2018, a director of C2 Capital Partners GP Limited since February 2019, a non-independent director of Suning.com Group Co., Ltd. (listed on the Shenzhen Stock Exchange, stock code: 2024) since May 2019, a non-executive director of Alibaba Health Information Technology Limited (listed on the Stock Exchange, stock code: 241) since June 2019, a non-independent director of Meinian Onehealth Healthcare Holdings Co., Ltd. (美年大健康產業控股股份有限公司) (listed on the Shenzhen Stock Exchange, stock code: 2044) since December 2019, and a non-executive director of Alibaba Pictures Group Limited (listed on the Stock Exchange, stock code: HK.1060)

From September 1991 to July 1996, Mr. XU studied at the Department of Physics of Fudan University and obtained a bachelor degree of science, and is a certified public accountant in the PRC.

## Directors, Supervisors and Senior Management

**Mr. JING Jie**, aged 46, joined Alibaba Group Holding Limited (listed on the New York Stock Exchange, stock code: BABA) in June 2015 and successively was responsible for Tmall Marketing, Strategic Partnership Development of Alibaba Group, Tmall FMCG and has served as president of Tmall since December 2017. Mr. JING currently serves as a vice president of Alibaba Group and an assistant to CEO and has been a member of the Executive Committee of Five New Sectors (“五新” 執行委員會) of Alibaba Group since July 2017. From July 1998 to August 2012, he worked at P&G (Guangzhou) Ltd. and was promoted to a vice president of Brand Operations in Greater China Region since 2009. From September 2012 to June 2015, Mr. JING served as the general manager of Brand Management and the general manager of Convenience Foods Management at COFCO Food Sales & Distribution Co., Ltd., and was in charge of the e-commerce business of China Foods.

From September 1991 to July 1995, Mr. JING studied at the Department of Computer Science and Technology of Nanjing University and obtained a bachelor degree of science, and obtained a master degree of engineering in July 1998.

**Mr. LIU Jin**, aged 46, joined AEON Insurance Asset Management Co., Ltd. in May 2019 and currently serves as the general manager of the equity investment department. From March 2001 to December 2006, he worked at Shanghai Securities Co., Ltd., and successively served as an assistant manager of the R&D center and a manager of the research department in the asset management headquarter. From December 2006 to June 2010, he worked at Haitong Securities Co., Ltd., and successively served as a senior analyst and a deputy manager of the industry department in the research institute. From June 2010 to July 2016, he worked at Taiping Asset Management Co., Ltd., and successively served as a senior manager of the equity investment department and an assistant general manager and an equity director of the asset management department. From October 2016 to April 2019, he worked at Green Fund Management Co., Ltd. as a deputy general manager in charge of equity investment research. He has also been serving as a director of Suzhou Victory Precision Manufacture Co., Ltd. (listed on the Shenzhen Stock Exchange, stock code: 002426) since July 2020.

Mr. LIU studied at the former Henan Institute of Finance and Economics from September 1992 to July 1996 and obtained a bachelor's degree in economics. He studied at the former Shanghai Institute of Foreign Trade from September 1998 to March 2001 and obtained a master's degree in finance. He studied at the Shanghai Academy of Social Sciences from September 2001 to July 2005 and obtained a doctoral degree in economics. From March 2006 to April 2008, he was engaged in theoretical economics research at the post-doctoral mobile station of Zhejiang University. Mr. Liu obtained the qualification of senior economist in July 2006.

## Directors, Supervisors and Senior Management

**Mr. CHEN Zhaohui**, aged 42, joined Zhongrong Life in July 2017, served as the chief actuary from July 2017 to December 2018, the deputy general manager since December 2018 and the deputy general manager and person in charge of finance since January 2019. He successively worked at Minsheng Life Insurance Co., Ltd., Sun Life Everbright Life Insurance Co., Ltd., BOB-Cardif Life Insurance Co., Ltd., Bohai Life Insurance Co., Ltd. and Asia Pacific Actuarial Department of PricewaterhouseCoopers from July 2003 to July 2017, during which he was in charge of product development, actuarial evaluation, asset and liability management, solvency management and other related work and corresponding team management.

Mr. CHEN studied at Nankai University from September 2000 to July 2003 and obtained a master's degree in economics. Mr. Chen is also a fellow member of China Association of Actuaries (FCAA) and Society of Actuaries (FSA).

### INDEPENDENT NON-EXECUTIVE DIRECTORS

**Mr. LEE Kwan Hung**, Eddie, aged 55, has been appointed as our independent non-executive Director since February 2015. He is primarily responsible for participating in the decision making for our Company's significant events and advising on issues relating to the nomination of our Directors and senior management. From December 1992 to April 1994, Mr. LEE worked in the Listing Division of the Stock Exchange, where he served as a manager and later a senior manager, and was a partner of Woo Kwan Lee & Lo from April 2001 to February 2011. Mr. LEE is currently a consultant at Howse Williams law firm. He has been an independent non-executive director of several companies listed on the Stock Exchange, including Embry Holdings Limited (安莉芳控股有限公司) (stock code: 1388) since November 2006, NetDragon Websoft Inc. (網龍網絡控股有限公司) (stock code: 777) since June 2008, Newton Resources Ltd. (新礦資源有限公司) (stock code: 1231) since December 2010, Tenfu (Cayman) Holdings Company Limited (天福(開曼)控股有限公司) (stock code: 6868) since August 2011, China BlueChemical Ltd. (中海石油化學股份有限公司) (stock code: 3983) since June 2012, Glory Sun Financial Group Limited (stock code: 1282) since November 2015, FSE Services Group Limited (stock code: 331) since November 2015, and Ten Pao Group Holdings Limited (天寶集團控股有限公司) (stock code: 1979) since November 2015.

Mr. LEE obtained his Bachelor of Laws (Honours) degree and Postgraduate Certificate in Laws from the University of Hong Kong in 1988 and 1989, respectively. He was admitted as a solicitor in Hong Kong in 1991 and in the United Kingdom in 1997.

## Directors, Supervisors and Senior Management

**Mr. QIAN Shizheng**, aged 68, joined our Company in April 2016 and has been appointed as our independent non-executive Director since then. He is primarily responsible for participating in the decision making for our Company's significant events and advising on issues relating to corporate governance, audit and the remuneration and assessment of our Directors and senior management. Mr. QIAN has over 30 years of experience in the theory and practice of finance and accounting. Mr. QIAN served as the Deputy Dean of the Department of Accounting at Shanghai Fudan University from August 1983 to December 1997. During the period from January 1998 to June 2012, he served as the executive director and later the vice president of Shanghai Industrial Holdings Limited (上海實業控股有限公司), a company listed on the Stock Exchange (stock code: 363), and concurrently served as the vice chairman of Haitong Securities Co., Ltd. (海通證券股份有限公司), a company listed on both the Shanghai Stock Exchange (stock code: 600837) and the Stock Exchange (stock code: 6837) as well as an independent director at Shanghai Chengtou Holding Co., Ltd. (上海城投控股股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600649). Mr. QIAN returned to Shanghai Fudan University (上海復旦大學) in July 2012 and is now a professor at the School of Management of Shanghai Fudan University. Mr. QIAN is concurrently acting as an independent director at Shanghai Lujiazui Finance and Trade Zone Development Co., Ltd. (上海陸家嘴金融貿易區開發股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600663), Spring Airlines Co., Ltd. (春秋航空股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 601021), Hanhua Financial Holding Co., Ltd. (瀚華金控股份有限公司), a company listed on the Stock Exchange (stock code: 3903), Jingrui Holdings Limited (景瑞控股有限公司), a company listed on the Stock Exchange (stock code: 1862), Lonking Holdings Limited (中國龍工控股有限公司), a company listed on the Stock Exchange (stock code: 3339).

Mr. QIAN obtained his bachelor's degree in economics from the Accounting Department at Shanghai University of Finance and Economics in July 1983 and obtained his master's degree in economics and PhD in management from Shanghai Fudan University in January 1993 and July 2001, respectively.



## Directors, Supervisors and Senior Management

**Mr. WANG Xiao**, aged 46, has been the partner of IDG Capital and responsible for the merger and acquisition business since December 2015. During April 2000 and March 2001, he served as manager in the head office of Bank of China. During March 2001 and March 2011, he served as senior manager in the Shanghai Stock Exchange. From March 2011 to April 2015, he served as an investigator of the CSRC. From April 2015 to December 2015, he served as a member of the executive committee of Shanghai Lujiazui International Financial Assets Commodity Exchange Co., Ltd. (上海陸家嘴國際金融資產交易市場股份有限公司) and Ping An Insurance (Group) Company of China, Ltd. (中國平安保險(集團)股份有限公司) (listed on the Stock Exchange of Hong Kong, stock code: 2318 and listed on the Shanghai Stock Exchange, stock code: 601318). He served as an independent director of Long Yuan Construction Group Co, Ltd. (listed on the Shanghai Stock Exchange, stock code: 600491) since March 2017. Mr. WANG is a professor (part-time) of the China Insurance Actuarial Research Institute (中國保險精算研究院) of Central University of Finance and Economics (中央財經大學) and is also a columnist of Caixin.com. Mr. WANG is a certified public accountant of the PRC and a CFA charterholder.

Mr. WANG studied at and obtained a master's degree in accounting from the Central University of Finance and Economics (中央財經大學) from September 1997 to April 2000, a master's degree in finance from the London Business School from September 2007 to June 2008. He obtained his PhD degree in management from Shanghai Fudan University (上海復旦大學) from September 2004 to June 2009.

**Ms. ZHAO Chongyi**, aged 46, served as the general manager of Chateau Medicis (France), Asia regional partner and deputy president of Barnes International (France), and director and president of Barnes Asia Limited (Hong Kong), and currently is the deputy chairman and senior executive vice president of Grand Parc Du Puy Du Fou (France) in Asia region, the co-founder and director of Tandem Partners Limited (Hong Kong), and the founder and director of Chinaccessory Manufactory Co. Limited (Hong Kong).

Ms. ZHAO obtained a master's degree in business administration in the Open University of Hong Kong from September 2001 to June 2003. Ms. ZHAO received executive education from The John F. Kennedy School of Government at Harvard University from August 2014 to December 2014 and from The Cheung Kong Graduate School of Business (長江商學院) from June 2017 to June 2018.

**Ms. QIN Hong**, aged 57, worked at the Urban-Rural Construction Economic Research Institute of China, the Institute of Housing and Real Estate of the Policy Research Centre of Ministry of Housing and Urban-Rural Development and was transferred to Renmin University of China in May 2019. She is currently a senior researcher at the National Institute of Development and Strategy, Renmin University of China. She served as an independent non-executive director at Fang Holdings Limited (listed on the New York Stock Exchange, stock code: SFUN) from November 2019 to June 2020.

Ms. Qin graduated from the Department of Economics of Capital Construction of the Graduate School of Chinese Academy of Social Sciences and obtained a master's degree in economics.



## Directors, Supervisors and Senior Management

### SUPERVISORS

**Mr. PAN Ning**, aged 54, has been the chairman of the Supervisory Committee of the Company since February 2012. He was previously a vice general manager of the Company from June 2007 to December 2011, mainly responsible for overseeing the audit and evaluating investment decisions of the Company. Prior to joining the Company, Mr. PAN worked as an officer at the Changzhou branch of the People's Bank of China, the Changzhou branch of Industrial and Commercial Bank of China and Changzhou Commercial Bank from November 1983 to March 2002. Mr. PAN served as a vice president of Red Star Furniture Group from 2002 to 2007, mainly responsible for corporate finance work.

Mr. PAN completed a part-time course in finance at Jiangsu Radio and Television University (江蘇廣播電視大學) (now known as Jiangsu Open University (江蘇開放大學)) in July 1991 and a postgraduate course in monetary banking at Suzhou University (蘇州大學) in June 1998. He completed the "Senior Executive Program for China" jointly organized by China Europe International Business School, Harvard Business School and the School of Economics and Management of Tsinghua University (清華大學經濟管理學院) in December 2009. Mr. PAN completed the finance executive master of business administration course in Shanghai Advanced Institute of Finance (上海交通大學上海高級金融學院) and obtained his master's degree in executive master of business administration in June 2016. Mr. PAN was accredited by the Jiangsu branch of Industrial and Commercial Bank of China as an economist in June 1992.

**Ms. CHAO Yanping**, aged 50, has been the employee representative Supervisor of the Company since December 2010. Ms. CHAO has been serving as a general manager of the Company's first development center since June 2007, mainly responsible for overseeing business development and operations of the Company. Prior to joining the Company, Ms. CHAO worked as the general manager of Shanghai region in Red Star Furniture Group from 2002 to 2007, mainly responsible for investment and development projects. Ms. CHAO completed the part-time course of business administration at the University of Shanghai for Science and Technology in January 2010.

## Directors, Supervisors and Senior Management

**Mr. ZHENG Hongtao**, aged 54, joined our Company in January 2016 and has been an independent Supervisor. He has been engaging in teaching and research work at Beijing National Accounting Institute (北京國家會計學院) as a director of corporate governance and risk control center. Mr. ZHENG was a teacher at Guangdong Zhongkai Technology and Economics College (廣東仲愷技術經濟學院) from July 1995 to December 1996. From January 1997 to October 1997, Mr. ZHENG was a researcher at the Rural Economics Research Center of the Ministry of Agriculture (農業部農村經濟研究中心). From October 1997 to September 1998, Mr. ZHENG served as an investment project manager at the investment banking division of Everbright Securities Company Limited (光大證券股份有限公司) (which was subsequently listed on both the Stock Exchange (stock code: 6178) and the Shanghai Stock Exchange (stock code: 601788)).

Mr. ZHENG is currently an independent director of China SUFA Technology Industry Co., Ltd., CNNC (中核蘇閩科技實業股份有限公司), Hebei Changshan Biochemical Pharmaceutical Co., Ltd., Venustech Group Co., Ltd. (啟明星辰信息技術集團股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002439), CNFC Overseas Fisheries Co., Ltd. (中水集團遠洋股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 000798) and Zhejiang Hongwei Supply Chain Group Co., Ltd. (浙江宏偉供應鏈集團股份有限公司). In February 2010, Mr. ZHENG was named as a professor by the Ministry of Finance of the People's Republic of China. Mr. ZHENG was an independent director of Tangshan Jidong Cement Co., Ltd. (唐山冀東水泥股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 000401) and Hengxin Mobile Business Co., Ltd. (恒信移動商務股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 300081) and Beijing Tianli Mobile Service Integration, Inc. (北京無線天利移動信息技術股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 300399), during the three years prior to the date of this annual report.

In February 2010, Mr. ZHENG was named as a professor by the Ministry of Finance of the People's Republic of China.

Mr. ZHENG participated in post-doctoral research in finance at Zhongnan University of Economics and Law (中南財經政法大學) from July 2002 to December 2006. He graduated from Huazhong Agricultural University (華中農業大學) with a doctoral degree in agricultural economics and management and a master's degree in agriculture in June 2001 and June 1995, respectively.

## Directors, Supervisors and Senior Management

**Mr. CHEN Gang**, aged 44, joined our Company in January 2016 and has been an independent Supervisor of our Company. Mr. CHEN served as the senior manager and business director of the headquarters of investment banking of Huatai United Securities Co., Ltd. (華泰聯合證券有限責任公司), formerly known as United Securities Co., Ltd. (聯合證券有限責任公司) and the general manager of its investment banking (4) division of Shanghai from July 2001 to August 2006. From August 2006 to February 2007, he served as an assistant general manager of the headquarters of mergers and acquisitions financing department and the person in charge of the Shanghai branch of China Securities. From February 2007 to January 2010, he served as the vice general manager and the executive general manager of the headquarters of investment banking of Zhongtai Securities Co., Ltd. (中泰證券股份有限公司), formerly known as Qilu Securities Co., Ltd. (齊魯證券有限公司). From February 2010 to December 2016, he successively acted as assistant to president and general manager of the investment banking division of Zhongshan Securities Co., Ltd., vice general manager of the OTC Market division and general manager of the new third board business of Zhongshan Securities Co., Ltd. From January 2017 to September 2018, he served as the vice-president of Lian Chu Securities Co., Ltd. (聯儲證券有限責任公司) and the general manager of the investment banking division. He has been a partner of Shanghai Lanjue Investment Management Co., Ltd. (上海藍爵投資管理有限公司) from October 2018 to November 2020. Since 2020, he has served as the founding partner of Shanghai Tongjing Technology Innovation Fusion Industry Fund Management Co., Ltd. (上海同璟科創融合產業基金管理有限公司) (under construction). Mr. CHEN graduated from Beijing University of Posts and Telecommunications (北京郵電大學) with a major in English for Science and technology and a bachelor's degree in engineering in July 1998. Mr. CHEN completed the finance courses (including insurance courses) of the Economics College in Fudan University and obtained a master's degree in economics in July 2001, completed the world economy courses of the Economics College in Fudan University and obtained a doctoral degree in economics in July 2009, and engaged in post-doctoral research on politics in the International Relationships and Public Affairs College in Fudan University and graduated in July 2012. Mr. CHEN concurrently served as a part-time master tutor of Fudan University School of Economics, master tutor of Fanhai International Finance School of Fudan University, the director of Art Finance Institution of Asian Humanity and Nature Research (Macao) (亞洲人文與自然研究院(澳門)藝術品金融研究所), and the deputy director of the Shanghai Financial Committee of China National Democratic Construction Association (中國民主建國會上海金融工作委員會). Mr. CHEN was accredited as a Chinese Certified Public Accountant by Shanghai Institute of Certified Public Accountants (上海註冊會計師協會) in November 2004, and was certified as Senior Certified Public Accountant (the 3rd batch) by The Chinese Institute of Certified Public Accountants in March 2018. In September 2009, Mr. CHEN was accredited by Jiangsu Office of Personnel (江蘇省人事廳) as a senior economist. Mr. CHEN was listed in the first batch of sponsors in the Chinese securities market in 2004, and was certified as an international registered auditor by The Association of International Accountants in 2017; and Mr. CHEN acquired the qualification for APMI management accountant (senior member) in September 2018.

### SENIOR MANAGEMENT

**Mr. LIU Yuanjin**, aged 66, joined our Company in June 2007 and has been a vice general manager of our Company. He is primarily responsible for the business development and operations of our Company. Prior to joining our Company, Mr. LIU worked at Changzhou Juqian Street Primary School (常州市局前街小學) from September 1971 to January 1977. Mr. LIU was a member and a deputy secretary of the communist youth league committee of Tianning District, Changzhou City from January 1977 to September 1981. From July 1985 to August 1997, Mr. LIU worked in the government of Tianning District, Changzhou City, where he served as head of the industry department, head of the planning economy department and the deputy district chief. From August 1997 to December 2003, Mr. LIU served as deputy head and deputy secretary of the central management committee and a member of the party committee of the Changzhou National High Technology Development Zone (常州市國家高新技術開發區), and concurrently served as the deputy district chief and deputy secretary of the communist party committee of Xinbei District, Changzhou City. Mr. LIU served as a vice president of Red Star Furniture Group from 2004 to 2007, mainly responsible for project development. Mr. LIU completed his studies in engineering management at Tianjin University (天津大學) in July 1985. He completed the “Senior Executive Program for China” jointly organized by CEIBS, Harvard Business School and the School of Economics and Management of Tsinghua University (清華大學經濟管理學院) in December 2007. He completed the EMBA course of Cheung Kong Graduate School of Business (長江商學院) in 2014. Mr. LIU also completed his CEO course of China Europe International Business School in 2017. He is currently studying his CEO course at Cheung Kong Graduate School of Business.

**Mr. XI Shichang**, aged 46, joined our Company in July 2010 and has been the chief financial officer of our Company since December 2010. He is primarily responsible for overseeing corporate finance and financial management of our Company. Prior to joining our Company, from October 1999 to December 2002, Mr. XI worked at Shanghai Zhong Yong Xin Accounting Firm (上海中永信會計師事務所). From January 2003 to July 2010, Mr. XI worked at Deloitte Touche Tohmatsu CPA Limited. Mr. XI graduated with a bachelor’s degree in finance from Shanghai University of Finance and Economics (上海財經大學) in July 1995 and a master of business administration degree from the executive master of business administration program at CEIBS in October 2013. Mr. XI has been a Certified Public Accountant (non-practicing member) accredited by The Chinese Institute of Certified Public Accountants and a member of the Institute of Public Accountants, Australia since June 2011.

## Directors, Supervisors and Senior Management

**Mr. LI Jianhong**, aged 47, joined our Company in February 2013 and has been a vice general manager of our Company since March 2013. He is primarily responsible for the investment and financing of our Company. Prior to joining our Company, Mr. LI worked as the head of the finance department of Xiamen Customs in the 1990s. Mr. LI joined Man Wah Holdings Ltd. (敏華控股有限公司), a company listed on the Stock Exchange (Stock Code: 01999) in September 2000 and served as its executive director and chief operating officer from April 2005 to October 2011.

Mr. LI graduated with a bachelor's degree in accounting from Xiamen University (廈門大學) in July 1994, and obtained a distance education degree in executive master of business administration from Peking University (北京大學) in January 2007. Mr. LI obtained a master of business administration degree from Booth School of Business, University of Chicago in March 2010. Mr. LI was accredited as a Chinese Certified Public Accountant (non-practicing member) by CICPA in June 2001.

# Report of Directors

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

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

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

## PRINCIPAL ACTIVITIES

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

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

Please refer to Note VII.1 to the Consolidated Financial Statements on page 383 for details of the principal activities of the principal subsidiaries of the Group. There were no significant changes in the nature of the Group's principal activities during the Reporting Period.

# SUMMARY OF FINANCIAL INFORMATION AND OPERATING RESULTS

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

## BUSINESS REVIEW

A review of the business of the Group during the year and a discussion on the Group's future business development are provided in the section headed "Chairman's Statement" on page 7 as well as the section headed "Management Discussion and Analysis" on page 11. Description of possible risks that the Group may be facing can be found in the section headed "Management Discussion and Analysis" on page 59. Also, the risk management objectives and policies of the Group can be found in the section headed "Corporate Governance Report" on page 151. Particulars of important events affecting the Group that have occurred since the end of the financial year ended 31 December 2020 are provided in Note XII to the Consolidated Financial Statements on page 526 and the section headed "Report of Directors" on page 125. An analysis of the Group's performance during the year using financial key performance indicators is provided in the section headed "Management Discussion and Analysis" on page 11.

## ENVIRONMENTAL POLICIES AND PERFORMANCE

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



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

We have taken and will continue to take specific measures to ensure our compliance with applicable environmental laws and regulations, including (i) strictly selecting construction contractors and supervising the process of construction; (ii) applying for review by the relevant government authorities in a timely manner after the project is completed; and (iii) actively adopting environmentally friendly equipment and designs. We also undertake voluntary environmental protection actions and make energy conservation and emission reduction our top considerations when designing our property projects. In 2020, we incurred environmental compliance costs of approximately RMB147.34 million for newly opened shopping malls. We expect the annual costs of compliance going forward to be substantially similar, assuming that there will not be any material changes in environmental protection laws and regulations.

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

The Board has overall responsibility for our environmental, social and governance (“ESG”) strategy and reporting. The Board is responsible for evaluating and determining our ESG-related risks, and ensuring that appropriate and effective ESG risk management and internal control systems are in place. A confirmation regarding effectiveness of these systems has been provided to the Board for the year ended 31 December 2020. A separate ESG report complying with the disclosure requirements under Appendix 27 to the Listing Rules will be published by the Group separately, in any event no later than three months after the publication of this annual report.

### COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

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

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

### DIVIDEND POLICY

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

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

### RELATIONS WITH EMPLOYEES, SUPPLIERS AND CUSTOMERS

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

### KEY RISKS AND UNCERTAINTIES

For details of the Group's key risks and uncertain factors for the end of the Reporting Period, please refer to page 59 in the section headed "Management Discussion and Analysis".

### BANK LOANS AND OTHER BORROWINGS

Please refer to Note V.25, 32-35, 39 to the Consolidated Financial Statements on page 325, 332-339, 342-343 for details of bank loans and other borrowings of the Group as of the end of the Reporting Period.

### BONDS/DEBT INSTRUMENTS

On 12 September 2018, the Company received the Notice for Acceptance of Registration (Zhong Shi Xie Zhu [2018] No. MTN506) issued by the National Association of Financial Market Institutional Investors (the "NAFMII"), expressing its consent for the registration of the mid-term notes of the Company, with a registration amount of RMB5 billion. The registration amount will be valid for two years from the date of the Notice for Acceptance of Registration issued by the NAFMII. From 23 January 2019 to 24 January 2019, the issuance of the 2019 first tranche of mid-term notes of the Company was completed, with an actual amount of RMB500 million in total and an interest rate of 5.75%. The mid-term notes were issued on the national interbank bond market. For details, please refer to the announcement of the Company dated 25 January 2019. The mid-term notes were still outstanding on 31 December 2019.

On 22 May 2019, in order to better play the role of non-financial corporate debt financing instruments on the Company's overall capital use, after re-evaluating its debt financing instrument structure, the Company applied to the NAFMII for the reduction of the registration amount of the mid-term notes under the aforementioned Notice for Acceptance of Registration (Zhong Shi Xie Zhu [2018] No. MTN506).

## Report of Directors

On 6 June 2019, the Company received the Letter in Relation to the Reduction of Registered Amount of Mid-Term Notes of Red Star Macalline Group Corporation Ltd. (Zhong Shi Xie Han [2019] No. 567) issued by the NAFMII approving the reduction of RMB3 billion from the registration amount of the mid-term notes of the Company under the aforementioned Notice for Acceptance of Registration (Zhong Shi Xie Zhu [2018] No. MTN506). The remaining valid registration amount under the Notice for Acceptance of Registration (Zhong Shi Xie Zhu [2018] No. MTN506) is RMB2 billion after the reduction of RMB3 billion from the original registration amount of RMB5 billion.

On 21 October 2019, the Company received the Notice for Acceptance of Registration (Zhong Shi Xie Zhu [2019] No. SCP390) issued by the NAFMII, expressing its consent for the registration of the issuance of Super Short-term Commercial Papers of the Company, with a registration amount of RMB1.5 billion. The registration amount will be valid for two years from the date of the Notice for Acceptance of Registration issued by the NAFMII.

From 16 January 2020 to 17 January 2020, the issuance of the 2020 first tranche of mid-term notes of the Company was completed with an actual amount in total of RMB500 million with an interest rate of 5.70%. The mid-term notes were issued on the national interbank bond market. For details, please refer to the announcement of the Company dated 20 January 2020.

From 27 April 2020 to 28 April 2020, the issuance of the 2020 first tranche of super short-term commercial papers of the Company was completed, with an actual amount of RMB500 million in total and an interest rate of 4.20%. The super short-term commercial papers were issued on the national interbank bond market, and the redemption date was 26 October 2020. For details, please refer to the announcement of the Company dated 3 May 2020. Please refer to Note V.35 to the Consolidated Financial Statements on page 335 for details of bonds and other debt instruments of the Group for the end of the Reporting Period.

The Group issued commercial mortgage backed securities during the Reporting Period, please refer to Note V.39 to the Consolidated Financial Statements on page 342 for details of commercial mortgage backed securities.

## CONTINGENT LIABILITIES

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

## INVESTMENT PROPERTIES

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

No.	Property	Existing use	Market value in existing state as at the end of the Reporting Period RMB'000
1.	Shanghai Zhenbei Phase II Mall No. 1058 Zhenbei Road Shanghai The PRC	Shopping Mall	4,540,000
2.	Shanghai Pudong Hunan Mall No. 518 Linyu Road Pudong New Area Shanghai The PRC	Shopping Mall	4,381,000
3.	Nanjing Kazimen Mall No. 29 Kazimen Street Qinhuai District Nanjing City Jiangsu Province The PRC	Shopping Mall	3,726,000
4.	Zhengzhou Shangdu Mall No. 1 Shangdu Road Zhengdong New District Zhengzhou City Henan Province The PRC	Shopping Mall	3,589,000
5.	Shanghai Wenshui Mall No. 1555 Wenshui Road Baoshan District Shanghai The PRC	Shopping Mall	3,513,000

## Report of Directors

No.	Property	Existing use	Market value in existing state as at the end of the Reporting Period RMB'000
6.	Beijing East Fourth-Ring Mall No. 193 East Fourth-Ring Middle Road Chaoyang District Beijing The PRC	Shopping Mall	2,903,000
7.	Shenyang Tiexi Mall No. 35 Bei Er East Road Tiexi District Shenyang City Liaoning Province The PRC	Shopping Mall	2,797,000
8.	Shanghai Pudong Jinqiao Mall No. 100 Jinzang Road Pudong New Area Shanghai The PRC	Shopping Mall	2,391,000
9.	Beijing West Fourth-Ring Mall No. 113 West Fourth Ring Road Fengtai District Beijing The PRC	Shopping Mall	2,346,000
10.	Chongqing Jiangbei Shopping Mall No. 888 Xinnan Road, Tiangongdian Subdistrict, Yubei District, Chongqing, China	Shopping Mall	2,094,000

## PROPERTY, PLANT AND EQUIPMENT

Please refer to Note V.15 to the Consolidated Financial Statements on page 301 for details of movements in the property, plant and equipment of the Group for the end of the Reporting Period.

## DISTRIBUTABLE RESERVES

The distributable reserves of the Company as at the end of the Reporting Period amounted to RMB6,220.58 million.

Please refer to the statement of changes in equity on page 176 and the Company's balance sheet on page 171 for the change in reserves of the Group and information about the statement of financial position of the Company for the end of the Reporting Period.

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

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

## FINAL DIVIDEND

The Board has resolved not to recommend the distribution of a final dividend for the year ended 31 December 2020.

## TAXATION RELIEF

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

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



## Report of Directors

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

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

## RETIREMENT BENEFITS

Please refer to Note V.29 to the Consolidated Financial Statements on page 327 for details of retirement benefits of the Group for the end of the Reporting Period.

## FINANCIAL SUMMARY

The Group's financial summary for the last five financial years is set out on page 698 of this annual report. This summary does not form part of the Consolidated Financial Statements.

## MAJOR SUPPLIERS AND CUSTOMERS

The sales attributable to top five customers were RMB585,456,300, accounting for 4.11% of the total annual sales; among the sales attributable to the top five customers, the sales of related parties were RMB106.48 million, accounting for 0.75% of the total annual sales.

Purchases from the top five suppliers were RMB606,961,600, accounting for 11.08% of the total annual purchases; among the purchases from the top five suppliers, the purchases from related parties were RMB66,518,900, accounting for 1.21% of the total annual purchases.

For the end of the Reporting Period, none of the Directors or their respective Close Associates or any Shareholder (which to the knowledge of the Directors owns more than 5% of the Company's share capital) had any interests in the five largest suppliers or customers of the Group.

## CHARITABLE DONATIONS

The donations by the Group for the end of the Reporting Period amounted to approximately RMB32.15 million.

## CONNECTED AND CONTINUING CONNECTED TRANSACTIONS

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

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

### Continuing Connected Transactions

#### (i) Changzhou RSHFC Lease Agreement

On 1 April 2011, the Company's wholly-owned subsidiary, Changzhou Macalline entered into a lease agreement with Changzhou RSHFC, pursuant to which Changzhou Macalline will lease a piece of property from Changzhou RSHFC for the operation and management of Changzhou Decoration Mall.

## Report of Directors

The Changzhou RSHFC Lease Agreement has an initial term of ten years commencing from its signing date. Changzhou Macalline will pay annual rental and service fees in the fixed amount of RMB13.8 million per annum for the initial three years, followed by a 10% increase for the fourth year and a 3% increase for each of the remaining six years. Such pricing mechanism has been determined with reference to (i) the prevailing market prices of similar properties in the same area; (ii) costs of acquisition of the property by Changzhou RSHFC; and (iii) depreciation costs of the properties. During the term of the Changzhou RSHFC Lease Agreement, Changzhou Macalline has the exclusive right to use the leased property. Subject to applicable laws and regulations, the Changzhou RSHFC Lease Agreement may be renewed based on the parties' negotiation following the written notice from Changzhou Macalline at least two months before the expiry of the lease.

Since Changzhou RSHFC is an individual proprietorship enterprise established by Mr. CHE Jianxing in his personal capacity, transferring the property to our Group by way of asset transfer would give rise to tax implications for Changzhou RSHFC under the applicable PRC laws, which would ultimately be added to our purchase price for such property. Accordingly, we decided to lease the property from Changzhou RSHFC for our management and operation of Changzhou Decoration Mall.

As Changzhou RSHFC is wholly owned by Mr. CHE, the transactions contemplated under the Changzhou RSHFC Lease Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

For each of the years ended 31 December 2018, 2019 and 2020, Changzhou Macalline paid annual rental and service fees of RMB16.2 million, RMB16.6 million and RMB15.8 million, respectively, to Changzhou RSHFC pursuant to the Changzhou RSHFC Lease Agreement. The existing annual caps for the Changzhou Lease under the Changzhou RSHFC Lease Agreement expired as of 31 December 2017, the Board approved to set the new annual caps for the Changzhou RSHFC Lease for the remaining term of the Changzhou RSHFC Lease Agreement on 20 November 2017. Based on the pricing mechanism as described above, the annual caps for the lease for each of the years ended 31 December 2018, 2019, 2020 and three months ended 31 March 2021 are RMB19.0 million, RMB19.5 million, RMB20.0 million and RMB5.0 million, respectively. For further details, please refer to the announcement of the Company dated 20 November 2017.

For the Reporting Period, the rental and service fees paid and payable by Changzhou Macalline pursuant to the Changzhou RSHFC Lease Agreement amounted to RMB15.8 million.

### (ii) Contract Management Agreements with Xuzhou RSHFC, Xuzhou RSHFP, Yangzhou RSHFP, Jining Hongrui and Shaanxi Hongrui

The Company entered into a contract management agreement and the supplemental agreement (the “Contract Management Agreements”), as the case may be, with each of Xuzhou RSHFC, Xuzhou RSHFP, Yangzhou RSHFP, Jining Hongrui and Shaanxi Hongrui (the “Associated Business Partners”), pursuant to which the Company will manage and operate the home improvement and furnishing shopping malls owned by each respective Associated Business Partner. As such contract management agreements are of the same nature and have been entered into with parties connected with us by virtue of being the Associates of Mr. CHE Jianxing and Ms. CHE Jianfang, these agreements have been classified as aggregated under the Listing Rules.

As such, the contract management transactions contemplated under the Contract Management Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Under each of the contract management agreements, the Company initially charged our Associated Business Partners a fixed amount of the management fee ranging from RMB2.0 million to RMB6.0 million per annum, as the case may be, which was in line with our pricing policy for contract management arrangements entered into prior to 2013. In December 2013 and January 2014, the Company entered into supplemental agreements with Xuzhou RSHFC, Xuzhou RSHFP and Jining Hongrui, under which the Company and the relevant Associated Business Partners agreed to revise the pricing mechanism relating to the management fee from a fixed flat rate to a percentage of the total amount of rental received by each respective Associated Business Partner, subject to a minimum amount of the annual management fee. The adjustment was made after arm’s length negotiations between us and each respective Associated Business Partner to reflect current market conditions. The terms and conditions under our contract management agreements with Yangzhou RSHFP and Shaanxi Hongrui remain unchanged, except that the Company waived part of the management fee payable by Shaanxi Hongrui in 2014 on a one-off basis due to Shaanxi Hongrui’s special request. Each of these five contract management agreements is for a term ranging from seven to ten years commencing from its signing date.

The amount of the management fee under the five contract management agreements was determined based on: (i) the local market conditions; (ii) our estimation of the future rental income level for each respective shopping mall; and (iii) our respective business partner’s expectation of the future rental income.

## Report of Directors

For each of the years ended 31 December 2018, 2019 and 2020, the Company received management fees in the total amount of RMB13.1 million, RMB16.1 million and RMB13.7 million under the five contract management agreements with the Associated Business Partners. Each of the contract management agreements is for a term ranging from seven to ten years commencing from its respective signing date, while the contract management agreement with Xuzhou RSHFC and Xuzhou RSHFP was for a term ending on 31 December 2019. On 25 November 2019, the Company entered into a new contract management agreement with Xuzhou RSHFC and Xuzhou RSHFP for a fixed term of three years. As the Group will continue carrying out the transactions contemplated thereunder in its ordinary and usual course of business, the Board proposed to set the new annual caps for the contract management agreement with Xuzhou RSHFC and Xuzhou RSHFP which in turn also lead to changes to the overall annual caps for the contract management transactions for the years ended 31 December 2019, 2020 and 2021. The annual caps for the management fees for each of the years ended 31 December 2020, 2021 and 2022 is expected to be RMB17.4 million, RMB16.42 million and RMB9.16 million, respectively. For further details, please refer to the announcement of the Company dated 25 November 2019.

For the Reporting Period, the management fees received and receivable by the Company pursuant to these agreements and these supplemental agreements amounted to RMB13.7 million.

Most of the home improvement and furnishing shopping malls managed and operated by us under the five contract management agreements are located in Tier III Cities and other cities in the PRC. The Associated Business Partners intended to leverage our operational experience and reputation through cooperation with us. Our Directors believe that it is in our interest, and in line with our business strategy, to leverage the Associated Business Partners' knowledge and experience to expand our geographic coverage and improve our market share and brand awareness in these new local markets, with relatively low capital need.

### **(iii) Design Services Framework Agreement of RSM Holding**

On 1 April 2019, Shanghai Dingsheng Construction Management and Design Company Limited (“上海鼎勝建築工程管理設計有限公司”) (“Shanghai Dingsheng”, now named Shanghai Red Star Macalline Building Design Company Limited), an indirect wholly-owned subsidiary of the Company entered into design services framework agreement with RSM Holding effective from 1 April 2019. Pursuant to which, Shanghai Dingsheng provided engineering design services to RSM Holding or its subsidiaries for a consideration of not more than RMB95,000,000 with a term of one year which expired on 31 March 2020. The engineering design services provided by Shanghai Dingsheng included all design consultation services for projects such as civil engineering design and secondary design.

On 17 April 2020, Shanghai Red Star Macalline Building Design Company Limited (上海紅星美凱龍建築設計有限公司) (“Shanghai Macalline Building Design”), an indirect wholly-owned subsidiary of the Company entered into the design services framework agreement with RSM Holding effective from 17 April 2020. Pursuant to which, Shanghai Macalline Building Design provided engineering design services to RSM Holding or its subsidiaries for a consideration of not more than RMB95,000,000 with a term of one year which expired on 16 April 2021.

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

By virtue of the engineering design services provided by Shanghai Macalline Building Design, the Directors believe that the Group will be able to ensure that the design work necessitated by the commercial buildings managed by RSM Holding and its subsidiaries are of satisfactory quality. The Directors also consider that entering into the design services framework agreement allows the Group to better manage the quality of the relevant commercial buildings and lays a solid foundation for the long-term development of such commercial buildings. For further details, please refer to the announcements of the Company dated 1 April 2019 and 17 April 2020.

During the Reporting Period, according to the above-mentioned design services framework agreements, the amount of engineering design services paid and payable by RSM Holding was RMB38.8 million.

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

On 13 January 2020, Shanghai Betterhome Decoration Engineering Co., Ltd. (“Betterhome”), a subsidiary of the Company, entered into the Service Framework Agreement in respect of Decoration and Renovation Engineering Construction with RSM Holding. Pursuant to the agreement, Betterhome will provide building decoration and renovation engineering construction services to RSM Holding and its subsidiaries from 13 January 2020 to 31 December 2020, with a consideration cap of RMB17,000,000. The building decoration and renovation engineering construction services provided by Betterhome include building decoration and renovation engineering, steel structure work and building mechanical and electrical installation work. After friendly negotiations, Betterhome and RSM Holding entered into the Agreement on Termination of the Service Framework Agreement in respect of Decoration and Renovation Engineering Construction on 16 July 2020, pursuant to which the Service Framework Agreement in respect of Decoration and Renovation Engineering Construction was terminated on 16 July 2020. From the date of termination, the rights and obligations of both parties as agreed under the Service Framework Agreement in respect of Decoration and Renovation Engineering Construction shall be terminated.

## Report of Directors

On 6 August 2020, the Company entered into the Service Framework Agreement in respect of Decoration and Renovation Engineering and Construction with RSM Holding, pursuant to which, 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, with a consideration cap of RMB570,000,000. For further details, please refer to the announcement of the Company dated 6 August 2020.

RSM Holding is directly held as to 92% by Mr. CHE Jianxing, Chairman, Chief Executive Officer and Executive Director of the Company. Betterhome is a subsidiary of the Company. Therefore, RSM Holding is a connected person of the Company, and the transactions under the Service Framework Agreement in respect of Decoration and Renovation Engineering Construction and Service Framework Agreement in respect of Decoration and Renovation Engineering and Construction with RSM Holding constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

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

During the Reporting Period, according to the Service Framework Agreement in respect of Decoration and Renovation Engineering Construction with RSM Holding and the Service Framework Agreement in respect of Decoration and Renovation Engineering and Construction with RSM Holding, the engineering construction fees actually incurred by RSM Holding was RMB136.8 million.

### **(v) House Leasing Contract Parking Space Leasing Agreement Property Service Contract with Shanghai Xingzhiyu**

On 13 January 2020, the Company and Shanghai Xingzhiyu Business Management Service Co., Ltd. (“Shanghai Xingzhiyu”) entered into the House Leasing Contract in relation to leasing of the commercial office building of the Company, and the Property Service Contract in relation to the property management matters of the commercial office building of the Company. Pursuant to the House Leasing Contract, the Company will lease the commercial office building of the Company to Shanghai Xingzhiyu from 1 February 2020 to 31 December 2021, and the rental is RMB7.8 per square meter per day. For each of the years ended 31 December 2020 and 2021, the annual caps for the rental were RMB64.012 million and RMB64.012 million, respectively.



Furthermore, on the same day, the Company entered into the Property Service Contract with Shanghai Xingzhiyu in relation to the property management matters of the commercial office building of the Company. Pursuant to the Property Service Contract, Shanghai Xingzhiyu will provide property management services for the commercial office building of the Company from 1 February 2020 to 31 December 2021, with the property service fee of RMB28 per square meter per month. For each of the years ended 31 December 2020 and 2021, the annual caps for the rental were RMB16.128 million and RMB16.128 million, respectively.

On the same day, Shanghai Yuxu Enterprise Management Company Limited (“Shanghai Yuxu”), a wholly-owned subsidiary of the Company, entered into the Parking Space Leasing Agreement with Shanghai Xingzhiyu in relation to leasing of the parking spaces. Pursuant to the Parking Space Leasing Agreement, Shanghai Yuxu will lease the parking spaces to Shanghai Xingzhiyu from 1 March 2020 to 31 December 2021, and the monthly rental for each parking space is RMB800. For each of the years ended 31 December 2020 and 2021, the annual caps for the rental were RMB0.624 million and RMB0.624 million, respectively.

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

The Directors believe that Shanghai Xingzhiyu, a wholly-owned subsidiary of RSM Holding, focuses on property service management with a relatively professional management team. The transactions are in line with the normal development needs of the Company and are conducive to making full use of the Company’s assets, improving the efficiency of asset utilization and operations of the Company, as well as unified management of the headquarters of the building, which will bring a positive impact on the future operations of the Company. For further details, please refer to the announcement of the Company dated 13 January 2020.

During the Reporting Period, the housing rental and parking space rental paid and payable by Shanghai Xingzhiyu were RMB43.3 million and RMB0.31 million, respectively. During the Reporting Period, the property service fee and other fees paid and payable by the Company to Shanghai Xingzhiyu was RMB12.1 million.

### (vi) Lease Agreement of Shanghai Xinhua Cheng Cheng

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

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

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

During the Reporting Period, according to the Lease Agreement, the amount of rental paid and payable by Shanghai Xinhua Cheng Cheng was RMB19.0 million.

### **(vii) Software Implementation and Development Services Framework Agreement with Shanghai Red Star Win-Win Cloud**

On 17 April 2020, the Company entered into the Software Implementation and Development Services Framework Agreement with Shanghai Red Star Win-Win Cloud Computing Technology Co., Ltd. ("Shanghai Red Star Win-Win Cloud"), pursuant to which, Shanghai Red Star Win-Win Cloud will provide software implementation and development services to the Company and its subsidiaries from 17 April 2020 to 16 April 2021, and the consideration cap is RMB65,000,000.

The controlling shareholder of the Company is RSM Holding, and Shanghai Red Star Win-Win Cloud is its indirect subsidiary. Therefore, Shanghai Red Star Win-Win Cloud is a connected person of the Company, and the transactions under the Software Implementation and Development Services Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

By the software implementation and development services provided by Shanghai Red Star Win-Win Cloud, the Directors believe that the Company would better communicate and understand projects requirements, and manage the progress and quality of projects, whilst Shanghai Red Star Win-Win Cloud can provide follow-up irregular services to ensure security and stability of system projects. For further details, please refer to the announcement of the Company dated 17 April 2020.

During the Reporting Period, according to the Software Implementation and Development Services Framework Agreement, the amount of software implementation and development services actually incurred by RSM Holding was RMB38.3 million.

### **(viii) Procurement Framework Agreement in respect of Decoration and Renovation Materials and Furnishings**

On 6 August 2020, 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. Pursuant to the Procurement Framework Agreement, Betterhome Construction and its subsidiaries will provide products for RSM Holding and its subsidiaries from 6 August 2020 to 31 March 2021. The procurement amount cap is RMB210,000,000.

RSM Holding is the controlling shareholder of the Company, therefore, RSM Holding and its associates are connected persons of the Company, and the transactions under the Procurement Framework Agreement in respect of Decoration and Renovation Materials and Furnishings constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

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

During the Reporting Period, according to the aforesaid Procurement Framework Agreement in respect of Decoration and Renovation Materials and Furnishings, the amount of procurement actually incurred by RSM Holding was RMB58.8 million.

### Confirmation of Independent Non-executive Directors

The independent non-executive Directors, after taking into consideration of factors such as market environment, transaction amounts, corporate governance, have confirmed that the abovementioned continuing connected transactions and connected transactions for the year ended 31 December 2020 were entered into by the Group: (i) in the ordinary and usual course of its business; (ii) on normal commercial terms; and (iii) in accordance with the relevant agreements governing them and on terms that were fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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

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

### Confirmation of Auditor

The auditor of the Company has issued its unqualified letter containing its findings and conclusions in respect of the abovementioned continuing connected transactions in accordance with Rule 14A.56 of the Listing Rules, confirming that (i) nothing has come to their attention that causes the auditor to believe that the abovementioned continuing connected transactions have not been approved by the Board of Directors, (ii) for transactions involving the provision of goods or services by the Group, nothing has come to their attention that causes the auditor to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Group, (iii) nothing has come to their attention that causes the auditor to believe that the transactions were not entered into, in all material respects, in accordance with the terms of the relevant agreements governing such transactions; and (iv) with respect to the aggregate amount of each of the transactions, nothing has come to their attention that causes the auditor to believe that the amounts have exceeded the related annual caps for the year ended 31 December 2020. A copy of the auditor's letter has been provided by the auditor to the Stock Exchange.

# Report of Directors

## Connected Transactions

### (i) Sub-contract Agreement and Procurement Contract Agreements with Star Home Furnishing

The Company announced that on 23 June 2020, Shanghai Red Star Macalline Star Home Furnishing Company Limited (“Star Home Furnishing”, as the Manager), a subsidiary of the Company, Danyang Rongjin Hongxing Real Estate Development Co., Ltd. (“Danyang Rongjin Hongxing Real Estate”, as the Principal) and Shanghai Fenglei Industrial Co., Ltd. (“Fenglei Industrial”, as the Subcontractor) entered into a Sub-contract Agreement for air conditioning and ventilation works for the Danyang Red Star Tianbo Community Project with a total consideration of RMB24,900,927.56 (tax inclusive). Pursuant to the agreement, Fenglei Industrial will provide the subcontracted air conditioning and ventilation works for the Danyang Red Star Tianbo Community Project accordingly, and Danyang Rongjin Hongxing Real Estate appointed Star Home Furnishing as the manager and coordinator of the subcontracting works. The construction period is 281 calendar days, commencing from 23 June 2020.

On the same day, Star Home Furnishing and Danyang Rongjin Hongxing Real Estate entered into the Procurement Contract Agreements in respect of the procurement for Danyang Red Star Tianbo Community Project, which are (1) Bath Heater Procurement Contract Agreement with a consideration of RMB1,067,539.25 (tax inclusive), (2) Sanitary Appliance Procurement Contract Agreement with a consideration of RMB8,180,768.01 (tax inclusive) and (3) Faucet and Hardware Procurement Contract Agreement with a consideration of RMB3,033,827.48 (tax inclusive). The total consideration of such Procurement Contract Agreements is RMB12,282,134.74 (tax inclusive).

Danyang Rongjin Hongxing Real Estate is a subsidiary of RSM Holding, the controlling shareholder of the Company. Therefore, Danyang Rongjin Hongxing Real Estate is a connected person of the Company. The abovementioned Sub-contract Agreement and Procurement Contract Agreements constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

The Directors believe that the execution of agreements in relation to the Danyang Red Star Tianbo Community Project and the successful implementation thereof will be beneficial to the further expansion of the scale of operations of Star Home Furnishing, improve its ability to undertake business, have a positive impact on its current and future performance, and will help enhance the continued profitability of the Company.

The Directors (including the independent non-executive Directors) take the view that the terms of the transaction are fair and reasonable, and the transaction is conducted on normal commercial terms, in the ordinary and usual course of business of the Group, and is in the interests of the Company and its Shareholders as a whole. For further details, please refer to the announcement of the Company dated 23 June 2020.

### (ii) General Contract Engineering Agreement with Xining Aegean Real Estate

On 23 June 2020, Jiangsu Sunan Construction and Installation Engineering Co., Ltd. (“Jiangsu Sunan Construction”), a wholly-owned subsidiary of the Company, entered into a General Contract Engineering Agreement with Xining Aegean Real Estate Development Co., Ltd. (“Xining Aegean Real Estate”). Pursuant to the agreement, Jiangsu Sunan Construction plans to provide general contract engineering services for Xining Aegean Real Estate from 1 July 2020, with a total consideration of RMB189,981,860 (tax inclusive). The construction period is 1,063 calendar days, commencing from 1 July 2020.

RSM Holding is the controlling shareholder of the Company and Xining Aegean Real Estate is a subsidiary of RSM Holding. Therefore, Xining Aegean Real Estate is a connected person of the Company. The General Contract Engineering Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

The Directors believe that the signing of the General Contract Engineering Agreement and the successful implementation of the Transaction will be beneficial to the further expansion of the scale of operations of Jiangsu Sunan Construction, improve its ability to undertake business, have a positive impact on its current and future performance, and will help enhance the continued profitability of the Company.

The Directors (including the independent non-executive Directors) take the view that the terms of the Transaction are fair and reasonable, and the Transaction is conducted on normal commercial terms, in the ordinary and usual course of business of the Group, and is in the interests of the Company and its Shareholders as a whole. For further details, please refer to the announcement of the Company dated 23 June 2020.

## SHARE CAPITAL

Please refer to Note V.40 to the Consolidated Financial Statements on page 344 for details of movements in the Company’s total issued shares for the end of the Reporting Period.

## EQUITY-LINKED AGREEMENT

There was no equity-linked agreement entered into by the Company for the end of the Reporting Period.

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

The Group did not purchase, sell or redeem any listed securities of the Company during the Reporting Period.



## 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 at 31 December 2020, a total of 25,236,000 options were outstanding under the A Share Option Incentive Scheme. Set out below are details of the outstanding options granted under the A Share Option Incentive Scheme:

Relevant Grantee	Number of Shares under the Options Granted	Date of Grant	Exercise Period	Validity Period	Exercise Price	Closing Price of the Share immediately before the Date of Grant	Outstanding as of 31 December 2020	Exercised during the year	Cancelled during the year	Lapsed during the year
Employees	25,236,000	13 May 2020	50% from the first trading day after the expiry of the 12th month from 13 May 2020 to the last trading day of the 24th month from 13 May 2020;  50% from the first trading day after the expiry of the 24th month from 13 May 2020 to the last trading day of the 36th month from 13 May 2020	From 13 May 2020 and end on the date on which all the Share Options granted to the Participants under the Scheme have been exercised or cancelled, and shall no longer than 36 months	RMB11.02	RMB9.55	25,236,000	-	-	-

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

### 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.

### 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.

### 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.

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.

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

#### (i) 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.

## Report of Directors

### (ii) 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.

### (iii) 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.

### (iv) 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:

- (a) 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);
- (b) 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);

- (c) 10 days prior to the release of the Company's results preview or preliminary report;
- (d) 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;
- (e) other periods as stipulated by the CSRC and the stock exchanges.

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:

Exercise Arrangement	Exercise Period	Proportion of exercisable Share Options to the total number of Share Options granted
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%

## Report of Directors

The exercise arrangement for the Reserved Share Options:

Exercise Arrangement	Exercise Period	Proportion of exercisable Share Options to the total number of Share Options granted
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.

### (v) 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:

- (a) 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;
- (b) 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;
- (c) 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.

### Exercise Price and Basis of Determination

#### (i) 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.

## Report of Directors

### (ii) 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:

- (a) 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;
- (b) 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.

### (iii) 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 Stock Exchange at [www.hkex.com.hk](http://www.hkex.com.hk).

## 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, as working capital and for 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 further 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. Unutilized amount is expected to be used by the end of year 2022. As at the end of the Reporting Period, the Group has utilized 99.97% of the net proceeds in total for fund-raising investment projects as required.



Analysis of utilized/intended use of net proceeds from the Global Offering as of 31 December 2020 is as follows:

Utilized/Intended use	Planned use (RMB million)	Actual use of proceeds for the year ended 31 December 2020 (RMB million)	Unutilized net proceeds for the year ended 31 December 2020 (RMB million)
Development of Portfolio Shopping Mall projects	1,928.5	<b>1,928.5</b>	—
Refinancing of existing debt	1,208.8	<b>1,208.8</b>	—
Investment 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	<b>2,433.8</b>	<b>2.2</b>

## USE OF PROCEEDS FROM A SHARE OFFERING

A shares of the Company were listed and traded on the Shanghai Stock Exchange on 17 January 2018 (Stock Code: 601828) at the issue price of RMB10.23 per share with an issuance size of 315,000,000 shares. The total proceeds raised from this offering was RMB3,222,450,000.00, and the net proceeds raised (after deducting the issuing expenses of A shares of RMB172,442,150.37) was RMB3,050,007,849.63 ("A Shares Offering Proceeds"). The net amount raised per subscribed share is RMB9.68 per share, and the closing price per share on the date of listing was RMB14.42. For details, please refer to the announcements of the Company dated 2 January 2018, 16 January 2018, 7 February 2018 and 7 September 2018. As of the end of the Reporting Period, the Group has utilized approximately 88.1% of the net proceeds in total for fund-raising investment projects and replenishing working capital as required.

Analysis of the use of proceeds from issuance of A share as of 31 December 2020 is as follows:

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

## Report of Directors

Proposed investment projects		Total investment planned (RMB'000)	Accumulated investment amount as of the end of Reporting Period (RMB'000)	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	138,191	Expected to be invested by May 2023
	Xining Expo Shopping Mall Project	110,000	107,786	Fully invested
	Sub-total	1,750,000	1,693,626 <sup>(1)</sup>	
New intelligent home furnishing shopping mall	400,000	93,979		
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	2,687,613		

*Note:*

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

## BOARD OF DIRECTORS

The Directors of the Company during the Reporting Period are:

### 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 (resigned on 8 February 2021)

Mr. XU Hong

Mr. JING Jie

Mr. LIU Jin (appointed on 16 November 2020)

Mr. CHEN Zhaohui (appointed on 19 March 2021)

### Independent Non-executive Directors

Mr. QIAN Shizheng

Mr. LEE Kwan Hung, Eddie

Mr. WANG Xiao

Ms. ZHAO Chongyi

Ms. QIN Hong (appointed on 16 November 2020)

## Report of Directors

Each of our Directors entered into a contract with the Company in December 2019, except that Mr. LIU Jin and Ms. QIN Hong signed the contracts in November 2020, and Mr. CHEN Zhaohui signed the contract in March 2021. In accordance with article 90 of the Articles of Association, the Directors shall be elected at general meetings for a term of three years, which is renewable upon re-election when it expires.

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

As at the end of the Reporting Period, the interests and short positions of 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 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 Stock Exchange pursuant to the Model Code, were as follows:

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

### (i) The Company

Name of Shareholders	Title	Class of Shares	Nature of interest	Number of underlying shares held	Approximate percentage in relevant class of Shares <sup>(1)</sup>	Approximate percentage in total Shares <sup>(1)</sup>
CHE Jianxing (車建興) <sup>(2)</sup>	Chairman, Chief Executive Officer and Executive Director	A Shares	Interest of controlled corporation	2,748,711,646	86.88%	70.38%
				(Long position)		
			355,000,000	11.22%	9.09%	
			(Short position)			
			Beneficial owner	435,600	0.01%	0.01%
			(Long position)			
			Interest of spouse	48,620	0.00%	0.00%
			(Long position)			
GUO Binghe (郭丙合)	Executive Director	A Shares	Beneficial owner	288,420	0.01%	0.01%
			(Long position)			
CHE Jianfang (車建芳)	Executive Director	A Shares	Beneficial owner	123,420	0.00%	0.00%
			(Long position)			
JIANG Xiaozhong (蔣小忠)	Executive Director	A Shares	Beneficial owner	1,607,880	0.05%	0.04%
			(Long position)			
CHEN Shuhong (陳淑紅) <sup>(3)</sup>	Non-executive Director	A Shares	Interest of spouse	2,748,663,026	86.88%	70.39%
				(Long position)		
			355,000,000	11.22%	9.09%	
			(Short position)			
			Beneficial owner	48,620	0.00%	0.00%
			(Long position)			
XU Guofeng (徐國峰) <sup>(4)</sup>	Non-executive Director	A Shares	Interest of spouse	123,420	0.00%	0.00%
			(Long position)			

# Report of Directors

*Notes:*

- (1) As of 31 December 2020, the Company had 3,905,000,000 issued Shares in total, comprised of 3,163,714,366 A Shares and 741,285,634 H Shares.
- (2) Mr. CHE Jianxing indirectly holds 63.98% 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 2,748,663,026 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.

## (ii) Associated Corporation

Name of Director	Name of Associated Corporation	Nature of interest	Equity interest in the Associated Corporation	Approximate percentage in the Associated Corporation <sup>(1)</sup>
CHE Jianxing (車建興)	RSM Holding <sup>(1)</sup>	Beneficial interest	184,000,000 (Long position)	92%
CHE Jianfang (車建芳)	RSM Holding <sup>(1)</sup>	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 of 31 December 2020, RSM Holding held 2,498,388,569 A Shares of the Company which accounted for approximately 63.98% 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 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 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 relevant Shares held	Approximate percentage in relevant class of Shares <sup>(1)</sup>	Approximate percentage in total share capital <sup>(1)</sup>
RSM Holding	A Shares	Beneficial owner	2,728,347,349 (Long position)	86.24%	69.87%
		Interest of controlled corporation	19,880,077 (Long position)	0.63%	0.51%
			355,000,000 (Short position)	11.22%	9.09%
Changzhou Meikai Information Technology Co., Ltd. (常州美開信息科技有限公司) <sup>(2)</sup>	A Shares	Beneficial owner	19,880,077 (Long position)	0.63%	0.51%
Alibaba Group Holding Limited <sup>(3)</sup>	A Shares	Interest of controlled corporation	355,000,000 (Long position)	11.22%	9.09%
	H Shares	Interest of controlled corporation	131,475,421 (Long position)	17.74%	3.37%
Taobao China Holding Limited <sup>(3)</sup>	A Shares	Interest of controlled corporation	355,000,000 (Long position)	11.22%	9.09%
	H Shares	Beneficial owner	65,737,711 (Long position)	8.87%	1.68%
Taobao Holding Limited <sup>(3)</sup>	A Shares	Interest of controlled corporation	355,000,000 (Long position)	11.22%	9.09%
	H Shares	Interest of controlled corporation	65,737,711 (Long position)	8.87%	1.68%
Zhejiang Tmall Technology Co., Ltd. (浙江天貓技術有限公司) <sup>(4)</sup>	A Shares	Interest of controlled corporation	355,000,000 (Long position)	11.22%	9.09%
Tao Bao (China) Software Co., Ltd. (淘寶(中國)軟件有限公司) <sup>(4)</sup>	A Shares	Interest of controlled corporation	355,000,000 (Long position)	11.22%	9.09%



## Report of Directors

Name of Shareholders	Class of Shares	Capacity/nature of Interest	Number of relevant Shares held	Approximate percentage in relevant class of Shares <sup>(1)</sup>	Approximate percentage in total share capital <sup>(1)</sup>
Alibaba (China) Technology Co., Ltd. (阿里巴巴(中國)網絡技術有限公司) <sup>(4)</sup>	A Shares	Beneficial owner	355,000,000 (Long position)	11.22%	9.09%
Alibaba Investment Limited <sup>(3)</sup>	H Shares	Interest of controlled corporation	65,737,710 (Long position)	8.87%	1.68%
New Retail Strategic Opportunities Fund GP, L.P. <sup>(3)</sup>	H Shares	Interest of controlled corporation	65,737,710 (Long position)	8.87%	1.68%
New Retail Strategic Opportunities Fund, L.P. <sup>(3)</sup>	H Shares	Interest of controlled corporation	65,737,710 (Long position)	8.87%	1.68%
New Retail Strategic Opportunities GP Limited <sup>(3)</sup>	H Shares	Interest of controlled corporation	65,737,710 (Long position)	8.87%	1.68%
New Retail Strategic Opportunities Investments 4 Limited <sup>(3)</sup>	H Shares	Beneficial owner	65,737,710 (Long position)	8.87%	1.68%
WONG Man Li <sup>(5)</sup>	H Shares	Interest of controlled corporation	47,904,600 (Long position)	6.46%	1.23%
Man Wah Investments Limited	H Shares	Beneficial owner	47,904,600 (Long position)	6.46%	1.23%
HUI Wai Hing <sup>(5)</sup>	H Shares	Interest of spouse	47,904,600 (Long position)	6.46%	1.23%
WONG Luen Hei <sup>(6)</sup>	H Shares	Interest of controlled corporation	60,442,281 (Long position)	8.15%	1.55%
UBS Trustees (B.V.I.) Limited <sup>(6)</sup>	H Shares	Interest of controlled corporation	60,442,281 (Long position)	8.15%	1.55%
New Fortune Star Limited <sup>(6)</sup>	H Shares	Interest of controlled corporation	60,442,281 (Long position)	8.15%	1.55%
Fuhui Capital Investment Limited <sup>(6)</sup>	H Shares	Interest of controlled corporation	60,442,281 (Long position)	8.15%	1.55%
China Lesso Group Holdings Limited <sup>(6)</sup>	H Shares	Interest of controlled corporation	60,442,281 (Long position)	8.15%	1.55%
UBS Group AG	H Shares	Interest of controlled corporation	23,587,462 (Long position)	3.18%	0.60%
			13,848,830 (Short position)	1.87%	0.35%

## Notes:

- (1) As at 31 December 2020, the Company had 3,905,000,000 issued Shares in total, comprised of 3,163,714,366 A Shares and 741,285,634 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 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 31 December 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.

### BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

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

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

Each of our Directors entered into a contract with the Company in December 2019, but Mr. LIU Jin and Mrs QIN Hong signed in November 2020. The principal particulars of these service contracts comprise:

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

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

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

Mr. PAN Ning and Ms. CHAO Yanping, the employee representative Supervisors as well as Mr. ZHENG Hongtao and Mr. CHEN Gang, the independent Supervisors, entered into service contracts with the Company in December 2019. The principal particulars of these service contracts comprise:

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

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

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

### **CONTRACTS OF SIGNIFICANCE WITH CONTROLLING SHAREHOLDERS**

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

### **MANAGEMENT CONTRACTS**

For the year ended 31 December 2020, other than the service contracts of the Directors, the Company has not entered into any contract with any individual, firm or body corporate to manage the whole or any substantial part of any business of the Company during the reporting period.

### **DIRECTORS' PERMITTED INDEMNITY PROVISION**

At no time during the year ended 31 December 2020 and up to the date of this annual report, there was or is, any permitted indemnity provision being in force for the benefit of any of the Directors and Supervisors of the Company (whether made by the Company or otherwise) or of an associated company (if made by the Company). The Company has arranged appropriate directors' and senior officers' liability insurance coverage for the Directors and senior officers of the Group as at the end of the Reporting Period.

### DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN COMPETING BUSINESS

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

#### 1. Greenland Jinniu Shopping Mall

Mr. CHE, through Chengdu Property (an indirect wholly-owned subsidiary of RSED), holds 50% equity interest in Greenland Jinniu, which in turn holds Chengdu Jinniu Shopping Mall and its corresponding assets and liabilities. Such 50% equity interest was disposed by the Company to Chengdu Property in the process of disposal of our equity interest in companies engaging in real estate development business in 2011 considering that Greenland Jinniu primarily engages in real estate development business and Chengdu Jinniu Shopping Mall was then at the stage of construction-in-process. In order to consolidate the Group’s Core Operations and minimize potential competition and conflicts of interests with the Controlling Shareholders, the Company entered into a repurchase framework agreement in December 2011 (as supplemented by two supplemental agreements), pursuant to which the Company was granted an option to repurchase, among others, Chengdu Jinniu Shopping Mall. In anticipation of the opening of Chengdu Jinniu Shopping Mall, our Group entered into a contract management agreement with Greenland Jinniu in November 2013, pursuant to which our Group would operate and manage Chengdu Jinniu Shopping Mall under our own brand, pending repurchase of the shopping mall.

In view that Greenland Jinniu Shopping Mall has commenced operations for more than two years since August 2014, our Directors considered that its business operations have reached a mature stage. On 23 October 2015, the Company entered into the Repurchase Agreement with Chengdu Property, pursuant to which the Company agreed to repurchase 50% of the interest in Chengdu Jinniu Shopping Mall (held by Chengdu Property through Greenland Jinniu). For further details, please refer to the Prospectus – “Relationship with Our Controlling Shareholders” and the Company’s announcement dated 23 October 2015. As at the end of the Reporting Period, the Company has not exercised the repurchase option as referred to in the Repurchase Agreement.

### 2. Property held by Changzhou RSHFC

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

We have adopted corporate governance measures to manage potential conflicts of interest between the Group and the Controlling Shareholders. As the transactions contemplated under the Repurchase Agreement in relation to the repurchase of 50% interest in Chengdu Jinniu Shopping Mall constitutes connected transactions, the Directors who have a material interest in such transactions have abstained from voting on the board resolution to approve the transactions. For further details, please refer to “Connected and Continuing Connected Transactions” of this annual report.

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

### NON-COMPETITION UNDERTAKING

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

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

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

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

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



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

Please refer to Note XIII.3, 4 to the Consolidated Financial Statements on page 532 for details of the emoluments of the Directors, Supervisors and senior management and the five highest paid individuals of the Company.

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

(RMB)	2020 (members of senior management)	2019 (members of senior management)
1-1,000,000	–	1
1,000,001-1,500,000	1	1
1,500,001-2,000,000	3	2
2,000,001-2,500,000	3	2
2,500,001-3,000,000	–	2
3,000,001-3,500,000	–	–
3,500,001-4,000,000	–	1
4,000,001-4,500,000	–	–
4,500,001-5,000,000	1	–

## REMUNERATION POLICY AND DIRECTORS' REMUNERATION

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

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

## Report of Directors

Our Directors receive compensation in the form of Directors' fees, salaries, housing allowances and other allowances, benefits in kind, the employer's contribution to the pension schemes and discretionary bonuses. Please refer to Note XIII.3 to the Consolidated Financial Statements on page 532 for details of the Directors' remuneration as at the end of the Reporting Period.

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

The Company has received from each of the independent non-executive Directors, namely Mr. QIAN Shizheng, Mr. LEE Kwan Hung, Eddie, Mr. WANG Xiao, Ms. ZHAO Chongyi and Ms. QIN Hong, the confirmation of their respective independence pursuant to Rule 3.13 of the Listing Rules. The Company has duly reviewed the confirmation of independence of each of these Directors. The Company considers that the independent non-executive Directors have been independent from the date of their appointment to the end of the Reporting Period and remain so as at the date of this annual report.

### MATERIAL LEGAL PROCEEDINGS

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

### COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the Reporting Period, except deviation from code provision A.2.1 of the Corporate Governance Code, the Company has complied with the provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules, which sets out principles of good corporate governance in relation to, among other matters, the Directors, the chairman and chief executive officer, board composition, the appointment, re-election and removal of directors, their responsibilities and remuneration and communications with shareholders. Our Directors are satisfied that sufficient corporate governance measures have been put in place to manage conflicts of interest between our Group and the Controlling Shareholders and/or Directors to protect the interest of our minority shareholders. Please refer to the section headed "Corporate Governance Report" on page 134 for details.

### AUDITOR

The Board announced that on 17 April 2020, the Board resolved to appoint Ernst & Young Hua Ming LLP as the auditor of the Company for 2020 and BDO China Shu Lun Pan CPAs (LLP) as the internal control consultant of the Company for 2020, and they shall hold office until the appointment of the next session of the annual general meeting. The resolutions were approved by Shareholders at the 2019 annual general meeting. For details, please refer to the circular dated 19 May 2020 and the announcement dated 18 June 2020 of the Company.

The auditor of the Company has been changed to Ernst & Young Hua Ming LLP since 2018. The Consolidated Financial Statements have been audited by Ernst & Young Hua Ming LLP, the PRC auditor of the Company.

### AUDIT COMMITTEE

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

### PRE-EMPTIVE RIGHTS

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

### SUFFICIENCY OF PUBLIC FLOAT

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

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

## Report of Directors

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

## VOTING BY POLL

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

## CLOSURE OF REGISTERS OF MEMBERS

The Registers of Members will be closed from Thursday, 13 May 2021 to Tuesday, 18 May 2021 (both dates inclusive), during which periods no transfer of shares will be registered. In order to qualify for attending and voting at the forthcoming AGM, unregistered holders of shares of the Company shall lodge share transfer documents with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration before 4:30 p.m. on Wednesday, 12 May 2021.

## CHANGES IN INFORMATION OF DIRECTORS AND SUPERVISORS

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

Name	Position	Details of Change
Mr. LIU Jin	Non-executive Director	Appointed as non-executive Director on 16 November 2020.
Ms. QIN Hong	Independent non-executive Director	Appointed as non-executive Director on 16 November 2020.

## FUTURE DEVELOPMENT

Please refer to the section headed “Outlook and Prospects” on page 62 for future development of the Company.

## IMPORTANT EVENTS AFTER THE REPORTING PERIOD

### 1. Progress of Non-Public Issuance of A Shares

Relevant matters in relation to the 2020 Non-public Issuance of A Shares of the Company were considered and approved at the eleventh extraordinary meeting of the fourth session of the Board the Company held on 3 June 2020, and at the 2019 Annual General Meeting, A Share Shareholders’ Class Meeting and H Share Shareholders’ Class Meeting held on 18 June 2020. For details, please refer to the announcement of the Company dated 4 June 2020 as disclosed on the designated media in China and the announcement dated 3 June as disclosed on the website of the Stock Exchange (<http://www.hkexnews.hk>).

### IMPORTANT EVENTS AFTER THE REPORTING PERIOD (continued)

#### 1. Progress of Non-Public Issuance of A Shares (continued)

To implement the spirit of improving the quality of corporate information disclosure under the Notice on Adjustment to Part of the Terms in the Question-and-Answer Section of the Review for Issuance 《關於發行審核業務問答部分條款調整事項的通知》 dated 10 June 2020 and the relevant requirements under the Answers to Certain Questions for Refinancing Business (Revised in June 2020) 《再融資業務若干問題解答(2020年6月修訂)》 issued by China Securities Regulatory Commission, the Company convened the 12th extraordinary meeting of the fourth session of the Board on 23 June 2020 at which the resolution on the 2020 Plan for the Non-public Issuance of A Shares of the Company (Revised Draft) 《關於公司2020年非公開發行A股股票預案(修訂稿)的議案》 was considered and approved. Such amendments are within the scope of authorization granted to the Board at the Company's 2019 Annual General Meeting, A Share Shareholders' Class Meeting and H Share Shareholders' Class Meeting. For details, please refer to the announcement of the Company dated 24 June 2020 as disclosed on the designated media in China and the announcement dated 23 June as disclosed on the website of the Stock Exchange (<http://www.hkexnews.hk>).

In early July 2020, the Company received the CSRC Notice of Acceptance of Application for Administrative Approval (No. 201708)《中國證監會行政許可申請受理單》(受理序號:201708) issued by the China Securities Regulatory Commission (hereinafter referred to as the "CSRC"). The CSRC accepted the application materials submitted by the Company for the approval of the non-public issuance of new shares by listed company. Upon receipt of the Notice regarding First Feedback on the Review of Administrative Permission Items from CSRC (No. 201708) 《中國證監會行政許可項目審查一次反饋意見通知書》[201708號] on 13 July 2020, the Company submitted a reply to the feedback on 4 August 2020, and made amendments according to the feedback for four times on 28 August 2020, 24 September 2020, 7 November 2020, and 9 January 2021. For details, please refer to the announcements of the Company dated 4 August 2020, 28 August 2020, 24 September 2020, 7 November 2020, and 9 January 2021 as disclosed on the designated media in China, the announcements dated 3 August 2020, 27 August 2020, 23 September 2020, 6 November 2020 and 8 January 2021 as disclosed on the website of the Stock Exchange (<http://www.hkexnews.hk>).

At the beginning of February 2021, the Company received the Letter in respect of Preparing for the Meeting of the Issuance Appraisal Committee of the CSRC in relation to the Non-public Issuance of shares of Red Star Macalline Group Corporation Ltd. 《關於請做好美凱龍非公開發行股票發審委會議準備工作的函》 (hereinafter referred to as the "Letter") issued by the CSRC, and made a reply to the Letter on 6 February 2021.

## IMPORTANT EVENTS AFTER THE REPORTING PERIOD (continued)

### 1. Progress of Non-Public Issuance of A Shares (continued)

On 1 March 2021, the Issuance Review Committee of the CSRC reviewed the Company's application for non-public issuance of shares. According to the results of the review, the Company's application for non-public issuance of shares was approved. As of 19 April 2020, the Company has not received any written approval document from the CSRC.

### 2. Undertakings on Quasi-financial Business

The Company issued a letter of undertakings on quasi-financial businesses in February 2021. The undertakings include: (1) the Company will use the funds raised from the non-public issuance in the manner disclosed in the non-public issuance plan and its revised draft, and the raised funds will not be used directly or indirectly for quasi-financial businesses; (2) the Company undertakes that it will not increase capital investment in quasi-financial businesses before proceeds from the non-public issuance are used up or within 36 months since the proceeds raised are available for use (whichever is the later); (3) the Company undertakes that as of 7 January 2021, it will not add new contracts of financial leasing, commercial factoring and other quasi-financial businesses or renew existing quasi-financial businesses; (4) the Company undertakes to terminate the existing business operations of Shanghai Red Star Macalline Financial Leasing Company Limited and Shanghai Red Star Macalline Commercial Factoring Company Limited before 7 July 2021 and deregister them, or to transfer all of their equity to the Company's controlling shareholder RSM Holding and its subsidiaries or other third parties; (5) the Company undertakes to disclose the disposal of financial leasing, commercial factoring and other financial businesses in periodic reports.

The abovementioned quasi-financial business refer to financial activities carried out by the institutions ("Quasi-financial institutions") other than the licensed financial institutions approved by the People's Bank of China, China Banking and Insurance Regulatory Commission, and the CSRC, including but not limited to, financial leasing, commercial factoring and small loan business.



### IMPORTANT EVENTS AFTER THE REPORTING PERIOD (continued)

#### 2. Undertakings on Quasi-financial Business (continued)

RSM Holding, the controlling shareholder of the Company, issued a letter of undertakings in February 2021, undertaking that it will cooperate with the Company's disposal arrangements for quasi-financial businesses, including: the Company will commence and cooperate in the deregistration or transfer arrangements within 5 working days after it is informed of the detailed disposal arrangements of Shanghai Red Star Macalline Financial Leasing Company Limited and Shanghai Red Star Macalline Commercial Factoring Company Limited, including but not limited to that, it will support the deregistration or equity transfer of the abovementioned companies according to the request of Red Star Macalline, and after Red Star Macalline performs the corresponding decision-making procedures, it will sign an equity transfer agreement with Red Star Macalline on reasonable and fair commercial terms to acquire all shares of the abovementioned companies (if necessary), to cooperate with Red Star Macalline to complete the deregistration or equity transfer of Shanghai Red Star Macalline Financial Leasing Company Limited and Shanghai Red Star Macalline Commercial Factoring Company Limited by 7 July 2021.

As of the date of this announcement, the Company and its controlling shareholder RSM Holding have strictly fulfilled the aforementioned undertakings. At present, the specific disposal plan for quasi-financial businesses of the Company is still under discussion, and the relevant disposal procedures have not yet been officially initiated.

#### 3. The Proposed Third Phase of the Employee Stock Ownership Plan

The Company plans to launch the third phase employee stock ownership plan (the "Employee Stock Ownership Plan"). The Employee Stock Ownership Plan shall have a total size of not more than RMB300 million. The cumulative total number of shares held under the Employee Stock Ownership Plan shall not exceed 1% of the total share capital of the Company. The cumulative total number of shares corresponding to the equity interests obtained by each individual employee shall not exceed 0.1% of the total share capital of the Company. The holders of the Employee Stock Ownership Plan primarily comprise directors, supervisors, senior management of the Company and management personnel and core cadres of its subsidiaries. For further details, please refer to the announcement of the Company dated 8 February 2021 as disclosed on designated media in China and the announcement dated 7 February 2021 as disclosed on the website of the Stock Exchange (<http://www.hkexnews.hk>).

## IMPORTANT EVENTS AFTER THE REPORTING PERIOD (continued)

### 4. Listing for Trading of Restricted Shares under the Initial Public Offering

The Company was listed on the Shanghai Stock Exchange on 17 January 2018. An aggregate amount of 2,728,347,349 shares were subject to trading moratorium, which were held by Red Star Macalline Holding Group Company Limited, Red Star Macalline Holding Group Company Limited – Red Star Macalline Holding Group Company Limited 2019 Non-Public Offering of Exchangeable Corporate Bonds (Phase 1) Designated Shares Pledge Account, representing 69.87% of the total share capital of the Company. Upon expiration of the lockup period on 17 January 2021, the aforementioned shares held by shareholders have become tradeable. For detailed information, please refer to the announcement of the Company dated 13 January 2021 as disclosed on designated media in China and the announcement dated 12 January 2021 as disclosed on the website of the Stock Exchange (<http://www.hkexnews.hk>).

By Order of the Board

**CHE Jianxing**

*Chairman*

Shanghai, 30 March 2021

# Report of Supervisors

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

The Supervisory Committee of Red Star Macalline Group Corporation Ltd. (hereinafter referred to as the “Company”) convened a total of 8 meetings in 2020, and details of the relevant meetings and the resolutions are as follows:

- (1) On 22 February 2020, the second extraordinary meeting of the fourth session of the Supervisory Committee was convened, at which the Resolution on the Share Option Incentive Scheme 2020 of Red Star Macalline Group Corporation Ltd. (Draft) and Its Summary, and the Resolution on the Assessment Measures in Respect of the implementation of the 2020 Share Option Incentive Scheme of Red Star Macalline Group Corporation Ltd. were considered and approved.
- (2) On 6 March 2020, the third extraordinary meeting of the fourth session of the Supervisory Committee was convened, at which the Resolution on the Use of Certain Idle Proceeds for Temporary Replenishment of Working Capital was considered and approved.
- (3) On 17 April 2020, the first meeting of the fourth session of the Supervisory Committee was convened, at which the Work Report of the Supervisory Committee of the Company for 2019, the Final Account Report of the Company for 2019, the Financial Budget Report of the Company for 2020, the Financial Statements of the Company for the Year Ended 31 December 2019, the Annual Report and Annual Results of the Company for the Year Ended 31 December 2019, the Profit Distribution Plan of the Company for 2019, the Corporate Environment and Social Responsibility Report of the Company for 2019, the Exclusive Report on the Depositary and Actual Use of Funds Raised by the Company in 2019, the Resolution on the Remuneration of Supervisors of the Company for 2019, the Resolution in Respect of Re-appointment of Auditor for the Financial Report and the Internal Control Auditor of the Company for 2020 and the Resolution in Respect of the Provision of Asset Impairment Allowances for 2019 were considered and approved.
- (4) On 29 April 2020, the second meeting of the fourth session of the Supervisory Committee was convened, at which the First Quarterly Report of the Company for 2020 was considered and approved.
- (5) On 13 May 2020, the fourth extraordinary meeting of the fourth session of the Supervisory Committee was convened, at which the Resolution on the Adjustments to the List of Participants and Number of Share Options Granted under the First Grant of the 2020 Share Option Incentive Scheme and the Resolution on the First Grant of Share Options to the Participants were considered and approved.

# Report of Supervisors

- (6) On 3 June 2020, the fifth extraordinary meeting of the fourth session of the Supervisory Committee was convened, at which the Resolution on the Fulfilment of Conditions for the Non-public Issuance of A Shares by the Company, the Resolution on the 2020 Non-public Issuance of A Shares of the Company, the Resolution on the 2020 Plan for the Non-public Issuance of A Shares of the Company, the Resolution on the Feasibility Analysis Report on the Use of Proceeds from the Non-public Issuance of A Shares of the Company, the Resolution on the Report on the Use of Proceeds Previously Raised, the Resolution on the Remedial Measures for the Dilution of Current Returns by the Non-public Issuance of A Shares of the Company and the Resolution on the Shareholder's Return Plan of the Company for the Next Three Years (from 2020 to 2022) were considered and approved.
- (7) On 27 August 2020, the third meeting of the fourth session of the Supervisory Committee was convened, at which the Interim Financial Statements of the Company as of 30 June 2020, the Interim Report and Interim Results as of 30 June 2020 and the Exclusive Report on the Depository and Actual Use of Funds Raised by the Company in the First Half of 2020 were considered and approved.
- (8) On 30 October 2020, the fourth meeting of the fourth session of the Supervisory Committee was convened, at which the Third Quarterly Report of the Company for 2020 was considered and approved.

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

- (1) Legal operations: during the year of 2020, members of the Supervisory Committee continued to supervise the Company's operations through attending Board meetings, reviewing exclusive reports, conducting onsite inspections and meetings with staff, conducting audit and specific survey. With reference to various regulations, the Supervisory Committee was of the opinion that the decision-making process of the Company was lawful, the internal control was effective, and the Directors and the senior management of the Company had diligently carried out their duties, and there was no behavior of violation of the laws, regulations, the Articles of Association, nor had they prejudiced the Company's and Shareholders' interests. The Supervisory Committee had reviewed the Company's internal control audit report from BDO China Shu Lun Pan Certified Public Accountants LLP for the year 2020 and was of the view that the report reflected the actual situation of the Company's corporate governance and internal control, that the audit opinions were objective, and agreed to publish the relevant report.
- (2) Monitoring the Company's financial situation: during the Reporting Period, the Supervisory Committee diligently performed its duty of monitoring the Company's financial conditions, including monitoring the Company's operations and its risks and providing review opinions to each periodic report. The Supervisory Committee was of the opinion that the Company's financial report reflected a true and fair view on the Company's financial conditions and operating results.

# Report of Supervisors

## (3) Use of Proceeds:

### Use of proceeds from the listing of H Shares

The net proceeds from the Global Offering amounted to RMB5,573.30 million, used for the development of 9 Portfolio Shopping Malls, investment in or acquisition of other home improvement and furnishings retailers and other market participants, refinancing of our existing indebtedness, development of our e-commerce 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. As of the end of the Reporting Period, the Company cumulatively used 99.97% of the net proceeds in the abovementioned fund-raising investment projects.

### Use of proceeds from the listing of A Shares

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

As of the end of the Reporting Period, the Company cumulatively used 88.12% of the A Share Offering Proceeds in the abovementioned fund-raising investment projects.

- (4) Stock incentive plan: During the Reporting Period, the Supervisory Committee reviewed relevant resolutions including the resolution on the share option incentive scheme 2020 of the Company (draft) and its summary, the resolution on the assessment measures, and the resolution on the adjustments to the list of participants and number of share options granted under the scheme of the first grant of share options for 2020, the resolution on the first grant of share options to the participants. The Supervisory Committee believes that the above scheme of the first grant of share options was implemented by the Company in accordance with due procedures, the Measures for the Administration of Equity Incentives of Listed Companies and other laws and regulations, which will not have a substantial impact on the financial position and results of operations of the Company or damage the interests of the Company and all Shareholders.

# Report of Supervisors

- (5) Major asset acquisitions and disposals: during the Reporting Period, the Company did not conduct any major asset acquisitions and disposals.
- (6) Connected and continuing connected transactions: during the Reporting Period, the Supervisory Committee paid attention to the connected and continuing connected transactions of the Company for the year.

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

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

30 March 2021

# Corporate Governance Report

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

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

## COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Other than deviation from code provision A.2.1, during the Reporting Period, the Company has complied with the provisions of the Corporate Governance Code, Appendix 14 to the Listing Rules, which sets out the principles of good corporate governance in relation to, among other matters, the directors, the chairman and the chief executive, board composition, the appointment, re-election and removal of directors, their responsibilities and remuneration, and communications with shareholders. Directors are satisfied that sufficient corporate governance measures have been put in place to manage conflicts of interest between the Group and the Controlling Shareholders and/or Directors to protect the minority Shareholders' interests.

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

Mr. CHE Jianxing is the Chairman and chief executive officer of the Company. In view of Mr. CHE's experience, personal profile and his roles in our Group as mentioned above, and that Mr. CHE has performed the role of chief executive officer and the general manager of the Group since June 2007, the Board considers it beneficial to the business prospects and operational efficiency of the Group that Mr. CHE, in addition to acting as the Chairman of the Board, continues to act as the chief executive officer of the Company. While this will constitute a deviation from Code Provision 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) any decision to be made by our Board requires approval by at least a majority of our Directors and that the Board comprises five independent non-executive Directors out of the 14 Directors as at the date of this report, which is in compliance with the Listing Rules requirement of one-third, and we believe that there are sufficient checks and balances in the Board; (ii) Mr. CHE and the other Directors are aware of and undertake to fulfill their fiduciary duties as Directors, which require, among other things, that he acts for the benefit and in the best interests of the Company and will make decisions for the Group accordingly; and (iii) the balance of power and authority is ensured by the operations of the Board, which comprises of experienced and high caliber individuals who meet regularly to discuss issues affecting the operations of the Company. Moreover, the overall strategic and other key business, financial and operational policies of the Group are made collectively after thorough discussion at both Board and senior management levels.

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 and chief executive officer is necessary.

## COMPLIANCE WITH THE MODEL CODE

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

## BOARD OF DIRECTORS

### Board Composition

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

Name	Positions	Date of Re-appointment or Appointment
Mr. CHE Jianxing <sup>(1)</sup>	Chairman and Executive Director	30 December 2019
Mr. GUO Binghe	Vice Chairman and Executive Director	30 December 2019
Ms. CHE Jianfang	Executive Director	30 December 2019
Mr. JIANG Xiaozhong	Executive Director	30 December 2019
Ms. CHEN Shuhong	Non-executive Director	30 December 2019
Mr. XU Guofeng <sup>(2)</sup>	Non-executive Director	30 December 2019
Mr. JING Jie	Non-executive Director	30 December 2019
Mr. XU Hong	Non-executive Director	30 December 2019
Mr. LIU Jin <sup>(3)</sup>	Non-executive Director	16 November 2020
Mr. CHEN Zhaohui <sup>(4)</sup>	Non-executive Director	19 March 2021
Mr. QIAN Shizheng	Independent non-executive Director	30 December 2019
Mr. LEE Kwan Hung, Eddie	Independent non-executive Director	30 December 2019
Mr. WANG Xiao	Independent non-executive Director	30 December 2019
Ms. ZHAO Chongyi	Independent non-executive Director	30 December 2019
Ms. QIN Hong <sup>(3)</sup>	Independent non-executive Director	16 November 2020



# Corporate Governance Report

*Notes:*

- (1) Mr. CHE Jianxing is the husband of Ms. CHEN Shuhong and the brother of Ms. CHE Jianfang.
- (2) Mr. XU Guofeng is the husband of Ms. CHE Jianfang and resigned as a non-executive Director on 8 February 2021.
- (3) Mr. LIU Jin and Ms. QIN Hong were appointed as a non-executive Director and an independent non-executive Director respectively, both with effect with 16 November 2020.
- (4) Mr. CHEN Zhaohui was appointed as a non-executive Director on 19 March 2021.

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

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

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

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

## Board Diversity

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

## Board Meeting

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

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

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

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

# Corporate Governance Report

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

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

## Nomination Policy

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

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

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

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

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

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

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

## Directors' Training

### Introductory and Continuous Professional Development

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

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

Name of Directors	Training Description
CHE Jianxing	A, B
GUO Binghe	A, B
CHE Jianfang	A, B
JIANG Xiaozhong	A, B
CHEN Shuhong	A, B
XU Guofeng	A, B
JING Jie	A, B
XU Hong	A, B
LIU Jin	A, B
QIAN Shizheng	A, B
LEE Kwan Hung, Eddie	A, B
WANG Xiao	A, B
ZHAO Chongyi	A, B
QIN Hong	A, B

*Notes:*

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

# Corporate Governance Report

## Duties Performed by the Board and Management

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

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

## CORPORATE GOVERNANCE FUNCTION

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

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

## DIRECTORS' LIABILITY INSURANCE

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

## BOARD COMMITTEES

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

## AUDIT COMMITTEE

We have established an Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and Code Provision C.3 and Code Provision D.3 of the Corporate Governance Code. The Audit Committee consists of three independent non-executive Directors as at the end of the Reporting Period, 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 primary duties of the Audit Committee include, but are not limited to, the following:

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

## Corporate Governance Report

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

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

Name of Meeting	Date of Meeting	Contents of Meeting	Attendance at the Meeting
Audit Committee	30 March 2020	(1) The annual results of the Company for the year ended 31 December 2019 (unaudited).	Mr. QIAN Shizheng, Mr. LEE Kwan Hung, Eddie and Mr. WANG Xiao attended the meeting
	17 April 2020	(1) The internal control auditor's reports to the Audit Committee in respect of the audit matters for the internal control report of the Company for the year 2019;  (2) The internal control evaluation report of the Company for the year 2019;  (3) The auditor's reports to the Audit Committee in respect of the audit matters for the annual financial report of the Company for the year 2019;  (4) The financial statements of the Company for the year ended 31 December 2019;  (5) The annual report and annual results of the Company for the year ended 31 December 2019;  (6) The profit distribution plan of the Company for 2019;	Mr. QIAN Shizheng, Mr. LEE Kwan Hung, Eddie and Mr. WANG Xiao attended the meeting

## Corporate Governance Report

Name of Meeting	Date of Meeting	Contents of Meeting	Attendance at the Meeting
		(7) The exclusive report on the depositary and actual use of funds raised by the Company in 2019;	
		(8) The resolution concerning the provision for assets impairment of the Company for the year 2019;	
		(9) The resolution in respect of re-appointment of auditor for the financial report and the internal control auditor of the Company for 2020;	
		(10) The resolution concerning the expected ordinary related party transactions of the Company for the year 2020;	
		(11) The report on the performance of duties of the Audit Committee of the Board of the Company for the year 2019;	
		(12) The summary of internal audit works for the year 2019 and working plan for the year 2019 of the Company;	
		(13) The report on corporate environmental and social responsibility of the Company for the year 2019;	
		(14) The Corporate Governance Report of the Company as of 31 December 2019.	

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## Corporate Governance Report

Name of Meeting	Date of Meeting	Contents of Meeting	Attendance at the Meeting
	29 April 2020	(1) The first quarterly report of the Company for 2020.	Mr. QIAN Shizheng, Mr. LEE Kwan Hung, Eddie and Mr. WANG Xiao attended the meeting
	6 August 2020	(1) The resolution on the estimated 2020 annual caps for connected transactions entered into in the ordinary course of the Company.	Mr. QIAN Shizheng, Mr. LEE Kwan Hung, Eddie and Mr. WANG Xiao attended the meeting
	27 August 2020	(1) The interim financial statements of the Company as of 30 June 2020;	Mr. QIAN Shizheng, Mr. LEE Kwan Hung, Eddie and Mr. WANG Xiao attended the meeting
		(2) The interim report and interim results as of 30 June 2020;	
		(3) The exclusive report on the depositary and actual use of funds raised by the Company in the first half of 2020.	
	30 October 2020	(1) The third quarterly report of the Company.	Mr. QIAN Shizheng, Mr. LEE Kwan Hung, Eddie and Mr. WANG Xiao attended the meeting

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

## REMUNERATION AND EVALUATION COMMITTEE

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

As at the end of the Reporting Period, the Remuneration and Evaluation Committee consists of three Directors, including one executive Director and two independent non-executive Directors, namely Mr. CHE Jianxing, Mr. QIAN Shizheng and Mr. WANG Xiao. Mr. QIAN Shizheng serves as the chairman of the Remuneration and Evaluation Committee.

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

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

## Corporate Governance Report

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

Name of Meeting	Date of Meeting	Contents of Meeting	Attendance at the Meeting
Remuneration and Evaluation Committee	22 February 2020	(1) The resolution on the Share Option Incentive Scheme 2020 of Red Star Macalline Group Corporation Ltd. (Draft) and its summary;	Mr. CHE Jianxing, Mr. QIAN Shizheng and Mr. WANG Xiao attended the meeting
		(2) The resolution on the Assessment Measures in Respect of the Implementation of the 2020 Share Option Incentive Scheme of Red Star Macalline Group Corporation Ltd.;	
		(3) The resolution on verifying the list of participants of share options granted under the first grant of the 2020 Share Option Incentive Scheme.	
	17 April 2020	(1) The resolution on the remuneration of directors and senior management of the Company in 2019;	Mr. CHE Jianxing, Mr. QIAN Shizheng and Mr. WANG Xiao attended the meeting
		(2) Regarding the evaluation mechanism for senior management, the establishment and implementation of the incentive mechanism in 2019.	
	20 October 2020	(1) The resolution on reviewing the remuneration of Ms. QIN Hong, the candidate for independent non-executive director of the fourth session of the Board.	Mr. CHE Jianxing, Mr. QIAN Shizheng and Mr. WANG Xiao attended the meeting

## NOMINATION COMMITTEE

The Company has established a Nomination Committee with written terms of reference in compliance with Code Provision A.5 of the Corporate Governance Code. As at the end of the Reporting Period, the Nomination Committee consists of three Directors, including one executive Director and two independent non-executive Directors, namely Mr. CHE Jianxing, Mr. LEE Kwan Hung, Eddie and Ms. ZHAO Chongyi. Mr. LEE Kwan Hung, Eddie serves as the chairman of the Nomination Committee.

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

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

## Corporate Governance Report

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

Name of Meeting	Date of Meeting	Contents of Meeting	Attendance at the Meeting
Nomination Committee	17 April 2020	(1) Regarding the structure, number, composition and diversity of the Board of Company for 2019.	Mr. CHE Jianxing, Mr. LEE Kwan Hung, Eddie and Ms. ZHAO Chongyi attended the meeting
	20 October 2020	(1) The resolution on the addition of Ms. QIN Hong as an independent non-executive Director of the fourth session of the Board of the Company.	Mr. CHE Jianxing, Mr. LEE Kwan Hung, Eddie and Ms. ZHAO Chongyi attended the meeting
	27 October 2020	(1) The resolution on the addition of Mr. LIU Jin as a non-executive Director of the fourth session of the Board of the Company.	Mr. CHE Jianxing, Mr. LEE Kwan Hung, Eddie and Ms. ZHAO Chongyi attended the meeting

## STRATEGY AND INVESTMENT COMMITTEE

We have established a Strategy and Investment Committee with written terms of reference. As at the end of the Reporting Period, the Strategy and Investment Committee consists of six Directors, including three executive Directors, one non-executive Director and two independent non-executive Director: namely Mr. CHE Jianxing, Mr. GUO Binghe, Mr. JIANG, Xiaozhong, Mr. XU Hong, Ms. ZHAO Chongyi and Ms. QIN Hong. Mr. CHE Jianxing serves as the chairman of the Strategy and Investment Committee.

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

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

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

Name of Meeting	Date of Meeting	Contents of Meeting	Attendance at the Meeting
Strategy and Investment Committee	17 April 2020	(1) The resolution on the development strategy and business plan of the Company for 2020.	Mr. CHE Jianxing, Mr. GUO Binghe, Mr. JIANG Xiaozhong, Mr. XU Hong, and Ms. ZHAO Chongyi attended the meeting

## ATTENDANCE RECORD OF BOARD MEETINGS

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

Director's Name	Number of attending/ convening meetings of Board meetings	Number of attending/ convening meetings of Audit Committee	Number of attending/ convening meetings of Remuneration and Evaluation Committee	Number of attending/ convening meetings of Nomination Committee	Number of attending/ convening meetings of Strategy and Investment Committee	Number of attending/ convening general meetings
CHE Jianxing	22/22	-	3/3	3/3	1/1	9/9
GUO Binghe	22/22	-	-	-	1/1	9/9
CHE Jianfang	22/22	-	-	-	-	9/9
JIANG Xiaozhong	22/22	-	-	-	1/1	9/9
CHEN Shuhong	22/22	-	-	-	-	9/9
XU Guofeng <sup>(1)</sup>	22/22	-	-	-	-	9/9
JING Jie	22/22	-	-	-	-	9/9
XU Hong	22/22	-	-	-	1/1	9/9
LIU Jin <sup>(2)</sup>	2/22	-	-	-	-	1/9
QIAN Shizheng	22/22	6/6	3/3	-	-	9/9
LEE Kwan Hung, Eddie	22/22	6/6	-	3/3	-	9/9
WANG Xiao	22/22	6/6	3/3	-	-	9/9
ZHAO Chongyi	22/22	-	-	3/3	1/1	9/9
QING Hong <sup>(3)</sup>	2/22	-	-	-	0/1	1/9

*Notes:*

- (1) Mr. XU Guofeng resigned as a non-executive Director on 8 February 2021.
- (2) Mr. LIU Jin was appointed as a non-executive Director with effect from 16 November 2020. 2 Board meetings and 1 general meeting were attended after his appointment.
- (3) Ms. QIN Hong was appointed as an independent non-executive Director and a member of the Strategy and Investment Committee, both with effective from 16 November 2020. 2 Board meetings and 1 general meeting were attended after her appointment.

### DIRECTORS' FINANCIAL STATEMENTS REPORTING RESPONSIBILITY

The Directors are fully aware of their responsibility of preparing the Consolidated Financial Statements of the Company for the year ended 31 December 2020 so as to provide a true and fair view of the situation of the Company and the Group as well as the results and cash flows of the Group.

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

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

Statement of the Directors' reporting responsibilities of Consolidated Financial Statements of the Company made by auditors of the Company is recorded in Independent Auditor's Report on pages 162 of this annual report.

### RISK MANAGEMENT AND INTERNAL CONTROL

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

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



### RISK MANAGEMENT AND INTERNAL CONTROL ORGANISATIONAL SYSTEM

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

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

### CARRYING OUT RISK MANAGEMENT WORK

In order to better cope with the changing market environment and ensure the realization of the Company's business objectives, in 2020 the Company implemented a comprehensive risk management system at the company-wide level. The system is designed to manage various potential risks to which the Company is exposed in the course of operation through procedures and measures of risk identification, risk assessment, risk response, risk reporting and monitoring. The Company has systematically established a database for risks based on the status quo of our current business and management, with a view to achieving comprehensive identification of and response to risks.

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

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

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

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

### OPERATION OF INTERNAL CONTROL MECHANISM

The management of the Company has set up the Internal Control Management Committee, which leads the Internal Control Compliance Department in the overall planning, design and guidance in relation to the building of the risk management and internal control management system of the Company. In 2020, the Internal Control Compliance Department played a leading role in the establishment of the internal control evaluation working group, which carried out self-evaluation of internal control and assessment of the effectiveness of the design and implementation of internal control for the Company's main business and matters. For all deficiencies in internal control as identified in the assessment, the management of the Company has developed feasible rectification plans and promoted the implementation of such rectification. The Internal Control Compliance Department has followed up on such areas subject to rectification, and continued to monitor the progress and the overall effectiveness of the rectification of deficiencies, thus achieving the organized operation of overall internal control.

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

The Board has reviewed risk management and internal control work carried out in 2020. There has been no significant risk control failure, and no significant risk control weakness has been identified within the Company. The management processes including financial report, inside information handling and disclosure of the Company are in strict compliance with the Listing Rules. The Board has reviewed the risk management and internal control work conducted by the Company during the Reporting Period and considers the risk management and internal control system effective and adequate within the Group.

### AUDITOR'S REMUNERATION

Statement of the Company's external auditor related to the reporting responsibilities of consolidated financial statements is recorded in the Independent Auditor's Report on pages 162 of this annual report. Remuneration of the Company's external auditor Ernst & Young Hua Ming LLP (the "Ernst & Young Hua Ming") paid/payable for the year ended 31 December 2020 was RMB7.5 million for audit services and RMB2.5 million for interim report review services. Remuneration of the Company's external internal control consultant, BDO China Shu Lun Pan Certified Public Accountants LLP, paid/payable for the year ended 31 December 2020 was RMB0.8 million.

### APPOINTMENT OF EXTERNAL AUDITOR AND INTERNAL CONTROL CONSULTANT

On 19 April 2020, the Board announced that, the Board resolved to appoint Ernst & Young Hua Ming as the auditor of the Company for the year 2020 and resolved to appoint BDO China Shu Lun Pan Certified Public Accountants LLP as the internal control consultant of the Company for the year 2020 with a term until the conclusion of the next annual general meeting. This appointment has been approved by the 2019 annual general meeting. For further details, please refer to the Company's circular dated on 18 May 2020 and announcement dated 18 June 2020.

### COMPANY SECRETARY

Mr. GUO Binghe, the company secretary of the Company, is responsible for raising corporate governance-related suggestions to the Board, and ensuring compliance with policies and procedures of the Board, applicable laws, rules and regulations. Mr. GUO has satisfied the requirements of Rule 3.28 of the Listing Rules.

In order to maintain high-standard corporate governance and ensure that the Company complies with the Listing Rules and applicable Hong Kong laws, we also engaged TMF Hong Kong Limited (a secretarial company service provider) to provide assistance to Mr. GUO in the discharge of his duties as the company secretary.

For the year ended 31 December 2020, Mr. GUO completed professional training of no less than 15 hours in accordance with Rule 3.29 of the Listing Rules.

### COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

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

The annual general meeting of Shareholders of the Company provides the shareholders with opportunities to communicate with the Directors directly. The chairman of the Board and directors of the Committees will attend the meeting if possible, to answer questions raised by the shareholders. The external auditor of the Company will attend the meeting and answer the questions regarding auditing items, preparation and contents of the auditor's report, accounting policy and independence of the auditor.

## Corporate Governance Report

The Company adopted a shareholder communication policy so as to promote the effectiveness of communication and establish a bridge between the Company and its Shareholders. Further, a website ([www.chinaredstar.com](http://www.chinaredstar.com)) and enquiry channels for the investors (e-mail: [ir@chinaredstar.com](mailto:ir@chinaredstar.com)) are also available. The Company will release the latest information about the business operation and development, corporate governance practices and other latest information to the public on the website.

### SHAREHOLDERS' RIGHTS

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

#### Extraordinary Shareholders' Meeting Convening and Proposal

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

- (1) Shareholders who separately or jointly hold more than 10% of the Shares may request the Board to convene an extraordinary Shareholders' meeting or Shareholders' class meeting by signing a written requirement or several copies with the same format and to illustrate the subject of the meetings. The Board shall convene an extraordinary Shareholders' meeting or Shareholders' class meeting as soon as possible upon the receipt of the aforesaid written request. The Shareholders shall calculate the aforesaid number of shareholdings as of the date of the submission of the written requirement.
- (2) If the Board fails to issue a notice of meeting within 30 days upon the receipt of the aforesaid written request, the Supervisory Committee may convene a meeting itself within four months upon the Board's receipt of such request; if the Supervisory Committee fails to convene and chair the meeting, the Shareholders who separately or jointly hold more than 10% of the Shares of our Company for more than 90 consecutive days may convene and preside over themselves, of which the convening procedure shall be at best the same as if convened by the Board. If the Shareholders call and convene a meeting by themselves due to the Board being unable to convene a meeting in accordance with the aforesaid requirement, the expenses reasonably incurred therefrom shall be borne by the Company and be deducted from the amounts due to the relevant Directors as a result of negligence of duty.

A general Shareholders' meeting convened by Shareholders themselves shall be chaired by a person elected by the convener. If no chairman is recommended, the chairman can be elected from the Shareholders. If for any reason the Shareholders cannot elect a chairman, the meeting shall be chaired by the attending Shareholder (including proxy) representing most voting Shares at the meeting.

The Shareholder(s) holding, separately or jointly, 3% or more of the total shares of our Company may put forward extempore proposals to the Company 10 days prior to the convening of the general meeting by submitting the proposals in writing to the convener. The convener shall issue a supplementary notice of the general meeting to the Shareholders within two days upon the receipt of the proposals.

### Queries Made to Board of Directors

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

### Articles of Association

For the year ended 31 December 2020, there had been various alternations to the Articles of Association. The existing Articles of Association are published on the websites of the Hong Kong Stock Exchange and the Company respectively. For further details, please refer to Company's announcements dated 20 August 2020 and 20 October 2020 respectively.

# Social Responsibility Report

## INTRODUCTION

This social responsibility report does not constitute an ESG report under Appendix 27 of the Listing Rules. An ESG report complying with the disclosure requirements under Appendix 27 of the Listing Rules will be published by Red Star Macalline separately.

## RESPONSIBILITY TO THE INDUSTRY

As a leading brand in the home furnishing circulation industry, Red Star Macalline always pays attention to the innovation and development of the home improvement and furnishing industry and optimizes the new home furnishing retail system based on the three themes of “smart retail, aesthetic design, and environmental protection”. We adhere to the “service first” business philosophy and increase channels for interaction with consumers through the use of digital smart Tongcheng stations, live-streaming sales, and intelligent marketing platforms to improve people-goods matching. We are determined to create a life design aesthetic that belongs to the Chinese people in home decoration and lead a new fashion of home aesthetics. In 2020, “Red Star Macalline • Life Aesthetics Center” opened in the hinterland of Tianfu New Area, a state-level new area in Chengdu, allowing consumers to experience the spirit and space of our life aesthetics from zero distance. Adhering to the corporate mission to be responsible for home environmental protection of every family, we established a fully closed-loop home environmental protection management system, and promoted the trend of environmental protection in the home improvement and furnishing industry through organization of “Environmental Protection Week” themed activities, live broadcasts for environmental science popularization, such as “Inspected, Furniture – Exploring Home Testing Laboratory”, and “Elite Gatekeeper – Exploring Purchase Guide of Home Furnishing Products”.

## RESPONSIBILITY TO OUR PARTNERS

Red Star Macalline is committed to a code of business conduct focusing on integrity and shared benefits with our suppliers. In 2020, we iteratively updated the supplier management system, and promulgated the “Supplier Management System of Red Star Macalline Group”, which clarified rules for supplier management, and established a multi-dimensional and multi-sectoral assessment system to regulate certain aspects such as supplier admission standards, supplier verification requirements, supplier KPI assessment system, supplier elimination mechanism, etc. We have also built an intelligent procurement e-commerce platform to provide our more than 400 stores with a variety of standardized products with competitive prices and efficient distribution capabilities by using the developed domestic online e-commerce model.

# Social Responsibility Report

For tenants, we have prepared the “Merchandise Qualification Management Regulations”, which set out clear regulations in respect of the admission standards and compliance verification for brand tenants’ admission qualifications. We implemented the “Standards for Evaluation for Factory Quality Guarantee Capacity”, which sets out requirements for our brand partners in terms of company qualification, quality guarantee of resources, design and development of quality safety/environmental protection products, important environmental factors in the life cycle of products, etc.

## RESPONSIBILITY TO OUR CUSTOMERS

Taking consumers as the center, Red Star Macalline are committed to providing consumers with safe and healthy products. In 2020, we further improved the after-sales service system and launched the 2020 Version of “Star Commitments • Heart Services”, adding two new services including one-stop design and home improvement, online and offline integration, and upgraded three consumer protection services, i.e., refunds, returns, and delivery, to quickly respond to customers’ diversified and personalized needs, and provide customers with more professional, efficient and high-quality services. We also actively responded to the call of the China Consumers Association and organized 227 social-oriented public consulting activities “Make Home Furnishing Consumption Warmer” in shopping malls, and focusing on the promotion of service commitments, set up consulting counters in shopping malls across the country consulting, in key business districts, and in communities or subdistricts, addressing nearly 20,000 consultations from consumers in total. In addition, we have integrated the national advanced maintenance technical teams and well-known large-scale brand factories to officially upgrade the home maintenance service to the professional level. In 2020, we have provided mattress de-mite service, home furnishing cleaning, home appliance cleaning, air treatment, deep cleaning, sofa maintenance, floor waxing and other professional and high-quality home-based services to 229,000 households.

For customer complaints, we have updated a series of customer complaint handling standards, including the “Implementation Rules for Handling and Management of Customer Complaints” and “Regulations and Standard Procedure of Customer Complaint Handling and Services”, and established a green channel for customer complaint handling. The Company’s headquarters cooperated with the investment promotion department, planning department, legal department, and operations department to responded quickly to customer complaints involving environmental issues and fraud, while actively integrating factory resources, promoting the resolution of customer problems from the factory side and the brand side, reducing the processing time of customer complaints, and effectively maintaining the legitimate interests of customers.



# Social Responsibility Report

## RESPONSIBILITY TO OUR STAFF

We have been regarding staff as our most valuable assets. While proactively protecting the basic interests of staff, we insist on equal employment, sign labor contracts with all employees and offer them competitive remuneration and keep improving the promotion system in strict compliance with relevant employment laws and regulations. Meanwhile, we improve staff's capability through the multi-dimensional and systematic training of the management school, so as to realize the promising vision of happy growth and mutual development of the Company and staff.

In addition, Red Star Macalline cares about the spiritual demands of all employees and actively listens to their voices. In order to optimize the staff's working experience, we settled our new headquarters in Hongqiao, Shanghai, adopted super 5A Grade A office building, and applied the most advanced smart home system. We developed a bookstore and a sports club, tutorial programs and interest groups, parent-child activities and other cultural and sports activities to balance the work and life of our employees. In order to protect the health of employees, we create Red Star healthcare green channels, upgrade union membership cards, establish health huts, and invite general practitioners to provide health consultations. In order to help employees survive the pandemic smoothly, we launched the "2020 Salary Adjustment Plan for First-line Employees for Operation of Home Furnishing Shopping Malls", with an average salary increase of 8%. We have been granted six authoritative employer brand awards, including "Pioneer Employer", "China Model Employer", "Employer of Extraordinary Diversity", "Top 100 China's Best Employers during Covid-19 in 2020", "China Best Employers 2020", and "China Best Employer Campus Recruitment Award 2020".

## RESPONSIBILITY TO ENVIRONMENT AND SOCIAL PUBLIC

Paying high attention to resource conservation and environmental protection, Red Star Macalline incorporates environmental protection into the decision-making process. We implement a zero-tolerance policy for non-environmentally friendly household products and brands, and always gives top priority to green environment in all aspects and stages of the Company's development philosophy, management system, practice and performance. We developed a series of energy conservation and emission reduction strategies against major energy resources consumed including water, electricity, gas and construction materials, reduced emission of greenhouse gas and played a part in combating global warming.

Red Star Macalline actively devotes itself to public welfare undertakings while pursuing its own growth, insisting on giving back to the society with a high sense of social responsibility and a grateful attitude, sharing our business results with the mass society, and contributing to the prosperity of the community. We pay attention to the demands of the public and have established various special funds to support the local economy, and we adhere to sustainable development, and strive to make contributions to the society, economy and environment. In 2020, we invested a total of approximately RMB32.15 million in pandemic prevention and control, supporting start-up businesses, employment, education, and culture.

# Social Responsibility Report

## THE MAIN AWARDS OF RED STAR MACALLINE IN PERFORMING SOCIAL RESPONSIBILITY IN 2020

### Awards/Honors Awarding Institution/Organization

“National Leading Enterprise of Quality in the Home Furnishing Retail Industry” (全國家居零售行業質量領先企業)

“National Excellent Enterprise of Quality and Credit” (全國質量信用優秀企業)

“National Advanced Enterprise of Quality and Integrity” (全國質量誠信先進企業)

“Excellent Service Award” (卓越服務獎)

“Digital Procurement Platform Building Innovation Award” (數字化採購平台搭建創新獎)

“2020 Pioneer Employer” (2020 先鋒僱主)

“2020 China Model Employer” (2020 中國典範僱主)

“2020 Employer of Extraordinary Diversity” (2020 多元非凡僱主)

“Top 100 China’s Best Employers during Covid-19 in 2020” (2020 抗『疫』民營企業最佳僱主排行榜 TOP100)

“China Best Employers 2020” (2020 中國年度最佳僱主)

“China Best Employer Campus Recruitment Award 2020” (2020中國年度最佳僱主校招案例獎)

# Auditor's Report

Ernst & Young Hua Ming (2021) Shen Zi No. 60954737\_B01

Red Star Macalline Group Corporation Ltd.

TO THE SHAREHOLDERS OF RED STAR MACALLINE GROUP CORPORATION LTD.,

## 1. OPINION

We have audited the financial statements of Red Star Macalline Group Corporation Ltd., which comprise the consolidated and the company's balance sheets as at 31 December 2020, the consolidated and the company's income statements, the consolidated and the company's statements of changes in shareholders' equity and the consolidated and the company's cash flow statements for the year then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements of the Company are prepared in all material respects in accordance with Accounting Standards for Business Enterprises ("ASBEs") and fairly present the consolidated and the Company's financial position as at 31 December 2020, and the consolidated and the Company's financial performance and cash flows for 2020.

## 2. BASIS FOR OPINION

We conducted our audit in accordance with China Standards on Auditing ("CSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with China Code of Ethics for Certified Public Accountants (the "Code"), and we have fulfilled our other ethical responsibilities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## 3. KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

### 3. KEY AUDIT MATTERS (continued)

Key audit matter:	How our audit addressed the key audit matter:
<p><b>Measurement of investment properties at fair value</b></p> <p>As at 31 December 2020, the Group's investment properties at fair value were RMB93,150 million, accounting for about 71% of the Group's total book assets. Investment properties of the Group are subsequently measured using a fair value model.</p> <p>Due to the facts that the amount of investment properties is significant, and the assessment of the fair value of investment properties involves significant estimates, assumptions and judgments of the management, including estimated rental income, discount rate, vacancy rate, the economic environment in the region where the investment properties were located and the analysis of future trend etc., the uncertainty was relatively high. Therefore, we considered the measurement of investment properties at fair value as a key audit matter.</p> <p>For disclosure on the matter in the notes to the financial statements, please refer to Note III — 12. Investment Property, Note III — 32. Significant Accounting Judgments and Estimates, Note V — 15. Investment Property and Note V — 53. Gain on Fair Value Changes.</p>	<p>We performed the following audit procedures:</p> <ol style="list-style-type: none"> <li>(1) Evaluating the objectivity, independence and professional competence of third-party appraisers engaged by the management;</li> <li>(2) Taking samples and inviting internal evaluation experts to assist us in evaluating the valuation methods, key estimates and assumptions such as discount rate, vacancy rate, etc., adopted by appraisers; testing the rationality of relevant key estimates and assumptions by examining historical information and public market data;</li> <li>(3) Reviewing the adequacy of disclosures related to the investment properties at fair value in the financial statements.</li> </ol>

## Auditor's Report

Ernst & Young Hua Ming (2021) Shen Zi No. 60954737\_B01  
Red Star Macalline Group Corporation Ltd.

### 3. KEY AUDIT MATTERS (continued)

Key audit matter:	How our audit addressed the key audit matter:
<p><b>The recognition of revenue from the brand consulting and management service for the early stage of the project (“Revenue for the Early Stage of the Project”) and construction revenue</b></p> <p>In 2020, revenue from the brand consulting and management service for the early stage of the project and construction revenue recognized by the Group were RMB7,88 million and RMB1,668 million, respectively. The Group recognized the above two revenues based on the progress of project performance and the progress of construction, respectively.</p> <p>The amount of revenue from the brand consulting and management service for the early stage of the project was relatively large, and the splitting of contract performance obligations, the allocation of transaction considerations, and the progress of project performance all involved major estimates and judgments of the management. The Group recognized the performance obligations included in the contract for revenue from the brand consulting and management service for the early stage of the project, and recognized the revenue based on the progress of the performance.</p> <p>In addition, the amount of construction and design revenue is relatively large too, the total budget cost of projects, and the progress of project performance all involved major estimates and judgments of the management. Therefore, we considered the recognition of the above two incomes as key audit matters.</p> <p>For disclosure on the matter in the notes to the financial statements, please refer to Note III — 24. Revenue from contracts with customers, Note III — 32. Significant Accounting Judgments and Estimates, Note V — 45. Revenue and Cost.</p>	<p>We performed the following audit procedures:</p> <ol style="list-style-type: none"><li>(1) Reviewing the rationality of the revenue recognition method adopted by management for revenue for the early stage of the project and construction revenue and testing some key controls related to the processes of revenue for the early stage of the project and construction revenue;</li><li>(2) Examining the services and engineering agreements and other materials signed by the Group and understanding the relevant terms and services;</li><li>(3) Reviewing management's performance obligation to identify and determine revenue for the early stage of the project and construction revenue, and examining the rationality of the basis and method of transaction consideration allocation;</li><li>(4) Obtaining the evidence based on which the management evaluates the progress of the project performance, and analyzing and testing the budget cost, contract amount and progress of the project performance;</li><li>(5) Reviewing the adequacy of disclosure on revenue for the early stage of the project and construction revenue this year in the financial statements.</li></ol>

### 3. KEY AUDIT MATTERS (continued)

Key audit matter:	How our audit addressed the key audit matter:
<p><b>Estimation of impairment allowance of accounts receivable, contract assets and other financial assets measured at amortized cost</b></p> <p>As at 31 December 2020, the original values of accounts receivable, other receivables, other current assets-entrusted loans and lending, financial lease receivables, factoring receivables, long-term receivables, non-current assets due within one year, non-current assets-entrusted loans and lending, and contract assets were RMB3,096 million, RMB1,813 million, RMB1,771 million, RMB543 million, RMB251 million, RMB1,857 million, and RMB1,634 million. The balance of impairment provision was RMB1,161 million, RMB289 million, RMB105 million, RMB11 million, RMB3 million, RMB72 million, and RMB277 million, respectively.</p> <p>According to the requirements of Accounting Standards for Business Enterprises No. 22 — Recognition and Measurement of Financial Instruments, when assessing the impairment allowance for receivables and contract assets, the Group made a judgment based on its expected credit losses.</p> <p>The management divided the receivables and contract assets into different credit risk characteristic combination categories based on the composition of receivables and contract assets and the different types of customer returns and credit in recent years. In terms of each credit risk characteristic combination category, the management estimated the expected credit loss rate of receivables and contract assets based on the actual loss rate of receivables and contract assets with similar credit risk characteristics in previous years and combined with prospective consideration. Different proportion of impairment allowance shall be made for different levels of risk, and impairment allowance shall be made accordingly.</p>	<p>We performed the following audit procedures:</p> <ol style="list-style-type: none"> <li>(1) Understanding the policies of the Group's receivables and impairment allowance for contract assets and the method adopted by the management for assessing the amount of impairment, and performing cross-testing on the procedures and internal controls related to the processes of impairment of receivables and contract asset;</li> <li>(2) Reviewing and evaluating the rationality of the "expected credit loss model" used by the management to estimate the impairment allowance for receivables and contract assets, as well as the adequacy of impairment allowance; assessing key assumptions and parameters used for estimating expected credit loss, including the rationality of the selection of forward-looking coefficients based on industry conditions;</li> <li>(3) Discussing with management to evaluate receivables and contract assets with defaults and indication of impairment. Examining relevant supporting evidence, including post collection, evaluation of customer's credit history, operating conditions and loan repayment ability, etc., and judging the rationality of management's impairment allowance of the Group;</li> <li>(4) Reviewing the adequacy of management's disclosure of impairment allowance of receivables and contract assets.</li> </ol>

## Auditor's Report

Ernst & Young Hua Ming (2021) Shen Zi No. 60954737\_B01  
Red Star Macalline Group Corporation Ltd.

### 3. KEY AUDIT MATTERS (continued)

Key audit matter:	How our audit addressed the key audit matter:
<p><b>Estimation of impairment allowance of accounts receivable, contract assets and other financial assets measured at amortized cost (continued)</b></p> <p>The division of different credit risk characteristics combination categories for receivables, the expected credit loss rate and the estimation of forward-looking adjustments all involved major judgments and estimates of management, and there were great uncertainties in estimation. Moreover, the setting of various parameters needs to be based on the statistics and analysis of more complicated historical data. Therefore, we identified this matter as a key audit matter.</p> <p>For disclosure on the matter in the notes to the financial statements, please refer to Note III — 9. Financial Instruments, Note III — 25. Contract Assets and Contract Liabilities, Note V — 3. Accounts Receivable, Note V — 6. Other Receivables, Note V — 8. Contract Assets, Note V — 9. Noncurrent assets due within one year, Note V — 10. Other current assets, Note V — 11. Long-term Receivables, Note V — 24. Other non-current assets, Note V — 54. Impairment loss of credit, Note V — 55. Impairment losses of assets, Note VIII — 3. Risks of Financial Instruments.</p>	

Ernst & Young Hua Ming (2021) Shen Zi No. 60954737\_B01  
Red Star Macalline Group Corporation Ltd.

### 4. OTHER INFORMATION

The management of the Company is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### 5. RESPONSIBILITIES OF THE MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

The management of the Company is responsible for the preparation and fair presentation of the financial statements in accordance with ASBEs, and for designing, implementing and maintaining such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing (as applicable) matters related to going concern and using the a going concern basis of accounting, unless the management either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so.

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



## Auditor's Report

Ernst & Young Hua Ming (2021) Shen Zi No. 60954737\_B01

Red Star Macalline Group Corporation Ltd.

### 6. AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with CSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are generally considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- (1) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.
- (3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

### 6. AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (continued)

As part of an audit in accordance with CSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also: (continued)

- (4) Conclude on the appropriateness of the management's use of going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required by CSAs to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- (5) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (6) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

## Auditor's Report

Ernst & Young Hua Ming (2021) Shen Zi No. 60954737\_B01

Red Star Macalline Group Corporation Ltd.

### 6. AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (continued)

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

**Ernst & Young Hua Ming LLP**

**Chinese Certified Public Accountants: LIANG Hongbin**  
**(The engagement partner)**

**Chinese Certified Public Accountants: WANG Huida**

**Beijing, China**

**30 March 2021**

# Consolidated Balance Sheet

As at 31 December 2020

RMB

Assets	Note V	31 December 2020	31 December 2019
<b>Current Assets</b>			
Cash and bank balances	1	6,511,092,198.09	7,229,239,369.35
Financial assets held for trading	2	247,611,072.73	233,385,470.05
Derivative financial assets	67	2,160,732.11	31,751,504.22
Accounts receivable	3	1,934,826,113.43	1,805,663,937.18
Receivables financing	4	5,872,800.00	41,040,000.00
Prepayments	5	323,626,340.62	340,717,638.07
Other receivables	6	1,524,654,743.28	710,012,095.26
Inventories	7	328,295,668.02	330,978,528.99
Contract assets	8	1,375,364,101.48	1,039,368,953.49
Non-current assets due within one year	9	248,704,377.99	555,066,245.64
Other current assets	10	2,634,575,271.37	1,637,221,709.44
<b>Total Current Assets</b>		<b>15,136,783,419.12</b>	<b>13,954,445,451.69</b>
<b>Non-current Assets</b>			
Long-term receivables	11	532,498,896.89	800,494,682.51
Long-term equity investments	12	3,703,895,492.49	3,654,279,035.20
Other equity instrument investment	13	4,206,678,046.54	3,999,157,825.44
Other non-current financial assets	14	396,924,540.60	368,774,540.60
Investment properties	15	93,150,000,000.00	85,107,000,000.00
Fixed assets	16	2,737,965,196.94	897,496,154.61
Construction in progress	17	80,629,155.83	2,329,221,258.37
Right-of-use assets	18	3,852,597,418.85	3,087,184,216.82
Intangible assets	19	343,768,582.72	449,262,332.89
Development expenditure	20	30,837,675.61	34,245,602.45
Goodwill	21	97,597,047.85	97,597,047.85
Long-term prepaid expenses	22	454,054,803.22	489,797,913.40
Deferred tax assets	23	1,541,067,156.39	1,174,578,160.89
Other non-current assets	24	5,282,621,202.44	5,850,884,335.94
<b>Total non-current assets</b>		<b>116,411,135,216.37</b>	<b>108,339,973,106.97</b>
<b>Total assets</b>		<b>131,547,918,635.49</b>	<b>122,294,418,558.66</b>

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

# Consolidated Balance Sheet

As at 31 December 2020

RMB

Liabilities and equity	Note V	31 December 2020	31 December 2019
<b>Current liabilities</b>			
Short-term loans	25	3,448,371,909.45	3,387,894,541.95
Accounts payable	26	2,085,329,223.24	1,476,370,855.07
Advance from customers	27	960,787,153.16	1,159,059,013.47
Contract liabilities	28	2,287,548,874.89	2,221,835,457.96
Payroll payable	29	563,788,624.24	830,362,911.55
Taxes payable	30	671,338,917.19	739,393,813.25
Other payables	31	8,987,388,645.49	7,799,973,358.09
Non-current liabilities due within one year	32	11,897,443,643.72	9,804,740,633.43
Other current liabilities	33	736,850,395.29	348,314,909.66
<b>Total current liabilities</b>		<b>31,638,847,386.67</b>	27,767,945,494.43
<b>Non-current liabilities</b>			
Long-term loans	34	22,212,429,627.44	15,919,626,315.76
Bonds payable	35	4,432,634,711.35	6,592,440,970.73
Lease liabilities	36	4,082,933,276.21	3,321,817,733.91
Long-term payables	37	712,856,318.61	634,392,235.62
Deferred income	38	224,943,229.90	225,902,560.47
Deferred tax liabilities	23	12,517,571,618.93	11,989,277,103.64
Other non-current liabilities	39	4,627,859,670.75	6,858,165,749.37
<b>Total non-current liabilities</b>		<b>48,811,228,453.19</b>	45,541,622,669.50
<b>Total liabilities</b>		<b>80,450,075,839.86</b>	73,309,568,163.93

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

# Consolidated Balance Sheet

As at 31 December 2020

RMB

Liabilities and equity	Note V	31 December 2020	31 December 2019
<b>Equity</b>			
Share capital	40	3,905,000,000.00	3,550,000,000.00
Capital reserve	41	3,648,120,125.82	4,239,976,571.04
Other comprehensive income	42	1,720,585,961.74	1,483,127,041.17
Surplus reserve	43	2,076,486,432.95	1,954,818,567.23
Retained earnings	44	36,213,026,423.36	34,486,715,762.57
<b>Total equity attributable to shareholders of the Company</b>		<b>47,563,218,943.87</b>	45,714,637,942.01
Non-controlling interests		3,534,623,851.76	3,270,212,452.72
<b>Total equity</b>		<b>51,097,842,795.63</b>	48,984,850,394.73
<b>Total liabilities and equity</b>		<b>131,547,918,635.49</b>	122,294,418,558.66

This financial statement is signed by the following persons:

Legal representative:

CHE Jianxing

Person in charge of accounting:

XI Shichang

Person in charge  
of the accounting department:

CAI Weichun

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

# Consolidated Income Statement

For the year 2020

RMB

	Note V	2020	2019
<b>Revenue</b>	45	<b>14,236,460,098.98</b>	16,469,237,788.92
Less: Cost of sales	45	<b>5,480,170,024.86</b>	5,735,611,011.50
Taxes and surcharges	46	<b>377,414,782.27</b>	429,040,601.76
Sale expenses	47	<b>1,693,772,759.64</b>	2,290,930,826.31
Management expenses	48	<b>1,680,856,568.05</b>	1,751,866,715.59
Research and development expenses	49	<b>36,035,643.66</b>	38,206,412.50
Financial expenses	50	<b>2,464,418,667.68</b>	2,260,079,805.40
Including: Interest expenses		<b>2,548,719,302.83</b>	2,411,290,093.44
Interest income		<b>194,886,018.04</b>	195,395,541.15
Add: Other income	51	<b>184,249,900.19</b>	104,900,495.94
Investment income	52	<b>222,015,867.89</b>	786,438,650.13
Including: Investment income from associates and joint ventures		<b>44,959,080.07</b>	137,729,826.00
Gain on fair value changes	53	<b>494,132,525.69</b>	1,632,073,263.93
Impairment loss of credit	54	<b>(126,335,204.00)</b>	(252,135,593.72)
Impairment losses of assets	55	<b>(333,165,778.40)</b>	(45,726,468.34)
Gain from disposal of assets	56	<b>1,368,758.55</b>	8,101,725.36
<b>Operating profit</b>		<b>2,946,057,722.74</b>	6,197,154,489.16
Add: Non-operating income	57	<b>57,938,296.96</b>	46,074,966.28
Less: Non-operating expenses	58	<b>189,847,568.12</b>	40,151,435.89
<b>Total profit</b>		<b>2,814,148,451.58</b>	6,203,078,019.55
Less: income tax expenses	61	<b>750,071,048.61</b>	1,516,836,338.46
<b>Net profit</b>		<b>2,064,077,402.97</b>	4,686,241,681.09
According to the classification of ownership			
Net profit attributable to owners of the Company		<b>1,730,581,791.56</b>	4,479,681,652.61
Non-controlling interests		<b>333,495,611.41</b>	206,560,028.48

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

# Consolidated Income Statement

For the year 2020

RMB

	Note V	2020	2019
<b>Other comprehensive income (after tax)</b>			
Other comprehensive income (after tax) attributable to owners of the Company	42	1,261,871,486.11	1,004,835,312.35
Other comprehensive income that will not be reclassified to profit or loss		1,253,005,655.52	940,241,172.07
Changes in fair value of other equity instrument investments		1,081,989,482.82	964,367,163.82
Other comprehensive income/(loss) that will be reclassified to profit or loss			
Fair value hedge reserve (Effective part of fair value hedging)		92,080,050.37	(24,125,991.75)
Transfer from owner-occupied properties to investment properties measured at fair value		77,663,553.12	–
Exchange differences from translation of financial statements		1,272,569.21	–
Other comprehensive income (after tax) attributable to non-controlling interests		8,865,830.59	64,594,140.28
<b>Total comprehensive income</b>		<b>3,325,948,889.08</b>	<b>5,691,076,993.44</b>
Include:			
Total comprehensive income attributable to owners of the Company		2,983,587,447.08	5,419,922,824.68
Total comprehensive income attributable to non-controlling interests		342,361,442.00	271,154,168.76
<b>Earnings per share</b>	62		
Basic earnings per share		0.44	1.15
Diluted earnings per share		N/A	N/A

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



# Consolidated Statement of Changes in Equity

For the year of 2020  
RMB

2020

	Attributable to shareholders of the Company							Non-controlling interest	Total equity
	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	Retained earnings	Sub-total			
I. Prior year's closing balance	3,550,000,000.00	4,239,976,571.04	1,483,127,041.17	1,954,818,567.23	34,486,715,762.57	45,714,637,942.01	3,270,212,452.72	48,984,850,394.73	
II. Changes in the current year	355,000,000.00	(591,856,445.22)	237,458,920.57	121,667,865.72	1,726,310,660.79	1,848,581,001.86	264,411,399.04	2,112,992,400.90	
(I) Total comprehensive income	-	-	1,253,005,655.52	-	1,730,581,791.56	2,983,587,447.08	342,361,442.00	3,325,948,889.08	
(II) Shareholders' contributions and reduction in capital									
1. Minority shareholders' increase in capital	-	-	-	-	-	-	32,757,233.76	32,757,233.76	
2. Non-controlling interest arising from acquisition of subsidiaries	-	-	-	-	-	-	60,306,451.61	60,306,451.61	
3. Acquisition of non-controlling interest	-	(254,276,569.03)	-	-	-	(254,276,569.03)	(4,874,823.20)	(259,151,392.23)	
4. Disposal of subsidiaries	-	-	-	-	-	-	3,391,278.37	3,391,278.37	
5. Amount of share payment included in equity	-	17,420,123.81	-	-	-	17,420,123.81	-	17,420,123.81	
(III) Profit distribution									
1. Surplus reserve	-	-	-	121,667,865.72	(121,667,865.72)	-	-	-	
2. Distributions to shareholders	-	-	-	-	(898,150,000.00)	(898,150,000.00)	(169,530,183.50)	(1,067,680,183.50)	
(IV) Internal transfer of equity shareholders' equity									
1. Capitalization of capital reserves	355,000,000.00	(355,000,000.00)	-	-	-	-	-	-	
2. Other comprehensive income converted to retained earnings	-	-	(1,015,546,734.95)	-	1,015,546,734.95	-	-	-	
III. Balance at the end of the year	3,905,000,000.00	3,648,120,125.82	1,720,585,961.74	2,076,486,432.95	36,213,026,423.36	47,563,218,943.87	3,534,623,851.76	51,097,842,795.63	

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

# Consolidated Statement of Changes in Equity

For the year of 2020

RMB

2019

	Attributable to shareholders of the Company							Non-controlling interest	Total equity
	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	Retained earnings	Sub-total			
<b>I. Prior year's closing balance</b>	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)	
<b>II. Opening balance in the current year</b>	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	
<b>III. Changes in the current year</b>									
(I) Total comprehensive income	-	-	940,241,172.07	-	4,479,681,652.61	5,419,922,824.68	271,154,168.76	5,691,076,993.44	
(II) Shareholders' contributions and reduction in capital									
1. Minority shareholders' reduction contribution in capital	-	-	-	-	-	-	(301,289,332.69)	(301,289,332.69)	
2. Non-controlling interest arising from acquisition of subsidiaries	-	-	-	-	-	-	63,117,256.62	63,117,256.62	
3. Acquisition of non-controlling interest	-	(262,824,513.14)	-	-	-	(262,824,513.14)	(49,482,128.63)	(312,306,641.77)	
4. Disposal of subsidiaries	-	-	-	-	-	-	(233,509.49)	(233,509.49)	
5. Amount of share payment included in equity	-	12,782,188.75	-	-	-	12,782,188.75	-	12,782,188.75	
(III) Profit distribution									
1. Surplus reserve	-	-	-	137,971,445.67	(137,971,445.67)	-	-	-	
2. Distributions to shareholders	-	-	-	-	(958,500,000.00)	(958,500,000.00)	(223,004,196.13)	(1,181,504,196.13)	
(IV) Internal transfer of equity shareholders' equity									
Other comprehensive income converted to retained earnings	-	-	(684,890,970.17)	-	684,890,970.17	-	-	-	
<b>IV. Balance at the end of the year</b>	3,550,000,000.00	4,239,976,571.04	1,483,127,041.17	1,954,818,567.23	34,486,715,762.57	45,714,637,942.01	3,270,212,452.72	48,984,850,394.73	

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

# Consolidated Cash Flow Statement

For the year of 2020

RMB

	Note V	2020	2019
<b>I. Cash Flows from Operating Activities</b>			
Cash received from the sales of goods and rendering of services		<b>13,689,086,481.94</b>	15,976,483,700.60
Other cash received relating to operating activities	63	<b>1,103,050,559.56</b>	513,089,771.81
<b>Sub-total of cash inflow from operating activities</b>		<b>14,792,137,041.50</b>	16,489,573,472.41
Cash payments for goods purchased and services received		<b>2,526,024,923.73</b>	2,438,524,528.45
Cash payments to and on behalf of employees		<b>3,512,090,114.51</b>	3,734,852,012.21
Payments of various types of taxes		<b>2,056,853,550.87</b>	2,141,155,342.25
Other cash payments relating to operating activities	63	<b>2,537,436,010.80</b>	4,081,060,558.90
<b>Sub-total of cash outflow from operating activities</b>		<b>10,632,404,599.91</b>	12,395,592,441.81
<b>Net cash flows from operating activities</b>	64	<b>4,159,732,441.59</b>	4,093,981,030.60
<b>II. Cash Flows from Investing Activities:</b>			
Cash received from disposal of investments		<b>1,664,085,777.48</b>	1,262,890,808.25
Cash received from investment income		<b>58,257,357.43</b>	158,223,578.75
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		<b>12,293,793.12</b>	11,336,105.62
Net cash paid for disposal of subsidiaries and other business units	64	<b>1.00</b>	1,603,859.25
Other cash received relating to investing activities	63	<b>2,958,669,428.19</b>	3,174,566,366.76
<b>Sub-total of cash inflow from investing activities</b>		<b>4,693,306,357.22</b>	4,608,620,718.63
Cash paid to purchase and construct fixed assets, intangible assets and other long-term assets		<b>2,897,045,105.81</b>	4,320,280,659.00
Cash paid for investments		<b>821,691,902.94</b>	1,015,105,552.64
Net cash paid for acquisition of subsidiaries and other business units	64	<b>1,601,155,020.77</b>	840,465,673.12
Other cash paid relating to investing activities	63	<b>4,225,215,454.06</b>	2,515,542,878.47
<b>Sub-total of cash outflow from investing activities</b>		<b>9,545,107,483.58</b>	8,691,394,763.23
<b>Net cash flow from investing activities</b>		<b>(4,851,801,126.36)</b>	(4,082,774,044.60)

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

# Consolidated Cash Flow Statement

For the year of 2020

RMB

	Note V	2020	2019
<b>III. Cash Flows from Financing Activities:</b>			
Cash receipts from capital contributions		19,851,620.02	58,362,500.00
Including: Cash receipts from capital contributions from minority shareholders of subsidiaries		19,851,620.02	58,362,500.00
Cash received from borrowings		18,606,921,576.10	16,788,107,694.57
Other cash received relating to financing activities	63	1,027,475,244.93	250,234,500.54
<b>Sub-total of cash inflow from financing activities</b>		<b>19,654,248,441.05</b>	17,096,704,695.11
Cash repayments of borrowings		14,605,037,153.80	12,597,171,256.78
Cash payments for distribution of dividends or profits or settlement of interest expenses		3,790,180,349.49	3,400,640,301.94
Including: Payments for distribution of dividends or profits to minority shareholders of subsidiaries		206,450,575.50	146,789,832.60
Other cash paid relating to financing activities	63	1,440,929,047.32	1,948,574,038.86
<b>Sub-total of cash outflow from financing activities</b>		<b>19,836,146,550.61</b>	17,946,385,597.58
<b>Net cash flow used in financing activities</b>		<b>(181,898,109.56)</b>	(849,680,902.47)
<b>IV. Effect of Exchange Rate Changes on Cash and Cash Equivalents</b>			
		(1,064,656.34)	80,048.26
<b>V. Net Increase in Cash and Cash Equivalents</b>			
Add: Opening balance of cash and cash equivalents		6,776,093,360.48	7,614,487,228.69
<b>VI. Closing Balance of Cash and Cash Equivalents</b>	64	<b>5,901,061,909.81</b>	6,776,093,360.48

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

# Company's Balance Sheet

31 December 2020

RMB

Assets	Note XIV	31 December 2020	31 December 2019
<b>Current Assets</b>			
Cash and bank balances		1,299,963,274.29	1,502,580,503.54
Accounts receivable	1	359,697,091.95	374,306,184.09
Receivables financing		1,000,000.00	–
Prepayments		36,345,965.67	14,042,379.45
Other receivables	2	32,459,976,718.24	27,799,335,169.97
Inventories		1,851,919.04	3,491,408.88
Contract assets		63,508,968.26	169,943,462.92
Non-current assets due within one year		47,074,500.00	59,571,919.34
Other current assets		184,119,809.78	92,655,842.80
<b>Total current assets</b>		<b>34,453,538,247.23</b>	<b>30,015,926,870.99</b>
<b>Non-current assets</b>			
Long-term receivables		261,383,468.63	603,405,420.76
Long-term equity investments	3	20,540,883,665.40	18,193,185,632.84
Other equity instrument investment		2,342,809,849.82	1,776,972,212.84
Other non-current financial assets		20,100,000.00	20,100,000.00
Fixed assets		28,332,687.63	28,606,895.74
Construction in progress		46,854,205.04	35,442,008.00
Intangible assets		276,668,672.03	384,703,190.10
Long-term prepaid expenses		21,338,386.32	14,533,500.89
Deferred tax assets		483,196,562.20	509,709,532.68
Other non-current assets		2,300,721,882.18	2,367,454,507.25
<b>Total non-current assets</b>		<b>26,322,289,379.25</b>	<b>23,934,112,901.10</b>
<b>Total assets</b>		<b>60,775,827,626.48</b>	<b>53,950,039,772.09</b>

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

# Company's Balance Sheet

31 December 2020

RMB

Liabilities and equity	31 December 2020	31 December 2019
<b>Current liabilities</b>		
Short-term loans	5,012,438,306.13	4,237,377,875.28
Accounts payable	83,576,930.85	221,760,282.01
Advance from customers	41,012,002.24	54,101,614.24
Contract liabilities	848,611,175.36	618,427,748.99
Payroll payable	95,905,952.50	231,968,635.96
Taxes payable	–	121,007,223.65
Other payables	24,924,966,658.16	18,679,067,797.62
Non-current liabilities due within one year	6,223,833,969.14	4,162,825,656.09
Other current liabilities	114,419,192.48	13,933,962.28
<b>Total current liabilities</b>	<b>37,344,764,186.86</b>	<b>28,340,470,796.12</b>
<b>Non-current liabilities</b>		
Long-term loans	2,784,000,770.48	3,569,253,000.00
Bonds payable	2,489,414,936.19	4,522,713,663.49
Long-term payables	156,770,759.24	75,165,757.56
Deferred income	71,800.18	4,047,017.30
Other non-current liabilities	363,303,705.22	568,578,630.13
<b>Total non-current liabilities</b>	<b>5,793,561,971.31</b>	<b>8,739,758,068.48</b>
<b>Total liabilities</b>	<b>43,138,326,158.17</b>	<b>37,080,228,864.60</b>
<b>Equity</b>		
Share capital	3,905,000,000.00	3,550,000,000.00
Capital reserve	4,825,621,385.84	5,163,201,262.03
Surplus reserve	1,896,667,865.72	1,775,000,000.00
Other comprehensive income	789,631,598.82	357,819,908.70
Retained earnings	6,220,580,617.93	6,023,789,736.76
<b>Total equity</b>	<b>17,637,501,468.31</b>	<b>16,869,810,907.49</b>
<b>Total liabilities and equity</b>	<b>60,775,827,626.48</b>	<b>53,950,039,772.09</b>

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

# Company's Income Statement

For the year of 2020

RMB

	Note XIV	2020	2019
<b>Revenue</b>	4	<b>1,551,920,353.44</b>	1,944,484,730.12
Less: Cost of sales	4	<b>268,533,477.13</b>	375,459,858.64
Taxes and surcharges		<b>10,399,473.73</b>	10,513,868.88
Sale expenses		<b>119,579,492.09</b>	512,257,603.02
Management expenses		<b>766,337,863.48</b>	720,933,268.35
Financial expenses		<b>786,516,523.63</b>	869,433,879.40
Including: Interest expenses		<b>1,684,980,624.11</b>	1,603,894,050.00
Interest income		<b>917,075,966.42</b>	917,499,114.58
Add: Other income		<b>40,131,571.94</b>	21,393,032.25
Investment income	5	<b>1,653,505,575.18</b>	3,101,818,926.58
Including: Investment income from associates and joint ventures		<b>46,570,464.70</b>	75,297,069.94
Credit impairment (losses)/gains		<b>69,224,323.43</b>	(200,248,801.69)
Impairment losses of assets		<b>(195,174,790.28)</b>	(45,726,468.34)
(Losses)/gains from disposal of assets		<b>(1,575,513.62)</b>	2,849,584.11
<b>Operating profit</b>		<b>1,166,664,690.03</b>	2,335,972,524.74
Add: Non-operating income		<b>627,636.33</b>	4,745,529.94
Less: Non-operating expenses		<b>79,319,670.53</b>	7,114,888.41
<b>Total profit</b>		<b>1,087,972,655.83</b>	2,333,603,166.27
Less: income tax expenses		<b>(128,706,001.39)</b>	(18,201,391.95)
<b>Net profit</b>		<b>1,216,678,657.22</b>	2,351,804,558.22
<b>Other comprehensive income/(loss)(after tax)</b>		<b>431,741,779.79</b>	278,194,945.64
Other comprehensive income that will not be reclassified to profit or loss			
Changes in fair value of other equity instrument investments		<b>431,741,779.79</b>	278,194,945.64
<b>Total comprehensive income</b>		<b>1,648,420,437.01</b>	2,629,999,503.86

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

# Company's Statement of Changes in Equity

For the year of 2020  
RMB

2020

	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	Retained earnings	Total equity
<b>I. Opening balance in the current year</b>	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
<b>II. Changes in the current year</b>						
(I) Total comprehensive income	-	-	431,741,779.79	-	1,216,678,657.22	1,648,420,437.01
(II) Shareholders' contributions and reduction in capital						
1. Amount of share payment included in equity	-	17,420,123.81	-	-	-	17,420,123.81
(III) Profit distribution						
1. Surplus reserve	-	-	-	121,667,865.72	(121,667,865.72)	-
2. Distributions to shareholders	-	-	-	-	(898,150,000.00)	(898,150,000.00)
(IV) Transfers within shareholders' equity						
1. Capitalization of capital reserve	355,000,000.00	(355,000,000.00)	-	-	-	-
2. Other comprehensive income carried forward to retained earnings	-	-	69,910.33	-	(69,910.33)	-
<b>III. Balance at the end of the year</b>	3,905,000,000.00	4,825,621,385.84	789,631,598.82	1,896,667,865.72	6,220,580,617.93	17,637,501,468.31

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



# Company's Statement of Changes in Equity

For the year of 2020

RMB

2019

	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	Retained earnings	Total equity
<b>I. Prior year's closing balance</b>	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
<b>II. Changes in the current year</b>						
(I) Total comprehensive income	-	-	278,194,945.64	-	2,351,804,558.22	2,629,999,503.86
(II) Shareholders' contributions and reduction in capital						
1. Amount of share payment included in shareholders' equity	-	12,782,188.75	-	-	-	12,782,188.75
(III) Profit distribution						
1. Surplus reserve	-	-	-	137,971,445.67	(137,971,445.67)	-
2. Distributions to shareholders	-	-	-	-	(958,500,000.00)	(958,500,000.00)
<b>III. Balance at the end of the year</b>	3,550,000,000.00	5,163,201,262.03	357,819,908.70	1,775,000,000.00	6,023,789,736.76	16,869,810,907.49

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

# Company's Cash Flow Statement

For the year of 2020

RMB

RMB

	2020	2019
<b>I. Cash Flows from Operating Activities:</b>		
Cash received from the sales of goods and rendering of services	1,765,783,013.30	1,961,285,493.03
Other cash received relating to operating activities	345,713,306.42	40,240,989.63
<b>Sub-total of cash inflow from operating activities</b>	<b>2,111,496,319.72</b>	<b>2,001,526,482.66</b>
Cash payments for goods purchased and services received	246,700,509.80	65,317,579.12
Cash payments to and on behalf of employees	634,080,637.15	787,762,194.50
Payments of various types of taxes	139,670,750.64	212,746,217.36
Other cash payments relating to operating activities	644,284,091.49	713,892,070.26
<b>Sub-total of cash outflow from operating activities</b>	<b>1,664,735,989.08</b>	<b>1,779,718,061.24</b>
<b>Net cash flows from operating activities</b>	<b>446,760,330.64</b>	<b>221,808,421.42</b>
<b>II. Cash Flows from Investing Activities:</b>		
Cash received from disposal of investments	55,781,394.59	1,281,390,000.00
Cash received from investment income	2,125,578,892.76	1,299,886,867.85
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	3,591,259.12	91,100.00
Net cash paid for disposal of subsidiaries and other business units	735,498,158.86	47,074,601.00
Other cash received relating to investing activities	4,468,886,284.65	18,358,142,154.50
<b>Sub-total of cash inflow from investing activities</b>	<b>7,389,335,989.98</b>	<b>20,986,584,723.35</b>
Cash paid to purchase and construct fixed assets, intangible assets and other long-term assets	376,599,623.89	247,304,021.45
Cash paid for investments	1,420,955,929.00	2,669,896,602.02
Net cash paid for acquisition of subsidiaries and other business units	1,732,409,618.94	933,459,443.50
Other cash paid relating to investing activities	7,563,026,900.00	21,081,219,645.67
<b>Sub-total of cash outflow from investing activities</b>	<b>11,092,992,071.83</b>	<b>24,931,879,712.64</b>
<b>Net cash flow used in investing activities</b>	<b>(3,703,656,081.85)</b>	<b>(3,945,294,989.29)</b>

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

# Company's Cash Flow Statement

For the year of 2020

RMB

RMB

	2020	2019
<b>III. Cash Flows from Financing Activities:</b>		
Cash receipts from capital contributions	–	–
Cash received from borrowings	9,776,509,225.00	9,723,157,439.22
Other cash received relating to financing activities	8,247,222,081.70	23,205,930,050.19
<b>Sub-total of cash inflow from financing activities</b>	<b>18,023,731,306.70</b>	<b>32,929,087,489.41</b>
Cash repayments of borrowings	9,926,772,458.44	9,592,326,870.00
Cash payments for distribution of dividends or profits or settlement of interest expenses	1,819,770,909.25	1,811,379,802.36
Other cash paid relating to financing activities	3,460,879,184.09	17,571,835,558.68
<b>Sub-total of cash outflow from financing activities</b>	<b>15,207,422,551.78</b>	<b>28,975,542,231.04</b>
<b>Net cash flow from financing activities</b>	<b>2,816,308,754.92</b>	<b>3,953,545,258.37</b>
<b>IV. Effect of Exchange Rate Changes on Cash and Cash Equivalents</b>	<b>16,469,767.04</b>	<b>555,111.24</b>
<b>V. Net Increase(decrease) in Cash and Cash Equivalents</b>	<b>(424,117,229.25)</b>	<b>230,613,801.74</b>
Add: Opening balance of cash and cash equivalents	1,494,580,503.54	1,263,966,701.80
<b>VI. Closing Balance of Cash and Cash Equivalents</b>	<b>1,070,463,274.29</b>	<b>1,494,580,503.54</b>

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

# Notes to the Financial Statements

For the year 2020

RMB

## I. GENERAL INFORMATION OF THE COMPANY

Red Star Macalline Group Corporation Ltd. (formerly known as Shanghai Red Star Macalline Home Furnishing Company Limited\*\* (上海紅星美凱龍家居傢飾品有限公司) and Shanghai Red Star Macalline Enterprise Management Company Limited\*\* (上海紅星美凱龍企業管理有限公司), hereinafter referred to as “the Company”) is a limited liability company jointly established by Red Star Macalline Holding Group Company Limited\*\* (紅星美凱龍控股集團有限公司) (Used name: Shanghai Red Star Macalline Investment Company Limited\*\* (上海紅星美凱龍投資有限公司)) and Red Star Furniture Group Co., Ltd.\*\* (紅星家具集團有限公司) on 18 June 2007 in Shanghai, the People’s Republic of China (the “PRC”), with a term of operation of 10 years and an original registered capital and paid-in capital of RMB120,000,000.00. The Company is headquartered in Lane 1466, Shenchang Road, Minhang District, Shanghai.

On 2 November 2007, Red Star Furniture Group Co., Ltd. transferred all the 90% equity held by it to Red Star Macalline Holding Group Company Limited, and completed the business registration for such change on 16 November 2007, after which, Red Star Macalline Holding Group Company Limited held 100% equity of the Company.

According to the resolution passed at the general meeting of the Company on 21 November 2008 and as approved by Shanghai Municipal Commission of Commerce in its document dated 12 December 2008 (Hu Shang Wai Zi Pi [2008] No.519), the Company decided to increase its registered capital by RMB24,578,313.00, which was contributed by Candlewood Investment SRL and Springwood Investment SRL, two new foreign shareholders. As such, the Company changed in nature from a domestic enterprise into a Sino-foreign joint venture, with its name changed from Shanghai Red Star Macalline Home Furnishing Company Limited to Shanghai Red Star Macalline Enterprise Management Company Limited. After such capital increase, the registered capital and paid-in capital of the Company amounted to RMB144,578,313.00.

# Notes to the Financial Statements

For the year 2020

RMB

## I. GENERAL INFORMATION OF THE COMPANY (continued)

According to the absorption and merger agreement of the Company dated 8 August 2009 and the provisions of the Articles of Association as amended, the Company applied to absorb and merge with Tianjin Red Star Macalline Home Decoration Co., Ltd.\*\* (天津紅星美凱龍傢飾有限公司). Tianjin Red Star Macalline Home Decoration Co., Ltd. is a limited liability company established in Tianjin, the PRC on 1 June 2007, with a term of operation of 10 years and an original registered capital of RMB40,000,000.00, and is mainly engaged in the wholesale and retail of and investment management, investment consultation and commodity information consultation in relation to furniture and construction materials, as well as the provision of design planning and management services for the shopping malls under operation and other businesses. According to the resolution passed at the general meeting of Tianjin Red Star Macalline Home Decoration Co., Ltd. on 1 November 2007 and as approved by Tianjin Municipal Commission of Commerce in its document dated 24 December 2007 (Jin Shang Wu Zi Guan [2008] No. 680), Tianjin Red Star Macalline Home Decoration Co., Ltd. decided to increase its registered capital by RMB11,880,674.00, which was contributed by Candlewood Investment SRL and Springwood Investment SRL, two new foreign shareholders. As such, Tianjin Red Star Macalline Home Decoration Co., Ltd. changed in nature from a domestic enterprise into a Sino-foreign joint venture. After such capital increase, the registered capital and paid-in capital of Tianjin Red Star Macalline Home Decoration Co., Ltd. amounted to RMB51,880,674.00. The Company had paid its equity to the shareholders of Tianjin Red Star Macalline Home Decoration Co., Ltd. as the merger consideration upon the absorption and merger of Tianjin Red Star Macalline Home Decoration Co., Ltd., after which, the registered capital and paid-in capital of the Company amounted to RMB196,458,987.00.

According to the resolution passed at the Board meeting of the Company on 28 March 2010 and the provisions of the Articles of Association as amended, the Company applied to increase its registered capital by RMB25,960,651.00 to RMB222,419,638.00. Such increase in the registered capital had been contributed in full by the new shareholders, namely Beijing Ruibang Beite Entrepreneur Investment Center (Limited Partnership), WHWH Group Company Limited, Beijing Yaxiang Xingtai Investment Company Limited, Tianjin Jinkai Equity Investment Fund Partnership (Limited Partnership), Lianyungang Fairbay Infrastructure Construction Company Limited, Mianyang Science and Technology Park Industry Fund (Limited Partnership), Beijing Bainian Decheng Entrepreneur Investment Center (Limited Partnership), Shanghai Yinping Investment Management Company Limited, Shanghai Junyi Investment Consultancy Company Limited, Shanghai Ping'an Pharmacy Company Limited and Nantong Qianjun Construction Material Company Limited. After such capital increase, the registered capital and paid-in capital of the Company amounted to RMB222,419,638.00, and the Company completed the business registration in respect of such change on 1 June 2010.

## I. GENERAL INFORMATION OF THE COMPANY (continued)

According to the resolution passed at the Board meeting of the Company on 22 June 2010 and the provisions of the Articles of Association as amended, the Company applied to increase its registered capital by RMB5,866,965.00 to RMB228,286,603.00. Such increase in the registered capital had been contributed in full by the new shareholders, namely Shanghai Meilong Assets Management Company Limited, Shanghai Xingkai Business Administration Company Limited and Shanghai Hongmei Investment Management Company Limited. After such capital increase, the registered capital and paid-in capital of the Company both amounted to RMB228,286,603.00, and the Company completed the business registration in respect of such change on 28 July 2010.

According to the approval of the Ministry of Commerce of the People's Republic of China dated 23 December 2010 (Shang Zi Pi [2010] No. 1266), the resolution of the Board meeting, and the provisions of the sponsor agreement and Articles of Association of the Company, the Company was converted into a foreign-invested joint stock limited company in accordance with laws and changed its name to Red Star Macalline Group Corporation Ltd. (紅星美凱龍家居集團股份有限公司). The Company converted RMB3,000,000,000.00 out of the audited net assets of RMB3,260,932,367.04 of Shanghai Red Star Macalline Enterprise Management Company Limited as at 30 June 2010 at a conversion rate of 1:1 into a registered capital of RMB3,000,000,000.00, divided into 3,000,000,000 shares in total with a par value of RMB1 each, and paid the registered capital of RMB3,000,000,000.00, representing 100% of the Company's registered capital. The Company completed the business registration in respect of such change on 6 January 2011.

According to the resolution at the second extraordinary general meeting of the Company in 2015, the Articles of Association as amended and the approval of Shanghai Municipal Commission of Commerce (Hu Shang Wai Zi Pi [2015] No. 398), the Company applied to increase its registered capital by RMB80,329,038.00 by way of capital contribution from Candlewood Investment SRL and Springwood Investment SRL of RMB60,917,952.00 and RMB19,411,086.00, respectively. After such capital increase, the registered capital and paid-in capital of the Company amounted to RMB3,080,329,038.00. In the meanwhile, Beijing Ruibang Beite Entrepreneur Investment Center (Limited Partnership), WHWH Group Company Limited, Beijing Yaxiang Xingtai Investment Company Limited, Tianjin Jinkai Equity Investment Fund Partnership (Limited Partnership), Lianyungang Fairbay Infrastructure Construction Company Limited, Mianyang Science and Technology Park Industry Fund (Limited Partnership), Beijing Bainian Decheng Entrepreneur Investment Center (Limited Partnership), Shanghai Yinping Investment Management Company Limited, Shanghai Junyi Investment Consultancy Company Limited and Nantong Qianjun Construction Material Company Limited, all being the original shareholders of the Company, transferred their shares in the Company to Red Star Macalline Holding Group Company Limited, the controlling shareholder of the Company. The Company completed the business registration in respect of such change on 6 February 2015.

# Notes to the Financial Statements

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## I. GENERAL INFORMATION OF THE COMPANY (continued)

Pursuant to the proposal of the Board, as approved at the fourth extraordinary general meeting of the Company in 2015, and as permitted by China Securities Regulatory Commission on 8 May 2015 via the Approval on the Issuance of Foreign Preference Shares by Red Star Macalline Group Corporation Ltd. (Zheng Jian Xu Ke [2015] No. 822), the Company publicly issued no more than 1,180,792,000 overseas-listed foreign shares (H Shares) to overseas investors and became listed on the Main Board of Hong Kong Stock Exchange. As of 26 June 2015, the Company completed the issuance of 543,588,000 overseas-listed foreign shares (H Shares) with a par value of RMB1.00 per share to overseas investors at a price of HK\$13.28 per share. After such issuance, the paid-in capital (share capital) of the Company amounted to RMB3,623,917,038.00, representing 3,623,917,038 ordinary shares of RMB1.00 per share, including 2,561,103,969 domestic shares with restrictive conditions for sale and 1,062,813,069 overseas-listed foreign shares (H Shares) with no restrictive conditions for sale. On 26 June 2015, such overseas-listed foreign shares (H Shares) publicly issued were listed and traded on the Hong Kong Stock Exchange. The Company completed the business registration in respect of such change on 7 September 2015.

Approved at the second extraordinary general meeting of 2016 and permitted on 22 December 2017 in Reply on Approval of Initial Public Offering of Shares by Red Star Macalline Group Corporation Ltd. Zheng Jian Xu Ke [2017] No. 2373 Document issued by the China Securities Regulatory Commission, the Company carried out public offering of no more than 315,000,000 RMB-denominated ordinary shares (A shares), which were listed and traded at the Shanghai Stock Exchange. As of 17 January 2018, the Company completed the public offering of RMB-denominated ordinary shares (A shares) totaling 315,000,000 shares with a nominal value of RMB1.00 per share, and the issue price per share amounted to RMB10.23. Upon completion of the offering, the paid-in capital (share capital) of the Company amounted to RMB3,938,917,038.00, among which, the amount of RMB-denominated shares (A shares) subject to trading moratorium was 2,561,103,969 shares; the amount of RMB-denominated shares (A shares) not subject to trading moratorium was 315,000,000 shares, and the amount of overseas listed foreign shares (H shares) not subject to trading moratorium was 1,062,813,069 shares. The Company completed the business registration in respect of such change on 20 March 2018.



## I. GENERAL INFORMATION OF THE COMPANY (continued)

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

As considered and approved at the 2019 Annual General Meeting, A Share Shareholders' Class Meeting and H Share Shareholders' Class Meeting, the Company issued 0.1 bonus share per 1 share by way of conversion of capital reserve to all of its shareholders, based on the total share capital of 3,550,000,000 shares prior to the implementation of the profit distribution plan for 2019, which resulted in an increase of 355,000,000 shares in total. After the distribution, the share capital of the Company amounted to RMB3,905 million, representing an increase of RMB355 million, which decreased the capital reserve by RMB355 million. The additional tradable shares not subject to selling restrictions have been listed on 7 July 2020.

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

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

These financial statements have been approved by the Board of the Company by resolutions on 30 March 2021. Pursuant to the Articles of Association of the Company, these financial statements will be proposed to the general meeting for consideration and approval.

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



# Notes to the Financial Statements

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## II. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

As of 31 December 2020, the Group’s current liabilities in aggregate exceeded its current assets in aggregate with an amount of RMB16.502 billion. The management of the Group had assessed its ongoing operation for the 12 months starting from 1 January 2021, and after taking into account unutilized bank facilities as at 31 December 2020, expected net cash inflows from operating activities and financing arrangements, and the Group believes that the liquidity risk arising from the fact that its current assets is less than its current liabilities as at 31 December 2020 that the Group is exposed to falls within the range of control, and thus has no material effect on the ongoing operation and financial statements of the Group. Therefore, these financial statements have been prepared on a going concern basis.

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

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

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

### 1. Declaration Following ASBEs (Accounting Standards for Business Enterprises)

The financial statements have been prepared in accordance with ASBEs, and presented truly and completely the Company’s and the Group’s financial position as at 31 December 2020, and the operating results and cash flows for 2020.

### 2. Accounting Period

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

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

#### 3. Functional Currency

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

#### 4. Business Combination

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

##### **Business combinations involving enterprises under common control**

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

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

##### **Business combinations involving enterprises not under common control**

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

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

# Notes to the Financial Statements

For the year 2020

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## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 4. Business Combination (continued)

#### **Business combinations involving enterprises not under common control (continued)**

The excess of the fair value of the sum of the combination consideration paid (or the fair value of equity securities issued) and equity interests in the acquiree held prior to the acquisition date over the fair value of the acquiree's identifiable net assets acquired in combination, was recognized as goodwill, which is subsequently measured at cost less cumulative impairment losses. In case the fair value of the sum of the combination consideration paid (or the fair value of equity securities issued) and equity interests in the acquiree held prior to the acquisition date is less than the fair value of the acquiree's identifiable net assets acquired in combination, a review of the measurement of the fair values of the various identifiable assets, liabilities and contingent liabilities, the consideration paid for the combination of the acquiree (or the fair value of equity securities issued) and the equity interests in the acquiree held prior to the acquisition date is conducted. If the review indicates that the fair value of the sum of the consideration paid for the combination (or the fair value of equity securities issued) and equity interests in the acquiree held prior to the acquisition date is indeed less than the fair value of the acquiree's identifiable net assets acquired in combination, the difference is recognized in current profit or loss.

### 5. Consolidated Financial Statement

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

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

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

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 5. Consolidated Financial Statement (continued)

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

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

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

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

### 6. Classification of Joint Arrangements and Joint Ventures

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

A joint operator recognizes the following items in relation to its interest in a joint operation: its solely-held assets, and its share of any assets held jointly; its solely-assumed liabilities, and its share of any liabilities incurred jointly; its revenue from the sale of its share of the output arising from the joint operation; its share of the revenue from the sale of the output by the joint operation; its solely-incurred expenses, and its share of any expenses incurred jointly.

### 7. Cash and Cash Equivalents

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

# Notes to the Financial Statements

For the year 2020

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## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

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

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

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

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

### 9. Financial Instrument

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

#### Recognition and derecognition of financial instruments

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

The Group derecognizes a financial asset (or part of a financial asset, or part of a group of similar financial assets), i.e. writes off the financial asset from the account and balance sheet, when the following conditions are met:

- (1) the rights to receive cash flows from the financial asset expire;
- (2) the Group has transferred its rights to receive cash flows from the financial asset, or has assumed an obligation to pay them in full without material delay to a third party under a “pass-through” arrangement; and either (a) has transferred substantially all the risks and rewards of ownership of the financial asset, or (b) has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset, but has not retained control of the financial asset.

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

#### 9. Financial Instrument (continued)

##### Recognition and derecognition of financial instruments (continued)

If the underlying obligation of a financial liability has been discharged or cancelled or has expired, the financial liability is derecognized. If an existing financial liability is replaced by the same creditor with a new financial liability that has substantially different terms, or if the terms of an existing financial liability are substantially revised, such replacement or revision is accounted for as the derecognition of the original liability and the recognition of a new liability, and the resulting difference is recognized in profit or loss for the current period.

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales of financial assets refer to that the financial assets are delivered to or by the Group under the terms of a contract within a period as specified by law or general practice. The trade date is the date on which the Group undertakes to buy or sell a financial asset.

##### Classification and measurement of financial assets

On initial recognition, the Group's financial assets are classified based on the business model of the Group's financial asset management and the characteristics of the financial assets' contractual cash flows as: financial assets at fair value through profit or loss, financial assets at amortized cost and financial assets at fair value through other comprehensive income. Only if the Group changes its business model for managing financial assets, all affected related financial assets can be reclassified.

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

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

# Notes to the Financial Statements

For the year 2020

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## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 9. Financial Instrument (continued)

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

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

##### *Debt instrument investment measured at amortized cost*

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

##### *Debt instrument investment at fair value through other comprehensive income*

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

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

#### 9. Financial Instrument (continued)

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

###### *Equity instrument investment at fair value through other comprehensive income*

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

###### *Financial assets at fair value through profit or loss*

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

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

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

##### Classification and measurement of financial liabilities

The Group's financial liabilities are, on initial recognition, classified as other financial liabilities. Transaction expenses relating to other financial liabilities are included in the initial recognized amount.



# Notes to the Financial Statements

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## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 9. Financial Instrument (continued)

#### Classification and measurement of financial liabilities (continued)

The subsequent measurement of financial liability is determined by its category:

##### *Other financial liabilities*

Such financial liabilities are subsequently measured at amortized cost by using the effective interest method.

#### Impairment of financial instrument

On the basis of expected credit losses, the Group performs the impairment treatment on financial assets measured at amortized cost, debt instrument investments measured at fair value through other comprehensive income, lease receivables, and contract assets and recognizes the loss provision.

For receivables and contract assets that do not contain significant financing components, the Group uses a simplified measurement method to measure loss provision based on the amount of expected credit losses for the entire duration of the life.

For lease receivables, the Group uses a simplified measurement method to measure loss provision based on the amount of expected credit losses for the entire duration of the life.

For financial assets other than those measured by the aforesaid simplified measurement method, the Group assesses whether its credit risk has increased significantly since the initial recognition on each balance sheet date. If the credit risk has not increased significantly since the initial recognition (at the first phase), the Group measures the loss provision based on the amount of expected credit loss over the next 12 months and calculates the interest income based on the book balance and effective interest rate; if the credit risk has increased significantly but the financial assets have not yet been credit-impaired since the initial recognition (at the second phase), the Group measures the loss provision based on the amount of expected credit losses for the entire duration of the life and calculates the interest income based on the book balance and effective interest rate; if the financial assets have been credit-impaired since the initial recognition (at the third phase), the Group measures the loss provision based on the amount of expected credit losses for the entire duration of the life and calculates the interest income based on the amortized cost and effective interest rate. For financial instruments that have lower credit risk on the balance sheet date, the Group assumes that its credit risk has not increased significantly since the initial recognition.

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

#### 9. Financial Instrument (continued)

##### Impairment of financial instrument (continued)

Expected credit losses of financial instruments are assessed on an individual basis and group basis by the Group. The Group assesses expected credit losses of financial instruments including accounts receivable, other receivables, contract assets and long-term receivables based on grouping by age and in light of credit risk characteristics of different customers.

Refer to Note VIII. 3 for disclosures including the Group's criteria for judging the significant increase of credit risk, definition of credit-impaired assets and assumption of expected credit loss measurement.

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

##### Elimination of financial instruments

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

##### Derivative financial instruments

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

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

# Notes to the Financial Statements

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## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 9. Financial Instrument (continued)

#### Transfer of financial assets

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

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

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

### 10. Inventory

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

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

The inventory system is a perpetual inventory system.

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

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

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

#### 11. Long-term Equity Investments

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

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

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

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

# Notes to the Financial Statements

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## 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

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## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 13. Fixed Assets (continued)

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

	Useful life	Estimated net residual value rate	Annual depreciation rate
Buildings	40 years	5%	2.38%
Dedicated equipment	10 years	5%	9.5%
Electronic equipment, appliances and furniture	3-5 years	5%	19-31.67%
Transportation equipment	5 years	5%	19%

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

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

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

#### 14. Construction in Progress

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

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

#### 15. Borrowing Costs

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

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

Borrowing costs may be capitalised only when:

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

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



# Notes to the Financial Statements

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## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 15. Borrowing Costs (continued)

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

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

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

### 16. Right-of-use assets

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

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

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

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

#### 17. Intangible Assets

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

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

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

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

An intangible asset with finite useful life is amortised over its useful life period by using the straight-line method. The useful life and amortization method of an intangible asset with finite useful life shall be reviewed at least once at each year-end, and adjusted when necessary.

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

# Notes to the Financial Statements

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## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 18. Impairment of Assets

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

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

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

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

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

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

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

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

#### 19. Long-term Prepaid Expenses

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

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

#### 20. Employee Remuneration

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

##### Short-term remuneration

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

##### Post-employment benefits (Defined contribution plans)

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

##### Termination benefits

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

# Notes to the Financial Statements

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## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 21. Lease liabilities

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

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

### 22. Provisions

Except for contingent consideration and contingent liability assumed in a business combination not under common control, the Group recognizes an obligation related to a contingency as a provision when all the following conditions are satisfied:

- (1) the obligation is a present obligation assumed by the Group;
- (2) it is probable that an outflow of economic benefits from the Group will be required to settle the obligation;
- (3) the amount of the obligation can be measured reliably.

A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation, with comprehensive consideration of factors such as the risks, uncertainty and time value of money relating to a contingency. The carrying amount of a provision is reviewed at each balance sheet date. If there is clear evidence that the carrying amount does not reflect the current best estimate, the carrying amount is adjusted according to the current best estimate.

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 23. Share-based payment

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

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

No cost or expense will be recognized for the share payment that ultimately fail to exercise due to failing to meet non-market conditions and/or service period conditions. If market conditions or non-exercisable rights conditions are stipulated in the share payment agreement, regardless of whether market conditions or non-exercisable rights conditions are met, as long as all other performance conditions and/or service period conditions are met, they are regarded as exercisable rights.

# Notes to the Financial Statements

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## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 24. Revenue from contracts with customers

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

#### Revenue relating to Managed Shopping Malls

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

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

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

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

##### *Revenue from tenant sourcing commissions*

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

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

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

##### Revenue relating to Managed Shopping Malls (continued)

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

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

###### *Revenue from commercial consultation fees*

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

##### Revenue from construction and design service

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



# Notes to the Financial Statements

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## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

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

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

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

The revenue from home improvement is derived from the home design and decoration engineering services provided by the Group. The Group recognizes revenue based on the progress of contract performance during the period in which relevant services are provided.

#### Other revenues

##### *Revenue from strategic consultation fees*

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

##### *Joint marketing income*

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

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

#### 25. Contract Assets and Contract Liabilities

The Group presents contract assets or contract liabilities in the balance sheet based on the relationship between the Group's fulfilment of performance obligations and customers' payment. A contract asset and a contract liability relating to a contract are accounted for and presented on a net basis.

##### **Contract assets**

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

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

##### **Contract liabilities**

A contract liability is the obligation to transfer goods or services to customers in connection with customer consideration received or receivable, for example, amounts received prior to the transfer of the promised goods or services.

#### 26. Government Grants

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

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

# Notes to the Financial Statements

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## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 26. Government Grants (continued)

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

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

### 27. Income Tax

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

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

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

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

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

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

#### 27. Income Tax (continued)

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

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

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

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

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

# Notes to the Financial Statements

For the year 2020

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## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 28. Lease

#### Identification of leases

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

#### Identification of separate leases

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

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

#### Assessment of lease term

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

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

#### 28. Lease (continued)

##### As a lessee

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

##### Lease modifications

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

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

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

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

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

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

# Notes to the Financial Statements

For the year 2020

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## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 28. Lease (continued)

#### Lease modifications (continued)

##### *Short-term lease and low-value asset lease*

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

##### *Rent concessions caused by the COVID-19*

For the rent concessions directly caused by the COVID-19 and agreed by the Group and the Lessor under the existing leasing contacts and the rent deduction such as deferred payments, if it meets the following conditions at the same time, the Group will adopt simplified method for the leases of shopping malls:

- (1) the lease consideration after the concession is reduced or basically unchanged compared with that before the concession;
- (2) the concession is only for lease payables before 30 June 2021;
- (3) after considering the qualitative and quantitative factors, it is determined that there is no significant change in other terms and conditions of the leases.

The Group will not assess whether there has been a change in the lease, and will continue to calculate the interest expenses of the lease liabilities based on the discount rate consistent with that before the concession and recognized in profit or loss for the current period; and continue to make provision for the depreciation of the right-of-use assets based on the method consistent with that before the concession. For the recognized rent concessions, the rent concessions shall be treated as variable lease payments by the Group. If original rent payment obligation released when the concession agreement has been fulfilled, the relevant assets costs or expenses shall be offset by the undiscounted amounts/discounted amounts at the discount rate before concession and the lease liabilities shall be adjusted accordingly. For the deferred rental payment, the previously recognized lease liabilities will be offset by the Group when the actual payment occurs.

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

#### 28. Lease (continued)

##### As a lessor

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

##### *As a financial leases lessor*

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

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

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

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

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



# Notes to the Financial Statements

For the year 2020

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## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 28. Lease (continued)

#### As a lessor (continued)

##### *As a financial leases lessor (continued)*

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

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

##### *As a lessor under operating leases*

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

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

##### *Sale-Leaseback Transactions*

The Group evaluates whether the transfer of assets in the sale-leaseback transaction is a sale in accordance with Note III. 23.

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

#### 28. Lease (continued)

##### As a lessee

Where the asset transfer in a sale-leaseback transaction is a sale, the Group, as a lessee, measures the right-of-use asset formed by the sale-leaseback based on the portion of the original asset's book value related to the right of use obtained from the leaseback, and only recognizes the relevant gains or losses on the right transferred to the lessor; if the asset transfer in the sale-leaseback transaction is not part of the sale, the Group as a lessee continues to recognize the transferred asset and at the same time recognizes a financial liability equal to the transfer income, and accounts for the financial liabilities in accordance with Note III. 9.

##### As a lessor

If the asset transfer in a sale-leaseback transaction is a sale, the Group act as a lessor to account for asset purchases and account for asset leases in accordance with the foregoing provisions; if the asset transfer in a sale-leaseback transaction is not part of the sale, the Group as a lessor does not recognize the transferred assets, but recognizes a financial asset equal to the transfer income, and accounts for the financial assets in accordance with Note III. 9.

#### 29. Hedge Accounting

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

- (1) Fair value hedges refer to the hedging against the risk of fair value change in respect of definite commitments which are not yet recognized (other than exchange rate risks) of assets or liabilities already recognized.

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

# Notes to the Financial Statements

For the year 2020

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## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 29. Hedge Accounting (continued)

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

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

For details of the Group's assessment method of hedging effectiveness, risk management strategy and how to apply the strategy to manage risks, please refer to Note V. 67.

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

#### **Fair value hedging**

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

For fair value hedging relating to debt instruments carried at amortized cost, the adjustments to the book value of the hedged items are amortized to profit or loss for the current period over the remaining term of the hedge using the effective interest rate method. Amortization at effective interest rate may begin upon the adjustment of the book value but no later than the time when the hedged item ceases to be adjusted for changes in its fair value attributable to the hedge risk. If the hedged item is derecognized, the unamortized fair value is recognized in profit or loss for the current period.

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

#### 29. Hedge Accounting (continued)

##### Cost of hedging

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

#### 30. Profit Distribution

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

#### 31. Fair Value Measurement

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

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

# Notes to the Financial Statements

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## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 31. Fair Value Measurement (continued)

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

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

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

### 32. Significant Accounting Judgments and Estimates

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

#### Judgments

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

##### *Operating lease — as a lessor*

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

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

#### 32. Significant Accounting Judgments and Estimates (continued)

##### Judgments (continued)

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

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

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

###### *Methods for determining the performance schedule of construction contracts*

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

# Notes to the Financial Statements

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## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 32. Significant Accounting Judgments and Estimates (continued)

#### Judgments (continued)

##### *Business models*

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

##### *Contractual cash flow characteristics*

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

##### *Division of investment properties and fixed assets*

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

##### *Pending litigation*

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

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

#### 32. Significant Accounting Judgments and Estimates (continued)

##### Judgments (continued)

###### *Judgment of significant influence on invested company*

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

###### *Hedging validity judgment*

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

##### Estimation uncertainty

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

###### *Impairment of financial instruments and contract assets*

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



# Notes to the Financial Statements

For the year 2020

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## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 32. Significant Accounting Judgments and Estimates (continued)

#### Estimation uncertainty (continued)

##### *Fair value of unlisted equity investments*

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

##### *Investment property fair value measurement*

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

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

The Group assesses whether there are any indications of impairment for all non-current assets other than financial assets at the balance sheet date. For non-current assets other than financial assets, which are tested for impairment when there are indicators that the carrying amount may not be recoverable. Impairment exists when the carrying amount of an asset or asset group exceeds its recoverable amount, which is the higher of its fair value less disposal costs and the present value of the future cash flows. The calculation of the fair value less disposal costs is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When present value of future cash flows calculations are undertaken, the management must estimate the expected future cash flows from the asset or asset group and choose a suitable discount rate in order to calculate the present value of those cash flows. For details, please refer to Note V. 19.

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

#### 32. Significant Accounting Judgments and Estimates (continued)

##### Estimation uncertainty (continued)

###### *Impairment of goodwill*

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

###### *Deferred tax assets*

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

###### *Lessee's incremental borrowing rate*

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

# Notes to the Financial Statements

For the year 2020

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## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 33. Changes in Accounting Policies and Accounting Estimates

#### Changes in accounting policies

##### *Accounting for COVID-19-Related Rent Concessions*

In accordance with the Rules on Accounting for COVID-19-Related Rent Concessions, the simplified method can be adopted for the COVID-19-related rent concessions. As the lessee, the Group adopted the simplified method specified in the Rules for relevant rent concessions incurred from 1 January 2020 (see Note III.27). Relevant rent concessions included in the profit before tax of the year were RMB25,534,672.80.

##### *Determination of a business*

According to the requirements of the Accounting Standards for Business Enterprises – Interpretation No. 13, since 1 January 2020, “a portfolio obtained shall have at least one investment and one substantial processing procedure, and the combination of both shall contribute significantly to the production capacity” shall be taken as the judgement condition for whether the portfolio constitutes a business, and “a portfolio with two elements of investment and processing procedures” shall no longer be the judgement condition, and an optional concentration test has been introduced to simplify judgment. Such change in accounting policies has affected the determination of whether a transaction constitutes a business merger, and no retrospective adjustment to comparative data is required according to the transitional provisions.

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

#### 33. Changes in Accounting Policies and Accounting Estimates (continued)

##### Changes in accounting policies (continued)

###### *Changes in presentation of financial statements*

According to the Questions and Answers on the Implementation of Accounting Standards for Business Enterprises published by the Ministry of Finance in December 2020, the impairment losses of contract assets originally included in the “impairment losses of credit” in the income statement have been reclassified by the Group to the “impairment losses of assets”, with the comparative data retrospectively adjusted. The change in the accounting policy has no impact on the consolidated net profits and total equity, and the net profits and total equity of the Company.

##### The Group

2020

	Changes of accounting policies		
	Before changes of accounting policies Amount for the current year	Other effects of changes in presenting methods of financial statements	After changes of accounting policies Amount for the current year
Impairment losses of credit	(351,104,675.13)	224,769,471.13	(126,335,204.00)
Impairment losses of assets	(108,396,307.27)	(224,769,471.13)	(333,165,778.40)

# Notes to the Financial Statements

For the year 2020

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## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 33. Changes in Accounting Policies and Accounting Estimates (continued)

#### Changes in accounting policies (continued)

*Changes in presentation of financial statements (continued)*

2019

	Before changes of accounting policies Amount for the current year	Changes of accounting policies Other effects of changes in presenting methods of financial statements	After changes of accounting policies Amount for the current year
Impairment losses of credit	(297,862,062.06)	45,726,468.34	(252,135,593.72)
Impairment losses of assets	–	(45,726,468.34)	(45,726,468.34)

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

#### 33. Changes in Accounting Policies and Accounting Estimates (continued)

##### Changes in accounting policies (continued)

*Changes in presentation of financial statements (continued)*

##### The Company

2020

	Before changes of accounting policies Amount for the current year	Changes of accounting policies Other effects of changes in presenting methods of financial statements	After changes of accounting policies Amount for the current year
Impairment losses of credit	(30,950,466.85)	100,174,790.28	69,224,323.43
Impairment losses of assets	(95,000,000.00)	(100,174,790.28)	(195,174,790.28)

2019

	Before changes of accounting policies Amount for the current year	Changes of accounting policies Other effects of changes in presenting methods of financial statements	After changes of accounting policies Amount for the current year
Impairment losses of credit	(245,975,270.03)	45,726,468.34	(200,248,801.69)
Impairment losses of assets	–	(45,726,468.34)	(45,726,468.34)

# Notes to the Financial Statements

For the year 2020

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## IV. TAXATION

### 1. Major Categories of Tax and Tax Rate

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

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

## IV. TAXATION (continued)

### 2. Tax Preference

Pursuant to Cai Shui [2011] No. 58 Notice on the Taxation Policies for Deepening the Implementation of the Western Development Strategy 《關於深入實施西部大開發戰略有關稅收政策問題的通知》 and Announcement of Taxation on Issues concerning Enterprise Income Tax in Deepening the Implementation of the Western Development Strategy 《關於深入實施西部大開發戰略有關企業所得稅問題的公告》 (SAT [2012] No. 12), Chengdu Red Star Macalline Xinnan Business Management Company Limited (成都紅星美凱龍新南商業管理有限公司), Chongqing Liangjiang New Area Red Star Macalline Business Management Co., Ltd. (重慶兩江新區紅星美凱龍商業管理有限公司), Chengdu Red Star Ogloria Brand Management Company Limited, Red Star Macalline Chengdu Business Management Company Limited, and Red Star Macalline Chengdu Enterprise Management and Consultancy Company Limited under the Company are entitled to the enterprise income tax preference policy, and the above companies, were subject to a tax rate of 15% for the year upon approval by competent tax authorities as they met relevant conditions.

Red Star Xizhao Investment Company Limited, Red Star Macalline Home Furnishing Mall Management Company Limited, Red Star Zhongying Investment Company Limited (紅星眾盈投資有限公司) and Tibet Red Star Macalline Enterprise Management Company Limited (西藏紅星美凱龍企業管理有限公司) under the Company are entitled to enterprise income tax preference policy and are subject to a tax rate of 15% for the year pursuant to Zangzhengfa [2014] No. 51 Notice Issued by the People's Government of the Tibet Autonomous Region Regarding the Publication of Implementation Rules of Enterprise Income Tax Policy of the Tibet Autonomous Region 《西藏自治區人民政府關於印發〈西藏自治區企業所得稅政策實施辦法〉的通知》.



# Notes to the Financial Statements

For the year 2020

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## IV. TAXATION (continued)

### 2. Tax Preference (continued)

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

On December 2019, Shanghai Red Star Macalline Building Design Company Limited (上海紅星美凱龍建築設計有限公司) under the Company obtained the Certificate for Hi-tech Enterprise, whose certificate number was GR201931003212 with a validity of three years, and was subject to a tax rate of 15% for the year.

## V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

### 1. Cash and Bank Balances

	2020	2019
Cash on hand	<b>8,615,723.97</b>	10,745,522.74
Bank deposits	<b>5,918,419,429.26</b>	6,947,110,542.57
Other cash and bank balances	<b>584,057,044.86</b>	271,383,304.04
	<b>6,511,092,198.09</b>	7,229,239,369.35

As at 31 December 2020, the Group's cash and bank balances deposited overseas was equivalent to RMB42,686,514.22 (31 December 2019: equivalent to RMB58,757,995.45).

As at 31 December 2020, the Group's time deposits with maturity of more than three months amounted to RMB25,973,243.42 (31 December 2019: RMB181,762,704.83).

Interest income earned on the Bank's current deposits is calculated by using its current deposit interest rate. The deposit periods for term time deposits vary from 7 days to 60 months depending on the cash requirements of the Group and the Group earned interest income according to the respective time deposit rates of the Bank..

As at 31 December 2020, in the Group's other cash and bank balances, RMB320,515,556.83 of certificates of deposit was used as deposits for borrowings (31 December 2019: RMB5,000,000.00 was used as deposits for long-term borrowing); RMB30,343,913.91 (31 December 2019: RMB448,837.00) was frozen; RMB119,156,554.03 (31 December 2019: RMB164,245,962.21) was deposit reserve placed with the People's Bank of China by the Group; RMB20,273,548.18 (31 December 2019: RMB10,141,501.53) was deposited investment fund placed with securities accounts; and RMB93,767,471.91 (31 December 2019: RMB91,547,003.30) was deposits.

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

# Notes to the Financial Statements

For the year 2020

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

### 2. Financial Assets Held for Trading

	2020	2019
Financial assets at fair value through profit or loss		
Equity instrument investments	<b>175,575,264.98</b>	108,027,022.00
Debt instrument investments	<b>72,035,807.75</b>	125,358,448.05
	<b>247,611,072.73</b>	233,385,470.05

### 3. Accounts Receivable

Aging analysis of the accounts receivable is as follows:

	2020	2019
Within 1 year	<b>1,268,780,662.38</b>	1,171,286,266.34
1 to 2 years	<b>500,460,774.30</b>	505,520,280.07
2 to 3 years	<b>382,305,782.14</b>	348,682,994.18
Over 3 years	<b>944,105,876.69</b>	949,161,913.33
	<b>3,095,653,095.51</b>	2,974,651,453.92
Less: Allowance for bad debts in relation to accounts receivable	<b>1,160,826,982.08</b>	1,168,987,516.74
	<b>1,934,826,113.43</b>	1,805,663,937.18

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

### 3. Accounts Receivable (continued)

	2020			
	Book balance		Bad debt allowance	
	Amount	Percentage (%)	Amount	Proportion (%)
Accounts receivable for which bad debt allowance is provided individually	814,054,233.01	26.30	794,579,233.01	97.61
Accounts receivable for which bad debt allowance is provided by portfolio of credit risk characteristics	2,281,598,862.50	73.70	366,247,749.07	16.05
	3,095,653,095.51	100.00	1,160,826,982.08	37.50

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

# Notes to the Financial Statements

For the year 2020

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

### 3. Accounts Receivable (continued)

As at 31 December 2020, the top five amount of accounts receivable collected by debtors for which bad debt allowance is provided individually are as follows:

	Book balance	Bad debt allowance	Expected credit loss rate (%)	Reason for provision
Changzhou Wujin Construction Engineering Co., Ltd. (常州市武進建設工程有限公司)	55,000,000.00	55,000,000.00	100.00	Accounts receivable are expected to be unrecoverable
Jiangsu Construction Group Co., Ltd. (江蘇省建築工程集團有限公司)	31,000,000.00	31,000,000.00	100.00	Accounts receivable are expected to be unrecoverable
Beijing Haiyu Apartment Management Co., Ltd. (北京海寓公寓管理有限公司)	28,089,136.34	28,089,136.34	100.00	Accounts receivable are expected to be unrecoverable
Guangxi Shengli Decoration Engineering Co. Ltd. (廣西晟力裝飾工程有限公司)	24,000,000.00	24,000,000.00	100.00	Accounts receivable are expected to be unrecoverable
Shenzhen Tianyi Hengye Investment Development Co., Ltd. (深圳市天意恒業投資發展有限公司)	23,600,000.00	23,600,000.00	100.00	Accounts receivable are expected to be unrecoverable

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

### 3. Accounts Receivable (continued)

As at 31 December 2019, the top five amount of accounts receivable collected by debtors for which bad debt allowance is provided individually are as follows:

	Book balance	Bad debt allowance	Expected credit loss rate (%)	Reason for provision
Changzhou Wujin Construction Engineering Co., Ltd. (常州市武進建設工程有限公司)	55,000,000.00	55,000,000.00	100.00	Accounts receivable are expected to be unrecoverable
Jiangsu Construction Group Co., Ltd. (江蘇省建築工程集團有限公司)	31,000,000.00	28,000,000.00	90.32	Part of the accounts receivable are expected to be unrecoverable
Guangxi Shengli Decoration Engineering Co. Ltd. (廣西晟力裝飾工程有限公司)	24,000,000.00	24,000,000.00	100.00	Accounts receivable are expected to be unrecoverable
Guizhou Jinyuan Huafu Property Co., Ltd. (貴州金源華府置業有限公司)	23,000,000.00	23,000,000.00	100.00	Accounts receivable are expected to be unrecoverable
Xuanwei Xintiandi Real Estate Development Co., Ltd. (宣威市新天地房地產開發有限公司)	20,000,000.00	20,000,000.00	100.00	Accounts receivable are expected to be unrecoverable

# Notes to the Financial Statements

For the year 2020

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

### 3. Accounts Receivable (continued)

The accounts receivable for which bad debt allowance is provided by portfolio of credit risk characteristics are as follows:

	Book balance expected to incur credit loss	2020 Expected credit Loss rates (%)	Lifetime expected credit loss
Portfolio One: Brand consulting and management services for the early stage of project			
Within 1 year	214,405,555.56	10.15	21,762,163.87
1 to 2 years	273,303,986.37	15.59	42,608,091.48
2 to 3 years	236,200,000.00	21.24	50,168,880.00
3 to 4 years	155,266,619.10	29.52	45,834,705.96
4 to 5 years	73,290,000.00	51.72	37,905,588.00
5 to 6 years	22,500,000.00	63.07	14,190,750.00
Over 6 years	19,250,000.00	100.00	19,250,000.00
	994,216,161.03		231,720,179.31

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

### 3. Accounts Receivable (continued)

The accounts receivable for which bad debt allowance is provided by portfolio of credit risk characteristics are as follows: (continued)

	Book balance expected to incur credit loss	2020 Expected credit Loss rates (%)	Lifetime expected credit loss
Portfolio Two: Construction and design services			
Within 1 year	633,420,008.67	4.75	30,087,450.41
1 to 2 years	73,615,966.48	9.00	6,625,436.98
2 to 3 years	22,915,575.84	15.00	3,437,336.38
	<b>729,951,550.99</b>		<b>40,150,223.77</b>

	Book balance expected to incur credit loss	2020 Expected credit Loss rates (%)	Lifetime expected credit loss
Portfolio Three: Other consulting services			
Within 1 year	136,386,293.79	15.82	21,576,311.68
1 to 2 years	68,536,760.53	33.57	23,007,790.51
2 to 3 years	9,132,590.94	56.89	5,195,530.99
Over 3 years	30,519,178.08	100.00	30,519,178.08
	<b>244,574,823.34</b>		<b>80,298,811.26</b>



# Notes to the Financial Statements

For the year 2020

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

### 3. Accounts Receivable (continued)

The accounts receivable for which bad debt allowance is provided by portfolio of credit risk characteristics are as follows: (continued)

	Book balance expected to incur credit loss	2020 Expected credit Loss rates (%)	Lifetime expected credit loss
Portfolio Four: Rental and related income	110,899,863.74	4.50	4,990,493.87

	Book balance expected to incur credit loss	2020 Expected credit Loss rates (%)	Lifetime expected credit loss
Portfolio Five: Others	201,956,463.40	4.50	9,088,040.86

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

### 3. Accounts Receivable (continued)

The accounts receivable for which bad debt allowance is provided by portfolio of credit risk characteristics are as follows: (continued)

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

# Notes to the Financial Statements

For the year 2020

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

### 3. Accounts Receivable (continued)

The accounts receivable for which bad debt allowance is provided by portfolio of credit risk characteristics are as follows: (continued)

	Book balance expected to incur credit loss	2019 Expected credit Loss rates (%)	Lifetime expected credit loss
Portfolio Two: Construction and design services			
Within 1 year	397,355,788.49	4.75	18,874,399.94
1 to 2 years	4,451,837.10	9.00	400,665.34
	401,807,625.59		19,275,065.28

	Book balance expected to incur credit loss	2019 Expected credit Loss rates (%)	Lifetime expected credit loss
Portfolio Three: Other consulting services			
Within 1 year	123,742,911.25	13.76	17,027,024.59
1 to 2 years	21,018,243.75	22.44	4,716,493.90
2 to 3 years	35,681,598.63	32.65	11,650,041.95
Over 3 years	26,400,000.00	100.00	26,400,000.00
	206,842,753.63		59,793,560.44

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

### 3. Accounts Receivable (continued)

	Book balance expected to incur credit loss	2019 Expected credit Loss rates (%)	Lifetime expected credit loss
Portfolio Four: Rental and related income	78,981,647.87	4.50	3,554,174.15

	Book balance expected to incur credit loss	2019 Expected credit Loss rates (%)	Lifetime expected credit loss
Portfolio Five: Others	233,277,350.32	4.50	10,497,480.77

The movements on the allowance for bad debts in relation to accounts receivable are as follows:

	Opening balance	Provision for the current year	Reversal for the current year	Write-off for the current year	Closing balance
2020	1,168,987,516.74	212,041,980.32	(144,180,630.64)	(76,021,884.34)	1,160,826,982.08
2019	1,150,748,350.73	184,638,030.85	(27,119,499.36)	(139,279,365.48)	1,168,987,516.74

# Notes to the Financial Statements

For the year 2020

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

### 3. Accounts Receivable (continued)

In 2020, the actual write-off account receivables is RMB76,021,884.34, of which, the important written-off account includes receivables from Dalian Yongle Hongye Group Co., Ltd. (大連永樂宏業集團有限公司) amount to RMB13,500,000.00 for brand consulting and management services for the early stage of project, receivables from Zhejiang Huaxia Real Estate Co., Ltd. (浙江華夏置業有限公司) amount to RMB9,250,000.00 for brand consulting and management services for the early stage of project, and receivables from Jinzhong Tianhe Real Estate Development Co., Ltd. (晉中市天河房地產開發有限公司) amount to RMB6,000,000.00 for brand consulting and management services for the early stage of project. The above accounts receivable were written off after management's approval because they could not be recovered.

As at 31 December 2020, the top five amount of accounts receivable are as follows:

	Closing balance	Proportion to total balance of accounts receivable (%)	Bad debt allowance Closing balance
Changzhou Wujin Construction Engineering Co., Ltd. (常州市武進建設工程有限公司)	55,000,000.00	1.78	55,000,000.00
Fengyang Zhongzhi Construction Development Co., Ltd. (鳳陽中置建設發展有限公司)	42,000,000.00	1.36	8,626,200.00
Jiangsu Provincial Construction Group Co., Ltd. (江蘇省建築工程集團有限公司)	34,152,855.60	1.10	28,816,603.65
Tai'an Hengdi Yudou Real Estate Development Co., Ltd. (泰安恒地玉都房地產開發有限公司)	33,415,154.88	1.08	1,587,063.61
China Construction Eighth Engineering Division Corp., Ltd. (中國建築第八工程局有限公司)	31,759,312.59	1.03	1,508,567.35

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

### 3. Accounts Receivable (continued)

As at 31 December 2019, the top five amount of accounts receivable are as follows:

	Closing balance	Proportion to total balance of accounts receivable (%)	Bad debt allowance Closing balance
Zhejiang Provincial Directly-Governed Construction Designing Institute (浙江省省直建築設計院)	87,137,140.30	2.93	4,139,014.16
Changzhou Red Star Plaza Business Management Co., Ltd. (常州紅星廣場商業管理有限公司)	77,610,354.40	2.61	3,686,491.83
Changzhou Wujin Construction Engineering Co., Ltd. (常州市武進建設工程有限公司)	55,000,000.00	1.85	55,000,000.00
Fengyang Zhongzhi Construction Development Co., Ltd. (鳳陽中置建設發展有限公司)	48,000,000.00	1.61	5,562,000.00
Chongqing Jinke Zhongjun Real Estate Development Co., Ltd. (重慶金科中俊房地產開發有限公司)	42,803,981.87	1.44	2,033,189.14

# Notes to the Financial Statements

For the year 2020

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

### 4. Receivables financing

	2020	2019
Bank acceptance bill	<b>5,872,800.00</b>	41,040,000.00

The notes receivable that have been endorsed or discounted but have not yet expired on the balance sheet date are as follows:

	2020		2019	
	Terminated recognition	unterminated recognition	Terminated recognition	unterminated recognition
Bank acceptance bill	<b>26,500,000.00</b>	–	9,430,000.00	–
Commercial acceptance bill	<b>5,000,000.00</b>	–	3,543,807.93	–
	<b>31,500,000.00</b>	–	12,973,807.93	–

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

### 5. Prepayments

Aging analysis of prepayments is as follows:

	2020		2019	
	Book balance	Percentage (%)	Book balance	Percentage (%)
Within 1 year	<b>287,698,948.69</b>	<b>88.90</b>	319,453,894.61	93.76
1 to 2 years	<b>22,432,541.88</b>	<b>6.93</b>	17,090,684.39	5.02
2 to 3 years	<b>9,850,680.60</b>	<b>3.04</b>	1,978,363.17	0.58
Over 3 years	<b>3,644,169.45</b>	<b>1.13</b>	2,194,695.90	0.64
	<b>323,626,340.62</b>	<b>100.00</b>	340,717,638.07	100.00

As at 31 December 2020, none of the Group's significant prepayments aged more than one year.

As at 31 December 2020, top five prepayments are as follows:

	Closing balance	Percentage to the total amount of prepayments (%)
Eastern Charm Limited	<b>16,171,250.00</b>	<b>5.00</b>
Beijing Zhongzhan Weihong Investment Management Company (北京中展偉宏投資管理公司)	<b>10,000,000.00</b>	<b>3.09</b>
Nanchang Wuse Metal Products Co., Ltd. (南昌五色金屬製品有限公司)	<b>7,348,516.12</b>	<b>2.27</b>
Wanhe Bauhinia Group Co., Ltd. (萬和紫荊集團有限公司)	<b>5,000,000.00</b>	<b>1.54</b>
Gozcso Limited	<b>4,979,285.55</b>	<b>1.54</b>



# Notes to the Financial Statements

For the year 2020

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

### 5. Prepayments (continued)

As at 31 December 2019, top five prepayments are as follows:

	Closing balance	Percentage to the total amount of prepayments (%)
Industrial and Commercial Bank of China Limited (中國工商銀行股份有限公司)	10,600,000.00	3.11
Beijing Zhongzhan Weihong Investment Management Company (北京中展偉宏投資管理公司)	10,463,423.89	3.07
Schindler (China) Elevator Co., Ltd. (迅達(中國)電梯有限公司)	8,494,794.53	2.49
Otis Electromechanical Elevator Co., Ltd. (奧的斯機電電梯有限公司)	8,334,300.00	2.45
IPE S.R.L	8,066,615.68	2.37

### 6. Other Receivables

	2020	2019
Interests receivable	44,648,521.46	31,717,766.99
Dividends receivable	31,000,000.00	31,000,000.00
Other receivables	1,449,006,221.82	647,294,328.27
	<b>1,524,654,743.28</b>	710,012,095.26

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

### 6. Other Receivables (continued)

#### Interests receivable

	2020	2019
Interests receivable	44,648,521.46	31,717,766.99

#### Dividends receivable

	2020	2019
Chengdu Dongtai Mall Co., Ltd.	31,000,000.00	31,000,000.00

#### Other receivables

Aging analysis of other receivables is as follows:

	2020	2019
Within 1 year	1,217,275,281.24	396,969,716.30
1 to 2 years	93,885,092.39	156,957,329.59
2 to 3 years	107,751,690.89	55,646,762.91
Over 3 years	318,618,495.53	293,793,276.53
	1,737,530,560.05	903,367,085.33
Less: Bad debt allowance for other receivables	288,524,338.23	256,072,757.06
	1,449,006,221.82	647,294,328.27

# Notes to the Financial Statements

For the year 2020

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

### 6. Other Receivables (continued)

#### Other receivables (continued)

Other receivables classified by nature are as follows:

	2020	2019
Loan and advances	<b>871,981,239.12</b>	417,486,046.46
Sales proceeds collected and paid on behalf of the tenants	<b>395,455,585.15</b>	93,108,529.97
Deposits	<b>107,860,274.61</b>	58,350,162.76
Others	<b>73,709,122.94</b>	78,349,589.08
	<b>1,449,006,221.82</b>	647,294,328.27

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

### 6. Other Receivables (continued)

#### Other receivables (continued)

The movement of bad debt provision for other receivables based on 12-month expected credit losses and the lifetime expected credit losses is as follows:

2020

	Stage 1 Expected credit losses in the next 12 months	Stage 2 Lifetime expected credit losses	Stage 3 Credit-impaired financial assets (Lifetime expected credit losses)	Total
Opening balance	101,184,008.04	–	154,888,749.02	256,072,757.06
Opening balance in current year				
– Transfer to stage 2	–	–	–	–
– Transfer to stage 3	(24,260,000.00)	–	24,260,000.00	–
– Reverse to stage 2	–	–	–	–
– Reverse to stage 1	–	–	–	–
Provision during this year	41,976,398.51	–	1,394,490.00	43,370,888.51
Reversal during this year	–	–	–	–
Write-off during this year	(54,539.35)	–	(10,864,767.99)	(10,919,307.34)
Closing balance	118,845,867.20	–	169,678,471.03	288,524,338.23

# Notes to the Financial Statements

For the year 2020

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

### 6. Other Receivables (continued)

#### Other receivables (continued)

The movement of bad debt provision for other receivables based on 12-month expected credit losses and the lifetime expected credit losses is as follows: (continued)

2019

	Stage 1 Expected credit losses in the next 12 months	Stage 2 Lifetime expected credit losses	Stage 3 Credit-impaired financial assets (Lifetime expected credit losses)	Total
Opening balance				
Opening balance in current year	125,758,428.17	–	159,047,506.67	284,805,934.84
– Transfer to stage 2	–	–	–	–
– Transfer to stage 3	(8,000,000.00)	–	8,000,000.00	–
– Reverse to stage 2	–	–	–	–
– Reverse to stage 1	–	–	–	–
Provision during this year	53,974,117.30	–	10,000,000.00	63,974,117.30
Reversal during this year	–	–	(1,711,902.92)	(1,711,902.92)
Write-off during this year	(1,800,847.77)	–	(8,446,854.73)	(10,247,702.50)
Reclassification during this year (note)	(68,747,689.66)	–	(12,000,000.00)	(80,747,689.66)
Closing balance	101,184,008.04	–	154,888,749.02	256,072,757.06

Note: In 2019, loans were reclassified from other receivables to other current assets, of which the original value was RMB486,107,998.63 in total, and the corresponding expected credit losses of RMB80,747,689.66 was also reclassified to other current assets. Please refer to Note V.10.

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

### 6. Other Receivables (continued)

#### Other receivables (continued)

2020

Significant changes on book balance of other receivables that affected the change in bad debt allowance this year include: The increase of RMB454,495,192.66 in loan and advances and the increase of RMB302,347,055.18 in sales proceeds collected on behalf of the tenants receivables led to an overall rise in the book balance, and correspondingly led to increase expected credit losses in the next 12 months; the details are as follows:

#### Original balance of 2020

	Stage 1 Expected credit losses in the next 12 months	Stage 2 Lifetime expected credit losses	Stage 3 Credit-impaired financial assets (Lifetime expected credit losses)	Total
Opening balance	744,208,423.38	-	159,158,661.95	903,367,085.33
Opening balance in current year				
- Transfer to stage 2	-	-	-	-
- Transfer to stage 3	(24,260,000.00)	-	24,260,000.00	-
- Reverse to stage 2	-	-	-	-
- Reverse to stage 1	-	-	-	-
Increase during this year	845,082,782.06	-	-	845,082,782.06
Reversal during this year	-	-	-	-
Write-off during this year	(54,539.35)	-	(10,864,767.99)	(10,919,307.34)
Closing balance	1,564,976,666.09	-	172,553,893.96	1,737,530,560.05

# Notes to the Financial Statements

For the year 2020

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

### 6. Other Receivables (continued)

#### Other receivables (continued)

Original balance of 2019

	Stage 1 Expected credit losses in the next 12 months	Stage 2 Lifetime expected credit losses	Stage 3 Credit-impaired financial assets (Lifetime expected credit losses)	Total
Opening balance	2,027,455,487.35	–	176,605,516.68	2,204,061,004.03
Opening balance in current year				
– Transfer to stage 2	–	–	–	–
– Transfer to stage 3	(8,000,000.00)	–	8,000,000.00	–
– Reverse to stage 2	–	–	–	–
– Reverse to stage 1	–	–	–	–
Decrease during this year	(799,338,217.57)	–	(5,000,000.00)	(804,338,217.57)
Write-off during this year	(1,800,847.77)	–	(8,446,854.73)	(10,247,702.50)
Reclassification during this year	(474,107,998.63)	–	(12,000,000.00)	(486,107,998.63)
Closing balance	744,208,423.38	–	159,158,661.95	903,367,085.33

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

### 6. Other Receivables (continued)

#### Other receivables (continued)

The movements on the allowance for bad debts in relation to other receivables are as follows:

	Opening balance	Provision for the current year	Recovery or reversal for the current year	Write-off for the current year	Reclassification for the current year	Closing balance
2020	256,072,757.06	43,370,888.51	-	(10,919,307.34)	-	288,524,338.23
2019	284,805,934.84	63,974,117.30	(1,711,902.92)	(10,247,702.50)	(80,747,689.66)	256,072,757.06

As at 31 December 2020, the top five entities with the largest amounts of other receivables are as follows:

	Closing balance	Proportion to the total amount of other receivables (%)	Nature	Aging	Bad debt allowance Closing balance
Liuzhou Red Star Macalline Home Furnishing Company Limited (柳州紅星美凱龍家居有限公司)	349,165,000.00	20.10	Loan and advances	Within 1 year	-
Shanghai Mingyi Enterprise Development Co., Ltd. (上海名藝商業企業發展有限公司)	149,960,000.50	8.63	Loan and advances	Over 5 years	7,498,000.03
Baoxiang Red Star Macalline (Xiamen) Global Home Plaza Co., Ltd. (寶象紅星美凱龍(廈門) 全球家居廣場有限公司)	42,827,237.50	2.46	Loan and advances	1 to 2 years	10,511,344.89
Liu Peng (劉鵬)	41,000,000.00	2.36	Loan and advances	Over 5 years	41,000,000.00
Shanghai Nikai Property Development Co., Ltd. (上海尼凱置業發展有限公司)	40,000,000.00	2.30	Loan and advances	Within 1 year	40,000.00
	622,952,238.00	35.85			59,049,344.92



# Notes to the Financial Statements

For the year 2020

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

### 6. Other Receivables (continued)

#### Other receivables (continued)

As at 31 December 2019, the top five entities with the largest amounts of other receivables are as follows:

	Closing balance	Proportion to the total amount of other receivables (%)	Nature	Aging	Bad debt allowance Closing balance
Shanghai Mingyi Enterprise Development Co., Ltd. (上海名藝商業企業發展有限公司)	131,600,000.50	14.57	Loan and advances	Over 5 years	6,580,000.03
Baoxiang Red Star Macalline (Xiamen) Global Home Plaza Co., Ltd. (寶象紅星美凱龍(廈門) 全球家居廣場有限公司)	47,858,125.00	5.30	Loan and advances	Within 1 year	3,212,295.04
Liu Peng (劉鵬)	41,000,000.00	4.54	Loan and advances	Over 5 years	41,000,000.00
Anhui Tianhui Real Estate Co., Ltd. (安徽天徽置業有限公司)	30,000,000.00	3.32	Loan and advances	1 to 2 years	7,852,464.93
Ningbo Longkai Home Living Shopping Company Limited (寧波隆凱家居生活購物有限公司)	25,045,635.85	2.77	Loan and advances	Over 5 years	25,045,635.85
	275,503,761.35	30.50			83,690,395.85

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

### 7. Inventories

	2020			2019		
	Book balance	Impairment allowance	Book value	Book balance	Impairment allowance	Book value
Commodities in inventory	273,469,402.96	-	273,469,402.96	282,732,321.01	-	282,732,321.01
Low-value consumables	54,826,265.06	-	54,826,265.06	48,246,207.98	-	48,246,207.98
	<b>328,295,668.02</b>	<b>-</b>	<b>328,295,668.02</b>	<b>330,978,528.99</b>	<b>-</b>	<b>330,978,528.99</b>

As at the current year and the previous year, the Group has made no provision for inventory impairment.

### 8. Contract Assets

	2020			2019		
	Book balance	Impairment allowance	Book value	Book balance	Impairment allowance	Book value
Construction and design	953,234,676.14	(5,431,765.55)	947,802,910.59	436,148,818.58	(1,345,306.39)	434,803,512.19
The brand consulting and management service for the early stage of the project	699,327,038.00	(271,765,847.11)	427,561,190.89	676,113,269.93	(71,547,828.63)	604,565,441.30
	<b>1,652,561,714.14</b>	<b>(277,197,612.66)</b>	<b>1,375,364,101.48</b>	<b>1,112,262,088.51</b>	<b>(72,893,135.02)</b>	<b>1,039,368,953.49</b>

# Notes to the Financial Statements

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

### 8. Contract Assets (continued)

The amount and reason for the significant change in the book value of contract assets this year:

	Change amount	Change reason
Construction and design	512,999,398.40	New projects and the further progress of original projects
The brand consulting and management service for the early stage of the project of original projects	(177,004,250.41)	New projects and the further progress of original projects
	335,995,147.99	

The Group provides construction and design services/the brand consulting and management service for the early stage of the project services to customers, and recognizes revenue within a period of time, to form contract assets. The contract asset formed an unconditional collection right at the time of settlement and was transferred to receivables.

Change in impairment allowance of contract asset is as follows:

	Opening balance	Provision for the current year	Reversal for the current year	Written-off for the current year	Closing balance
2020	72,893,135.02	224,769,471.13	–	(20,464,993.49)	277,197,612.66
2019	48,291,666.68	45,726,468.34	–	(21,125,000.00)	72,893,135.02

Significant changes in the book balance of contract asset that affected changes in impairment allowance during the year include: (1) New projects led to increase in book balance and correspondingly led to increase in expected credit losses throughout the duration; (2) Longer aging of contract asset causes expected credit losses increase.

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

### 8. Contract Assets (continued)

Contract asset for which impairment allowance is made are as follows:

	2020			2019		
	Book balance expected to incur credit loss	Expected credit Loss rates (%)	Lifetime expected credit loss	Book balance expected to incur credit loss	Expected credit Loss rates (%)	Lifetime expected credit loss
Construction and design	953,234,676.14	0.57	5,431,765.55	436,148,818.58	0.31	1,345,306.39
The brand consulting and management service for the early stage of the project	699,327,038.00	38.86	271,765,847.11	676,113,269.93	10.58	71,547,828.63
	<b>1,652,561,714.14</b>	<b>16.77</b>	<b>277,197,612.66</b>	<b>1,112,262,088.51</b>	<b>6.55</b>	<b>72,893,135.02</b>

### 9. Non-current Assets Due within One Year

	2020	2019
Entrusted loans and lending	<b>235,375,000.00</b>	560,672,975.39
Financial lease receivables	<b>15,841,543.42</b>	–
Less: bad debt allowance for non-current assets due within one year	<b>(2,512,165.43)</b>	(5,606,729.75)
	<b>248,704,377.99</b>	555,066,245.64

# Notes to the Financial Statements

For the year 2020

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

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

As at 31 December 2020, the top five amounts of other non-current assets due within one year are as follows:

	Closing balance	Proportion of non-current assets due within one year (%)	Expiry date
Hancheng Xinding Real Estate Development Co., Ltd. (韓城市鑫鼎房地產開發有限責任公司)	89,367,300.00	35.93	May 2021
Anhui Tenghui Investment Group Co., Ltd. (安徽騰輝投資集團有限公司) (Note 1)	64,350,000.00	25.87	Overdue
Henan Zhongheng Construction Development Co., Ltd. (河南中亨建設開發有限公司) (Note 2)	47,074,500.00	18.93	Overdue
Zhejiang Mingdu Investment Company Limited (浙江名都投資有限公司)	20,448,450.00	8.22	January 2021
Yibin Huahope Real Estate Co., Ltd. (宜賓華泓置業有限公司)	8,140,797.07	3.27	September 2021
	229,381,047.07	92.22	

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

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

As at December 31, 2019, the top five amounts of other non-current assets due within one year are as follows:

	Closing balance	Proportion of non-current assets due within one year (%)	Expiry date
Shanxi Chongkang Real Estate Development Co., Ltd. (山西崇康房地產開發有限公司)	191,877,015.47	34.57	December, 2020
Zhoukou Railway Engineering Co., Ltd. (周口鐵路工程有限公司)	118,800,000.00	21.40	June, 2020
Shangqiu Hualian Real Estate Co., Ltd. (商丘華聯置業有限公司)	99,000,000.00	17.84	February, 2020
Anhui Tenghui Investment Group Co., Ltd. (安徽騰輝投資集團有限公司) (Note 1)	64,350,000.00	11.59	Overdue
Henan Zhongheng Construction Development Co., Ltd. (河南中亨建設開發有限公司) (Note 2)	47,074,500.00	8.48	August, 2020
	521,101,515.47	93.88	

*Note 1:* As at December 31, 2020, the entrusted loan principal RMB65,000,000.00 of the Group to Anhui Tenghui Investment Group Co., Ltd. (hereinafter referred to as "Anhui Tenghui") has expired. The entrusted loan was pledged with 30% of Anhui Tenghui's shares. The Group has signed the "Commercial Housing Trading Framework Agreement" with Suzhou Huitong Shengzhou Real Estate Co., Ltd., a subsidiary of Anhui Tenghui, so the management of the Group believes that the entrusted loan is expected to be recovered.

*Note 2:* As of 31 December 2020, the Group's entrusted loan of RMB47,550,000.00 to Henan Zhongheng Construction Development Co., Ltd. (河南中亨建設開發有限公司) (hereinafter referred to as "Henan Zhongheng") was expired. The entrusted loan was a result of the entrusted loan contract signed between the Group and Henan Zhongheng in November 2018. The loan maturity date is 24 August 2020, and the land of Henan Derun Real Estate Company Limited (河南德潤置業有限公司) is used as collateral. The management believes that there is no special impairment risk for this loan.

## Notes to the Financial Statements

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

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

The movement of impairment allowance for non-current assets due within one year is as follows:

	Opening balance	Provision for the current year	Reversal for the current year	Reclassify for the current year	Closing balance
2020	5,606,729.75	1,282,765.43	(4,377,329.75)	–	2,512,165.43
2019	50,000.00	4,377,770.86	–	1,178,958.89	5,606,729.75

The movement of bad debt provision for non-current assets due within one year based on 12-month expected credit losses and the lifetime expected credit losses is as follows:

#### 2020

	Stage 1 Expected credit losses in the next 12 months	Stage 2 Lifetime expected credit losses	Stage 3 Credit-impaired financial assets (Lifetime expected credit losses)	Total
Opening balance	4,956,729.75	650,000.00	–	5,606,729.75
– Transfer to stage 2	(475,500.00)	475,500.00	–	–
Provision during this year	1,282,765.43	–	–	1,282,765.43
Reversal during this year	(4,377,329.75)	–	–	(4,377,329.75)
Closing balance	1,386,665.43	1,125,500.00	–	2,512,165.43

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

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

The movement of bad debt provision for non-current assets due within one year based on 12-month expected credit losses and the lifetime expected credit losses is as follows: (continued)

2019

	Stage 1 Expected credit losses in the next 12 months	Stage 2 Lifetime expected credit losses	Stage 3 Credit-impaired financial assets (Lifetime expected credit losses)	Total
Opening balance	50,000.00	–	–	50,000.00
Provision during this year	3,727,770.86	650,000.00	–	4,377,770.86
Reclassification during this year (note)	1,178,958.89	–	–	1,178,958.89
Closing balance	4,956,729.75	650,000.00	–	5,606,729.75

Note: Loans were reclassified from long-term receivables to non-current assets due within one year in 2019.



# Notes to the Financial Statements

For the year 2020

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

### 10. Other Current Assets

	2020	2019
Tax prepaid (Note 1)	<b>967,502,970.87</b>	719,119,392.12
Factoring receivables (Note 2)	<b>181,117,083.33</b>	209,145,833.34
Financial lease receivables	<b>1,028,387.00</b>	69,717,778.19
Entrusted loans and lending	<b>1,589,735,767.27</b>	731,207,998.63
	<b>2,739,384,208.47</b>	1,729,191,002.28
Less: impairment allowance of other current assets	<b>104,808,937.10</b>	91,969,292.84
	<b>2,634,575,271.37</b>	1,637,221,709.44

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

Note 2: The Group established a commercial factoring company as approved by the Shanghai Municipal Commission of Commerce and it started to conduct commercial factoring business since 2018.

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

### 10. Other Current Assets (continued)

The movement of impairment allowance for other current assets is as follows:

	Opening balance	Provision for the current year	Reversal for the current year	Reclassify for the current year	Closing balance
2020	91,969,292.84	55,978,432.20	(43,138,787.94)	–	104,808,937.10
2019	13,500,000.00	8,459,025.40	(10,737,422.22)	80,747,689.66	91,969,292.84

The movement of bad debt provision for other current assets based on 12-month expected credit losses and the lifetime expected credit losses is as follows:

#### 2020

	Stage 1 Expected credit losses in the next 12 months	Stage 2 Lifetime expected credit losses	Stage 3 Credit-impaired financial assets (Lifetime expected credit losses)	Total
Opening balance	82,275,767.44	9,693,525.40	–	91,969,292.84
– Transfer to stage 3	(25,140,645.13)	–	25,140,645.13	–
Provision for the current year	40,417,801.78	–	15,560,630.42	55,978,432.20
Reversal for the current year	(33,445,262.54)	(9,693,525.40)	–	(43,138,787.94)
Closing balance	64,107,661.55	–	40,701,275.55	104,808,937.10

# Notes to the Financial Statements

For the year 2020

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

### 10. Other Current Assets (continued)

The movement of bad debt provision for other current assets based on 12-month expected credit losses and the lifetime expected credit losses is as follows: (continued)

2019

	Stage 1 Expected credit losses in the next 12 months	Stage 2 Lifetime expected credit losses	Stage 3 Credit-impaired financial assets (Lifetime expected credit losses)	Total
Opening balance	13,500,000.00	–	–	13,500,000.00
– Transfer to stage 2	(6,600,000.00)	6,600,000.00	–	–
Provision during this year	5,365,500.00	3,093,525.40	–	8,459,025.40
Reversal during this year	(10,737,422.22)	–	–	(10,737,422.22)
Reclassification during this year (note)	80,747,689.66	–	–	80,747,689.66
Closing balance	82,275,767.44	9,693,525.40	–	91,969,292.84

Note: Borrowings were reclassified from other receivables to other current assets in this year.

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

### 10. Other Current Assets (continued)

As at 31 December 2020, the top five amounts of other current assets are as follows:

	Closing balance	Percentage of other current assets (%)	Nature	Closing balance of bad debt	Expiry date
Dezhou Dexin Tangong Real Estate Co., Ltd. (德州德鑫檀宮置業有限公司)	284,047,945.21	10.37	Lending	4,025,479.45	2021/12
Dezhou Wanxing Real Estate Development Co., Ltd. (德州萬星房地產開發有限公司)	215,907,123.30	7.88	Lending	2,159,071.23	2021/5
Jinan Dexin Tangong Real Estate Co., Ltd. (濟南德鑫檀宮置業有限公司)	202,909,589.04	7.41	Lending	2,029,095.89	2021/11
Handan Xingtanhui Real Estate Development Co., Ltd. (邯鄲市星檀惠房地產開發有限公司)	202,547,945.21	7.39	Lending	2,025,479.45	2021/5
Jiangsu Chengdong Construction Engineering Co., Ltd. (江蘇城東建設工程有限公司)	145,389,083.33	5.31	Factoring	1,453,890.83	2021/6
	1,050,801,686.09	38.36		11,693,016.85	

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

### 10. Other Current Assets (continued)

As at December 31, 2019, the top five original balance amounts of other current assets are as follows:

	Closing balance	Percentage of other current assets (%)	Nature	Closing balance of bad debt	Expiry date
Chongqing Lifan Automobile Sales Co., Ltd. (重慶力帆汽車銷售有限 公司)	206,145,833.34	11.92	Factoring	8,593,525.40	2019/4
Xingtai Tongxin Real Estate Development Co., Ltd. (邢台同信房地產開發有限公司)	151,291,666.67	8.75	Lending	6,436,810.69	2020/9
Wuhan Zhuyeshan Group Co., Ltd. (武漢竹葉山集團股份有限公司)	135,000,000.00	7.81	Entrusted Loan	1,350,000.00	2020/12
Zhejiang Borui Holding Group Co., Ltd. (浙江博瑞控股集團 有限公司)	110,000,000.00	6.36	Entrusted Loan	1,100,000.00	2019/11
Hebei Zhuohang Real Estate Development Co., Ltd. (河北卓航 房地產開發有限公司)	60,146,666.69	3.48	Lending	4,546,754.33	2020/6
	662,584,166.70	38.32		22,027,090.42	

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

### 11. Long-term Receivables

	December 31 2020		
	Book balance	Impairment allowance	Book value
Deposits	215,110,000.00	(215,110.00)	214,894,890.00
Project loan	229,949,719.40	(10,219,497.19)	219,730,222.21
Lease deposit	85,787,990.26	(85,788.00)	85,702,202.26
Finance lease payment	12,294,527.69	(122,945.27)	12,171,582.42
	<b>543,142,237.35</b>	<b>(10,643,340.46)</b>	<b>532,498,896.89</b>

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

# Notes to the Financial Statements

For the year 2020

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

### 11. Long-term Receivables (continued)

As at 31 December 2020, the top five amounts of long-term receivables are as follows:

	Closing balance	Percentage of long-term receivables (%)	Nature	Aging	Closing balance of bad debt
Huaihua Xingqi Real Estate Development Construction Co., Ltd. (懷化星旗房地產開發建設有限公司)	110,200,500.00	20.29	Project loan	Over 3 years	1,102,005.00
Chongqing Gezhouba Rongchuang Shenda Real Estate Co., Ltd. (重慶葛洲壩融創深達置業有限公司)	50,000,000.00	9.21	Deposits	1 to 2 years	50,000.00
Beijing Urban Construction Chengdu Properties Co., Ltd. (北京城建成都置業有限公司)	40,000,000.00	7.36	Deposits	1 to 2 years	40,000.00
Shenzhen Renheng Star City Investment Management Co., Ltd. (深圳仁恒星城投資管理有限公司)	36,000,000.00	6.63	Deposits	Over 3 years	36,000.00
Fujian Shengshi Federal Property Development Co., Ltd. (福建盛世聯邦置業發展有限公司)	32,760,000.00	6.03	Deposits	1 to 2 years	32,760.00
	268,960,500.00	49.52			1,260,765.00

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

### 11. Long-term Receivables (continued)

As at 31 December 2019, the top five amounts of long-term receivables are as follows:

	Closing balance	Percentage of long-term receivables (%)	Nature	Aging	Closing balance of bad debt
Hangzhou Red Star Macalline Global Furniture Co., Ltd. (杭州紅星美凱龍環球家居有限公司)	332,148,745.00	41.24	Project loan	Over 3 years	3,321,487.45
Chongqing Gezhoubu Rongchuang Shenda Real Estate Co., Ltd. (重慶葛洲壩融創深達置業有限公司)	50,000,000.00	6.21	Deposits	Within 1 year	50,000.00
Doria Holdings LTD	38,051,996.83	4.72	Project loan	1 to 2 years	380,519.97
Shenzhen Renheng Star City Investment Management Co., Ltd. (深圳仁恒星城投資管理有限公司)	36,000,000.00	4.47	Deposits	Over 3 years	36,000.00
Fujian Shengshi Federal Property Development Co., Ltd. (福建盛世聯邦置業發展有限公司)	32,760,000.00	4.07	Deposits	Within 1 year	32,760.00
	488,960,741.83	60.71			3,820,767.42



# Notes to the Financial Statements

For the year 2020

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

### 11. Long-term Receivables (continued)

The movement of bad debt provision for long-term receivables based on 12-month expected credit losses and the lifetime expected credit losses is as follows:

2020

	Stage 1 Expected credit losses in the next 12 months	Stage 2 Lifetime expected credit losses	Stage 3 Credit-impaired financial assets (Lifetime expected credit losses)	Total
Opening balance	4,899,737.50	–	–	4,899,737.50
Opening balance in current year				
– Transfer to stage 3	(80,000.00)	–	80,000.00	–
Provision during this year	482,716.28	1,102,005.00	7,920,000.00	9,504,721.28
Reversal during this year	(3,761,118.32)	–	–	(3,761,118.32)
Closing balance	1,541,335.46	1,102,005.00	8,000,000.00	10,643,340.46

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

### 11. Long-term Receivables (continued)

2019

	Stage 1 Expected credit losses in the next 12 months	Stage 2 Lifetime expected credit losses	Stage 3 Credit-impaired financial assets (Lifetime expected credit losses)	Total
Opening balance	15,468,406.07	–	–	15,468,406.07
Provision during this year	1,866,499.10	–	–	1,866,499.10
Reversal during this year	(5,715,804.32)	–	–	(5,715,804.32)
Reclassification during this year (note)	(6,719,363.35)	–	–	(6,719,363.35)
Closing balance	4,899,737.50	–	–	4,899,737.50

Note: Loans were reclassified from long-term receivables to non-current assets due within one year and other non-current assets in 2019. For details, please refer to Note V.9 and Note V.24.

# Notes to the Financial Statements

For the year 2020

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

### 12. Long-term Equity Investments

2020

	Movement during the year									
	Opening balance	Increase in investment	Decrease in investment	Investment	Other	Other changes	Cash	Provision	Closing balance	Closing balance of impairment allowance
				gain/loss under equity method	comprehensive income		dividend declared	made for impairment allowance		
<b>Joint ventures</b>										
Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司)	792,828,772.46	-	-	15,432,439.29	-	-	-	-	808,261,211.75	-
Shanghai CTME Economy & Trade Development Co., Ltd. (上海中貿美凱龍經濟發展有限公司)	100,762,144.50	-	-	205,916.43	-	-	(2,600,000.00)	-	98,368,060.93	-
Shanghai Mingyi Enterprise Development Co., Ltd. (上海名藝商業企業發展有限公司)	59,792,554.09	-	-	5,080,612.18	-	-	-	-	64,873,166.27	-
Wuhu Red Star Macalline Equity Investment Fund Management Company Limited (蕪湖紅星美凱龍股權投資基金管理有限公司)	9,742,396.17	-	-	1,270,913.71	-	-	-	-	11,013,309.88	-
Baoxiang Red Star Macalline (Xiamen) Global Home Furnishing Plaza Company Limited (寶象紅星美凱龍(廈門)全球家居廣場有限公司)	9,632,034.92	-	-	(232,830.76)	-	-	-	-	9,399,204.16	-
SLEEP MAKER (HONGKONG) COMPANY LIMITED	5,178,705.00	-	-	(48,854.45)	-	-	-	-	5,129,850.55	-
Shenzhen Red Star Macalline Expo Home Plaza Co., Ltd. (深圳紅星美凱龍世博家居廣場有限公司)	1,528,388.04	-	-	(981,891.21)	-	-	-	-	546,496.83	-
Shenzhen Red Star Macalline Business Management Company Limited (深圳紅星美凱龍商業管理有限公司)	1,224,716.68	4,620,000.00	-	(2,733,078.66)	-	-	-	-	3,111,638.02	-
Guangzhou Red Star Macalline Expo Home Plaza Co., Ltd. (廣州紅星美凱龍世博家居廣場有限公司)	214,147.64	11,000,000.00	-	(3,126,860.95)	-	-	-	-	8,087,286.69	-

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

### 12. Long-term Equity Investments (continued)

2020 (continued)

	Movement during the year									
	Opening balance	Increase in investment	Decrease in investment	Investment	Other	Other	Cash	Provision	Closing balance	Closing
				gain/loss under equity method	compreh- ensive income		dividend declared	made for impairment allowance		impairment allowance
<b>Joint ventures (continued)</b>										
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)	-	-	-	-	-	-	-	-	-	-
<b>Associates</b>										
Haier Consume Financing Company Limited (海爾消費金融有限公司)	358,898,925.67	-	-	30,717,271.95	-	-	-	-	389,616,197.62	-
Shandong Inzone Green Home Co., Ltd. (山東銀座家居有限公司)	348,464,343.58	-	-	38,166,772.51	-	-	(7,520,550.59)	-	379,110,565.50	-
Shenyudao Cultural Tourism Holding Co., Ltd. (神玉島文化旅遊控股股份有限公司)	185,636,621.29	-	-	(4,641,188.52)	-	-	-	-	180,995,432.77	-
Yaxiya Building Materials Co., Ltd. (亞細亞建築材料股份有限公司)	168,845,194.79	150,000,000.00	-	5,829,139.85	-	-	-	-	324,674,334.64	-
Guangdong Sanweijia Information Technology Co., Ltd. (廣東三維家信息科技有限公司)	144,801,482.91	-	-	(26,114,610.29)	-	-	-	-	118,686,872.62	-
SUNSEAPARKING INC	144,031,972.83	-	-	(5,996,131.36)	-	-	-	-	138,035,841.47	-

# Notes to the Financial Statements

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

### 12. Long-term Equity Investments (continued)

2020 (continued)

	Movement during the year									
	Opening balance	Increase in investment	Decrease in investment	Investment	Other	Other changes	Cash	Provision	Closing balance	Closing impairment allowance
				gain/loss under equity method	comprehensive income		dividend declared	made for impairment allowance		
<b>Associates (continued)</b>										
Wuhan Zhengkai Logistics Co., Ltd. (武漢市正凱物流有限公司)	129,892,159.18	-	-	783,542.56	-	-	(3,600,000.00)	-	127,075,701.74	-
Hangzhou Red Star Macalline Global Home Living Company Limited (杭州紅星美凱環球家居有限公司)	94,378,784.70	-	(91,723,981.35)	(2,654,803.35)	-	-	-	-	-	-
Guangdong VIFA Customized Home Furnishings Co., Ltd. (廣東威法定制家居股份有限公司)*	90,576,230.40	-	(40,000,000.00)	6,707,772.14	-	-	(2,925,000.50)	-	54,359,002.04	-
Weifang Binxing Properties Co., Ltd. (濰坊濱星置業有限公司)	89,847,896.52	-	-	(326,124.43)	-	-	-	-	89,521,772.09	-
Zhejiang Zhongguang Electric Appliances Co., Ltd. (浙江中廣電器股份有限公司)	87,523,050.01	-	-	4,487,009.09	-	-	-	-	92,010,059.10	-
Klas International Home Living Company Limited (克拉斯國際家居有限公司)	79,249,208.32	-	(65,271,386.22)	(13,977,822.10)	-	-	-	-	-	-
Shanghai Xincheng'an Construction Co., Ltd. (上海鑫誠安建設有限公司)	69,121,511.58	-	-	7,485,397.02	-	-	-	-	76,606,908.60	-
Shanghai Tianhe Smart Home Technology Company Ltd. (上海天合智能科技股份有限公司)	65,588,151.69	-	-	1,856,255.97	-	-	-	-	67,444,407.66	-
LEAWOD Door and Window Profiles Company (四川良木道門窗型材有限公司)	63,960,679.60	-	-	913,746.32	-	-	-	-	64,874,425.92	-
Suzhou Supin Home Culture Co., Ltd. (蘇州市蘇品宅配文化有限公司)*	61,811,051.20	-	-	(1,933,012.98)	-	-	-	-	59,878,038.22	-

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

### 12. Long-term Equity Investments (continued)

2020 (continued)

	Movement during the year									
	Opening balance	Increase in investment	Decrease in investment	Investment	Other	Other changes	Cash	Provision	Closing balance	Closing impairment allowance
				gain/loss under equity method	comprehensive income		dividend declared	made for impairment allowance		
<b>Associates (continued)</b>										
Shenzhen Red Star Macalline Home Furnishing Plaza Company Limited (深圳紅星美凱龍家居生活廣場有限公司)	46,645,850.91	-	-	(1,322,177.89)	-	-	-	-	45,323,673.02	-
Ant live (Tianjin) Network Technology Co., Ltd. (環安居(天津)網絡技術有限公司)	43,446,999.80	-	-	(1,516,766.14)	-	-	-	-	41,930,233.66	-
Beijing Bilin Hongke Technology Co., Ltd. (北京比鄰弘科科技有限公司)	40,720,002.31	-	-	(608,469.27)	-	-	-	-	40,111,533.04	-
Shanghai Qiangshang Environmental Technology Company Limited (上海強尚環保科技有限公司)	36,130,798.25	-	-	2,152,349.70	-	-	-	-	38,283,147.95	-
Shanghai CONJOINT Construction Technology Co., Ltd. (上海開裝建築科技有限公司)	34,341,952.62	1,292,130.07	-	(430,258.51)	-	-	-	-	35,203,824.18	-
ICOLOR PRIVATE LIMITED	34,236,320.87	7,904,899.13	-	(2,783,299.30)	-	-	-	-	39,357,920.70	-
Super Smart Home (Shanghai) Internet of Things Technology Co., Ltd. (超級智慧家(上海)物聯網科技有限公司)	33,807,572.48	-	-	2,662,008.94	-	-	-	-	36,469,581.42	-
Chengdu Rhine Etam Furniture Co., Ltd. (成都艾格家具有限公司)	31,918,184.28	-	-	(1,503,942.23)	-	-	-	-	30,414,242.05	-
Jiangsu Baili Ajia Home Technology Co., Ltd. (江蘇佰麗愛家居科技有限公司)	31,290,567.38	-	-	(2,245,680.25)	-	-	-	-	29,044,887.13	-
Shanghai Jinjiang United Purchasing Supply Chain Co., Ltd. (上海錦江聯採供應鏈有限公司)	29,999,889.03	-	-	139,014.72	-	-	-	-	30,138,903.75	-

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

### 12. Long-term Equity Investments (continued)

2020 (continued)

	Movement during the year									
	Opening balance	Increase in investment	Decrease in investment	Investment	Other	Other changes	Cash	Provision	Closing balance	Closing impairment allowance
				gain/loss under equity method	comprehensive income		dividend declared	made for impairment allowance		
<b>Associates (continued)</b>										
BigZone Information Technology (Shanghai) Company Limited (大域信息科技(上海)有限公司)	19,125,711.28	-	-	(828.85)	-	-	-	-	19,124,882.43	-
Shanghai Harbour Home Investment Management Co., Ltd. (上海灣寓投資管理有限公司)	17,518,018.12	-	(17,518,018.12)	-	-	-	-	-	-	-
Meiwu 365 (Tianjin) Technology Company Limited (美屋三六五(天津)科技有限公司)	15,268,421.15	-	(14,844,225.94)	(424,195.21)	-	-	-	-	-	-
ArtPollo Network Technology (Beijing) Company Limited (愛波羅網絡科技(北京)有限公司)	13,480,433.70	-	-	(84,126.43)	-	-	-	(13,396,307.27)	-	(13,396,307.27)
Shengbao (Shanghai) Furniture Co., Ltd. (晟葆(上海)家具有限公司)	13,141,921.57	-	-	4,999.99	-	-	-	-	13,146,921.56	-
Beijing Canny-Robot Technology Co., Ltd. (北京康力優藍機器人科技有限公司)	12,454,221.36	-	-	693,353.13	-	-	-	-	13,147,574.49	-
Shenzhen Yatai Macalline Life Space Technology Co., Ltd. (深圳市亞泰美凱龍空間科技有限公司)	10,353,869.40	-	-	(1,012,158.22)	-	-	-	-	9,341,711.18	-
Shanghai Jiuzhan Construction Engineering Company Limited (上海嘉展建築裝潢工程有限公司)	7,824,586.00	-	-	79,241.39	-	-	(2,551,239.00)	-	5,352,588.39	-
Shaanxi Red Star Heji Home Shopping Plaza Company Limited (陝西紅星和記家居購物廣場有限公司)	5,207,920.29	-	(3,795,016.62)	(1,412,903.67)	-	-	-	-	-	-

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

### 12. Long-term Equity Investments (continued)

2020 (continued)

	Movement during the year									
	Opening balance	Increase in investment	Decrease in investment	Investment	Other	Other changes	Cash	Provision	Closing balance	Closing balance of impairment allowance
				gain/loss under equity method	comprehensive income		dividend declared	made for impairment allowance		
<b>Associates (continued)</b>										
Guangzhou Huoshu Yinhua Information Technology Co., Ltd. (廣州火數銀花信息科技有限公司)	4,746,336.80	-	-	(343,509.59)	-	-	-	-	4,402,827.21	-
Shenzhen Huasheng Home Furnishing Group Co., Ltd. (深圳華生大家居集團有限公司)	3,617,858.52	-	-	67,218.45	-	-	-	-	3,685,076.97	-
Yimeijisi Optoelectronics Technology (Fujian) Co., Ltd. (詠美吉斯光電科技(福建)有限公司)	2,475,000.00	-	-	87,615.88	-	-	-	-	2,562,615.88	-
Anka Household Products (Shanghai) Co., Ltd. (安咖家居用品(上海)有限公司)	1,922,408.97	-	-	1,001,577.22	-	-	-	-	2,923,986.19	-
Shenzhen Long Life Basics Sleep Science and Technology Co., Ltd. (深圳市朗樂福睡眠科技(深圳)有限公司)	1,073,066.34	-	-	679,484.02	-	-	(367,000.00)	-	1,385,550.36	-
Development Company Limited (鄧州市峰嶺區皇室房地產開發有限公司)	-	-	-	-	-	-	-	-	-	-
Handan Red Star Royal Properties Co., Ltd. (鄧州市紅星皇室置業有限公司)	-	-	-	-	-	-	-	-	-	-



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

### 12. Long-term Equity Investments (continued)

2020 (continued)

	Movement during the year									
	Opening balance	Increase in investment	Decrease in investment	Investment	Other	Other changes	Cash	Provision	Closing balance	Closing impairment allowance
				gain/loss under equity method	comprehensive income		dividend declared	made for impairment allowance		
<b>Associates (continued)</b>										
Wuhu Meihe Asset Management Company Limited (芜湖美和資產管理有限公司)	-	-	-	606,800.33	-	-	-	-	606,800.33	-
Shanghai AI Pure Intelligent Technology Co., Ltd. (上海智諦智能科技有限公司)	-	-	-	-	-	-	-	-	-	-
Shanghai Zhenyang Decoration Co., Ltd. (上海振洋建築裝潢工程有限公司)	-	20,003,073.63	-	1,282,440.15	-	-	-	-	21,285,513.78	-
Meishang (Guangzhou) Cosmetics Co., Ltd. (美尚(廣州)化妝品股份有限公司)	-	58,500,000.00	-	(4,020,977.06)	-	-	-	-	54,479,022.94	-
Shanghai Weilaiishi Decoration Technology Co., Ltd. (上海威來適裝飾科技有限公司)	-	4,000,000.00	-	(214,012.92)	-	-	-	-	3,785,987.08	-
Shanghai Shimao Macalline Home Technology Co., Ltd. (上海世茂美凱龍家居科技有限公司)	-	2,450,000.00	-	(2,450,000.00)	-	-	-	-	-	-
Zhongzhuang Central Purchasing (Beijing) Information Technology Co., Ltd. (中裝集採(北京)信息技術有限公司)	-	1,000,000.00	-	(293,298.27)	-	-	-	-	706,701.73	-
Albbe Inc.	-	10,000,000.00	-	-	-	-	-	-	10,000,000.00	-
	3,654,279,035.20	270,770,102.83	(233,152,628.25)	44,959,080.07	-	-	(19,563,790.09)	(13,396,307.27)	3,703,895,492.49	(13,396,307.27)

\* The associates renamed in 2020 is as follows: Liaoning Cheng'an Construction Co., Ltd. was renamed Shanghai Xincheng'an Construction Co., Ltd.

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

### 12. Long-term Equity Investments (continued)

2019

	Movement during the period									Closing balance of impairment allowance
	Opening balance	Increase in investment	Decrease in investment	Investment gain/loss under equity method	Other comprehensive income	Other changes	Cash dividend declared	Provision made for impairment allowance	Closing balance	
<b>Joint ventures</b>										
Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司)	898,298,330.42	—	—	27,764,145.77	—	—	(133,233,703.73)	—	792,828,772.46	—
Shanghai CTME Economy & Trade Development Co., Ltd. (上海中貿美凱龍經貿發展有限公司)	61,462,800.23	28,341,200.10	—	10,958,144.17	—	—	—	—	100,762,144.50	—
Shanghai Mingyi Enterprise Development Co., Ltd. (上海名藝商業企業發展有限公司)	41,011,996.63	—	—	18,780,557.46	—	—	—	—	59,792,554.09	—
Wuhu Red Star Macalline Equity Investment Fund Management Company Limited (蕪湖紅星美凱龍股權投資基金管理有限公司)	9,781,445.02	—	—	(39,048.85)	—	—	—	—	9,742,396.17	—
Baoxiang Red Star Macalline (Xiamen) Global Home Furnishing Plaza Company Limited (寶象紅星美凱龍(廈門)全球家居廣場有限公司)	—	15,000,000.00	—	(5,367,965.08)	—	—	—	—	9,632,034.92	—
SLEEP MAKER (HONGKONG) COMPANY LIMITED	—	5,146,800.00	—	31,905.00	—	—	—	—	5,178,705.00	—
Shenzhen Red Star Macalline Expo Home Plaza Co., Ltd. (深圳紅星美凱龍世博家居廣場有限公司)	—	4,300,000.00	—	(2,771,611.96)	—	—	—	—	1,528,388.04	—
Shenzhen Red Star Macalline Business Management Company Limited (深圳紅星美凱龍商業管理有限公司)	174,031.72	1,200,000.00	—	(149,315.04)	—	—	—	—	1,224,716.68	—
Guangzhou Red Star Macalline Expo Home Plaza Co., Ltd. (廣州紅星美凱龍世博家居廣場有限公司)	—	1,000,000.00	—	(785,852.36)	—	—	—	—	214,147.64	—

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

### 12. Long-term Equity Investments (continued)

2019 (continued)

	Movement during the period									
	Opening balance	Increase in investment	Decrease in investment	Investment gain/loss under equity method	Other comprehensive income	Other changes	Cash dividend declared	Provision made for impairment allowance	Closing balance	Closing balance of impairment allowance
<b>Joint ventures (continued)</b>										
Yongqing Yintai Future Land Construction And Development Co., Ltd. (永清銀泰新城建設開發有限公司)	29,697,621.58	—	(29,688,046.35)	(9,575.23)	—	—	—	—	—	—
Nanchang Red Star Macalline Global Home Expo Center Co., Ltd. (南昌紅星美凱龍環球家居博覽中心有限責任公司)	17,986,574.32	—	(17,986,574.32)	—	—	—	—	—	—	—
Yongqing Yintong Construction And Development Co., Ltd. (永清銀通建設開發有限公司)	15,000,000.00	—	(15,000,000.00)	—	—	—	—	—	—	—
Xiamen Baoxiang Red Star Macalline Home Furnishing Plaza Company Limited (廈門寶象紅星美凱龍家居生活廣場有限公司)	723,947.41	—	—	(723,947.41)	—	—	—	—	—	—
<b>Associates</b>										
Haier Consume Financing Company Limited (海爾消費金融有限公司)	307,746,162.44	—	—	51,152,763.23	—	—	—	—	358,898,925.67	—
Shandong Inzone Green Home Co., Ltd. (山東銀座家居有限公司)	—	348,916,600.00	—	(452,256.42)	—	—	—	—	348,464,343.58	—
Shenyudao Cultural Tourism Holding Co., Ltd. (神玉島文化旅遊控股股份有限公司)	194,763,453.51	—	—	(9,126,832.22)	—	—	—	—	185,636,621.29	—
Yaxiya Building Materials Co., Ltd. (亞細亞建築材料股份有限公司)	—	150,000,000.00	—	18,845,194.79	—	—	—	—	168,845,194.79	—
Guangdong Sanweijia Information Technology Co., Ltd. (廣東三維家信息科技有限公司)	166,003,895.66	—	—	(21,202,412.75)	—	—	—	—	144,801,482.91	—
SUNSEAPARKING INC	145,625,975.69	—	—	(1,594,002.86)	—	—	—	—	144,031,972.83	—

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

### 12. Long-term Equity Investments (continued)

2019 (continued)

	Movement during the period									Closing balance of impairment allowance
	Opening balance	Increase in investment	Decrease in investment	Investment gain/loss under equity method	Other comprehensive income	Other changes	Cash dividend declared	Provision made for impairment allowance	Closing balance	
<b>Associates (continued)</b>										
Wuhan Zhengkai Logistics Co., Ltd. (武漢市正凱物流有限公司)	126,983,174.58	3,528,501.56	—	1,216,483.04	—	—	(1,836,000.00)	—	129,892,159.18	—
Hangzhou Red Star Macalline Global Home Living Company Limited (杭州紅星美凱環球家居有限公司)	63,856,231.01	—	—	43,133,366.55	—	12,610,812.86)	—	—	94,378,784.70	—
Guangdong VIFA Customized Home Furnishings Co., Ltd. (廣東威法定制家居股份有限公司)*	85,491,488.31	—	—	11,584,742.09	—	—	(6,500,000.00)	—	90,576,230.40	—
Weifang Binxing Properties Co., Ltd. (濰坊濱星置業有限公司)	90,000,000.00	—	—	(152,103.48)	—	—	—	—	89,847,896.52	—
Zhejiang Zhongguang Electric Appliances Co., Ltd. (浙江中廣電器股份有限公司)	80,924,647.56	—	—	6,598,402.45	—	—	—	—	87,523,050.01	—
Klas International Home Living Company Limited (克拉斯國際家居有限公司)	68,135,170.31	—	—	11,114,038.01	—	—	—	—	79,249,208.32	—
Liaoning Cheng'an Construction Co., Ltd. (遼寧誠安建設有限公司)	62,031,744.40	—	—	8,889,767.18	—	—	(1,800,000.00)	—	69,121,511.58	—
Shanghai Tianhe Smart Home Technology Company Ltd. (上海天合智能科技有限公司)	63,781,313.54	—	—	3,056,492.71	—	—	(1,249,654.56)	—	65,588,151.69	—
LEAWOD Door and Window Profiles Company (四川良木道門窗型材有限公司)	62,127,865.88	—	—	1,832,813.72	—	—	—	—	63,960,679.60	—
Suzhou Supin Home Culture Co., Ltd. (蘇州市蘇品宅配文化有限公司)*	62,218,118.86	—	—	(407,067.66)	—	—	—	—	61,811,051.20	—

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

### 12. Long-term Equity Investments (continued)

2019 (continued)

	Movement during the period									Closing balance of impairment allowance
	Opening balance	Increase in investment	Decrease in investment	Investment gain/loss under equity method	Other comprehensive income	Other changes	Cash dividend declared	Provision made for impairment allowance	Closing balance	
<b>Associates (continued)</b>										
Shenzhen Red Star Macalline Home Furnishing Plaza Company Limited (深圳紅星美凱龍家居生活廣場有限公司)	17,211,841.58	—	—	29,434,009.33	—	—	—	—	46,645,850.91	—
Ant live (Tianjin) Network Technology Co., Ltd. (環安居(天津)網絡技術有限公司)	45,202,038.45	—	—	(1,755,038.65)	—	—	—	—	43,446,999.80	—
Beijing Bilin Hongke Technology Co., Ltd. (北京比鄰弘科科技有限公司)	—	40,000,000.00	—	720,002.31	—	—	—	—	40,720,002.31	—
Shanghai Qiangshang Environmental Technology Company Limited (上海強尚環保科技有限公司)	30,985,316.61	—	—	5,145,481.64	—	—	—	—	36,130,798.25	—
Shanghai CONJOINT Construction Technology Co., Ltd. (上海開裝建築科技有限公司)	—	35,064,000.00	—	(722,047.38)	—	—	—	—	34,341,952.62	—
ICOLOR PRIVATE LIMITED	—	35,573,360.87	—	(1,337,040.00)	—	—	—	—	34,236,320.87	—
Super Smart Home (Shanghai) Internet of Things Technology Co., Ltd. (超級智慧家(上海)物聯網科技有限公司)	25,639,470.45	—	—	8,168,102.03	—	—	—	—	33,807,572.48	—
Chengdu Rhine Etam Furniture Co., Ltd. (成都艾格傢俱有限公司)	—	34,000,000.00	—	(2,081,815.72)	—	—	—	—	31,918,184.28	—
Jiangsu Baili Aijia Home Technology Co., Ltd. (江蘇佰麗愛家居科技有限公司)	30,683,610.39	—	—	606,956.99	—	—	—	—	31,290,567.38	—
Shanghai Jinjiang United Purchasing Supply Chain Co., Ltd. (上海錦江聯採供應鏈有限公司)	—	30,000,000.00	—	(110.97)	—	—	—	—	29,999,889.03	—

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

### 12. Long-term Equity Investments (continued)

2019 (continued)

	Movement during the period									
	Opening balance	Increase in investment	Decrease in investment	Investment gain/loss under equity method	Other comprehensive income	Other changes	Cash dividend declared	Provision made for impairment allowance	Closing balance	Closing balance of impairment allowance
<b>Associates (continued)</b>										
BigZone Information Technology (Shanghai) Company Limited (大域信息科技(上海)有限公司)	19,652,912.82	—	—	(527,201.54)	—	—	—	—	19,125,711.28	—
Shanghai Harbour Home Investment Management Co., Ltd. (上海灣寓投資管理有限公司)	23,066,408.08	—	—	(5,548,389.96)	—	—	—	—	17,518,018.12	—
Meiwu 365 (Tianjin) Technology Company Limited (美屋三六五(天津)科技有限公司)	17,116,874.25	—	—	(1,848,453.10)	—	—	—	—	15,268,421.15	—
ArtPollo Network Technology (Beijing) Company Limited (愛波羅網絡科技(北京)有限公司)	13,599,994.54	—	—	(119,560.84)	—	—	—	—	13,480,433.70	—
Shengbao (Shanghai) Furniture Co., Ltd. (晟葆(上海)傢俱有限公司)	—	13,000,000.00	—	141,921.57	—	—	—	—	13,141,921.57	—
Beijing Canny-Robot Technology Co., Ltd. (北京康力優藍機器人科技有限公司)	13,216,093.81	—	—	(761,872.45)	—	—	—	—	12,454,221.36	—
Shenzhen Yatai Macalline Life Space Technology Co., Ltd. (深圳市亞泰美凱龍空間科技有限公司)	—	9,800,000.00	—	553,869.40	—	—	—	—	10,353,869.40	—
Shanghai Jiaghan Construction Engineering Company Limited (上海嘉辰建築裝潢工程有限公司)	7,634,822.89	—	—	189,763.11	—	—	—	—	7,824,586.00	—
Shaanxi Red Star Heji Home Shopping Plaza Company Limited (陝西紅星和記家居購物廣場有限公司)	4,500,000.00	—	—	1,327,764.83	—	(619,844.54)	—	—	5,207,920.29	—

# Notes to the Financial Statements

For the year 2020

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

### 12. Long-term Equity Investments (continued)

2019 (continued)

	Movement during the period									Closing balance of impairment allowance
	Opening balance	Increase in investment	Decrease in investment	Investment gain/loss under equity method	Other comprehensive income	Other changes	Cash dividend declared	Provision made for impairment allowance	Closing balance	
<b>Associates (continued)</b>										
Guangzhou Huoshu Yinhua Information Technology Co., Ltd. (廣州火數銀花信息科技有限公司)	4,875,268.70	—	—	(128,931.90)	—	—	—	—	4,746,336.80	—
Shenzhen Huasheng Home Furnishing Group Co., Ltd. (深圳華生大家居集團有限公司)	3,571,428.00	—	—	46,430.52	—	—	—	—	3,617,858.52	—
Yimeijisi Optoelectronics Technology (Fujian) Co., Ltd. (詠美吉斯光電科技(福建)有限公司)	—	2,475,000.00	—	—	—	—	—	—	2,475,000.00	—
Anka Household Products (Shanghai) Co., Ltd. (安咖家居用品(上海)有限公司)	—	3,500,000.00	—	(1,577,591.03)	—	—	—	—	1,922,408.97	—
Shenzhen Long Life Basics Sleep Science and Technology Co., Ltd. (深圳市朗樂福睡眠科技有限公司)	—	909,000.00	—	164,066.34	—	—	—	—	1,073,066.34	—
Shanghai Yibaimi Network Technology Company Limited (上海壹佰米網絡科技有限公司)	62,354,643.49	—	(16,781,213.37)	(45,573,430.12)	—	—	—	—	—	—
Chengdu Jujiatong Engineering Consultant Inc (成都居家通物流有限公司)	36,974,415.36	—	(35,482,532.10)	(1,491,883.26)	—	—	—	—	—	—
Development Company Limited (邯鄲市峰嶺區皇室房地產開發有限公司)	10,000,000.00	—	—	(10,000,000.00)	—	—	—	—	—	—
Handan Red Star Royal Properties Co., Ltd. (邯鄲市紅星皇室置業有限公司)	4,000,000.00	—	—	(4,000,000.00)	—	—	—	—	—	—
Qianzhi (Shanghai) Home Furnishing Co., Ltd. (乾智(上海)家居有限公司)	1,500,000.00	—	(1,500,000.00)	—	—	—	—	—	—	—

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

### 12. Long-term Equity Investments (continued)

#### 2019 (continued)

	Movement during the period									
	Opening balance	Increase in investment	Decrease in investment	Investment gain/loss under equity method	Other comprehensive income	Other changes	Cash dividend declared	Provision made for impairment allowance	Closing balance	Closing balance of impairment allowance
<b>Associates (continued)</b>										
Wuhu Meihe Asset Management Company Limited (芜湖美和資產管理有限公司)	490,000.00	—	—	(490,000.00)	—	—	—	—	—	—
Shanghai AI.Pure Intelligent Technology Co., Ltd. (上海智諦智能科技有限公司)	—	3,000,000.00	—	(2,982,000.00)	—	(18,000.00)	—	—	—	—
Shenzhen Red Star Macalline Century Center Home Living Plaza Co., Ltd. (深圳紅星美凱龍世紀中心家居生活廣場有限公司)	—	—	—	—	—	—	—	—	—	—
	3,026,101,128.50	764,754,462.53	(116,438,366.14)	137,729,826.00	—	(13,248,657.40)	(144,619,358.29)	—	3,654,279,035.20	—

\* The associates renamed in 2019 is as follows: Zhongshan Weifa Household Products Co., Ltd. was renamed Guangdong VIFA Customized Home Furnishing Co., Ltd.; Suzhou Supin Furniture Co., Ltd. was renamed Suzhou Supin Home Culture Co., Ltd.; Shanghai UIOT Technology Company Limited was renamed UIOT Super Smart Home (Shanghai) Internet and Technology Co., Ltd.

Provision for impairment of the long-term equity investments:

#### 2020

	Opening balance	Addition in the current year	Decrease in the current year	Closing balance
Artpollo Network Technology (Beijing) Co., Ltd. (愛菠蘿網路科技(北京)有限公司)	—	(13,396,307.27)	—	(13,396,307.27)

In 2019, the Group did not make provision for impairment of long-term equity investments.



# Notes to the Financial Statements

For the year 2020

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

### 13. Other Equity Instrument Investments

2020

	Changes in		Dividend income in the year	
	fair value accumulated in other comprehensive income	Fair value	Equity instruments derecognized during the year	Equity instruments held
Ningbo Meishan Bonded Port Area Qijun Equity Investment Partnership (LIMITED PARTNERSHIP) (寧波梅山保稅港區奇君股權投資合夥企業(有限合夥))	974,454,153.25	1,174,454,153.25	-	1,132,150.24
Dingdong (Cayman) Limited	358,087,953.93	619,983,773.00	-	-
Chengdu Xinchao Media Group Co., Ltd. (成都新潮傳媒集團有限公司)	48,200,000.00	248,200,000.00	-	-
AUPU Home Co., Ltd. (奧普家居股份有限公司)	(13,110,627.01)	227,416,847.59	-	5,034,251.70
Oriental Standard Human Resources Holdings Limited	129,669,970.30	185,173,630.96	-	-
Beijing Bayi Space LCD Technology Co., Ltd. (北京八億時空液晶科技股份有限公司)	87,380,048.00	172,817,400.00	-	1,159,200.00
Jinan Caijin Fosun Weishi Equity Investment Fund Joint Venture (LIMITED PARTNERSHIP) (濟南財金復星惟實股權投資基金合夥企業(有限合夥))	36,188,383.78	171,188,383.78	-	15,146,189.37
Keeson Technology Corporation Limited (麒盛科技股份有限公司)	92,300,223.81	167,731,098.81	-	5,028,725.00
Zhejiang Entire Intellectual Kitchen Electricity Co., Ltd. (浙江億田智能廚電股份有限公司)	87,300,000.00	150,300,000.00	-	-
De Rucci Bedding Co., Ltd. (慕思健康睡眠股份有限公司)	-	130,500,000.00	-	-
Sinostone (Guangdong) Co. Ltd. (廣東中旗新材料股份有限公司)	89,052,981.86	122,032,981.86	-	2,473,500.00
Shenzhen Yuanchao Smart Life Co., Ltd. (深圳遠超智慧生活股份有限公司)	-	101,219,000.00	-	-
Guangzhou Snimay Home Furnishing Co., Ltd. (廣州市詩尼曼家居有限公司)	45,482,562.97	79,092,562.97	-	709,030.60
Shanghai Scholar Home Enterprise Management Consulting Centre (LIMITED PARTNERSHIP) (上海禮敏企業管理諮詢中心(有限合夥))	56,009,915.56	75,969,915.56	-	713,968.26
ARROW Home Group Co., Ltd. (箭牌家居集團股份有限公司)	-	54,106,600.00	-	-
YunDing Network Technology (Beijing) Co., Ltd. (雲丁網絡技術(北京)有限公司)	40,509,535.43	52,357,455.79	-	-
DESSMANN (China) Machinery & Electronic Co., Ltd. (德施曼機電(中國)有限公司)	28,406,947.38	50,106,947.38	-	-
Zhejiang Xingyue Electric Equipment Co., Ltd. (浙江星月電器有限公司)	20,037,433.07	48,979,433.07	-	-
Harbin Sayyas Windows Stock Co., Ltd. (哈爾濱森鷹窗業股份有限公司)	26,416,022.39	48,788,372.39	-	-

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

### 13. Other Equity Instrument Investments (continued)

2020 (continued)

	Changes in fair value accumulated in other comprehensive income	Fair value	Dividend income in the year	
			Equity instruments derecognized during the year	Equity instruments held
Zhejiang Xierkang Smart Home Co., Ltd. (浙江喜爾康智能家居有限公司)	5,750,800.00	47,050,800.00	-	-
Qingdao Yeelight Smart Technology Co., Ltd. (青島易來智慧科技股份有限公司)*	25,361,909.25	40,061,909.25	-	-
Shenzhen Angstrong Technology Co., Ltd. (深圳市安思疆科技有限公司)	4,898,128.73	24,898,128.73	-	-
Guangdong Huangpai Custom Home Furnishing Group Co., Ltd. (廣東皇派定制家居集團股份有限公司)	-	24,205,696.00	-	-
Beijing Parking Easy Information Technology Co. Ltd. (北京停簡單信息技術有限公司)	(20,449,876.50)	22,050,123.50	-	-
Hangzhou Water Show Culture GROUP Co., Ltd. (杭州水秀文化集團有限公司)	6,497,498.39	19,970,498.39	-	-
Zhejiang Mingdu Intelligent Control Technology Co., Ltd. (浙江明德智控科技有限公司)	4,000,237.00	19,000,237.00	-	-
Meicai (Wuhan) Technology Co., Ltd. (美材(武漢)科技有限公司)	(6,088,178.11)	15,911,821.89	-	-
Gold Medal Kitchen Cabinet Home Technology Co., Ltd. (金牌廚櫃家居科技股份有限公司)	1,495,569.32	15,842,741.40	-	-
Soford (Shanghai) Sports Development Co., Ltd. (泰福德(上海)體育發展有限公司)	(18,732,207.52)	8,267,792.48	-	-
Beijing Bluepower Technology Co., Ltd. (北京藍海華業科技股份有限公司)	(40,919,658.89)	3,231,562.40	-	-
Others	(56,721,483.76)	85,768,179.09	5,465,790.83	1,390,724.13
	2,011,478,242.63	4,206,678,046.54	5,465,790.83	32,787,739.30

\* Other equity instrument investment company renamed in 2020 is as follows: Qingdao Yeelink Information Technology Co., Ltd. was renamed Qingdao Yeelight Smart Technology Co., Ltd.

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

### 13. Other Equity Instrument Investments (continued)

2019

	Changes in fair value accumulated in other comprehensive income		Dividend income in the year	
		Fair value	Equity instruments derecognized during the year	Equity instruments held
Oppein Home Group Inc. (歐派家居集團股份有限公司)	1,078,916,227.10	1,162,925,361.00	-	10,535,949.00
Ningbo Meishan Bonded Port Area Qijun Equity Investment Partnership (LIMITED PARTNERSHIP) (寧波梅山保稅港區奇君股權投資合夥企業(有限合夥))	324,766,670.29	524,766,670.29	-	2,830,375.59
Chengdu Xinchao Media Group Co., Ltd. (成都新潮傳媒集團有限公司)	73,582,903.00	273,582,903.00	-	-
Dingdong (Cayman)Limited	-	261,895,819.07	-	-
AUPU Home Co., Ltd. (奧普家居股份有限公司)	(8,534,835.41)	231,992,639.19	-	3,355,545.60
Keeson Technology Corporation Limited (麒盛科技股份有限公司)	155,488,177.00	230,919,052.00	-	3,017,235.00
Jinan Caijin Fosun Weishi Equity Investment Fund Joint Venture (LIMITED PARTNERSHIP) (濟南財金復星惟實股權投資基金合夥企業(有限合夥))	45,175,339.60	180,175,339.60	-	-
Beijing Bayi Space LCD Technology Co., Ltd. (北京八億時空液晶科技股份有限公司)	56,178,248.00	141,615,600.00	-	3,220,000.00
Sleemon Furniture Co., Ltd. (喜臨門家具股份有限公司)	33,743,277.22	119,171,598.00	-	-
Sinostone (Guangdong) Co. Ltd. (廣東中旗新材料股份有限公司)	59,286,684.04	92,266,684.04	-	1,649,000.00
Oriental Standard Human Resources Holdings Limited	29,267,001.14	84,770,661.80	-	-
Guangzhou Snimay Home Furnishing Co., Ltd. (廣州市詩尼曼家居有限公司)	35,532,902.57	69,142,902.57	-	1,063,545.90
Plus Space (Shanghai) International Corp. Ltd. (璞勒仕建築工程(上海)股份有限公司)	48,888,510.57	68,888,510.57	-	-
Zhejiang Entire Intellectual Kitchen Electricity Co., Ltd. (浙江億田智能廚電股份有限公司)	5,826,085.92	68,826,085.92	-	-
YunDing Network Technology (Beijing) Co., Ltd. (雲丁網絡技術(北京)有限公司)	36,231,680.22	48,079,600.58	-	-
Shanghai Scholar Home Enterprise Management Consulting Centre (LIMITED PARTNERSHIP) (上海檀敘企業管理諮詢中心(有限合夥))	26,033,246.66	45,993,246.66	-	-

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

### 13. Other Equity Instrument Investments (continued)

2019 (continued)

	Changes in fair value accumulated in other comprehensive income	Fair value	Dividend income in the year	
			Equity instruments derecognized during the year	Equity instruments held
Harbin Sayyas Windows Stock Co., Ltd. (哈爾濱森鷹窗業股份有限公司)	14,877,650.00	37,250,000.00	-	-
Beijing Parking Easy Information Technology Co. Ltd. (北京停簡單信息技術有限公司)	(11,132,873.57)	31,367,126.43	-	-
Zhejiang Xingyue Electric Equipment Co., Ltd. (浙江星月電器有限公司)	2,211,338.51	31,153,338.51	-	-
DESSMANN (China) Machinery & Electronic Co., Ltd. (德施曼機電(中國)有限公司)	3,467,490.62	25,167,490.62	-	-
Pathfinder Holdings Group Co., Ltd. (探路者控股集團股份有限公司)	1,906,975.03	25,013,372.28	-	-
Meicai (Wuhan) Technology Co., Ltd. (美材(武漢)科技有限公司)	-	22,000,000.00	-	-
Hangzhou Water Show Culture GROUP Co., Ltd. (杭州水秀文化集團有限公司)	7,336,641.29	20,809,641.29	-	1,097,800.00
Weride Inc	-	20,200,471.65	-	-
Qingdao Yeelink Information Technology Co., Ltd. (青島億聯客信息技術有限公司)	5,437,319.75	20,137,319.75	-	728,080.00
Beijing Haozu Technology Development Co., Ltd. (北京好租科技發展有限公司)	(642,502.34)	19,357,497.66	-	-
Beijing Bluepower Technology Co., Ltd. (北京藍海華業科技股份有限公司)	(27,993,409.29)	16,157,812.00	-	-
Black Sesame International Holding Limited	-	12,493,744.08	-	-
Zhejiang Mingdu Intelligent Control Technology Co., Ltd. (浙江明度智控科技有限公司)	(2,555,858.20)	12,444,141.80	-	-
Xi'an Jiahexing Home Furnishing Co., Ltd. (西安佳和興家居有限責任公司)	-	11,400,000.00	-	-

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

### 13. Other Equity Instrument Investments (continued)

2019 (continued)

	Changes in fair value accumulated in other comprehensive income	Fair value	Dividend income in the year Equity instruments derecognized during the year	Equity instruments held
Guangzhou Animation Cartoon Game Life Technology Co, Ltd. (廣州酷漫居動漫科技有限公司)	(13,416,708.08)	11,323,291.92	-	-
Shenzhen ORVIBO Technology Co., Ltd. (深圳市歐瑞博科技有限公司)	-	10,000,000.00	-	-
Others	(19,881,492.36)	67,869,903.16	1,080,000.00	1,209,667.75
	1,959,996,689.28	3,999,157,825.44	1,080,000.00	28,707,198.84

As the Group held the above investments not for the purpose of trading, thus the Group will appoint them as investments at FVTOCI.

The Group disposed other equity instrument investments of RMB1,463,597,379.68 (2019:RMB892,152,950.99), and accumulated profit and loss totaling RMB1,015,546,734.95 were carried forward from other comprehensive income to retained earning (2019:RMB684,890,970.17).

As at December 31, 2020, the Group's other equity instrument investments with value of RMB183,573,840.21 were used as pledge guarantees to obtain loans of RMB65,000,000.00, See Note V. 65. Assets with restricted ownership or use rights.

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

### 14. Other Non-Current Financial Assets

	2020	2019
Financial assets at FVTPL	396,924,540.60	368,774,540.60

### 15. Investment Property

Subsequent measurement by adopting the fair value model:

2020

	Houses and buildings	Properties under construction	Total
Opening balance	75,574,000,000.00	9,533,000,000.00	85,107,000,000.00
Purchase	2,057,201,474.02	1,548,763,987.95	3,605,965,461.97
Transfer from projects under construction			
Completion of properties under construction	821,000,000.00	–	821,000,000.00
Business combinations not involving enterprises under common control	2,782,000,000.00	(2,782,000,000.00)	–
Assets acquisition	206,227,107.71	3,020,104,494.63	3,226,331,602.34
Assets disposal	(107,000,000.00)	–	(107,000,000.00)
Changes in fair value	148,571,418.27	348,131,517.42	496,702,935.69
Closing balance	81,482,000,000.00	11,668,000,000.00	93,150,000,000.00

# Notes to the Financial Statements

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

### 15. Investment Property (continued)

Subsequent measurement by adopting the fair value model: (continued)

2019

	Houses and buildings	Properties under construction	Total
Opening balance	71,804,000,000.00	6,729,000,000.00	78,533,000,000.00
Purchase	476,635,161.11	2,665,066,058.74	3,141,701,219.85
Completion of properties under construction	2,039,000,000.00	(2,039,000,000.00)	–
Business combinations not involving enterprises under common control	669,000,000.00	–	669,000,000.00
Assets acquisition	–	1,592,605,288.15	1,592,605,288.15
Assets disposal	(430,000,000.00)	–	(430,000,000.00)
Changes in fair value	1,015,364,838.89	585,328,653.11	1,600,693,492.00
Closing balance	75,574,000,000.00	9,533,000,000.00	85,107,000,000.00

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

The amount of interest capitalization included in investment properties this year was RMB365,745,604.27.

As at 31 December 2020, the investment properties valued RMB79,865,000,000.00 was held by the Group as security to acquire borrowings and commercial mortgage-backed securities of RMB32,299,507,997.37. Please refer to Note V 65. Assets with Restricted Ownership or Use Right.

As at 31 December 2020, the investment properties at fair value of RMB1,911,000,000.00 held by the Group was located in the land with the use rights owned by project partners, which was used for scientific research and designs and whose type of use rights was for allocation use. Pursuant to relevant agreement entered into with project partners, the Group recognized the investment properties as investment properties leased by financial lease. The Group held no ownership certificate for such investment properties.

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

### 15. Investment Property (continued)

In this year, the Group leased out part of the Hongqiao office building, which was converted from construction in progress to investment real estate measured by fair value. The difference between the fair value and book value of the leased portion on the conversion date is RMB77,663,553.11, which is included in other comprehensive income;

The Group disposed of a property this year, with an affected loss amount of RMB21,496,017.78.

As at 31 December 2020, the investment properties with ownership certificate not settled are as follows:

	Book value	Reason for not yet settling
Nanjing International Home Living Plaza (南京國際家居廣場)	1,258,000,000.00	Application for ownership certificate is in progress
Chongqing Ogloria Home Furnishing Mall (重慶歐麗洛雅家居商場)	993,000,000.00	Application for ownership certificate is in progress
Leasing Portion of Hongqiao Office Building for Lease	855,000,000.00	Application for ownership certificate is in progress
Taiyuan International Home Furnishing Plaza (太原全球家居廣場)	561,000,000.00	Application for ownership certificate is in progress
Lanzhou Shibo Home Furnishing Plaza (蘭州世博家居商場)	452,000,000.00	Application for ownership certificate is in progress
Hangzhou Shibo Furniture Plaza (杭州世博家居商場)	280,000,000.00	Application for ownership certificate is in progress
	<b>4,399,000,000.00</b>	



# Notes to the Financial Statements

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

### 16. Fixed Assets

2020

	Houses and buildings	Special equipment	Transportation equipment	Electronic equipment, appliances	Total
Original value					
Opening balance	549,918,707.57	138,090,150.38	161,881,716.10	369,989,814.27	1,219,880,388.32
Purchase	278,530,328.25	40,081,592.22	12,465,103.61	95,159,531.79	426,236,555.87
Transfer from construction in progress	1,579,009,839.63	-	-	-	1,579,009,839.63
Disposal or retirement	-	2,306,886.52	37,424,634.49	25,200,087.71	64,931,608.72
Closing balance	2,407,458,875.45	175,864,856.08	136,922,185.22	439,949,258.35	3,160,195,175.10
Accumulated depreciation					
Opening balance	-	16,223,754.35	109,665,816.46	196,494,662.90	322,384,233.71
Provision	53,472,298.75	12,844,115.16	15,900,392.94	65,141,244.30	147,358,051.15
Disposal or retirement	-	4,505.33	30,446,649.94	17,061,151.43	47,512,306.70
Closing balance	53,472,298.75	29,063,364.18	95,119,559.46	244,574,755.77	422,229,978.16
Book value					
Closing	2,353,986,576.70	146,801,491.90	41,802,625.76	195,374,502.58	2,737,965,196.94
Opening	549,918,707.57	121,866,396.03	52,215,899.64	173,495,151.37	897,496,154.61

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

### 16. Fixed Assets (continued)

2019

	Houses and buildings	Special equipment	Transportation equipment	Electronic equipment, appliances	Total
Original value					
Opening balance	-	26,501,687.19	151,730,251.08	281,343,778.28	459,575,716.55
Purchase	-	112,553,434.12	17,695,538.88	97,064,868.55	227,313,841.55
Transfer from construction in progress	549,918,707.57	-	-	2,666,784.92	552,585,492.49
Business combinations involving enterprises not under common control	-	-	-	674,600.10	674,600.10
Disposal or retirement	-	964,970.93	7,544,073.86	11,760,217.58	20,269,262.37
Closing balance	549,918,707.57	138,090,150.38	161,881,716.10	369,989,814.27	1,219,880,388.32
Accumulated depreciation					
Opening balance	-	2,783,242.61	98,492,986.51	165,881,444.93	267,157,674.05
Provision	-	13,468,246.76	18,054,069.08	40,739,125.93	72,261,441.77
Disposal or retirement	-	27,735.02	6,881,239.13	10,125,907.96	17,034,882.11
Closing balance	-	16,223,754.35	109,665,816.46	196,494,662.90	322,384,233.71
Book value					
Closing	549,918,707.57	121,866,396.03	52,215,899.64	173,495,151.37	897,496,154.61
Opening	-	23,718,444.58	53,237,264.57	115,462,333.35	192,418,042.50

# Notes to the Financial Statements

For the year 2020

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

### 16. Fixed Assets (continued)

As at 31 December 2020, the houses and buildings with ownership certificate not settled are as follows:

	Book value	Reason for not yet settling
Hongqiao office building 2 and building 5	1,812,427,783.61	Application for ownership certificate is in progress

As of December 31, 2020, the Group's fixed assets with value of RMB2,353,986,576.70 were used as mortgaged collateral to obtain loans of RMB981,916,500.00. Please refer to Note V. 65. Assets with restricted ownership or use rights.

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

As at the end of this year, the management of the Group assessed fixed assets and considered no provision for impairment is necessary.

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

### 16. Fixed Assets (continued)

Fixed assets rented out under operating lease are as follows:

	Special equipment 2020	Special equipment 2019
Original value		
Opening balance	107,017,606.42	–
Purchase	40,014,778.91	107,017,606.42
Disposal or retirement	120,365.00	–
Closing balance	146,912,020.33	107,017,606.42
Accumulated depreciation		
Opening balance	1,135,304.25	–
Provision	12,471,702.38	1,135,304.25
Disposal or retirement	1,750.33	–
Closing balance	13,605,256.30	1,135,304.25
Closing	133,306,764.03	105,882,302.17
Opening	105,882,302.17	–

# Notes to the Financial Statements

For the year 2020

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

### 17. Construction in Progress

	2020			2019		
	Book balance	Impairment allowance	Book value	Book balance	Impairment allowance	Book value
Construction in Progress	80,629,155.83	-	80,629,155.83	2,329,221,258.37	-	2,329,221,258.37

Significant changes of construction in progress in 2020 are as follows:

	Budget	Opening balance	Addition in the current year	Transfer in the current year	Transfer to fixed assets in the current year	Other decreases Investment Properties	Closing balance of budget (%)	Fund sources	Construction investment
Office building	2,923,029,780.84	2,310,501,272.84	12,948,837.69	1,579,009,839.63	744,440,270.90	-	-	Own funds and loans	98%

Significant changes of construction in progress in 2019 are as follows:

	Budget	Opening balance	Addition in the current year	Transfer in the current year	Other decrease fixed assets	Closing balance of budget (%)	fund sources	construction investment
Office building	2,517,518,777.95	22,815,121.20	2,432,093,856.32	549,918,707.57	-	1,904,990,269.95	Own funds and loans	98%

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

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

### 18. Right-of-Use Assets

2020

	Houses and buildings	Other equipments	Total
Cost			
Opening balance	5,353,184,766.99	24,321,055.16	5,377,505,822.15
Addition	1,382,309,339.29	–	1,382,309,339.29
Decrease	127,535,541.65	–	127,535,541.65
Closing balance	6,607,958,564.63	24,321,055.16	6,632,279,619.79
Accumulated depreciation			
Opening balance	2,277,958,402.29	12,363,203.04	2,290,321,605.33
Provision	564,665,867.84	1,216,052.76	565,881,920.60
Decrease	76,521,324.99	–	76,521,324.99
Closing balance	2,766,102,945.14	13,579,255.80	2,779,682,200.94
Book value			
Closing	3,841,855,619.49	10,741,799.36	3,852,597,418.85
Opening	3,075,226,364.70	11,957,852.12	3,087,184,216.82

# Notes to the Financial Statements

For the year 2020

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

### 18. Right-of-Use Assets (continued)

2019

	Houses and buildings	Other equipments	Total
Cost			
Opening balance	4,572,609,477.51	24,321,055.16	4,596,930,532.67
Addition	780,575,289.48	–	780,575,289.48
Closing balance	5,353,184,766.99	24,321,055.16	5,377,505,822.15
Accumulated depreciation			
Opening balance	1,844,030,338.77	11,147,150.28	1,855,177,489.05
Provision	433,928,063.52	1,216,052.76	435,144,116.28
Closing balance	2,277,958,402.29	12,363,203.04	2,290,321,605.33
Book value			
Closing	3,075,226,364.70	11,957,852.12	3,087,184,216.82
Opening	2,728,579,138.74	13,173,904.88	2,741,753,043.62

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

### 19. Intangible Assets

2020

	Software	Trademark use right (Note)	Others	Total
Original value				
Opening balance	185,991,243.68	525,000,000.00	12,725,691.68	723,716,935.36
Purchase	5,568,361.08	–	27,722.77	5,596,083.85
Internal research and development	14,209,302.25	–	–	14,209,302.25
Transfer from construction in progress	11,170,510.01	–	118,279.47	11,288,789.48
Disposal	587,131.91	–	–	587,131.91
Closing balance	216,352,285.11	525,000,000.00	12,871,693.92	754,223,979.03
Accumulated amortization				
Opening balance	77,711,231.31	86,794,682.97	9,948,688.19	174,454,602.47
Provision	26,349,852.06	13,852,583.58	896,471.10	41,098,906.74
Disposal	98,112.90	–	–	98,112.90
Closing balance	103,962,970.47	100,647,266.55	10,845,159.29	215,455,396.31
Impairment allowance				
Opening balance	–	100,000,000.00	–	100,000,000.00
Provision	–	95,000,000.00	–	95,000,000.00
Closing balance	–	195,000,000.00	–	195,000,000.00
Book value				
Closing	112,389,314.64	229,352,733.45	2,026,534.63	343,768,582.72
Opening	108,280,012.37	338,205,317.03	2,777,003.49	449,262,332.89



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

### 19. Intangible Assets (continued)

2019

	Software	Trademark use right	Others	Total
Original value				
Opening balance	163,554,516.53	525,000,000.00	10,617,578.51	699,172,095.04
Purchase	22,340,015.57	–	49,557.52	22,389,573.09
Business combinations involving enterprises not under common control				
	96,711.58	–	–	96,711.58
Transfer from construction in progress				
	–	–	2,058,555.65	2,058,555.65
Closing balance	185,991,243.68	525,000,000.00	12,725,691.68	723,716,935.36
Accumulated amortization				
Opening balance	56,166,367.30	72,942,099.39	9,232,696.84	138,341,163.53
Provision	21,544,864.01	13,852,583.58	715,991.35	36,113,438.94
Closing balance	77,711,231.31	86,794,682.97	9,948,688.19	174,454,602.47
Impairment allowance				
Opening and closing balance	–	100,000,000.00	–	100,000,000.00
Book value				
Closing	108,280,012.37	338,205,317.03	2,777,003.49	449,262,332.89
Opening	107,388,149.23	352,057,900.61	1,384,881.67	460,830,931.51

As at 31 December 2020, intangible assets formed through internal research and development accounted for 4.13% of the book value of intangible assets as at the end of the year (31 December 2019: 4.31%).

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

### 19. Intangible Assets (continued)

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

The Company shall pay an annual fee in standard for establishing shopping malls to use the licensed trademarks in addition to the nonrecurring trademark licensing fee of RMB525,000,000.00, the period for payment is the period from the opening date of the shopping mall to the day when the shopping mall ceases to use the licensing trademarks. The right to use the trademark was amortized on a straight-line basis within 30 years of the licensed period contracted by the Group since June 2014. The Group recognized an impairment loss of RMB95,000,000.00 for intangible assets this year, which was due to the provision for impairment of the trademark use rights of JSWB. The recoverable amount was determined based on the present value of the expected future cash flow of the asset group. This asset group consists of the right to use the trademark of JSWB. When determining the present value of the expected future cash flows of the asset group, a discount rate of 16% was used. As of the end of the year, the balance of impairment reserves for the use of JSWB trademark was RMB195,000,000.00.

### 20. Development Expenditure

2020

	Opening balance	Increase in the current year	Decrease in the current year		Closing balance
		Internal research and development	Capitalized as intangible assets	Recognized in profit or loss	
Home improvement and data platform	34,245,602.45	10,801,375.41	14,209,302.25	-	30,837,675.61

# Notes to the Financial Statements

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

### 20. Development Expenditure (continued)

2019

	Opening balance	Increase in the current year Internal research and development	Decrease in the current year		Closing balance
			Capitalized as intangible assets	Recognized in profit or loss	
Home improvement and data platform	-	34,245,602.45	-	-	34,245,602.45

The Group started to develop an application platform for online sale in 2016 to capitalize the expenses qualified to be capitalized in the development stage.

### 21. Goodwill

2020

	Opening balance	Increase in the current year Business combinations not involving enterprises under common control	Decrease in the current year Disposal group/ disposal allocated to held for sale	Closing balance
Xinsheng Property Management (Shanghai) Co., Ltd. (鑫笙物業管理(上海)有限公司)	81,004,690.44	-	-	81,004,690.44
	97,597,047.85	-	-	97,597,047.85

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

### 21. Goodwill (continued)

2019

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

The main cash flows generated from the aforementioned subsidiaries acquired are independent from those of the other subsidiaries of the Group and the Group managed the producing activity of the aforementioned subsidiaries independently, therefore, each of these acquired subsidiaries is an asset portfolio. and in performing the impairment test, the goodwill generated from each acquisition is allocated to the corresponding subsidiary acquired. The asset portfolios are consistent with the prior years' and those as acquired.

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

### 21. Goodwill (continued)

Assumptions were used in the value-in-use calculation of all the cash-generating units for 31 December 2020 and 31 December 2019. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

- 1) The Company under evaluation continues to operate and there are no major changes affecting the key aspects of production and operations and the current situation in terms of business scope, sales model, channels and management;
- 2) The socio-economic environment in which the company under evaluation is located does not cause major changes and there are no major changes in relevant laws, regulations, policies and regulations;
- 3) The business scope, operating mode, and management mode of the company under evaluation are consistent and continuously improve with the development of the economy;
- 4) The interest rate, exchange rate, tax base and tax rate fell within the normal range prescribed by the state and had had not changed significantly, etc..

Estimated gross profit margin      determined by increasing the average gross profit margin achieved in the previous year to an extent that duly reflects the estimated efficiency improvement and estimated market conditions.

Discount rate                              a pre-tax discount rate that reflects the specific risks of the relevant asset groups or portfolios of asset groups.

The amount assigned to key assumptions on each asset group was consistent with the Group's historical experience and external information sources.

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

### 21. Goodwill (continued)

#### **Suzhou Industry Park Zhongxiang Meitong Storage Company Limited (“Suzhou Zhongxiang”)**

The subsidiary to which goodwill belongs is deemed as an asset group when being tested for goodwill impairments. The recoverable amount of an asset group to which goodwill belongs is determined based on the present value of the estimated future cash flows of the asset group which are determined based on the financial budget for the forecast period (2021–2025) approved by the management. The pre-tax discount rate used to forecast the cash flows of the asset group during the forecast period was 6.5%, and the growth rate used to extrapolate the cash flows beyond the forecast period is 0%. Since, after calculation, the present value of the estimated future cash flows of Suzhou Zhongxiang was higher than the carrying amount of the portfolios of asset groups, the Group believed that there were no impairments of goodwill arising from the acquisition of Suzhou Zhongxiang.

#### **Xinsheng property management (Shanghai) Co., Ltd (鑫笙物業管理(上海)有限公司) (“Shanghai Xinsheng”)**

The subsidiary to which goodwill belongs is deemed as an asset group when being tested for goodwill impairments. The recoverable amount of an asset group to which goodwill belongs is determined based on the net amount of fair value of an asset group after deducting costs of disposal, and the carrying amount of Shanghai Xinsheng’s assets group for impairment test was the carrying amount of an assets group after deducting the non – core goodwill arising from the recognition of deferred income tax liabilities. According to the calculation, the net amount of fair value of Shanghai Xinsheng after deducting costs of disposal was equal to the carrying amount of the assets group. The Group believes that there is no impairment of the goodwill arising from the acquisition of Shanghai Xinsheng.

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

### 22. Long-term Prepaid Expenses

2020

	Opening balance	Increase in the current year	Amortized in the current year	Closing balance
Improvement expenditures for fixed assets rented (Note)	328,902,726.05	19,565,921.33	121,818,504.99	226,650,142.39
Others	160,895,187.35	129,210,556.22	62,701,082.74	227,404,660.83
	489,797,913.40	148,776,477.55	184,519,587.73	454,054,803.22

2019

	Opening balance	Increase in the current year	Amortized in the current year	Closing balance
Improvement expenditures for fixed assets rented (Note)	302,233,682.81	133,136,564.64	106,467,521.40	328,902,726.05
Others	98,498,257.72	107,468,560.11	45,071,630.48	160,895,187.35
	400,731,940.53	240,605,124.75	151,539,151.88	489,797,913.40

*Note:* Improvement expenditures for fixed assets rented represents improvement expenditures for Leased Portfolio Shopping Malls, which may be evenly amortized by the Group in stages during the shorter of an estimated beneficial period of 10 years and the lease term of Leased Portfolio Shopping Malls.

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

### 23. Deferred Tax Assets/Liabilities

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

	2020		2019	
	Deductible temporary difference	Deferred tax assets	Deductible temporary difference	Deferred tax assets
Deferred tax assets				
Provision for impairment of assets	2,227,639,729.59	512,485,268.83	1,852,105,223.01	442,995,107.89
Deductible loss	3,170,200,028.44	789,008,202.63	1,595,772,514.14	398,072,306.19
Provision for unpaid expenses	1,404,482,483.51	348,840,824.81	1,365,643,156.99	311,791,221.75
Asset-related deferred income	200,067,948.24	50,016,987.06	206,266,686.48	51,566,671.62
Cost overruns for advertising expenses	474,494,060.39	115,473,746.04	501,281,736.97	123,495,312.88
Long-term assets capitalized in Group's internal transaction	301,282,830.56	75,320,707.64	258,543,175.84	64,635,793.96
	<b>7,778,167,080.73</b>	<b>1,891,145,737.01</b>	5,779,612,493.43	1,392,556,414.29

	2020		2019	
	Taxable temporary differences	Deferred income tax liabilities	Taxable temporary differences	Deferred income tax liabilities
Deferred tax liabilities				
Change in fair value of other equity instrument investments	2,161,396,379.42	448,527,870.87	2,223,390,803.09	384,033,088.42
Changes in fair value of investment properties	47,468,635,085.08	11,867,158,771.27	45,085,034,844.84	11,271,258,711.21
Adjustment to the fair value arising from business combination	2,207,854,229.64	551,963,557.41	2,207,854,229.64	551,963,557.41
	<b>51,837,885,694.14</b>	<b>12,867,650,199.55</b>	49,516,279,877.57	12,207,255,357.04



# Notes to the Financial Statements

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

### 23. Deferred Tax Assets/Liabilities (continued)

Offsetting of balances of Deferred tax assets and Deferred tax liabilities:

	2020		2019	
	Offset amount	Balance after offset	Offset amount	Balance after offset
Deferred tax assets	<b>350,078,580.62</b>	<b>1,541,067,156.39</b>	217,978,253.40	1,174,578,160.89
Deferred tax liabilities	<b>350,078,580.62</b>	<b>12,517,571,618.93</b>	217,978,253.40	11,989,277,103.64

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

	2020	2019
Deductible temporary difference	<b>130,912,171.79</b>	113,328,222.95
Deductible loss	<b>5,195,494,528.08</b>	4,418,853,167.03
	<b>5,326,406,699.87</b>	4,532,181,389.98

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

	2020	2019
2020	–	590,599,367.55
2021	<b>313,262,425.16</b>	504,987,710.68
2022	<b>697,344,643.06</b>	880,688,302.72
2023	<b>987,331,882.97</b>	1,114,328,364.37
2024	<b>1,420,405,450.42</b>	1,328,249,421.71
2025	<b>1,777,150,126.47</b>	–
	<b>5,195,494,528.08</b>	4,418,853,167.03

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

### 24. Other Non-Current Assets

	2020	2019
Prepayments for construction and advance payment for land compensation	<b>1,388,067,804.18</b>	1,178,095,042.62
Earning right related to land consolidation (Note 1)	<b>1,835,867,940.18</b>	1,835,867,940.18
Prepayments for purchasing properties (Note 2)	<b>401,627,213.28</b>	1,126,150,960.96
Entrusted loans and lending (Note 3)	<b>1,012,483,677.15</b>	1,233,494,852.24
Prepayments for equity transfer (Note 4)	<b>318,600,000.00</b>	230,549,000.00
Prepayments for repurchase	<b>247,705,000.00</b>	247,705,000.00
Prepayments for land (Note 5)	<b>132,664,000.00</b>	32,923,170.75
Deposits	<b>17,221,481.37</b>	38,100,000.00
	<b>5,354,237,116.16</b>	5,922,885,966.75
Less: impairment allowance of other non-current assets	<b>71,615,913.72</b>	72,001,630.81
	<b>5,282,621,202.44</b>	5,850,884,335.94

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

*Note 2:* As of December 31, 2020, prepayments for purchasing properties were mainly prepayments paid by the Group for the purchase of several commercial properties and office buildings this year;

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

### 24. Other Non-Current Assets (continued)

*Note 3:* As of 31 December 2020, the entrusted loans and lending mainly include the following:

The Group provided funds to Xi'an Jiahexing Home Furnishing Co., Ltd. (西安佳和興家居有限責任公司) with an interest rate of 11%, which was used for land construction supporting costs and costs at the early stage. The balance of principal and interest at the end of the year was RMB410,756,313.73, which was all listed as other non-current assets at the end of the year;

The borrowing granted by the Group to Shanxi Chongkang Real Estate Development Co., Ltd. (山西崇康房地產開發有限公司) had an interest rate of 9% and a balance amounting to RMB205,403,063.42, with the term of the entrusted loan from December 2020 to March 2022, which was accounted as other non-current assets as at the end of the year;

The borrowing granted by the Group to Zhejiang Mingdu Investment Company Limited (浙江名都投資有限公司) had an interest rate of 5.78% and a balance amounting to RMB137,700,000.00 as at the end of the year, with a term from September 2020 to January 2030. According to the repayment plan stipulated in the contract, RMB117,045,000.00 was accounted as other non-current assets as at the end of the year;

*Note 4:* As of 31 December 2020, the prepaid equity transfer payments mainly include:

The Group has signed an agreement with Aibi (Beijing) Intelligent Technology Co., Ltd. (愛筆(北京)智能科技有限公司) to subscribe for 3,918,671 preferred shares. As of 31 December 2020, the Group prepaid equity transfer payment of RMB100,000,000.00 according to the contract;

The Group has signed an agreement with Shanghai Hongjun Investment Company Limited (上海弘郡投資有限公司), to acquire 100% of the equity of Liuzhou Red Star Macalline Home Furnishing Company Limited (柳州紅星美凱龍家居有限公司). As of 31 December 2020, the Group prepaid equity transfer payment of RMB23,000,000.00 according to the contract;

The Group signed an agreement with Shaanxi Jiaxin Weiye Industrial Development Co., Ltd. (陝西佳鑫偉業實業發展有限責任公司) to acquire 18.6% shares of Xi'an Jiahexing Home Furnishing Co., Ltd. (西安佳和興家居有限責任公司) held by Shaanxi Jiaxin Weiye Industrial Development Co., Ltd. (陝西佳鑫偉業實業發展有限責任公司). As of 31 December 2020, the Group prepaid equity transfer amount of RMB18,600,000.00 according to the contract;

The Group increased capital and purchased a total of 8.88% of the equity in Belan Information Technology (Shanghai) Co., Ltd. (斑瀾信息科技(上海)有限公司) held by shareholder Zhang Hanfu. As of 31 December 2020, the Group prepaid equity transfer payment of RMB10,000,000 according to the contract;

The Group signed a share purchase agreement with Shanghai Zhenghui Kangju Environmental Protection Technology Co., Ltd. (上海正輝康居環保科技股份有限公司) to acquire the 5.26% shares that it plans to issue. As of 31 December 2020, the Group prepaid equity transfer payment of RMB5,000,000.00 according to the contract.

*Note 5:* Prepayments for land is because the land certificate of the purchased land is still being processed. This part of the land payment is included in other non-current assets. After obtaining the land certificate, the prepayments for land will be transferred to investment properties.

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

### 24. Other Non-Current Assets (continued)

The movement of impairment allowance of other non-current assets is as follows:

	Opening balance	Provision for the current year	Reversal for the current year	Reclassify for the current year (note 1)	Closing balance
2020	72,001,630.81	7,327,646.43	(7,713,363.52)	–	71,615,913.72
2019	32,356,447.32	34,800,279.03	(695,500.00)	5,540,404.46	72,001,630.81

The movements of bad debt allowance for advance payment for land compensation and entrusted loans and lending included in non-current assets based on 12-month expected credit loss and the lifetime expected credit loss, respectively, are as follows:

#### 2020

	Stage 1 Expected credit losses in the next 12 months	Stage 2 Lifetime expected credit losses	Stage 3 Credit-impaired financial assets (Lifetime expected credit losses)	Total
Opening balance	71,251,630.81	750,000.00	–	72,001,630.81
Opening balance in current year				
– Transfer to stage 2	–	–	–	–
Provision during this year	7,327,646.43	–	–	7,327,646.43
Reversal during this year	(7,513,363.52)	(200,000.00)	–	(7,713,363.52)
Closing balance	71,065,913.72	550,000.00	–	71,615,913.72

# Notes to the Financial Statements

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

### 24. Other Non-Current Assets (continued)

2019

	Stage 1 Expected credit losses in the next 12 months	Stage 2 Lifetime expected credit losses	Stage 3 Credit-impaired financial assets (Lifetime expected credit losses)	Total
Opening balance	32,356,447.32	–	–	32,356,447.32
Opening balance in current year				
– Transfer to stage 2	(50,000.00)	50,000.00	–	–
Provision during this year	34,800,279.03	–	–	34,800,279.03
Reversal during this year	(695,500.00)	–	–	(695,500.00)
Reclassification during this year (note)	4,840,404.46	700,000.00	–	5,540,404.46
Closing balance	71,251,630.81	750,000.00	–	72,001,630.81

Note: Loans were reclassified from long-term receivables to non-current assets in 2019.

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

### 25. Short-term Loans

	2020	2019
Mortgage loans	<b>2,948,438,306.13</b>	2,434,380,441.26
Pledge loans	<b>153,978,641.66</b>	–
Credit loans	<b>250,563,239.75</b>	350,568,684.02
Guaranteed loans	<b>30,000,000.00</b>	302,428,750.00
Pledge and guaranteed loans	<b>65,391,721.91</b>	300,516,666.67
	<b>3,448,371,909.45</b>	3,387,894,541.95

As at 31 December 2020, the aforesaid borrowings carried interest at 3.00% to 6.50% (31 December 2019: 2.78% to 6.20%).

As at 31 December 2020, there were no overdue (31 December 2019: nil).

### 26. Accounts Payable

Accounts payable bear no interests, and generally be liquidated within one year

	2020	2019
Amounts payable for construction	<b>1,565,661,468.95</b>	945,247,859.30
Amounts payable for goods for construction or advertisements	<b>519,667,754.29</b>	531,122,995.77
	<b>2,085,329,223.24</b>	1,476,370,855.07

As at 31 December 2020, the Group had no significant accounts payable aged over one year.

# Notes to the Financial Statements

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

### 27. Advance from Customers

	2020	2019
Rental and relevant payments	<b>960,787,153.16</b>	1,159,059,013.47

As at 31 December 2020, the Group had no significant advance from customers aged more than 1 year (31 December 2019: nil).

### 28. Contract Liabilities

	2020	2019
Charges for the brand consulting and management service for the early stage of the project	<b>755,247,615.66</b>	1,079,808,561.64
Charges for annual brand consulting and management service for the project	<b>193,732,370.47</b>	182,152,701.27
Charges for commercial management and consultation service for construction project	–	95,283,018.87
Commercial consultation fees and tenant sourcing commissions	<b>282,693,224.81</b>	302,550,032.20
Construction and design service	<b>149,778,072.89</b>	162,578,534.73
Marketing service and others	<b>906,097,591.06</b>	399,462,609.25
	<b>2,287,548,874.89</b>	2,221,835,457.96

The amount and reasons for the significant change in the book value of contract liabilities in 2020:

	Movement	Main reason for movement
The brand consulting and management service for the early stage of the project	(324,560,945.98)	Due to the further progress of the project
Charges for commercial management and consultation service for construction project	(95,283,018.87)	Due to the further progress of the project
Marketing service and others	506,634,981.81	New marketing service contract in this year

The amount received or receivable by the Group before providing services forms contract liabilities, which is transferred to revenue when having performed performance obligations.

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

### 29. Payroll Payable

2020

	Opening balance	Increase in the current year	Decrease in the current year	Closing balance
Short-term compensation	814,175,023.67	3,134,330,529.43	3,395,490,689.85	553,014,863.25
Retirement benefits (defined contribution plans)	14,209,355.88	76,606,517.87	83,297,560.00	7,518,313.75
Termination benefits	1,978,532.00	34,578,779.90	33,301,864.66	3,255,447.24
	830,362,911.55	3,245,515,827.20	3,512,090,114.51	563,788,624.24

2019

	Opening balance	Increase in the current year	Decrease in the current year	Closing balance
Short-term compensation	897,453,746.01	3,345,263,962.44	3,428,542,684.78	814,175,023.67
Retirement benefits (defined contribution plans)	14,761,515.61	289,757,115.15	290,309,274.88	14,209,355.88
Termination benefits	1,770,761.90	16,207,822.65	16,000,052.55	1,978,532.00
	913,986,023.52	3,651,228,900.24	3,734,852,012.21	830,362,911.55



# Notes to the Financial Statements

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

### 29. Payroll Payable (continued)

Details of short-term compensation are as follows:

2020

	Opening balance	Increase in the current year	Decrease in the current year	Closing balance
Wages or salaries, bonuses, allowances and subsidies	793,311,238.44	2,640,018,126.59	2,904,468,933.97	528,860,431.06
Staff welfare	7,349.00	165,914,776.59	165,609,337.07	312,788.52
Social insurance	8,151,228.10	130,096,939.64	127,395,770.47	10,852,397.27
Including: Medical insurance	7,158,573.55	121,599,839.91	118,469,507.01	10,288,906.45
Work injury insurance	438,815.80	2,810,133.25	3,132,072.98	116,876.07
Maternity insurance	553,838.75	5,686,966.48	5,794,190.48	446,614.75
Housing fund	9,726,323.00	151,924,858.38	151,697,292.29	9,953,889.09
Labour union and staff education fund	2,978,885.13	46,375,828.23	46,319,356.05	3,035,357.31
	814,175,023.67	3,134,330,529.43	3,395,490,689.85	553,014,863.25

2019

	Opening balance	Increase in the current year	Decrease in the current year	Closing balance
Wages or salaries, bonuses, allowances and subsidies	879,743,136.91	2,795,424,109.87	2,881,856,008.34	793,311,238.44
Staff welfare	1,393,049.90	197,377,678.34	198,763,379.24	7,349.00
Social insurance	6,715,340.01	157,572,497.09	156,136,609.00	8,151,228.10
Including: Medical insurance	5,972,559.98	138,941,985.03	137,755,971.46	7,158,573.55
Work injury insurance	213,008.18	6,779,425.95	6,553,618.33	438,815.80
Maternity insurance	529,771.85	11,851,086.11	11,827,019.21	553,838.75
Housing fund	6,878,925.12	144,360,769.00	141,513,371.12	9,726,323.00
Labour union and staff education fund	2,723,294.07	50,528,908.14	50,273,317.08	2,978,885.13
	897,453,746.01	3,345,263,962.44	3,428,542,684.78	814,175,023.67

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

### 29. Payroll Payable (continued)

Details of defined contribution plans are as follows:

2020

	Opening balance	Increase in the current year	Decrease in the current year	Closing balance
Basic pension insurance premium	13,669,951.43	73,986,625.76	80,477,434.43	7,179,142.76
Unemployment insurance premium	539,404.45	2,619,892.11	2,820,125.57	339,170.99
	14,209,355.88	76,606,517.87	83,297,560.00	7,518,313.75

2019

	Opening balance	Increase in the current year	Decrease in the current year	Closing balance
Basic pension insurance premium	13,964,509.88	281,063,651.08	281,358,209.53	13,669,951.43
Unemployment insurance premium	797,005.73	8,693,464.07	8,951,065.35	539,404.45
	14,761,515.61	289,757,115.15	290,309,274.88	14,209,355.88

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

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

### 30. Taxes Payable

	2020	2019
Enterprise income tax	472,026,330.75	479,574,541.33
VAT	113,288,129.30	187,446,869.35
Property tax	54,133,784.23	40,924,519.90
Others	31,890,672.91	31,447,882.67
	<b>671,338,917.19</b>	739,393,813.25

### 31. Other Payables

	2020	2019
Dividends payable	11,079,608.27	48,000,000.00
Other payables	8,976,309,037.22	7,751,973,358.09
	<b>8,987,388,645.49</b>	7,799,973,358.09

#### Dividends payable

	2020	2019
WU Yetian (吳業添)	–	48,000,000.00
Shanghai Liaoman Enterprise Management Consulting Service Center (LIMITED PARTNERSHIP) (上海燎曼企業管理諮詢服務中心(有限合夥))	156,566.15	–
Shanghai Liaokai Enterprise Management Consulting Service Center (LIMITED PARTNERSHIP) (上海燎凱企業管理諮詢服務中心(有限合夥))	234,849.22	–
Shanghai Chusen Business Consulting Center (LIMITED PARTNERSHIP) (上海楚森商務諮詢中心(有限合夥))	10,688,192.90	–
	<b>11,079,608.27</b>	48,000,000.00

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

### 31. Other Payables (continued)

#### Other payables

	2020	2019
Amounts due to partners	2,633,408,701.43	1,907,521,251.46
Deposits from tenants	2,394,737,162.29	2,226,343,504.62
Proceeds collected on behalf of the tenants	1,176,979,759.01	703,358,452.32
Amounts payable to construction contractors	839,211,748.32	902,975,131.35
Rental deposits from tenants	580,980,073.12	681,454,337.68
Amounts payable for property purchase	371,429,592.85	–
Accrued expenses	346,424,787.39	330,712,588.52
Amounts payable to equity transfer	142,937,133.94	756,899,618.95
Amounts payable to prepaid cards	14,705,587.76	9,996,855.95
Others	475,494,491.11	232,711,617.24
	<b>8,976,309,037.22</b>	<b>7,751,973,358.09</b>

As at December 31, 2020, significant other payables aged over 1 year are as follows:

	Amount of payables	Reasons for non-payment
Zhengzhou Huashanghai Holding Co., Ltd. (鄭州華商匯控股有限公司)	105,717,326.87	Not yet paid
Daqing Xusheng Real Estate Development Co., Ltd. (大慶旭生房地產開發有限公司)	84,645,637.43	Not yet paid
	<b>190,362,964.30</b>	

# Notes to the Financial Statements

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

### 32. Non-current Liabilities Due Within One Year

	2020	2019
Long-term loans due within one year – principal	4,258,554,857.19	3,407,200,952.18
Long-term loans due within one year – interest	51,864,659.11	38,733,650.00
Bonds payable due within one year – principal	4,033,264,470.43	3,157,772,715.57
Bonds payable due within one year – interest	213,894,153.03	171,858,690.41
Commercial mortgage backed securities due within one year – principal	2,451,753,879.27	2,426,270,000.00
Commercial mortgage backed securities due within one year – interest	–	54,507,456.43
Financial lease payables due within one year	192,084,555.22	–
Lease liabilities due within one year	696,027,069.47	548,397,168.84
	<b>11,897,443,643.72</b>	<b>9,804,740,633.43</b>

### 33. Other Current Liabilities

	2020	2019
Output VAT to be transferred	297,567,165.99	204,086,142.79
Asset-backed securities (Note)	439,283,229.30	144,228,766.87
	<b>736,850,395.29</b>	<b>348,314,909.66</b>

*Note:* On 6 March 2020, the Group issued the “Ping An-Lian Yirong-Red Star Macalline Home Supply Chain Finance No. 3 Asset-backed Special Plan” through the Shanghai Stock Exchange’s fixed-income securities integrated electronic platform. The No. 3 asset-backed special plan issued asset-backed securities of approximately RMB410 million, with a maturity date of 25 February 2021, and a fixed interest rate of 5.90%.

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

### 34. Long-term Loans

	2020	2019
Mortgage loans	8,654,687,256.72	7,219,210,000.03
Pledge loans	–	602,350,000.00
Mortgage and pledge loans	5,757,725,594.28	5,176,096,029.92
Mortgage and guaranteed loans	5,592,041,776.44	2,777,970,285.81
Credit loans	97,000,000.00	–
Mortgage, pledge and guaranteed loans	2,110,975,000.00	144,000,000.00
	<b>22,212,429,627.44</b>	15,919,626,315.76

As at 31 December 2020, the aforesaid borrowings carried interest rates at 4.28% to 7.36% per annum (31 December 2019: 4.28% to 7.00%).

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

\* The analysis of the maturity date of long-term loans is as follows:

	2020	2019
Expires within 1 year or requires payment at any time	–	–
Expires within 2 years	3,143,196,262.54	3,398,638,508.53
Expires within 3 to 5 years (including 3 and 5 years)	8,377,401,265.12	5,961,543,426.80
Over 5 years	10,691,832,099.78	6,559,444,380.43
	<b>22,212,429,627.44</b>	15,919,626,315.76

# Notes to the Financial Statements

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

### 34. Long-term Loans (continued)

Description of the classification of long-term loans:

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

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

### 35. Bonds Payable

	2020	2019
USD Bonds of 2017 of Hong Kong Red Star Macalline (5-year)	1,943,219,775.16	2,069,727,307.24
Medium-term notes of 2019 of Red Star Macalline Group Corporation Ltd. (First tranche)	499,052,038.99	498,226,329.56
Public offering of Corporate Bonds of 2020 of Red Star Macalline Group Corporation Ltd. (First tranche)	498,108,717.15	–
Medium-term notes of 2020 of Red Star Macalline Group Corporation Ltd. (First tranche)	498,227,243.10	–
Public offering of Corporate Bonds of 2020 of Red Star Macalline Group Corporation Ltd. (Second tranche)	497,655,522.60	–
Public offering to professional investors of Corporate Bonds of 2020 of Red Star Macalline Group Corporation Ltd. (First tranche)	496,371,414.35	–
Corporate Bonds of 2019 of Red Star Macalline Group Corporation Ltd. (First tranche)	–	1,989,378,280.09
Corporate Bonds of 2016 of Red Star Macalline Group Corporation Ltd. (First tranche) (7-year)	–	1,491,578,398.86
Medium-term notes of 2018 of Red Star Macalline Group Corporation Ltd. (First tranche)	–	496,730,654.98
Corporate Bonds of 2016 of Red Star Macalline Group Corporation Ltd. (First tranche) (5-year)	–	46,800,000.00
	<b>4,432,634,711.35</b>	<b>6,592,440,970.73</b>



# Notes to the Financial Statements

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

### 35. Bonds Payable (continued)

As at 31 December 2020, balances of bonds payable present as follows:

	Par value	Issue date	Maturity	Issue amount	Opening balance	Issued in the year	Accrued interest in the year	Amortization of premium and for discount	Repayments of principal in the year	Repayments in the year interest in the year	Exchange gains and losses	Closing balance
Corporate Bonds of 2015 of Red Star Macaline Group Corporation Ltd. (First tranche) (Note: 1)	5,000,000,000.00	10 November 2015	5 years	4,938,870,000.00	168,002,000.00	-	9,912,118.00	-	(168,002,000.00)	(9,912,118.00)	-	-
Public offering of Corporate Bonds of 2016 of Red Star Macaline Group Corporation Ltd. (First tranche) (7-year) (Note: 2)	1,500,000,000.00	13 July 2016	7 years	1,476,127,338.48	1,491,578,388.86	-	79,350,000.00	4,104,725.18	-	(79,350,000.00)	-	1,495,683,124.04
Medium-term notes of 2016 of Red Star Macaline Group Corporation Ltd. (First tranche) (Note: 5)	500,000,000.00	24 October 2018	3 years	494,828,301.89	496,730,654.98	-	30,900,000.00	1,740,428.80	-	(30,900,000.00)	-	498,471,083.58
Public offering of Corporate Bonds of 2018 of Red Star Macaline Group Corporation Ltd. (First tranche) (Type 1) (Note: 4)	3,000,000,000.00	6 November 2018	3 years	2,976,304,150.94	2,989,770,715.57	-	189,000,000.00	10,229,284.43	(3,000,000,000.00)	(189,000,000.00)	-	-
Medium-term notes of 2019 of Red Star Macaline Group Corporation Ltd. (First tranche) (Note: 5)	500,000,000.00	25 January 2019	3 years	497,508,480.57	498,226,329.56	-	28,750,000.00	825,709.43	-	(28,750,000.00)	-	499,052,038.99
Public offering of Corporate Bonds of 2019 of Red Star Macaline Group Corporation Ltd. (First tranche) (Type 2) (Note: 6)	2,000,000,000.00	10 June 2019	4 years	1,987,756,792.45	1,989,378,280.09	-	107,000,000.00	2,991,982.72	-	(107,000,000.00)	-	1,992,310,262.81
Public offering of Corporate Bonds of 2016 of Red Star Macaline Group Corporation Ltd. (First tranche) (5-year) (Note: 2)	1,500,000,000.00	13 July 2016	5 years	1,463,202,830.19	46,800,000.00	-	2,527,200.00	-	-	(2,527,200.00)	-	46,800,000.00
Medium-term notes of 2020 of Red Star Macaline Group Corporation Ltd. (First tranche) (Note: 7)	500,000,000.00	20 January 2020	3 years	497,414,150.94	-	497,414,150.94	26,125,000.00	810,032.16	-	(26,125,000.00)	-	498,227,243.10
Public offering of Corporate Bonds of 2020 of Red Star Macaline Group Corporation Ltd. (First tranche) (Note: 8)	500,000,000.00	10 March 2020	3 years	496,793,301.89	-	496,793,301.89	20,625,000.00	1,315,415.26	-	(20,625,000.00)	-	498,108,717.15
Public offering of Corporate Bonds of 2020 of Red Star Macaline Group Corporation Ltd. (Second tranche) (Note: 9)	500,000,000.00	3 June 2020	3 years	496,726,320.75	-	496,726,320.75	15,050,000.00	929,201.85	-	(15,050,000.00)	-	497,655,522.60
Public offering of Corporate Bonds of 2020 of Red Star Macaline Group Corporation Ltd. (First tranche) (Type 1) to professional investors (Note: 10)	500,000,000.00	30 October 2020	3 years	496,053,053.27	-	496,053,053.27	5,166,666.67	318,351.08	-	(5,166,666.67)	-	496,371,414.35
USD Bonds of 2017 of Hong Kong Red Star Macaline (5-year) (Note: 3)	USD 300,000,000.00	21 September 2017	5 years	1,507,306,855.63	2,069,177,307.24	-	66,064,612.50	8,882,487.92	-	(66,064,612.50)	(135,390,000.00)	1,945,219,775.16
Total				17,798,891,657.00	9,750,213,866.30	1,986,986,836.85	580,470,597.17	32,080,658.63	(3,168,002,000.00)	(580,470,597.17)	(135,390,000.00)	8,465,899,181.78
Less: Bonds payable due within one year				3,157,772,715.57								4,033,264,470.43
Bonds payable due after one year				6,592,440,970.73								4,432,634,711.35

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

## 35. Bonds Payable (continued)

As at 31 December 2019, balances of bonds payable present as follows:

	Par value	Issue date	Maturity	Issue amount	Opening balance	Issued in the year	Accrued interest in the year	Amortization of premium and for discount	Repayments of principal in the year	Repayments in the year interest in the year	Exchange gains and losses	Closing balance
Corporate Bonds of 2015 of Red Star Macalline Group Corporation Ltd. (First tranche) (Note: 1)	5,000,000,000.00	10 November 2015	5 years	4,938,670,000.00	168,002,000.00	-	1,632,019.66	-	-	-	-	168,002,000.00
Public offering of Corporate Bonds of 2016 of Red Star Macalline Group Corporation Ltd. (First tranche) (5-year) (16-Hongmei-01) (Note: 2)	1,500,000,000.00	13 July 2016	5 years	1,483,202,830.18	1,496,573,720.79	-	27,088,500.00	3,426,279.21	(1,453,200,000.00)	652,500,000.00	-	46,800,000.00
Public offering of Corporate Bonds of 2016 of Red Star Macalline Group Corporation Ltd. (First tranche) (7-year) (16-Hongmei-02) (Note: 2)	1,500,000,000.00	13 July 2016	7 years	1,476,127,638.48	1,486,702,860.36	-	64,350,000.00	4,875,538.50	-	(64,350,000.00)	-	1,491,578,388.86
USD Bonds of 2017 of Hong Kong Red Star Macalline (5-year) (Note: 3)	USD 300,000,000.00	21 September 2017	5 years	1,937,306,895.63	2,028,377,647.64	-	75,688,265.92	7,729,154.33	-	(69,958,181.25)	33,621,565.07	2,069,727,307.24
Corporate Bonds of 2018 of Red Star Macalline Group Corporation Ltd. (First tranche) (Note: 4)	3,000,000,000.00	6 November 2018	3 years	2,976,304,150.94	2,978,214,472.44	-	189,000,000.00	11,556,243.13	-	(189,000,000.00)	-	2,989,770,715.57
Medium-term notes of 2016 of Red Star Macalline Group Corporation Ltd. (First tranche) (Note: 5)	500,000,000.00	24 October 2018	3 years	494,828,301.89	495,097,539.32	-	30,900,000.00	1,633,115.66	-	(30,900,000.00)	-	496,730,654.98
Medium-term notes of 2016 of Red Star Macalline Group Corporation Ltd. (First tranche) (Note: 5)	500,000,000.00	25 January 2019	3 years	497,508,430.57	-	497,508,430.57	26,354,166.63	717,838.99	-	-	-	499,226,329.56
Corporate Bonds of 2019 of Red Star Macalline Group Corporation Ltd. (First tranche) (Note: 6)	2,000,000,000.00	10 June 2019	4 years	1,987,756,732.45	-	1,987,756,732.45	62,416,666.62	1,621,467.64	-	-	-	1,999,378,288.09
<b>Total</b>				15,811,704,820.15	8,652,968,240.75	2,485,265,283.02	477,429,618.63	31,556,657.46	(1,453,200,000.00)	(406,708,181.25)	33,621,565.07	9,750,213,686.30
Less: Bonds payable due within one year					1,496,573,720.79							3,157,772,715.57
Bonds payable due after one year					7,156,394,519.96							6,592,440,970.73

# Notes to the Financial Statements

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

### 35. Bonds Payable (continued)

Others:

*Note 1:* The Company issued Corporate Bonds of 2015 of Red Star Macalline Group Corporation Ltd. (First tranche) totally RMB5 billion in November 2015, which referred as "15 Hongmei 01" (the bond code: 136032), with the issuance price of RMB100 par value with a fixed rate of interest, at a coupon rate of 4.5%. The maturity of the bond is five years, and shall be paid annually. And the bond is attached with the Company's option to adjust the coupon rate and the investors' option to sell back at the end of the third year. The valid number of declaring for selling back in the year for 15 Hongmei 01 was 48,319,980, the amount of selling back was RMB4,831,998,000.00 (excluding interest) and the remaining custodian number was 1,680,020, par value is RMB168,002,000.00. During the final two years of the maturity of the bond (from 10 November 2018 to 9 November 2020), the coupon rates of the bonds is adjusted to 5.90%. The remaining bonds mentioned above will expire and repay in 2020.

*Note 2:* The Company issued Corporate Bonds of 2016 of Red Star Macalline Group Corporation Ltd. (First tranche) in July 2016. The above-mentioned bonds are composed of two types. Among them, the first type of bonds is abbreviated as "16 Hongmei 01". The issue price is RMB100/100 face value. The interest rate is fixed interest rate, the coupon rate is 3.5%, and the bond duration is 5 years, interest is paid annually, with the option to adjust the coupon rate and investors' resale option at the end of the third year. The effective number of resale declarations of 16 Hongmei 01 for the year is 14,532,000, the resale amount is RMB1,453,200,000 (excluding interest), the remaining custodian amount is 468,000, and the face value is RMB46,800,000.00. During the final two years of the maturity of the bond (from 13 July 2019 to 12 July 2021), the coupon rates of the bonds is adjusted to 5.40%, which will expire in July 2020 and has been reclassified to non-current liabilities due within one year RMB46,800,000.00.

The second type of bond is abbreviated as "16 Hongmei 02", the issue price is RMB100/100 face value, interest is calculated by interest-bearing fixed interest rate, the coupon rate is 4.29%, the bond duration is 7 years, and the interest is paid annually, with the option to adjust the coupon rate and investors' resale option at the end of the fifth year.

*Note 3:* Hong Kong Red Star Macalline Global Home Furnishing Company Limited, a subsidiary of the Group, issued the US\$-denominated bonds totally US\$300 million in 2017, the bond code: B2022(5278), with a fixed rate of interest, at a coupon rate of 3.375%. The maturity of the bond is five years, and shall be paid semi-annually.

*Note 4:* The Group publicly issued Corporate Bonds of 2018 of Red Star Macalline Group Corporation Ltd. (First tranche), which classified into two types. The total issuance scale was RMB1 billion and established the over-allotment option, of which the quota of over-allotment was no more than RMB2 billion (including RMB2 billion). The issuance was made by adopting a form of book-building for qualified investors through offline, with an issuance price of RMB100 per piece. The maturity of the type 1 of the Bonds is three years and was attached with the issuers' option to adjust the coupon rate and the bondholders' option to sell back at the end of the second year; the maturity of the type 2 is five years and was attached with the issuers' option to adjust the coupon rate and the bondholders' option to sell back at the end of the third year. The actual issuance scale of Corporate Bonds type 1 was RMB3 billion, with a coupon rate of 6.30%; the type 2 was not issued. The remaining bonds mentioned above will expire and repay in 2020.

*Note 5:* On 12 September 2018, the Company received the Notice for Acceptance of Registration (Zhong Shi Xie Zhu [2018] No. MTN506) issued by National Association of Financial Market Institutional Investors (hereafter "NAFMII"), which indicating its consent for acceptance of the registration for the issuance of the medium-term notes by the Company, with the registered amount of RMB5 billion, and the registered quota would be effective within the two years since the date of the issuance of the Notice for Acceptance of Registration by "NAFMII". On May 22, 2019, in order to better play the role of non-financial enterprise debt financing instruments in the company's overall fund utilization, after the company reassessed its debt financing instrument structure, the Company applied to the NAFMII to reduce the amount of registration of medium-term notes under the aforementioned "Notice for Acceptance of Registration" (Zhong Shi Xie Zhu [2018] MTN506). On June 6, 2019, the Group received "Zhongshi Xiezhuzhu (2019) No. 567-Letter on Reducing the Registration Amount of Medium-Term Notes of Red Star Macalline Group Co., Ltd.", which reduced the amount of registration of medium-term notes of the Group is RMB3 billion, and the remaining effective registration amount is RMB2 billion. In 2018, the Company had successfully issued the first tranche of the medium-term notes of 2018, which referred as "18 Red Star Home Furnishing MTN001" (bond code:101801197), with the issuance price of RMB100 par value, at an issuance rate of 6.18%. The bonds shall be payable annually in three years. The amount reclassified to non-current liabilities due within one year was RMB498,471,083.58.

In 2019, the Group issued the "2019 First Tranche Medium-Term Notes", the bond abbreviation "19 Macalline MTN001", bond code 101900126, the issue price is RMB100/100 face value, with face value US\$300 million, the issue rate is 5.75%, and the bond duration is 3 year.

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

### 35. Bonds Payable (continued)

Others: (continued)

*Note 6:* In 2019, the Group publicly issued Corporate Bonds of 2019 of Red Star Macalline Group Corporation Ltd. (First tranche) (hereinafter referred to as the “2019 Corporate Bonds”), which classified into two types. The total issuance scale of the type 1 and type 2 does not exceed RMB2 billion (including RMB2 billion). In this tranche of bonds issue, the option to call back among varieties is introduced, and the call back percentage is not limited. The issue price is 100 yuan/sheet, which is issued in the form of book keeping to qualified investors offline. Type 1 is 5-year (with the issuer’s option to adjust the coupon rate and bondholders’ resale option at the end of the third year), and Type 2 is 4-year (with the issuer’s option to adjust the coupon rate and bondholders’ resale option at the end of the second year). In 2019, the actual issuance scale of corporate bonds type 2 was RMB2.0 billion, and the coupon rate was 5.35%; the type 1 was not issued. The Type 1 of the Bonds has not been issued. On 11 June 2021, the sell back registration has started, and RMB1,992,310,262.81 has been reclassified as non-current liabilities of due within one year.

*Note 7:* The Group’s issuance in 2020. On 6 June 2019, the Company received the “Letter on Reducing the Registration Amount of Medium-Term Notes of Red Star Macalline Group Co., Ltd.” (Zhong Shi Xie Zhu No. [2019]567) issued by NAFMII, and agreed to reduce the registration amount of RMB3 billion of medium-term notes under the aforementioned “Notice for Acceptance of Registration” (Zhong Shi Xie Zhu No. [2018]MTN506). Under the “Notice for Acceptance of Registration” (Zhong Shi Xie Zhu No. [2018]MTN506), the original registered amount is RMB5 billion, after being reduced by RMB3 billion, the remaining effective registration amount is RMB2 billion. From 16 January 2020 to 17 January 2020, the Company successfully issued the first tranche of 2020 medium-term notes, “Medium-term notes of 2020 of Red Star Macalline Group Corporation Ltd. (First tranche)”, referred to as “20 Macalline MN001”, which has a duration of 3 years, and the value date is 20 January 2020, and the redemption date is 20 January 2023. The total planned issuance scale is RMB500 million, and the actual issuance scale is RMB500 million, with an interest rate of 5.70%, and an issue price of RMB100/100 face value.

*Note 8:* The Group issued the “Public offering of Corporate Bonds of 2020 of Red Star Macalline Group Corporation Ltd. (First tranche)” in March 2020. The Bond was abbreviated as “20 Hongmei 01” with the issue price of RMB100 par value. The Bond has a duration of 3 years, with interest paid annually and the option to adjust the coupon rate and investors’ resale option at the end of the second year (2022). The actual issuance scale was RMB500 million, with a coupon rate of 4.95%.

*Note 9:* The Group issued the “Public offering of Corporate Bonds of 2020 of Red Star Macalline Group Corporation Ltd. (Second tranche)” in June 2020. The Bond was abbreviated as “20 Hongmei 02” with the issue price of RMB100 par value. The Bond has a duration of 3 years, with interest paid annually and the option to adjust the coupon rate and investors’ resale option at the end of the second year (2022). The actual issuance scale was RMB500 million, with a coupon rate of 5.16%.

*Note 10:* The Group issued the “Public offering of Corporate Bonds of 2020 of Red Star Macalline Group Corporation Ltd. (First tranche) to professional investors” in October 2020. The Bond has an issue price of RMB100 par value and a duration of 3 years, with interest paid annually and the option to adjust the coupon rate and investors’ resale option at the end of the second year (2022). The actual issuance scale was RMB500 million, with a coupon rate of 6.20%.

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

### 36. Lease Liabilities

	2020	2019
Lease Liabilities	4,778,960,345.68	3,870,214,902.75
Less: lease Liabilities due within one year	696,027,069.47	548,397,168.84
	4,082,933,276.21	3,321,817,733.91

### 37. Long-term Payables

#### Long-term payables

	2020	2019
Amounts due to partners (Note 1)	569,846,252.96	634,392,235.62
Financial lease payables	335,094,620.87	–
Less: financial lease payables due within one year	192,084,555.22	–
	712,856,318.61	634,392,235.62

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

\* The analysis of the maturity date of long-term payables is as follows:

	2020	2019
Expires within 1 year or requires payment at any time	–	–
Expires within 2 years	187,427,970.14	30,565,292.91
Expires within 3 to 5 years (including 3 and 5 years)	71,075,939.63	62,513,763.84
Over 5 years	454,352,408.84	541,313,178.87
	712,856,318.61	634,392,235.62

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

### 38. Deferred Income

2020

	Opening balance	Increase in the current year	Decrease in the current year	Closing balance
Government grant	206,268,250.13	–	6,198,738.24	200,069,511.89
VAT additional deduction (Note 1)	19,634,310.34	26,876,182.49	21,636,774.82	24,873,718.01
	225,902,560.47	26,876,182.49	27,835,513.06	224,943,229.90

2019

	Opening balance	Increase in the current year	Decrease in the current year	Closing balance
Government grant	212,456,044.43	–	6,187,794.30	206,268,250.13
VAT additional deduction	–	26,374,864.99	6,740,554.65	19,634,310.34
	212,456,044.43	26,374,864.99	12,928,348.95	225,902,560.47

Note 1: VAT additional deduction means that each single entity does not have enough output tax to be deducted, and the corresponding 10% additional deduction of VAT input tax is recognized as deferred income. The deferred income can be used from 1 April 2019 to 31 December 2021.

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

### 38. Deferred Income (continued)

As at December 31, 2020, the liabilities related to government grants are as follows:

	Opening balance	Increase in the current year	Recognized in other income in the current year	Closing balance	Related to assets/profit
Subsidy for land supporting expenses	206,268,250.13	–	6,198,738.24	200,069,511.89	Related to assets

As at December 31, 2019, the liabilities related to government grants are as follows:

	Opening balance	Increase in the current year	Recognized in other income in the current year	Closing balance	Related to assets/profit
Subsidy for land supporting expenses	212,456,044.43	–	6,187,794.30	206,268,250.13	Related to assets

### 39. Other Non-current Liabilities

	2020	2019
the brand consulting and management service for the early stage of the project (Note 1)	794,760,971.72	1,111,057,378.24
Commercial mortgage-backed securities (Note 2)	3,833,098,699.03	5,747,108,371.13
	4,627,859,670.75	6,858,165,749.37



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

### 39. Other Non-current Liabilities (continued)

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

*Note 2:* The Company issued the home furnishing shopping mall asset-backed securities, namely “Red Star Macalline Asset-Backed Special Project”, on 12 July 2018. Such asset-backed special project was pledged with the assets of two shopping malls of the Group in Beijing and Yantai and their rental income rights, which included Class A Preferred Securities (securities abbreviation: “18 Hongmei A1”, securities code: 156486), Class B Preferred Securities (securities abbreviation: “18 Hongmei A2”, securities code: 156487) and subordinated Securities (securities abbreviation: “18 Hongmei Ci”, securities code: 156488). 18 Hongmei A1 had an issuance size of RMB2,289 million, with an annualized return of 5.80% and a maturity of 18 years, the principal and interest of which shall be repaid annually. 18 Hongmei A2 had an issuance size of RMB211 million, with an annualized return of 6.30% and a maturity of 18 years, the principal of which shall be repaid in a one-off manner upon maturity. The Group, as a posterior investor of 18 Hongmei Ci, subscribed RMB100 million with no annualized return and a maturity of 18 years. RMB2,413,151,879.27 of 18 Hongmei A1 and 18 Hongmei A2 due within one year have been included in the non-current liabilities due within one year.

The Company issued the first tranche of asset-backed notes of 2019 of Red Star Macalline Group Corporation Ltd. on 7 May 2019. The asset-backed notes were pledged with the assets of two shopping malls of the Group in Changzhou and their rental income rights, which included priority notes (securities abbreviation: “19 Macalline ABN001 Youxian”, securities code: 081900208) and subordinated notes (securities abbreviation: “19 Macalline ABN001 Ci”, securities code: 081900209). 19 Macalline ABN001 Youxian had an issuance size of RMB1,290 million, with an annualized return of 6.30% and a maturity of 18 years, the principal and interest of which shall be repaid annually. The Group, as a posterior investor of 19 Macalline ABN001 Ci, subscribed RMB10 million with no annualized return and a maturity of 18 years. RMB17,000,000.00 of 19 Macalline ABN001 Preferred due within one year have been included in the non-current liabilities due within one year.

The Company issued the home furnishing shopping mall asset-backed securities, namely “Red Star Macalline Asset-Backed Special Project”, on 1 August 2019. Such asset-backed special project was pledged with the assets of two shopping malls of the Group in Beijing and Wuhan and their rental income rights, which included Class A Preferred Securities (securities abbreviation: “19 Hongmei A”, securities code: 159557), Class B Preferred Securities (securities abbreviation: “19 Hongmei B”, securities code: 159558) and subordinated Securities (securities abbreviation: “19 Hongmei Ci”, securities code: 159559). 19 Hongmei A had an issuance size of RMB1.7 billion, with an annualized return of 5.80% and a maturity of 21 years, the principal and interest of which shall be repaid semi-annually. 19 Hongmei B had an issuance size of RMB410 million, with an annualized return of 7% and a maturity of 21 years, the interest of which shall be repaid semi-annually. and the principal of which shall be repaid at one time when due. The Group, as a posterior investor of 19 Hongmei Ci, subscribed RMB150 million with no annualized return and a maturity of 21 years. RMB14,210,000.00 of 19 Hongmei A and 19 Hongmei B due within one year have been included in the non-current liabilities due within one year.

The Company issued the home furnishing shopping mall asset-backed securities, namely “Deppon-Wuxi Red Star Macalline Home Living Plaza No. 1 Store Asset-backed Special Project” on 22 September 2020. Such asset-backed special project was pledged with the assets of shopping mall of the Group in Wuxi and the rental income rights, which included Class A Preferred Securities and Class B Preferred Securities. Class A Preferred Securities had an issuance size of RMB420 million, with an annualized return of 5.50% and a maturity of 18 years, the principal and interest of which shall be repaid semi-annually. Class B Preferred Securities had an issuance size of RMB110 million, with an annualized return of 6% and a maturity of 18 years, the principal of which shall be repaid in a one-off manner upon maturity. RMB7,392,000 of Class A Preferred Securities due within one year have been included in the non-current liabilities due within one year.



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

### 40. Share Capital

2020

	Opening amount	Issue of new shares	Changes during the year			Sub-total	Closing amount
			Capital reserve transferred note 1	Others			
I. Restricted shares							
1. State ownership	-	-	-	-	-	-	-
2. State-owned corporate shares	-	-	-	-	-	-	-
3. Other domestic shares	2,480,315,772.00	-	248,031,577.00	-	248,031,577.00	2,728,347,349.00	
Include: Domestic non-stated- owned corporate shares	2,480,315,772.00	-	248,031,577.00	-	248,031,577.00	2,728,347,349.00	
Domestic natural person shares	-	-	-	-	-	-	-
Total restricted shares	2,480,315,772.00	-	248,031,577.00	-	248,031,577.00	2,728,347,349.00	
II. Unrestricted shares							
1. RMB-denominated ordinary shares	395,788,197.00	-	39,578,820.00	-	39,578,820.00	435,367,017.00	
2. Overseas listed foreign shares	673,896,031.00	-	67,389,603.00	-	67,389,603.00	741,285,634.00	
Total unrestricted shares	1,069,684,228.00	-	106,968,423.00	-	106,968,423.00	1,176,652,651.00	
Total	3,550,000,000.00	-	355,000,000.00	-	355,000,000.00	3,905,000,000.00	

*Note 1:* The Company issued 0.1 bonus share per 1 share by way of conversion of capital reserve to all of its shareholders, based on the total share capital of 3,550,000,000 shares prior to the implementation of the profit distribution plan for 2019, which resulted in an increase of 355,000,000 shares in total.

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

### 40. Share Capital (continued)

2019

	Opening amount	Issue of new shares	Changes during the period			Sub-total	Closing amount
			Capital reserve transferred	Others			
I. Restricted shares							
1. State ownership	-	-	-	-	-	-	-
2. State-owned corporate shares	-	-	-	-	-	-	-
3. Other domestic shares	2,561,103,969.00	-	-	(80,788,197.00)	(80,788,197.00)	2,480,315,772.00	
Include: Domestic non-stated-owned corporate shares	2,561,103,969.00	-	-	(80,788,197.00)	(80,788,197.00)	2,480,315,772.00	
Domestic natural person shares	-	-	-	-	-	-	-
Total restricted shares	2,561,103,969.00	-	-	(80,788,197.00)	(80,788,197.00)	2,480,315,772.00	
II. Unrestricted shares							
1. RMB-denominated ordinary shares	315,000,000.00	-	-	80,788,197.00	80,788,197.00	395,788,197.00	
2. Overseas listed foreign shares	673,896,031.00	-	-	-	-	673,896,031.00	
Total unrestricted shares	988,896,031.00	-	-	80,788,197.00	80,788,197.00	1,069,684,228.00	
Total	3,550,000,000.00	-	-	-	-	3,550,000,000.00	

# Notes to the Financial Statements

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

### 41. Capital Reserve

2020

	Opening balance	Increase in the current year	Decrease in the current year	Closing balance
Share premium	4,293,381,742.02	–	609,276,569.03	3,684,105,172.99
Including:				
Capital invested by investors	5,786,331,727.05	–	–	5,786,331,727.05
A Shares offering	2,735,007,849.63	–	–	2,735,007,849.63
H Shares repurchase	(3,523,954,372.77)	–	–	(3,523,954,372.77)
Acquisition of non-controlling interests	(523,425,388.73)	–	254,276,569.03	(777,701,957.76)
The difference arising from business combination under common control	(180,578,073.16)	–	–	(180,578,073.16)
Capitalization of capital reserve	–	–	355,000,000.00	(355,000,000.00)
Others	(53,405,170.98)	17,420,123.81	–	(35,985,047.17)
	4,239,976,571.04	17,420,123.81	609,276,569.03	3,648,120,125.82

2019

	Opening balance	Increase in the current year	Decrease in the current year	Closing balance
Share premium	4,556,206,255.16	–	262,824,513.14	4,293,381,742.02
Including:				
Capital invested by investors	5,786,331,727.05	–	–	5,786,331,727.05
A Shares offering	2,735,007,849.63	–	–	2,735,007,849.63
H Shares repurchase	(3,523,954,372.77)	–	–	(3,523,954,372.77)
Acquisition of non-controlling interests	(260,600,875.59)	–	262,824,513.14	(523,425,388.73)
The difference arising from business combination under common control	(180,578,073.16)	–	–	(180,578,073.16)
Others	(66,187,359.73)	12,782,188.75	–	(53,405,170.98)
	4,490,018,895.43	12,782,188.75	262,824,513.14	4,239,976,571.04

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

### 42. Other Comprehensive Income

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

2020

	1 January 2020	Changes in the current period	31 December 2020
Changes in fair value of other equity instrument investments	1,507,253,032.92	66,442,747.87	1,573,695,780.79
Time value of the options, forward elements of forward contracts or amortization of foreign exchange basis of financial instruments	(24,125,991.75)	92,080,050.37	67,954,058.62
Transfer from owner-occupied properties to investment properties measured at fair value	–	77,663,553.12	77,663,553.12
Exchange differences from translation of financial statements	–	1,272,569.21	1,272,569.21
	1,483,127,041.17	237,458,920.57	1,720,585,961.74

# Notes to the Financial Statements

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

### 42. Other Comprehensive Income (continued)

2019

	1 January 2019	Changes in the current period	31 December 2019
Changes in fair value of other equity instrument investments	1,227,776,839.27	279,476,193.65	1,507,253,032.92
Time value of the options, forward elements of forward contracts or amortization of foreign exchange basis of financial instruments	–	(24,125,991.75)	(24,125,991.75)
	1,227,776,839.27	255,350,201.90	1,483,127,041.17

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

### 42. Other Comprehensive Income (continued)

2020

	The amount before tax	Less: previously included in other comprehensive income converted to current retained earnings	Less: income tax	Attributable to the shareholders of the Company	Attributable to non-controlling interests
Other comprehensive income that will not be reclassified to profit or loss					
Changes in fair value of other equity instrument investments	1,273,988,736.39	1,015,546,734.95	183,133,422.98	66,442,747.87	8,865,830.59
Other comprehensive income that will be reclassified to profit or loss					
Changes in fair value of hedging	92,080,050.37	-	-	92,080,050.37	-
Transfer from owner-occupied properties to investment properties measured at fair value	103,551,404.16	-	25,887,851.04	77,663,553.12	-
Exchange differences from translation of financial statements	1,272,569.21	-	-	1,272,569.21	-
	1,470,892,760.13	1,015,546,734.95	209,021,274.02	237,458,920.57	8,865,830.59

# Notes to the Financial Statements

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

### 42. Other Comprehensive Income (continued)

2019

	The amount before tax	Less: previously included in other comprehensive income converted to current retained earnings	Less: income tax	Attributable to the shareholders of the Company	Attributable to non-controlling interests
Other comprehensive income that will not be reclassified to profit or loss					
Changes in fair value of other equity instrument investments	1,228,896,827.29	684,890,970.17	199,935,523.19	279,476,193.65	64,594,140.28
Other comprehensive income that will be reclassified to profit or loss					
Changes in fair value of hedging	(24,125,991.75)	-	-	(24,125,991.75)	-
	1,204,770,835.54	684,890,970.17	199,935,523.19	255,350,201.90	64,594,140.28

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

### 43. Surplus Reserve

2020

	Opening balance	Increase in the current year	Decrease in the current year	Closing balance
Statutory surplus reserve	1,954,818,567.23	121,667,865.72	–	2,076,486,432.95

2019

	Opening balance	Increase in the current year	Decrease in the current year	Closing balance
Statutory surplus reserve	1,816,847,121.56	137,971,445.67	–	1,954,818,567.23

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

After appropriating the statutory surplus reserve, the Company could appropriate any surplus reserve. After approved, any surplus reserve could be used to cover the loss of the Company for previous years or increase the share capital.



# Notes to the Financial Statements

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

### 44. Retained Earnings

	2020	2019
Closing balance of retained earnings for last year before adjustment	<b>34,486,715,762.57</b>	30,629,417,859.13
Retroactive adjustment of change in accounting policy (Note III, 33)	–	(210,803,273.67)
Opening balance of retained earnings after adjustment	<b>34,486,715,762.57</b>	30,418,614,585.46
Other comprehensive income converted to retained earnings	<b>1,015,546,734.95</b>	684,890,970.17
Net profits attributable to shareholders of the Company	<b>1,730,581,791.56</b>	4,479,681,652.61
Less: Appropriation to statutory surplus reserve	<b>121,667,865.72</b>	137,971,445.67
Cash dividend payable for ordinary shares (Note 1)	<b>898,150,000.00</b>	958,500,000.00
Closing balance of retained earnings	<b>36,213,026,423.36</b>	34,486,715,762.57

*Note 1:* On 18 June 2020, as approved by the 2019 Annual General Meeting of the Company and based on 3,550,000,000 issued shares, the Company paid cash dividend RMB0.253 to all shareholders per share, and at the same time, issued one share per 10 shares by way of conversion of capital reserve to all of its shareholders, that is, it was proposed to distribute a cash dividend of RMB898,150,000.00 (inclusive of tax) for the year 2019, and additional 355,000,000 Shares were proposed to be issued. On 21 June 2019, as approved by the 2018 Annual General Meeting of the Company and based on 3,550,000,000 issued shares, the Company paid cash dividend RMB0.27 to all shareholders per share.

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

### 45. Revenue and Costs of Sales

	2020		2019	
	Revenue	Cost	Revenue	Cost
Principal business	<b>13,786,398,901.41</b>	<b>5,344,684,426.43</b>	16,174,655,103.66	5,505,195,120.22
Other business	<b>450,061,197.57</b>	<b>135,485,598.43</b>	294,582,685.26	230,415,891.28
	<b>14,236,460,098.98</b>	<b>5,480,170,024.86</b>	16,469,237,788.92	5,735,611,011.50

The revenue and costs of sales set out as follows:

	2020	2019
Revenue from contracts with customers	<b>7,554,046,650.21</b>	8,670,477,130.80
Rental and related revenue	<b>6,682,413,448.77</b>	7,798,760,658.12
	<b>14,236,460,098.98</b>	16,469,237,788.92

# Notes to the Financial Statements

For the year 2020

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

### 45. Revenue and Costs of Sales (continued)

The breakdown of operating income from contracts with customers is as follows:

2020

Reporting segments	Entrusted Management related	Construction and design	Sales of good and home decoration	Others	Total
Principal operating region					
Mainland China	3,580,465,132.95	1,668,238,075.14	1,224,005,416.99	1,081,338,025.13	7,554,046,650.21
Time of recognizing revenue					
Recognizing revenue at certain point					
Revenue from commercial management and consultation service for construction project	126,415,095.61	-	-	-	126,415,095.61
Revenue from sales of goods	-	-	378,414,325.79	-	378,414,325.79
Other revenues	-	-	-	334,196,101.33	334,196,101.33
Recognize revenue within a period of time					
Revenue from the brand consulting and management service for the early stage of the project	788,446,410.37	-	-	-	788,446,410.37
Revenue from annual brand consulting and management service for the project	2,061,485,740.21	-	-	-	2,061,485,740.21
Revenue from commercial consultation fees and tenant sourcing commissions	604,117,886.76	-	-	-	604,117,886.76
Revenue from construction and design service	-	1,668,238,075.14	-	-	1,668,238,075.14
Revenue from decoration	-	-	845,591,091.20	-	845,591,091.20
Other revenues	-	-	-	747,141,923.80	747,141,923.80
	3,580,465,132.95	1,668,238,075.14	1,224,005,416.99	1,081,338,025.13	7,554,046,650.21

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

### 45. Revenue and Costs of Sales (continued)

The breakdown of operating income from contracts with customers is as follows: (continued)

2019

Reporting segments	Entrusted Management related	Construction and design	Sales of good and home decoration	Others	Total
Principal operating region					
Mainland China	4,702,248,186.58	2,250,505,124.04	568,999,157.09	1,148,724,663.09	8,670,477,130.80
Time of recognizing revenue					
Recognizing revenue at certain point					
Revenue from commercial management and consultation service for construction project	97,169,811.33	-	-	-	97,169,811.33
Revenue from sales of goods	-	-	224,962,498.79	-	224,962,498.79
Other revenues	-	-	-	325,369,213.44	325,369,213.44
Recognize revenue within a period of time					
Revenue from the brand consulting and management service for the early stage of the project	1,309,885,306.76	-	-	-	1,309,885,306.76
Revenue from annual brand consulting and management service for the project	2,189,581,485.87	-	-	-	2,189,581,485.87
Revenue from commercial consultation fees and tenant sourcing commissions	1,105,611,582.62	-	-	-	1,105,611,582.62
Revenue from construction and design service	-	2,250,505,124.04	-	-	2,250,505,124.04
Revenue from home decoration	-	-	344,036,658.30	-	344,036,658.30
Other revenues	-	-	-	823,355,449.65	823,355,449.65
	4,702,248,186.58	2,250,505,124.04	568,999,157.09	1,148,724,663.09	8,670,477,130.80

# Notes to the Financial Statements

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

### 45. Revenue and Costs of Sales (continued)

The revenue recognized in the current year included in the book value of contract liabilities at the beginning of this year is as follows:

	2020	2019
Revenue from the brand consulting and management service for the early stage of the project	<b>385,515,939.78</b>	482,654,843.69
Revenue from annual brand consulting and management service for the project	<b>144,365,644.58</b>	157,796,541.78
Revenue from commercial management and consultation service for construction project	<b>95,283,018.87</b>	7,547,169.81
Revenue from commercial consultation fees and tenant sourcing commissions	<b>33,186,822.61</b>	419,479,658.46
Revenue from construction and design service	<b>162,578,534.73</b>	139,146,183.52
Other revenues	<b>399,462,609.25</b>	416,514,233.09
	<b>1,220,392,569.82</b>	1,623,138,630.35

Information in relation to the Group's performance obligations is as follows:

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

The Group performs the performance obligations when providing relevant service. The contract consideration is generally paid in a way as agreed in the contract and part of it generally needs to be paid before the performance obligations of the contract take place.

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

The Group performs the performance obligations when providing relevant service. The contract consideration is generally paid in a way as agreed in the contract and part of it generally needs to be paid before the performance obligations of the contract take place.

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

### 45. Revenue and Costs of Sales (continued)

Information in relation to the Group's performance obligations is as follows:(continued)

#### **Revenue from commercial management and consultation service for construction project**

The Group fulfills the performance obligations when providing relevant service and obtaining the confirmation letter for relevant services issued by customers. The contract consideration is generally paid in a way as agreed in the contract and part of it generally needs to be paid before the performance obligations of the contract take place.

#### **Revenue from commercial consultation fees**

The Group performs the performance obligations when providing relevant service. The contract consideration is generally paid in a way as agreed in the contract and part of it generally needs to be paid before the performance obligations of the contract take place.

#### **Revenue from tenant sourcing commissions**

The Group performs the performance obligations when providing relevant service. The contract consideration is generally paid in a way as agreed in the contract and part of it generally needs to be paid before the performance obligations of the contract take place.

#### **Revenue from construction and design service**

The Group performs the performance obligations when providing relevant service. Part of the contract consideration generally needs to be paid before the performance obligations of the contract take place and the remaining is paid in accordance with the contract terms after the project is settled. Customer generally withholds a certain percentage of retention money which is generally paid upon the expiration of retention period.

# Notes to the Financial Statements

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

### 45. Revenue and Costs of Sales (continued)

Information in relation to the Group's performance obligations is as follows:(continued)

#### **Revenue from sales of goods**

The Group performs performance obligations when delivering goods to customers. The contract consideration generally needs to be pre-paid.

#### **Revenue from decoration**

The Group performs the performance obligations when providing relevant service. Part of the contract consideration generally needs to be paid before the performance obligations of the contract take place and the remaining is paid in accordance with the contract terms after the project is settled.

#### **Revenue from strategic consultation fees**

The Group performs the performance obligations when providing relevant service. The contract consideration is generally paid in a way as agreed in the contract and part of it generally needs to be paid before the performance obligations of the contract take place.

#### **Joint marketing income**

The Group performs the performance obligations when providing relevant service. The contract consideration is generally paid in a way as agreed in the contract and part of it generally needs to be paid before the performance obligations of the contract take place.

The total transaction price of the performance obligations amortised to the end of the year which remained outstanding or partly outstanding was RMB18,490,026,738.86, of which RMB4,010,929,612.40 was estimated to be recognised as revenue in 2021.

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

### 46. Taxes and Surcharges

	2020	2019
Property tax	246,382,435.21	290,133,122.41
Urban maintenance and construction tax	41,448,545.51	45,397,485.94
Education surcharge	22,762,175.30	37,803,733.37
Land use tax	22,835,651.40	26,982,731.21
Stamp duty	12,370,905.34	13,561,816.70
Others	31,615,069.51	15,161,712.13
	<b>377,414,782.27</b>	429,040,601.76

### 47. Sale Expenses

	2020	2019
Advertising and promotional expenses	953,948,821.11	1,599,900,465.91
Energy and maintenance expenses	478,987,583.59	458,457,126.20
Salary, bonus and benefits	126,610,432.31	73,609,099.43
After-sales service expenses	43,557,632.21	54,116,114.43
Depreciation and amortization	17,822,601.66	38,446,684.21
Office and administrative expenses	38,205,086.49	28,284,770.57
Others	34,640,602.27	38,116,565.56
	<b>1,693,772,759.64</b>	2,290,930,826.31



# Notes to the Financial Statements

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

### 48. Management Expenses

	2020	2019
Salary, bonus and benefits	854,698,037.03	990,808,570.15
Office and administrative expenses	394,343,198.11	431,822,807.54
Other professional services expenses	143,584,512.71	143,858,698.41
Depreciation and amortization	148,167,974.44	65,109,886.61
Auditing expenses	18,348,251.47	15,493,248.61
Network communications fees	95,275,353.19	63,464,453.78
Others	26,439,241.10	41,309,050.49
	<b>1,680,856,568.05</b>	1,751,866,715.59

\* In 2020, the remuneration for the auditor of the Group was RMB7,500,000.00 (2019: RMB7,500,000.00).

### 49. Research and Development Costs

	2020	2019
Research and Development Costs	32,847,160.63	33,474,544.63
Depreciation and amortization	991,214.27	923,936.26
Others	2,197,268.76	3,807,931.61
	<b>36,035,643.66</b>	38,206,412.50

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

### 50. Financial Expenses

	2020	2019
Interest expenses	<b>2,914,464,907.10</b>	2,677,320,391.98
Less: Interest income	<b>194,886,018.04</b>	195,395,541.15
Less: Amounts to interest capitalization	<b>365,745,604.27</b>	266,030,298.54
Exchange gains and losses	<b>66,960,466.83</b>	15,630,888.33
Others	<b>43,624,916.06</b>	28,554,364.78
	<b>2,464,418,667.68</b>	2,260,079,805.40

The amounts to interest expenses capitalization have been included in investment properties.

### 51. Other Income

	2020	2019
Subsidy for land supporting expenses and subsidy for gas-fired air conditioning equipment	<b>6,198,738.24</b>	6,187,794.30
Other government grants relating to daily operational activities	<b>178,051,161.95</b>	98,712,701.64
	<b>184,249,900.19</b>	104,900,495.94

# Notes to the Financial Statements

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

### 51. Other Income (continued)

Other government grants relating to daily activities are as follows:

	2020	2019	Related to assets/profit
Subsidies (Note 1)	<b>92,028,673.09</b>	27,741,639.59	Related to profit
Special government grants (Note 2)	<b>82,603,176.84</b>	33,873,327.48	Related to profit
Reward support (Note 3)	<b>3,419,312.02</b>	37,097,734.57	Related to profit
	<b>178,051,161.95</b>	98,712,701.64	

*Note 1:* Subsidy mainly refers to the tax refund and subsidies received from the government.

*Note 2:* Special government grants mainly refer to the special industry-supporting fund received from the government.

*Note 3:* Reward support mainly refer to other policy reward support funds received from the government.

### 52. Investment Income

	2020	2019
Investment income from joint venture and associates transferred to other equity instrument investments	–	251,948,143.37
Long-term equity interest investment income calculated by equity method	<b>44,959,080.07</b>	137,729,826.00
Income from acquisition of joint venture and associates to become subsidiaries	<b>126,196,808.81</b>	126,390,153.07
Investment (loss)/gain on disposal of subsidiaries	<b>(529,358.18)</b>	149,065,813.49
Investment gain from disposal of associates	<b>24,917,078.30</b>	49,509,818.23
(Loss)/gain from disposal of financial assets held for trading	<b>(12,221,307.95)</b>	37,010,675.51
Bonuses received from other equity instruments	<b>38,253,530.13</b>	29,787,198.84
Bonuses received from other non-current financial assets	<b>440,036.71</b>	4,997,021.62
	<b>222,015,867.89</b>	786,438,650.13

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

### 53. Gains on Fair Value Changes

	2020	2019
Financial assets held for trading	(7,207,210.00)	16,355,231.33
Include: equity instrument investment held for trading	(7,207,210.00)	16,355,231.33
Investment properties at FVTPL	496,702,935.69	1,600,693,492.00
Other non-current financial assets	4,636,800.00	15,024,540.60
	<b>494,132,525.69</b>	<b>1,632,073,263.93</b>

### 54. Impairment Losses of Credit

	2020	2019
Bad debt losses of accounts receivable	67,861,349.68	157,518,531.49
Bad debt losses of other receivables	43,370,888.51	62,262,214.38
Impairment losses of other current assets	12,839,644.26	(2,278,396.82)
Impairment losses of other non-current assets due within one year	(3,094,564.32)	4,377,770.86
Bad debt losses of long-term receivables	5,743,602.96	(3,849,305.22)
Impairment losses of other non-current assets	(385,717.09)	34,104,779.03
	<b>126,335,204.00</b>	<b>252,135,593.72</b>

### 55. Impairment losses of assets

	2020	2019
Impairment losses of contract assets	224,769,471.13	45,726,468.34
Impairment losses of long-term equity investments	13,396,307.27	–
Impairment losses of intangible assets (Note)	95,000,000.00	–
	<b>333,165,778.40</b>	<b>45,726,468.34</b>

Note: Refer to Notes V.19 Intangible Assets for details.

# Notes to the Financial Statements

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

### 56. Gains from Disposal of Assets

	2020	2019
Gains (losses) from disposal of fixed assets	<b>1,368,758.55</b>	8,101,725.36

### 57. Non-operating Income

	2020	2019	Amount included in nonrecurring profit or loss for 2020
Income from default compensation	<b>10,877,503.91</b>	2,435,068.44	10,877,503.91
Income from project termination	<b>3,018,867.96</b>	6,886,792.44	3,018,867.96
Others (Note)	<b>44,041,925.09</b>	36,753,105.40	44,041,925.09
	<b>57,938,296.96</b>	46,074,966.28	57,938,296.96

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

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

### 58. Non-Operating Expenses

	2020	2019	Amount included in nonrecurring profit or loss for 2020
Compensation expenses (Note 1)	<b>123,687,842.36</b>	18,829,460.94	123,687,842.36
Charitable donations (Note 2)	<b>32,147,040.00</b>	5,759,200.00	32,147,040.00
Others	<b>34,012,685.76</b>	15,562,774.95	34,012,685.76
	<b>189,847,568.12</b>	40,151,435.89	189,847,568.12

*Note 1:* Compensation expenses were mainly due to the "Home Improvement Loan" compensation of RMB23,000,000 paid to the bank during the year; the compensation of RMB36,282,100.00 for deferred payment of equity acquisitions; the compensation of RMB15,000,000 paid to the lessor of the leased shopping mall due to early withdrawal of the lease; and the compensation of RMB47,700,000.00 paid to the partner due to contract disputes.

*Note 2:* Charitable donations were mainly due to donation of RMB26,000,000 by Aijia Foundation (愛家基金會) founded by the parent company Red Star Macalline Group (紅星家居集團) to Soong Ching Ling Foundation to fight the COVID-19 pandemic.

### 59. Government Grants

The Group does not have government grants calculated on a net basis.

For the rest of government grants, please see Note V. 51.

Category	Amount	Presented item	Amount included in profit and loss
Related to profit	3,419,312.02	Reward support fund	3,419,312.02
Related to profit	82,603,176.84	Special government grants	82,603,176.84
Related to profit	92,028,673.09	Subsidies	92,028,673.09
Related to assets	200,069,511.89	Land matching grants	6,198,738.24

# Notes to the Financial Statements

For the year 2020

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

### 60. Expenses by Nature

The supplementary information on the Group's operating costs, sale expenses, management expenses and research and development costs classified by nature is as follows:

	2020	2019
Salary	<b>3,256,192,734.36</b>	3,651,228,900.24
Construction contracts	<b>2,073,253,455.09</b>	2,072,944,552.23
Advertising and promotional expenses	<b>1,142,067,814.10</b>	1,841,718,877.83
Rent not included in lease liabilities	<b>35,109,865.55</b>	60,140,750.02
Energy and maintenance expenses	<b>503,126,338.39</b>	523,781,499.20
Office and administrative expenses	<b>499,100,540.06</b>	551,560,323.00
Other professional services expenses	<b>196,003,871.48</b>	242,851,110.10
Depreciation and amortization	<b>884,307,051.87</b>	695,058,148.86
disposal of investment properties	<b>107,000,000.00</b>	–
After-sales service expenses	<b>45,289,055.86</b>	62,488,512.82
Others	<b>149,384,269.45</b>	114,842,291.60
	<b>8,890,834,996.21</b>	9,816,614,965.90

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

### 61. Income Tax Expenses

	2020	2019
Current income tax expenses	678,648,161.51	997,629,354.82
Deferred income tax expenses	71,422,887.10	519,206,983.64
	<b>750,071,048.61</b>	1,516,836,338.46

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

	2020	2019
Total profit	2,814,148,451.58	6,203,078,019.55
Income tax expenses calculated based on statutory tax rate	703,537,112.90	1,550,769,504.89
Impact of different tax rates applicable to subsidiaries	(204,066,655.47)	(357,046,310.51)
Adjustments on the income tax of previous periods	(12,153,978.01)	20,645,890.54
Profits and losses attributable to joint ventures and associates	(11,239,770.13)	(37,286,748.57)
Impact of non-taxable income	(41,222,593.93)	(32,737,433.26)
Non-deductible costs	23,244,967.48	41,841,331.49
Tax impact of deductible temporary difference and deductible loss previously not recognized	(163,951,226.65)	(161,777,678.60)
Effects of unrecognized deductible temporary differences and deductible losses	455,923,192.42	383,711,464.77
Tax impact of disposal of subsidiaries	–	108,716,317.71
Income tax expense calculated based on the effective tax rate of the Group	<b>750,071,048.61</b>	1,516,836,338.46



# Notes to the Financial Statements

For the year 2020

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

### 62. Earnings per Share

	2020 RMB/Share	2019 RMB/Share
Basic earnings per share continuing operations	0.44	1.15
Diluted earnings per share continuing operations	N/A	N/A

The basic earnings per share is calculated by dividing the net profit of the current period attributable to the ordinary shareholders of the Company by the weighted average number of outstanding ordinary shares. Due to conversion of capital reserve into shares this year, the earnings per share for each reporting period shall be recalculated with the adjusted number of shares.

The calculation of basic earnings per share is detailed as follows:

	2020	2019
Earnings		
Net profit of the current period attributable to ordinary shareholders of the Company	1,730,581,791.56	4,479,681,652.61

	2020	2019
Shares		
Weighted average number of the ordinary shares outstanding of the Company	3,905,000,000.00	3,905,000,000.00

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

### 63. Notes to the Cash Flow Statements

	2020	2019
Other cash received in connection with operating activities		
Deposits received	231,112,087.58	231,382,368.48
Net proceeds collected and paid on behalf of others	554,160,045.64	–
Non-operating income and government grants	183,290,569.62	161,481,759.05
Interest income	89,398,448.54	78,046,648.94
Reserves with central bank	45,089,408.18	42,178,995.34
	<b>1,103,050,559.56</b>	513,089,771.81
Other cash paid in connection with operating activities		
Payment of expenses and other proceeds	2,367,813,099.41	2,870,495,184.62
Bank charges and other expenses	26,945,343.27	11,597,815.32
Non-operating expenses	142,677,568.12	40,151,435.89
Net proceeds collected and paid on behalf of others	–	1,158,816,123.07
	<b>2,537,436,010.80</b>	4,081,060,558.90
Other cash received in connection with investing activities		
Current account in connection with projects	1,164,574,805.97	1,856,759,735.80
Recovery of the entrusted loan in connection with projects	1,232,720,872.63	423,600,000.00
Interest income from loans	185,557,027.72	180,427,153.81
Redemption of the wealth management products	164,739,626.85	52,225,200.00
Recovery of restricted funds	29,314,390.19	397,324,277.15
Redemption of fixed bank deposits due after over 3 months	181,762,704.83	264,230,000.00
	<b>2,958,669,428.19</b>	3,174,566,366.76

# Notes to the Financial Statements

For the year 2020

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

### 63. Notes to the Cash Flow Statements (continued)

	2020	2019
Other cash paid in connection with investing activities		
Project-related current account	<b>3,160,416,360.28</b>	1,413,775,885.29
Granting the project-related entrusted loan	<b>705,442,536.62</b>	732,650,000.00
Purchase of wealth management products	<b>71,305,774.55</b>	125,358,448.05
Restricted cash payment	<b>267,077,539.19</b>	75,995,840.30
Fixed bank deposits with maturity of over 3 months	<b>20,973,243.42</b>	167,762,704.83
	<b>4,225,215,454.06</b>	2,515,542,878.47
Other cash received in connection with financing activities		
Project-related current account	<b>1,027,475,244.93</b>	95,850,000.00
Compensation promised by shareholders (Note 1)	-	154,384,500.54
	<b>1,027,475,244.93</b>	250,234,500.54
Other cash paid in connection with financing activities		
Project-related current account	<b>707,899,793.24</b>	834,721,988.46
Loan charges	-	16,201,832.48
Acquisition of non-controlling interests	<b>189,380,872.36</b>	351,349,001.00
Rental paid for leased Portfolio Shopping Malls	<b>543,648,381.72</b>	726,776,480.92
Hedge	-	19,524,736.00
	<b>1,440,929,047.32</b>	1,948,574,038.86

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

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

### 64. Supplementary Information of Cash Flow Statements

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

Reconciliation of net profits to cash flow from operating activities:

	2020	2019
Net profits	2,064,077,402.97	4,686,241,681.09
Add: Impairment allowance of assets	459,500,982.40	297,862,062.06
Depreciation of right-of-use assets	565,881,920.60	435,144,116.27
Depreciation of fixed assets	147,358,051.15	72,261,441.77
Amortization of intangible assets	41,098,906.74	36,113,438.94
Amortization of long-term prepaid expenses	184,519,587.73	151,539,151.88
Gains on disposal of fixed assets, intangible assets and other long-term assets	(1,368,758.55)	(8,101,725.36)
Gains from changes in fair value	(494,132,525.69)	(1,632,073,263.93)
Financial expense	2,365,683,494.16	2,147,302,563.99
Investment income	(222,015,867.89)	(786,438,650.13)
Increase in deferred tax assets	(366,488,995.50)	(262,821,911.31)
Increase in deferred tax liabilities	319,299,415.03	686,003,134.77
Increase in inventories	2,682,860.97	(79,626,026.08)
Increase in operating receivables	(732,089,027.53)	(37,640,962.63)
Increase/(Decrease) in operating payables	(174,275,005.00)	(1,611,784,020.73)
Net cash flows from operating activities	4,159,732,441.59	4,093,981,030.60

Net change in cash and cash equivalents:

	2020	2019
Closing balance of cash	5,901,061,909.81	6,776,093,360.48
Less: Opening balance of cash	6,776,093,360.48	7,614,487,228.69
Net increase in cash and cash equivalents	(875,031,450.67)	(838,393,868.21)

# Notes to the Financial Statements

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

### 64. Supplementary Information of Cash Flow Statements (continued)

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

Information for acquisition of subsidiaries and other business units

	2020	2019
Price of acquisition of subsidiaries and other business units	<b>908,906,850.12</b>	1,399,077,678.16
Cash and cash equivalents paid for acquisition of subsidiaries and other business units in the current period	<b>908,906,850.12</b>	920,294,210.96
Less: Cash and cash equivalents held for acquisition of subsidiaries and other business units	<b>27,651,448.30</b>	79,828,537.84
Add: Cash or cash equivalents paid in the current period for business combinations occurred in the previous periods	<b>719,899,618.95</b>	–
<b>Net cash paid for acquisition of subsidiaries and other business units</b>	<b>1,601,155,020.77</b>	840,465,673.12

Information of disposal of subsidiaries and other business units

	2020	2019
Price of disposal of subsidiaries and other business units	<b>1.00</b>	6,500,002.00
Cash and cash equivalents paid for disposal of subsidiaries and other business units	<b>1.00</b>	6,500,002.00
Less: Cash and cash equivalents held for disposal of subsidiaries and other business units	–	4,896,142.75
<b>Net cash received from disposal of subsidiaries and other business units</b>	<b>1.00</b>	1,603,859.25

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

### 64. Supplementary Information of Cash Flow Statements (continued)

#### (3) Cash and cash equivalents

	2020	2019
Cash	<b>5,901,061,909.81</b>	6,776,093,360.48
Including: Cash on hand	<b>8,615,723.97</b>	10,745,522.74
Bank deposits readily to be withdrawn on demand	<b>5,892,446,185.84</b>	6,765,347,837.74
Cash and cash equivalents balance at the end of the year	<b>5,901,061,909.81</b>	6,776,093,360.48

### 65. Assets with Restricted Ownership or use Right

	2020	2019	Reasons for limitation
Cash and bank	<b>320,515,556.83</b>	5,000,000.00	Long-term Loan pledge
Cash and bank	<b>3,430,500.00</b>	1,005,097.99	Engineering deposit
Cash and bank	<b>30,343,913.91</b>	448,837.00	Court freezing
Cash and bank	<b>20,273,548.18</b>	10,141,501.53	Deposited investment fund
Cash and bank	<b>119,156,554.03</b>	164,245,962.21	Reserves deposited in the Central Bank
Cash and bank	<b>52,400,000.00</b>	52,400,000.00	Hedging deposit
Cash and bank	<b>13,063,674.47</b>	23,948,811.85	Guarantee deposit
Cash and bank	<b>24,873,297.44</b>	14,193,093.46	Migrant worker deposit
Other equity instrument investments	<b>183,573,840.21</b>	702,000,000.00	Loan pledge
Investment properties	<b>79,865,000,000.00</b>	68,633,000,000.00	Loans, CMBS, Trust pledge/mortgage
Fixed assets	<b>2,353,986,576.70</b>	549,918,707.57	Loan mortgage/mortgage
Construction in progress	-	2,310,501,272.84	Loan mortgage/mortgage
	<b>82,986,617,461.77</b>	72,466,803,284.45	

# Notes to the Financial Statements

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

### 65. Assets with Restricted Ownership or use Right (continued)

Others:

The revenue of operations from Shanghai Zhenbei Shopping Mall, Shanghai Wuzhonglu Shopping Mall, Jinan Red Star Shopping Mall, Zhengzhou Shangdulu Shopping Mall, Shanghai Jinqiao Shopping Mall, Nanjing Pukou Shopping Mall, Nanjing Mingdu Shopping Mall, Harbin West Railway Station Shopping Mall, Hefei Silihe Shopping Mall, Jinshan Hangzhou Bay Shopping Mall, Tianjin Hedong, Shanghai Pujiang, Xi'an Chanba, and Shanghai Jinshan during relevant loan periods was used for loan pledge. The revenue of property operation from Beijing East Four Ring, Yantai Red Star, Wuhan Etouwan, Beijing West Four Ring, Changzhou Home World, Changzhou Macalline, and Wuxi Red Star during relevant periods was used for CMBS pledge.

### 66. Monetary Items Denominated in Foreign Currency

	2020			2019		
	Original currencies	Exchange rate	RMB equivalent	Original currencies	Exchange rate	RMB equivalent
Cash and bank balances						
USD	5,174,366.50	6.5249	33,762,223.98	2,338,925.22	6.9762	16,316,810.12
HKD	766,624.47	0.8416	645,191.15	331,953.20	0.8958	297,363.68
EUR	20,799.05	8.0250	166,912.38	6,200,000.00	7.8155	48,456,100.00
Bonds payable						
USD	297,816,024.02	6.5249	1,943,219,775.16	296,684,055.39	6.9762	2,069,727,307.24
Short-term loan						
EUR	166,044,763.24	8.0250	1,332,509,225.00	-	-	-
HKD	-	-	-	965,000,000.00	0.8958	864,447,700.00

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

### 67. Hedging

#### Fair value hedging

Hong Kong Red Star Macalline Global Home Furnishing Company Limited (香港紅星美凱龍全球家居有限公司)(hereinafter referred to as "Hong Kong Red Star Macalline"), a subsidiary of the Group (whose functional currency is RMB), issued USD300,000,000.00 long-term bonds on 21 September 2017, which will mature on 21 September 2022 and has interest rate of 3.375% per annum payable semi-annually on March 21 and September 21 of each year commencing on 21 March 2018. In response to this part of long-term bonds facing the exchange rate risk exposure caused by changes in RMB against USD. On April 2, 2019, the Group purchased a structured currency swap (can cancel the range forward), against USD150,000,000 of the USD-dominated loan of Hong Kong Red Star. On May 9, 2019, the Group purchased an option portfolio product consisting of the signed options and the purchased options to hedge the USD100,000,000 of the USD-dominated loan of Hong Kong Red Star. Through qualitative analysis, the Group determined that the ratio of the number of hedging instruments to hedged items was 1: 1. The invalid part of the hedge mainly comes from the foreign exchange basis. The invalid part of the fair value hedging this year is not significant.

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

2020

	Nominal amount of hedging instruments	Book value of hedging instruments Assets	Items listed on the balance sheet with hedging instruments	Changes in the fair value of hedging instruments used as the basis for confirming the invalid part of the hedge in 2020
Structured currency swaps	USD150,000,000	(5,371,397.29)	Derivative financial instruments	–
Option portfolio	USD100,000,000	7,532,129.40	Derivative financial instruments	–
		2,160,732.11		–



# Notes to the Financial Statements

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

### 67. Hedging (continued)

2019

	Nominal amount of hedging instruments	Book value of hedging instruments Assets	Items listed on the balance sheet with hedging instruments	Changes in the fair value of hedging instruments used as the basis for confirming the invalid part of the hedge in 2019
Structured currency swaps	USD150,000,000	15,464,953.56	Derivative financial instruments	–
Option portfolio	USD100,000,000	16,286,550.66	Derivative financial instruments	–
		31,751,504.22		–

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

### 67. Hedging (continued)

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

2020

	Book value of hedged items Liabilities	Cumulative amount of fair value hedging adjustment of the hedged item (included in the book value of the hedged item) Liabilities	Listed items in the balance sheet including hedged items	Changes in the fair value of hedged items used as the basis for confirming the invalid part of the hedge in 2019
USD-dominated bonds	1,744,050,000.00	114,125,000.00	Bonds payable	6,810,000.00

2019年

	Book value of hedged items Liabilities	Cumulative amount of fair value hedging adjustment of the hedged item (included in the book value of the hedged item) Liabilities	Listed items in the balance sheet including hedged items	Changes in the fair value of hedged items used as the basis for confirming the invalid part of the hedge in 2019
USD-dominated bonds	1,744,050,000.00	(40,125,000.00)	Bonds payable	5,510,000.00

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## VI. CHANGES IN CONSOLIDATION SCOPE

### 1. Disposal of subsidiaries

	Place of incorporation	Business nature	The Group's total shareholding percentage (%)	Proportion of voting rights enjoyed by the Group in total (%)	The reason for not being a subsidiary
Shanghai Xingju Supply Chain Management Company Limited (上海星聚供應鏈管理有限公司) (Note 1)	Shanghai	Supply chain management	60	60	Note 1
Shanghai Weilaishi Decoration Technology Company Limited (上海威來適裝飾科技有限公司) (Note 2)	Shanghai	Construction decoration	67	67	Note 2

*Note 1:* Shanghai Hongmei Network Technology Company Limited, a subsidiary of the Group, and Zhao Jiang (趙江), a third-party individual, signed an equity transfer agreement in March 2020 to sell 60% of its shares in Shanghai Xingju Supply Chain Management Company Limited for RMB1. The disposal date is 20 March 2020. Since 20 March 2020, the Group no longer incorporates Shanghai Xingju Supply Chain Management Company Limited into the scope of consolidation.

*Note 2:* Through the acquisition of non-controlling interests (see Note VII. 2. Transactions which changed equity of subsidiaries without affecting right of control), the Group's shares in Shanghai Red Star Macalline Yuejia Network Technology Company Limited ("Yuejia") increased from 67% to 100%. Meanwhile, Yuejia signed an equity transfer agreement with Shanghai Longwei Enterprise Management Partnership (Limited Partnership) (上海龍蔚企業管理合夥企業(有限合夥)) and Shanghai Jushi Enterprise Management Partnership (Limited Partnership) (上海聚適企業管理合夥企業(有限合夥)) on 1 April 2020, to sell its 25% equity in Shanghai Weilaishi Decoration Technology Company Limited to Shanghai Longwei Enterprise Management Partnership (Limited Partnership) for RMB0, and sold its 35% equity in Shanghai Weilaishi Decoration Technology Company Limited to Shanghai Jushi Enterprise Management Partnership (Limited Partnership) for RMB0. The disposal date is 26 May 2020. As of 26 May 2020, the Group no longer incorporates Shanghai Weilaishi Decoration Technology Company Limited into the scope of consolidation.

## VI. CHANGES IN CONSOLIDATION SCOPE (continued)

### 2. Changes in consolidation scope for other reasons

#### Assets Acquisition

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

In January 2020, the Group entered into an equity transfer agreement with Shanghai Hongjun Investment Company Limited (上海弘郡投資有限公司) (“Hongjun Investment”), the original shareholder of Hangzhou Red Star Macalline Global Furniture Co., Ltd. (“Hangzhou Global”), and transferred 81% of the equity of the target company Hangzhou Global. After the acquisition, the Group holds 100% shares of Hangzhou Global.

In June 2020, the Group and other shareholders of Shaanxi Red Star Heji Home Shopping Plaza Company Limited (“Shaanxi Heji”) passed a resolution to amend the Articles of Association of the Company. The Articles of Association stipulated that the Group increases the capital by RMB95,500,000.00 to Shaanxi Heji. Upon completion of the capital increase, the Group’s shareholding ratio in Shaanxi Heji rose from 18% to 80%.

In June 2020, the Group entered into an equity transfer agreement with Jiukun Real Estate Group Co., Ltd. (九坤房地產集團有限公司) to acquire 100% of the equity of Wuhan Ruixin Technology Co., Ltd. at a consideration of RMB79,500,000.00.

In July 2020, the Group entered into an equity transfer agreement with ROSEBAY CAPITAL HK LIMITED to acquire 100% of the equity of Jiade AG Logistics Investment (Hong Kong) Co., Ltd. (佳德 AG 物流投資(香港)有限公司) (“Hong Kong Jiade”) at RMB41,437,134.00. Chengdu Airport Logistics Investment Co., Ltd. (成都空港物流投資有限公司) (“Chengdu Airport Logistics”) is a subsidiary 100% controlled by Hong Kong Jiade. After the acquisition, the Group holds 100% of the shares in Chengdu Airport Logistics and Hong Kong Jiade.

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

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## VI. CHANGES IN CONSOLIDATION SCOPE (continued)

### 2. Changes in consolidation scope for other reasons (continued)

#### Newly established

Subsidiary name	Main business site	Place of incorporation	Business nature	Shareholding ratio		Reason of changes
				Direct(%)	Indirect(%)	
Meishan Red Star Macalline Shibo Furniture Plaza Company Limited (眉山紅星美凱龍世博家居廣場有限公司)	Sichuan	Sichuan	Site leasing management	100	–	newly established company
Nanchang Betterhome Decoration Engineering Company Limited (南昌家倍得裝飾工程有限公司)	Jiangxi	Jiangxi	Home design	–	41	newly established company
Red Star Macalline Glory Casa (Hong Kong) Furnishing Co., Limited (紅星美凱龍凱撒至尊(香港)家居有限公司)	Hong Kong	Hong Kong	Proprietary sales	100	–	newly established company
Chongqing Liangjiang New Area Red Star Macalline Business Management Company Limited (重慶兩江新區紅星美凱龍商業管理有限公司)	Chongqing	Chongqing	Management and consultancy	100	–	newly established company
Shanghai Beibao Logistics Co., Ltd. (上海倍寶物流有限公司)	Shanghai	Shanghai	Warehouse logistics	–	100	newly established company
Shanghai Beida Logistics Co., Ltd. (上海倍達物流有限公司)	Shanghai	Shanghai	Warehouse logistics	–	100	newly established company
Shanghai Beisheng Logistics Co., Ltd. (上海倍昇物流有限公司)	Shanghai	Shanghai	Warehouse logistics	–	100	newly established company
Shanghai Totoro Xiansen New Retail Home Furnishing Co., Ltd. (上海龍貓先森新零售家居有限公司)	Shanghai	Shanghai	E-commerce	–	70	newly established company
Shanghai Macalline Wenshang Business Management Co., Ltd. (上海美凱龍文商商業管理有限公司)	Shanghai	Shanghai	Management and consultancy	100	–	newly established company
Shanghai Red Star Macalline Aimule Decoration Engineering Co., Ltd. (上海紅星美凱龍愛木樂裝飾工程有限公司)	Shanghai	Shanghai	Home design	–	68	newly established company
Tianjin Hongju Supply Chain Technology Co., Ltd. (天津紅居供應鏈科技有限公司)	Tianjin	Tianjin	Supply chain management	–	100	newly established company

## VI. CHANGES IN CONSOLIDATION SCOPE (continued)

### 2. Changes in consolidation scope for other reasons (continued)

#### Newly established (continued)

Subsidiary name	Main business site	Place of incorporation	Business nature	Shareholding ratio		Reason of changes
				Direct(%)	Indirect(%)	
Tianjin Hongmei Supply Chain Technology Co., Ltd. (天津紅美供應鏈科技有限公司)	Tianjin	Tianjin	Supply chain management	-	100	newly established company
Red Star Macalline Business Management Company Limited (紅星美凱龍商業管理有限公司)	Shanghai	Shanghai	Enterprise management and consultancy	100	-	newly established company
Shanghai Meiyong Industrial Co., Ltd. (上海美穎實業有限公司)	Shanghai	Shanghai	Enterprise management and consultancy	-	100	newly established company
Shanghai Rongmei Industrial Co., Ltd. (上海榮美實業有限公司)	Shanghai	Shanghai	Enterprise management and consultancy	-	100	newly established company
Red Star Macalline Shibo Business Management Co., Ltd. (紅星美凱龍世博商業管理有限公司)	Xinjiang	Xinjiang	Enterprise management and consultancy	100	-	newly established company
Red Star Macalline Management Consulting Service Co., Ltd. (紅星美凱龍管理諮詢服務有限公司)	Hainan	Hainan	Enterprise management and consultancy	100	-	newly established company
Shanghai Macalline Xingshang Modular Decoration Technology Co., Ltd. (上海美凱龍星尚模數裝飾科技有限公司)	Shanghai	Shanghai	Home design	100	-	newly established company
Hefei Aiguang Logistics Co., Ltd. (合肥愛廣物流有限公司)	Anhui	Anhui	Warehouse logistics	-	100	newly established company
Longzhihui (Changzhou) Facility Management Services Company Limited (龍之惠(常州)設施管理服務有限公司)	Jiangsu	Jiangsu	Enterprise management and consultancy	-	30	newly established company
Shanghai Red Star Macalline Technology Development Co., Ltd. (上海紅星美凱龍科技發展有限公司)	Shanghai	Shanghai	Home design	80	-	newly established company
Shanghai Macalline Better Home Construction Technology Co., Ltd. (上海美凱龍更好家建築科技有限公司)	Shanghai	Shanghai	Home design	-	90	newly established company

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## VI. CHANGES IN CONSOLIDATION SCOPE (continued)

### 2. Changes in consolidation scope for other reasons (continued)

#### Newly established (continued)

Subsidiary name	Main business site	Place of incorporation	Business nature	Shareholding ratio		Reason of changes
				Direct(%)	Indirect(%)	
Shanghai KEMI Industry Co., Ltd. (上海科米實業有限公司)	Shanghai	Shanghai	Home design	-	100	newly established company
Shanghai Boyang Enterprise Development Co., Ltd. (上海鉞洋企業發展有限公司)	Shanghai	Shanghai	Home design	-	100	newly established company
Chengdu Red Star Macalline Global Home Furnishing Company Limited (成都紅星美凱龍全球家居有限公司)	Sichuan	Sichuan	Site leasing management	63	-	newly established company
Huaihua Xingxin Commercial Management Co., Ltd. (懷化星欣商業管理有限公司)	Hunan	Hunan	Enterprise management and consultancy	-	100	newly established company
Xiamen Red Star Macalline Expo Home Furnishing Plaza Co., Ltd. (廈門紅星美凱龍博覽家居廣場有限公司)	Fujian	Fujian	Home design	-	100	newly established company

#### Cancelled subsidiaries

The subsidiaries cancelled by the Group this year were Chengdu Red Star Macalline Logistics Company Limited (成都紅星美凱龍物流有限公司), Shenzhen Red Star Macalline Gaosheng City Development Company Limited (深圳市紅星美凱龍高盛產城發展有限公司), Xiaogan Betterhome Building and Decoration Technology Company Limited (孝感家倍得建築裝飾科技有限公司), Foshan Red Star Macalline Home Furnishing Plaza Company Limited (佛山紅星美凱龍家居生活廣場有限公司), Shanghai Fengdilong Home Decorating Design Company Limited (上海峰迪瀧裝飾設計工程有限公司), Guangzhou Red Star Macalline Home Furnishing Building Material Company Limited (廣州紅星美凱龍家居建材有限公司), Shanghai Juqin Enterprise Management Partnership (Limited Partnership) (上海聚欽企業管理合夥企業(有限合夥)), Shanghai Jibin Enterprise Management Partnership (Limited Partnership) (上海集彬企業管理合夥企業(有限合夥)), Shanghai Jici Enterprise Management Partnership (Limited Partnership) (上海集慈企業管理合夥企業(有限合夥)), Shanghai Juchu Enterprise Management Partnership (Limited Partnership) (上海聚楚企業管理合夥企業(有限合夥)) and Shanghai Hezeng Enterprise Management Partnership (Limited Partnership) (上海合增企業管理合夥企業(有限合夥)).

## VII. INTERESTS IN OTHER ENTITIES

### 1. Interests in Significant Subsidiaries

The company's subsidiaries are as follows:

Subsidiary name	Legal entity nature	Main business site	Place of incorporation	Business nature	Registered capital	Shareholding ratio		Note
						Direct (%)	Indirect (%)	
						RMB'0000		
Subsidiaries acquired through establishment or investment								
Changsha Red Star Macalline Shibo Home Furnishing Plaza Company Limited (長沙紅星美凱龍家居生活廣場有限公司)	Limited liability company	Hunan	Hunan	Site leasing management	500	100	-	
Shanghai Red Star Macalline Global Home Furnishing Design Expo Company Limited (上海紅星美凱龍環球家居設計博覽有限公司)	Limited liability company	Shanghai	Shanghai	Site leasing management	5,000.00	-	97	
Hangzhou Red Star Macalline Shibo Furniture Plaza Company Limited (杭州紅星美凱龍世博家居有限公司)	Limited liability company	Zhejiang	Zhejiang	Site leasing management	2,000.00	100	-	
Shanghai Red Star Macalline Brand Management Company Limited (上海紅星美凱龍品牌管理有限公司)	Limited liability company	Shanghai	Shanghai	Brand management	500	100	-	
Chongqing Red Star Macalline Global Home Furnishing Plaza Company Limited (重慶紅星美凱龍環球家居生活廣場有限責任公司)	Limited liability company	Chongqing	Chongqing	Site leasing management	1,000.00	100	-	
Wuhan Red Star Macalline Shibo Home Furnishing Plaza Development Company Limited (武漢紅星美凱龍世博家居廣場發展有限公司)	Limited liability company	Hubei	Hubei	Site leasing management	55,287.87	100	-	
Beijing Xingkai Jingzhou Furniture Plaza Company Limited (北京星凱京洲傢俱廣場有限公司)	Limited liability company	Beijing	Beijing	Site leasing management	3000	-	51	
Shanghai Red Star Macalline Home Furnishing Design Expo Company Limited (上海紅星美凱龍家居藝術設計博覽有限公司)	Limited liability company	Shanghai	Shanghai	Site leasing management	44,500.00	100	-	
Shanghai Red Star Macalline Global Home Furnishing Market Management Company Limited (上海紅星美凱龍全球家居市場經營管理有限公司)	Limited liability company	Shanghai	Shanghai	Market company	50	-	100	



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## VII. INTERESTS IN OTHER ENTITIES (continued)

### 1. Interests in Significant Subsidiaries (continued)

The company's subsidiaries are as follows: (continued)

Subsidiary name	Legal entity nature	Main business site	Place of incorporation	Business nature	Registered capital RMB'0000	Shareholding ratio		Note
						Direct (%)	Indirect (%)	
Yantai Red Star Macalline Home Furnishing Company Limited (煙台紅星美凱龍家居有限公司)	Limited liability company	Shandong	Shandong	Site leasing management	17,500.00	100	-	
Shenyang Mingdu Home Furnishing Plaza Company Limited (瀋陽名都家居廣場有限公司)	Limited liability company	Liaoning	Liaoning	Site leasing management	25,500.00	60	40	
Beijing Century Europe and America Business Investment Company Limited (北京世紀歐美商業投資有限公司)	Limited liability company	Beijing	Beijing	Site leasing management	5,000.00	-	80	
Chongqing Red Star Macalline Expo Home Furnishing Plaza Company Limited (重慶紅星美凱龍博覽家居生活廣場有限責任公司)	Limited liability company	Chongqing	Chongqing	Site leasing management	28,000.00	100	-	
Changsha Yinhong Home Furnishing Company Limited (長沙市銀紅家居有限公司)	Limited liability company	Hunan	Hunan	Site leasing management	25,000.00	100	-	
Shanghai Jingdu Investment Company Limited (上海晶都投資有限公司)	Limited liability company	Shanghai	Shanghai	Investment management	1,000.00	51	-	
Tianjin Red Star Macalline Home Furnishings Plaza Company Limited (天津紅星美凱龍家居傢飾生活廣場有限公司)	Limited liability company	Tianjin	Tianjin	Site leasing management	42,487.87	100	-	
Panjin Red Star Macalline Global Home Furnishings Plaza Co., Ltd. (盤錦紅星美凱龍全球家居生活廣場有限公司)	Limited liability company	Liaoning	Liaoning	Site leasing management	21,000.00	100	-	
Shanghai Red Star Macalline Business Consulting Company Limited (上海紅星美凱龍商務諮詢有限公司)	Limited liability company	Shanghai	Shanghai	Investment management	100	65	-	
Shenyang Red Star Macalline Home Furnishing Company Limited (瀋陽紅星美凱龍家居有限公司)	Limited liability company	Liaoning	Liaoning	Site leasing management	3,000.00	100	-	
Shanghai Red Star Macalline Trading Company Limited (上海紅星美凱龍商貿有限公司)	Limited liability company	Shanghai	Shanghai	Investment management	5,000.00	100	-	
Harbin Red Star Macalline Shibo Furniture Plaza Company Limited (哈爾濱紅星美凱龍世博家居廣場有限公司)	Limited liability company	Heilongjiang	Heilongjiang	Site leasing management	31,000.00	100	-	

## VII. INTERESTS IN OTHER ENTITIES (continued)

### 1. Interests in Significant Subsidiaries (continued)

The company's subsidiaries are as follows: (continued)

Subsidiary name	Legal entity nature	Main business site	Place of incorporation	Business nature	Registered capital RMB'0000	Shareholding ratio		Note
						Direct (%)	Indirect (%)	
Shanghai Xingjia Decoration and Building Materials Company Limited (上海星家裝飾建材有限公司)	Limited liability company	Shanghai	Shanghai	Construction material markets	2,000.00	-	100	
Chongqing Red Star Macalline Zhongkun Home Living Plaza Company Limited (重慶紅星美凱龍中坤家居生活廣場有限責任公司)	Limited liability company	Chongqing	Chongqing	Site leasing management	10,000.00	55	-	
Zhongshan Red Star Macalline Shibo Furniture Plaza Company Limited (中山紅星美凱龍世博家居廣場有限公司)	Limited liability company	Guangdong	Guangdong	Site leasing management	14,993.93	100	-	
Shenyang Dadong Red Star Macalline Home Furnishing Company Limited (瀋陽大東紅星美凱龍傢俱建材市場有限公司)	Limited liability company	Liaoning	Liaoning	Site leasing management	300	100	-	
Xi'an Red Star Macalline Home Furnishing Plaza Company Limited (西安紅星美凱龍家居生活廣場有限公司)	Limited liability company	Shaanxi	Shaanxi	Site leasing management	20,000.00	75	-	
Daqing Red Star Macalline Shibo Furniture Plaza Company Limited (大慶紅星美凱龍世博家居有限公司)	Limited liability company	Heilongjiang	Heilongjiang	Site leasing management	10,000.00	70	-	
Beijing Red Star Macalline Furnishing Market Company Limited (北京紅星美凱龍家居市場有限公司)	Limited liability company	Beijing	Beijing	Brand management	200	-	100	
Wuhan Red Star Macalline Global Home Furnishing Plaza Development Company Limited (武漢紅星美凱龍環球家居廣場發展有限公司)	Limited liability company	Hubei	Hubei	Site leasing management	14,993.93	100	-	
Beijing Century Kailong Business Investment Company Limited (北京世紀凱隆商業投資有限公司)	Limited liability company	Beijing	Beijing	Site leasing management	1,000.00	100	-	
Tianjin Red Star Macalline Home Fashion Plaza Company Limited (天津紅星美凱龍時尚家居廣場有限公司)	Limited liability company	Tianjin	Tianjin	Site leasing management	500	100	-	

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## VII. INTERESTS IN OTHER ENTITIES (continued)

### 1. Interests in Significant Subsidiaries (continued)

The company's subsidiaries are as follows: (continued)

Subsidiary name	Legal entity nature	Main business site	Place of incorporation	Business nature	Registered capital RMB'0000	Shareholding ratio		Note
						Direct (%)	Indirect (%)	
Shanghai Red Star Ogloria Home Living Market Management Company Limited (上海紅星歐麗洛雅家居市場經營管理有限公司)	Limited liability company	Shanghai	Shanghai	Market company	50	100	-	
Hefei Red Star Macalline Shibo Furniture Plaza Company Limited (合肥紅星美凱龍世博家居廣場有限公司)	Limited liability company	Anhui	Anhui	Site leasing management	34,984.83	100	-	
Nanjing Red Star Macalline International Home Furnishing Company Limited (南京紅星美凱龍國際家居有限責任公司)	Limited liability company	Jiangsu	Jiangsu	Site leasing management	76,401.70	100	-	
Shanghai Red Star Macalline Yijia Home Decorating Company Limited (上海紅星美凱龍德家裝飾工程有限公司)	Limited liability company	Shanghai	Shanghai	Home design	2,000.00	-	100	
Shanghai Xingyi Tonghui Business Service Company Limited (上海星易通匯商務服務有限公司)	Limited liability company	Shanghai	Shanghai	Commercial service	15,000.00	100	-	
Shanghai Hongmei E-commerce Company Limited (上海紅星美凱龍家品會電子商務有限公司)	Limited liability company	Shanghai	Shanghai	E-commerce	1,840.00	-	100	
Shanghai Youmei Home Furnishing Company Limited (上海悠美家居有限公司)	Limited liability company	Shanghai	Shanghai	Proprietary sales	2,000.00	-	100	
Tianjin Red Star Macalline International Home Furnishing Expo Company Limited (天津紅星美凱龍國際家居博覽有限公司)	Limited liability company	Tianjin	Tianjin	Site leasing management	31,428.57	65	-	
Tianjin Red Star Macalline World Trade Home Furnishing Company Limited (天津紅星美凱龍世貿家居有限公司)	Limited liability company	Tianjin	Tianjin	Site leasing management	20,000.00	100	-	
Shanghai Meihao Home Decorating Design Company Limited (上海美昊裝飾設計工程有限公司)	Limited liability company	Shanghai	Shanghai	Home design	250	-	100	
Harbin Red Star Macalline International Home Furnishing Company Limited (哈爾濱紅星美凱龍國際家居有限公司)	Limited liability company	Harbin	Harbin	Site leasing management	34,981.80	100	-	

## VII. INTERESTS IN OTHER ENTITIES (continued)

### 1. Interests in Significant Subsidiaries (continued)

The company's subsidiaries are as follows: (continued)

Subsidiary name	Legal entity nature	Main business site	Place of incorporation	Business nature	Registered capital RMB'0000	Shareholding ratio		Note
						Direct (%)	Indirect (%)	
Changchun Red Star Macalline Shibo Home Living Plaza Company Limited (長春紅星美凱龍世博家居生活廣場有限公司)	Limited liability company	Jilin	Jilin	Site leasing management	6,800.00	100	-	
Red Star Xizhao Investment Company Limited (紅星喜兆投資有限公司)	Limited liability company	Tibet	Tibet	Investment management	10,000.00	90	-	
Red Star Macalline Home Furnishing Mall Management Company Limited (紅星美凱龍家居商場管理有限公司)	Limited liability company	Tibet	Tibet	Investment management	5,000.00	100	-	
Shanghai Jiading Construction Home Decorating Design Company Limited (上海家鼎建築裝飾設計工程有限公司)	Limited liability company	Shanghai	Shanghai	Home design	500	-	80	
Yangzhou Red Star Macalline International Home Furnishing Plaza Company Limited (揚州紅星美凱龍國際家居廣場有限公司)	Limited liability company	Jiangsu	Jiangsu	Brand management	300	100	-	
Shanghai Red Star Macalline Longmei Home Furnishing Market Management Company Limited (上海紅星美凱龍美家居市場經營管理有限公司)	Limited liability company	Shanghai	Shanghai	Market company	100	100	-	
Chongqing Jiixin Home Decorating Design Company Limited (重慶家欣裝飾設計工程有限公司)	Limited liability company	Chongqing	Chongqing	Home design	200	-	70	
Henan Xixiliya Property Management Company Limited (河南西西里亞物業管理有限公司)	Limited liability company	Henan	Henan	Property management	100	-	100	
Shenyang Red Star Macalline Shibo Home Furnishing Company Limited (瀋陽紅星美凱龍世博家居有限公司)	Limited liability company	Liaoning	Liaoning	Site leasing management	4,675.74	100	-	
Shanghai Red Star Macalline Bulk Purchasing of Construction and Furnishing Materials Trading Company Limited (上海紅星美凱龍住建集採商貿有限公司)	Limited liability company	Shanghai	Shanghai	Site leasing management	2,000.00	100	-	
Lanzhou Red Star Macalline Shibo Furniture Plaza Company Limited (蘭州紅星美凱龍世博家居廣場有限公司)	Limited liability company	Gansu	Gansu	Site leasing management	3,000.00	100	-	

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## VII. INTERESTS IN OTHER ENTITIES (continued)

### 1. Interests in Significant Subsidiaries (continued)

The company's subsidiaries are as follows: (continued)

Subsidiary name	Legal entity nature	Main business site	Place of incorporation	Business nature	Registered capital RMB'0000	Shareholding ratio		Note
						Direct (%)	Indirect (%)	
Shanghai Jisheng Wellborn Global Home Furnishing Brand Management Company Limited (上海吉盛偉邦環球家居品牌管理有限公司)	Limited liability company	Shanghai	Shanghai	Management and consultancy	10,000.00	100	-	
Shanghai Red Star Macalline Home Decorating and Furnishing Market Management Company Limited (上海紅星美凱龍裝飾家居市場經營管理有限公司)	Limited liability company	Shanghai	Shanghai	Brand management	50	-	100	
Shanghai Red Star Macalline Network Technology Company Limited (上海紅星美凱龍網絡技術有限公司)	Limited liability company	Shanghai	Shanghai	E-commerce	3,000.00	-	100	
Shanghai Red Star Macalline Decorating Public Network Technology Company Limited (上海紅星美凱龍裝修公網絡技術有限公司)	Limited liability company	Shanghai	Shanghai	E-commerce	3,000.00	-	100	
Yunnan Red Star Macalline Home Furnishing Plaza Company Limited (雲南紅星美凱龍家居生活廣場有限公司)	Limited liability company	Yunnan	Yunnan	Site leasing management	8,000.00	87	-	
Urumchi Red Star Macalline Shibo Furniture Plaza Company Limited (烏魯木齊紅星美凱龍家居世博廣場有限公司)	Limited liability company	Xinjiang	Xinjiang	Site leasing management	5,000.00	100	-	
Dongguan Red Star Macalline Shibo Furniture Plaza Company Limited (東莞紅星美凱龍世博家居廣場有限公司)	Limited liability company	Guangdong	Guangdong	Site leasing management	10,000.00	70	-	
Shanghai Anjia Network Technology Company Limited (上海安家網絡科技有限公司)	Limited liability company	Shanghai	Shanghai	E-commerce	100	-	100	
Shanghai Aiguangjia E-commerce Company Limited (上海愛逛家電子商務有限公司)	Limited liability company	Shanghai	Shanghai	E-commerce	100	-	100	
Shanghai Jia Ju Information Technology Company Limited (上海家聚信息技術有限公司)	Limited liability company	Shanghai	Shanghai	E-commerce	100	-	100	
Shanghai Hongmei Network Technology Company Limited (上海紅美網絡技術有限公司)	Limited liability company	Shanghai	Shanghai	E-commerce	100	-	100	

## VII. INTERESTS IN OTHER ENTITIES (continued)

### 1. Interests in Significant Subsidiaries (continued)

The company's subsidiaries are as follows: (continued)

Subsidiary name	Legal entity nature	Main business site	Place of incorporation	Business nature	Registered capital	Shareholding ratio		Note
						RMB'0000		
						Direct (%)	Indirect (%)	
Chengdu Red Star Ogloria Brand Management Company Limited (成都紅星歐麗洛雅品牌管理有限公司)	Limited liability company	Chengdu	Chengdu	Brand management	10,000.00	-	100	
Shanxi Xingyi Tonghui Network Technology Company Limited (山西星通匯網絡科技有限公司)	Limited liability company	Shanxi	Shanxi	E-commerce	10,000.00	-	100	
Shanghai Red Star Macalline Assets Management Company Limited (上海紅星美凱龍資產管理有限公司)	Limited liability company	Shanghai	Shanghai	Investment management	5,000.00	-	100	
Shanghai Xinghe Zhaipei Home Furnishing Service Company Limited (上海星和宅配家居服務有限公司)	Limited liability company	Hebei	Hebei	Home design	3,800.00	100	-	
Red Star Macalline Group (Shanghai) Logistics Company Limited (紅星美凱龍家居集團(上海)物流有限公司)	Limited liability company	Shanghai	Shanghai	Logistics service	21,000.00	60	-	
Shanghai Red Star Macalline Xinglong Home Furnish Company Limited (上海紅星美凱龍星龍家居有限公司)	Limited liability company	Shanghai	Shanghai	Site leasing management	3,900.00	100	-	
Red Star Macalline Chengdu Business Management Company Limited (紅星美凱龍成都商業管理有限公司)	Limited liability company	Chengdu	Chengdu	Management and consultancy	50,500.00	-	100	
Red Star Macalline Chengdu Enterprise Management Consulting Company Limited (紅星美凱龍成都企業管理諮詢有限公司)	Limited liability company	Chengdu	Chengdu	Management and consultancy	50,500.00	-	100	
Shanghai Red Star Macalline Kaiheng Household Company Limited (上海紅星美凱龍楷恒家居有限公司)	Limited liability company	Shanghai	Shanghai	Site leasing management	500	100	-	
Changsha Red Star Macalline Jinxia Home Living Plaza Company Limited (長沙紅星美凱龍金霞家居生活廣場有限公司)	Limited liability company	Changsha	Changsha	Site leasing management	12,000.00	100	-	

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## VII. INTERESTS IN OTHER ENTITIES (continued)

### 1. Interests in Significant Subsidiaries (continued)

The company's subsidiaries are as follows: (continued)

Subsidiary name	Legal entity nature	Main business site	Place of incorporation	Business nature	Registered capital RMB'0000	Shareholding ratio		Note
						Direct (%)	Indirect (%)	
Nanchang Red Star Macalline Global Home Furnishing Plaza Company Limited (南昌紅星美凱龍全球家居廣場有限公司)	Limited liability company	Jiangxi	Jiangxi	Site leasing management	3,000.00	51	-	
Kunming Red Star Macalline Shibo Home Furnishing Plaza Company Limited (昆明紅星美凱龍世博家居廣場有限公司)	Limited liability company	Yunnan	Yunnan	Site leasing management	500	-	87	
Chongqing Red Star Macalline International Home Furnishing Plaza Company Limited (重慶紅星美凱龍國際家居生活廣場有限公司)	Limited liability company	Chongqing	Chongqing	Site leasing management	12,100.00	100	-	
Shanghai Jinshan Red Star Macalline Global Home Furnishing Company Limited (上海金山紅星美凱龍全球家居有限公司)	Limited liability company	Shanghai	Shanghai	Site leasing management	2,500.00	100	-	
Xi'an Red Star Macalline Shibo Home Furnishing Company Limited (西安紅星美凱龍世博家居有限公司)	Limited liability company	Shaanxi	Shaanxi	Site leasing management	10,000.00	100	-	
Chengdu Red Star Macalline Tianfu Expo Home Furnishing Plaza Company Limited (成都紅星美凱龍天府世博家居廣場有限公司)	Limited liability company	Chengdu	Chengdu	Site leasing management	5,000.00	100	-	
Chengdu Tianfu New District Red Star Macalline World Trade Home Furnishing Company Limited (成都天府新區紅星美凱龍世貿家居有限公司)	Limited liability company	Chengdu	Chengdu	Site leasing management	21,000.00	100	-	
Hong Kong Red Star Macalline Global Home Furnishing Company Limited (香港紅星美凱龍全球家居有限公司)	Limited liability company	Hong Kong	Hong Kong	Investment management	10,000.00	100	-	
Shanghai Red Star Macalline Yuejia Network Technology Company Limited (上海紅星美凱龍悅家互聯網科技有限公司)	Limited liability company	Shanghai	Shanghai	E-commerce	20,000.00	-	100	
Red Star Macalline (Shanghai) Business Management Company Limited (紅星美凱龍(上海)企業管理有限公司)	Limited liability company	Shanghai	Shanghai	Management and consultancy	10,000.00	100	-	

## VII. INTERESTS IN OTHER ENTITIES (continued)

## 1. Interests in Significant Subsidiaries (continued)

The company's subsidiaries are as follows: (continued)

Subsidiary name	Legal entity nature	Main business site	Place of incorporation	Business nature	Registered capital	Shareholding ratio		Note
						RMB'0000		
						Direct (%)	Indirect (%)	
Hefei Red Star Macalline Logistics Company Limited (合肥紅星美凱龍物流有限公司)	Limited liability company	Anhui	Anhui	Warehouse logistics	5,000.00	-	100	
Tianjin Red Star Macalline Logistics Company Limited (天津紅星美凱龍物流有限公司)	Limited liability company	Tianjin	Tianjin	Warehouse logistics	5,000.00	-	60	
Shanghai Jiajinsuo Investment Holding Company Limited (上海家金所投資控股有限公司)	Limited liability company	Shanghai	Shanghai	Investment management	20,000.00	100	-	
Zhengzhou Juankai Enterprise Management Consultation Company Limited (鄭州雋鑑企業管理諮詢有限公司)	Limited liability company	Henan	Henan	Enterprise management and consultancy	265,000.00	-	100	
Red Star Zhongying Investment Company Limited (紅星眾盈投資有限公司)	Limited liability company	Tibet	Tibet	Investment management	5,000.00	100	-	
Shanghai Macalline Xinghe Asset Management Company Limited (上海美凱龍星荷資產管理有限公司)	Limited liability company	Shanghai	Shanghai	Enterprise management and consultancy	1,000.00	100	-	
Shanghai Yumu Enterprise Management Company Limited (上海宇慕企業管理有限公司)	Limited liability company	Shanghai	Shanghai	Enterprise management and consultancy	500	100	-	
Shanghai Yuxv Enterprise Management Company Limited (上海宇煦企業管理有限公司)	Limited liability company	Shanghai	Shanghai	Enterprise management and consultancy	500	100	-	
Shanghai Yuzhu Enterprise Management Company Limited (上海宇築企業管理有限公司)	Limited liability company	Shanghai	Shanghai	Enterprise management and consultancy	500	100	-	
Shanghai Yuxiao Enterprise Management Company Limited (上海宇霄企業管理有限公司)	Limited liability company	Shanghai	Shanghai	Enterprise management and consultancy	500	100	-	
Zhengzhou Dongsheng Enterprise Management Company Limited (鄭州東晟企業管理有限公司)	Limited liability company	Henan	Henan	Enterprise management and consultancy	500	-	100	
Red Star Macalline Glory Casa (Shanghai) Home Furnishing Company Limited (紅星美凱龍凱徹至尊(上海)家居有限公司)	Limited liability company	Shanghai	Shanghai	Proprietary sales	20,000.00	100	-	



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## VII. INTERESTS IN OTHER ENTITIES (continued)

### 1. Interests in Significant Subsidiaries (continued)

The company's subsidiaries are as follows: (continued)

Subsidiary name	Legal entity nature	Main business site	Place of incorporation	Business nature	Registered capital	Shareholding ratio		Note	
						RMB'0000	Direct (%)		Indirect (%)
Shanghai Red Star Macalline Labour Dispatch Company Limited (上海英大翡思營銷策劃有限公司)	Limited liability company	Shanghai	Shanghai	Labour dispatching	200	100	-		
Yantai Xinhuan Enterprise Management Company Limited (煙台欣歡企業管理有限公司)	Limited liability company	Shandong	Shandong	Enterprise management and consultancy	500	-	100		
Xining Red Star Macalline Shibo Home Furnishing Plaza Company Limited (西寧紅星美凱龍世博家居廣場有限公司)	Limited liability company	Qinghai	Qinghai	Site leasing management	18,000.00	100	-		
Red Star Macalline Enterprise Management and Consultancy Company Limited (紅星美凱龍企業管理諮詢有限公司)	Limited liability company	Xinjiang	Xinjiang	Enterprise management and consultancy	10,000.00	100	-		
Red Star Ogloria Enterprise Management Company Limited (紅星歐麗洛雅企業管理有限公司)	Limited liability company	Xinjiang	Xinjiang	Enterprise management and consultancy	10,000.00	-	100		
Khorgos Red Star Macalline Business Management Company Limited (霍爾果斯紅星美凱龍商業管理有限公司)	Limited liability company	Xinjiang	Xinjiang	Enterprise management and consultancy	500	-	100		
Shanghai Fanju Network Technology Company Limited (上海泛居網絡科技有限公司)	Limited liability company	Shanghai	Shanghai	Network technology	3,000.00	-	100		
Chongqing Red Star Macalline Logistics Company Limited (重慶紅星美凱龍物流有限公司)	Limited liability company	Chongqing	Chongqing	Warehouse logistics	15,000.00	-	100		
Shaanxi Red Star Macalline Logistics Company Limited (陝西紅星美凱龍物流有限公司)	Limited liability company	Shaanxi	Shaanxi	Warehouse logistics	6,000.00	-	100		
Shanghai Jiajinsuo Financial Technology Information Services Company Limited (上海家金所金融科技信息服務有限公司)	Limited liability company	Shanghai	Shanghai	Investment management	10,000.00	-	100		
Red Star Macalline Group Finance Company Limited (紅星美凱龍家居集團財務有限責任公司)	Limited liability company	Shanghai	Shanghai	Loan service	60,000.00	95	5		

## VII. INTERESTS IN OTHER ENTITIES (continued)

## 1. Interests in Significant Subsidiaries (continued)

The company's subsidiaries are as follows: (continued)

Subsidiary name	Legal entity nature	Main business site	Place of incorporation	Business nature	Registered capital	Shareholding ratio		Note
						Direct (%)	Indirect (%)	
						RMB'0000		
Longzhihui (Shanghai) Facility Management Services Company Limited (龍之惠(上海)設施管理服務有限公司)	Limited liability company	Shanghai	Shanghai	Enterprise management and consultancy	500	-	50	Note 1
Shanghai Red Star Macalline International Trading Company Limited (上海紅星美凱龍國際貿易有限公司)	Limited liability company	Shanghai	Shanghai	Import and export	500	55	-	
Guizhou Red Star Macalline Logistics Company Limited (貴州紅星美凱龍物流有限公司)	Limited liability company	Guizhou	Guizhou	Warehouse logistics	6,500.00	-	100	
Shanghai Red Star Macalline Financial Leasing Company Limited (上海紅星美凱龍融資租賃有限公司)	Limited liability company	Shanghai	Shanghai	Equipment leasing	100,000.00	100	-	
Shanghai Red Star Macalline Home Furnishing Trading Company Limited (上海紅星美凱龍美居商貿有限公司)	Limited liability company	Shanghai	Shanghai	Import and export	500	-	28	Note 2
Khorgos Hongju Corporate Management Co.Ltd. (霍爾果斯紅居企業管理有限公司)	Limited liability company	Xinjiang	Xinjiang	Enterprise management and consultancy	1,000.00	70	-	
Chengdu Red Star Macalline Xinnan Business Management Company Limited (成都紅星美凱龍新南商業管理有限公司)	Limited liability company	Sichuan	Sichuan	Enterprise management and consultancy	500	100	-	
Khorgos Yarui Venture Capital Company Limited (霍爾果斯雅睿創業投資有限公司)	Limited liability company	Xinjiang	Xinjiang	Investment management	3,000.00	90	-	
Shanghai Red Star Ogloria Brand Management Company Limited (上海紅星歐麗洛雅品牌管理有限公司)	Limited liability company	Shanghai	Shanghai	Brand management	500	100	-	
Ningbo Meishan Bonded Port Area Xingkaiying Asset Management Company Limited (寧波梅山保稅港區星凱贏資產管理有限公司)	Limited liability company	Zhejiang	Zhejiang	Asset management	1,000.00	-	51	
Khorgos Red Star Yiming Venture Capital Company Limited (霍爾果斯紅星易鳴創業投資有限公司)	Limited liability company	Xinjiang	Xinjiang	Investment management	5,000.00	90	-	

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## VII. INTERESTS IN OTHER ENTITIES (continued)

### 1. Interests in Significant Subsidiaries (continued)

The company's subsidiaries are as follows: (continued)

Subsidiary name	Legal entity nature	Main business site	Place of incorporation	Business nature	Registered capital	Shareholding ratio		Note
						Direct (%)	Indirect (%)	
Shanghai Betterhome Industrial Company Limited (上海家倍得實業有限公司)	Limited liability company	Shanghai	Shanghai	Construction decoration	200	-	68	
Shanghai Kaichun Investment Management Company Limited (上海凱淳投資管理有限公司)	Limited liability company	Shanghai	Shanghai	Investment management	5,000.00	-	100	
Kunshan Red Star Macalline Decoration Materials Company Limited (昆山紅星美凱龍裝飾材料有限公司)	Limited liability company	Jiangsu	Jiangsu	Site leasing management	13,962.17	100	-	
Shanghai Red Star Macalline Commercial Factoring Company Limited (上海紅星美凱龍商業保理有限公司)	Limited liability company	Shanghai	Shanghai	Accounts receivable financing	50,000.00	100	-	
Tianjin Jinrui Corporate Management Company Limited (天津津瑞企業管理有限公司)	Limited liability company	Tianjin	Tianjin	Enterprise management and consultancy	71,286.98	100	-	
Chongqing Xingkaik Home Furnishing Company Limited (重慶星凱科家居有限公司)	Limited liability company	Chongqing	Chongqing	Site leasing management	68,190.88	-	100	
Shanghai Ozing Digital Technology Company Limited (上海好記星數碼科技有限公司)	Limited liability company	Shanghai	Shanghai	Warehouse logistics	USD2,000	-	100	
Bright Rainbow Investments Limited (合樂投資有限公司)	Limited liability company	Hong Kong	Hong Kong	Market service, investment	USD1,000	-	100	
Chongqing Red Star Ogioria Home Furnishing Company Limited (重慶紅星歐麗洛雅家居有限公司)	Limited liability company	Chongqing	Chongqing	Site leasing management	5,000.00	100	-	
Shanghai Huaixing Culture Company Limited (上海懷星文化發展有限公司)	Limited liability company	Shanghai	Shanghai	Cultural and artistic exchange	200	80	-	
Shanghai Red Star Macalline Design Cloud Information Technology Company Limited (上海紅星美凱龍設計雲信息科技有限公司)	Limited liability company	Shanghai	Shanghai	Information science and technology development	5,000.00	100	-	
Xizang Red Star Macalline Corporate Management Company Limited (西藏紅星美凱龍企業管理有限公司)	Limited liability company	Tibet	Tibet	Enterprise management and consultancy	30,000.00	100	-	

## VII. INTERESTS IN OTHER ENTITIES (continued)

### 1. Interests in Significant Subsidiaries (continued)

The company's subsidiaries are as follows: (continued)

Subsidiary name	Legal entity nature	Main business site	Place of incorporation	Business nature	Registered capital RMB'0000	Shareholding ratio		Note
						Direct (%)	Indirect (%)	
Shanghai Beimei Logistics Company Limited (上海倍美物流有限公司)	Limited liability company	Shanghai	Shanghai	Warehouse logistics	6,000.00	-	100	
Shanghai Red Star Macalline Exhibition service Company Limited (上海紅星美凱龍展覽服務有限公司)	Limited liability company	Shanghai	Shanghai	Exhibition services	500	55	-	
Taiyuan Red Star Macalline Global Home Furnishing Plaza Company Limited (太原紅星美凱龍全球家居廣場有限公司)	Limited liability company	Shanxi	Shanxi	Site leasing management	1,000.00	51	-	
Shanghai Xingyijia Brand Management Company Limited (上海星藝佳品牌管理有限公司)	Limited liability company	Shanghai	Shanghai	Brand management	500	-	100	
Jilin Red Star Macalline Logistics Company Limited (吉林紅星美凱龍物流有限公司)	Limited liability company	Jilin	Jilin	Warehouse logistics	4,000.00	-	100	
Changzhou Meilong Trading Company Limited (常州美龍貿易有限公司)	Limited liability company	Jiangsu	Jiangsu	Sale of home furniture	50	100	-	
Shanghai Beimao Logistics Company Limited (上海倍茂物流有限公司)	Limited liability company	Shanghai	Shanghai	Warehouse logistics	6,500.00	-	100	
Shanghai Beimai Logistics Company Limited (上海倍邁物流有限公司)	Limited liability company	Shanghai	Shanghai	Warehouse logistics	10,000.00	-	100	
Shanghai Mengsheng Industrial Company Limited (上海夢晟實業有限公司)	Limited liability company	Shanghai	Shanghai	Enterprise management and consultancy	500	-	100	
Shanghai Beihao Logistics Company Limited (上海倍皓物流有限公司)	Limited liability company	Shanghai	Shanghai	Warehouse logistics	6,000.00	-	100	
Anhui Red Star Macalline Logistics Company Limited (安徽紅星美凱龍物流有限公司)	Limited liability company	Anhui	Anhui	Warehouse logistics	10,000.00	-	100	
Shanghai Beibang Logistics Company Limited (上海倍邦物流有限公司)	Limited liability company	Shanghai	Shanghai	Warehouse logistics	12,500.00	-	100	
Shanghai Red Star Macalline Construction and Decoration Design Company Limited (上海紅星美凱龍住建裝配設計有限公司)	Limited liability company	Shanghai	Shanghai	Home design	500	-	100	

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## VII. INTERESTS IN OTHER ENTITIES (continued)

### 1. Interests in Significant Subsidiaries (continued)

The company's subsidiaries are as follows: (continued)

Subsidiary name	Legal entity nature	Main business site	Place of incorporation	Business nature	Registered capital	Shareholding ratio		Note
						Direct (%)	Indirect (%)	
						RMB'0000		
Shanghai Red Star Macalline Installation of Construction and Furnishing Materials Technology Company Limited (上海紅星美凱龍住建裝配科技有限公司)	Limited liability company	Shanghai	Shanghai	Enterprise management and consultancy	500	-	100	
Shanghai Beiyao Logistics Company Limited (上海倍耀物流有限公司)	Limited liability company	Shanghai	Shanghai	Warehouse logistics	15,000.00	-	100	
Zhengzhou Red Star Macalline Shibo Home Living Company Limited (鄭州紅星美凱龍世博家居有限公司)	Limited liability company	Henan	Henan	Site leasing management	10,000.00	55	-	
Shanghai Ditu Home Furnishing Company Limited (上海締圖家居有限公司)	Limited liability company	Shanghai	Shanghai	Site leasing management	1,000.00	-	30	Note 3
Shanghai Beiyue Logistics Company Limited (上海倍躍物流有限公司)	Limited liability company	Shanghai	Shanghai	Warehouse logistics	6,000.00	-	100	
Shanghai Beilang Logistics Company Limited (上海倍朗物流有限公司)	Limited liability company	Shanghai	Shanghai	Warehouse logistics	6,000.00	-	100	
Nantong Hongmei Shibo Furniture Plaza Company Limited (南通紅美世博家居廣場有限公司)	Limited liability company	Jiangsu	Jiangsu	Site leasing management	15,000.00	100	-	
Nanning Red Star Macalline Shibo Home Furnishing Exhibition Centre Company Limited (南寧紅星美凱龍世博家居展覽中心有限公司)	Limited liability company	Guangxi	Guangxi	Exhibition services	30,500.00	100	-	
Shanghai Hongyue Logistics Company Limited (上海宏嶽物流有限公司)	Limited liability company	Shanghai	Shanghai	Warehouse logistics	6,300.00	-	60	
Ganzhou Red Star Macalline Shibo Home Furnishing Plaza Company Limited (贛州紅星美凱龍世博家居廣場有限公司)	Limited liability company	Jiangxi	Jiangxi	Site leasing management	10,000.00	70	-	
Red Star Macalline (Zhejiang) Information Service Company Limited (紅星美凱龍(浙江)信息技術有限公司)	Limited liability company	Zhejiang	Zhejiang	E-commerce	2,000.00	100	-	
Zhejiang Xingzhuo Decoration Company Limited (浙江星卓裝飾有限公司)	Limited liability company	Zhejiang	Zhejiang	Construction decoration	5,000.00	-	100	

## VII. INTERESTS IN OTHER ENTITIES (continued)

## 1. Interests in Significant Subsidiaries (continued)

The company's subsidiaries are as follows: (continued)

Subsidiary name	Legal entity nature	Main business site	Place of incorporation	Business nature	Registered capital RMB'0000	Shareholding ratio		Note
						Direct (%)	Indirect (%)	
Nanchang Red Star Macalline Global Home Expo Center Company Limited (南昌紅星美凱龍環球家居博覽中心有限責任公司)	Limited liability company	Jiangxi	Jiangxi	Site leasing management	36,500.00	70	30	
Tianjin Red Star Macalline Supply Chain Management Company Limited (天津紅星美凱龍供應鏈管理有限公司)	Limited liability company	Tianjin	Tianjin	Supply chain management	6,300.00	-	60	
Shanghai Banlong Business Management Company Limited (上海阪龍商業管理有限公司)	Limited liability company	Shanghai	Shanghai	Enterprise management and consultancy	1,000.00	-	100	
Shanghai Yingtailijin Technology Company Limited (上海英太利金科技有限公司)	Limited liability company	Shanghai	Shanghai	E-commerce	1,000.00	80	-	
Nantong Longmei International Home Furnishing Company Limited (南通龍美國際家居生活廣場有限公司)	Limited liability company	Jiangsu	Jiangsu	Site leasing management	1,000.00	100	-	
Beijing Xingmei Yongsheng Information Consultation Company Limited (北京星美永盛信息諮詢有限公司)	Limited liability company	Beijing	Beijing	Enterprise management and consultancy	500	-	70	
Shanghai Zhiya Business Management Company Limited (上海柘雅管理諮詢有限公司)	Limited liability company	Shanghai	Shanghai	Enterprise management and consultancy	23,000.00	-	100	
Red Star Macalline (Zhejiang) Corporate Management Company Limited (紅星美凱龍(浙江)企業管理有限公司)	Limited liability company	Zhejiang	Zhejiang	Enterprise management and consultancy	5,000.00	95	-	
Shanghai Guixv Enterprise Management Company Limited (上海歸詡企業管理有限公司)	Limited liability company	Shanghai	Shanghai	Enterprise management and consultancy	200	100	-	
Guangzhou Red Star Macalline Home Expo Center Company Limited (廣州紅星美凱龍家居博覽中心有限公司)	Limited liability company	Guangdong	Guangdong	Site leasing management	1,000.00	100	-	
Xi'an Meijia Household Service Company Limited (西安舒適美佳家政服務有限責任公司)	Limited liability company	Shaanxi	Shaanxi	Enterprise management and consultancy	285	65	-	

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## VII. INTERESTS IN OTHER ENTITIES (continued)

### 1. Interests in Significant Subsidiaries (continued)

The company's subsidiaries are as follows: (continued)

Subsidiary name	Legal entity nature	Main business site	Place of incorporation	Business nature	Registered capital RMB'0000	Shareholding ratio		Note
						Direct (%)	Indirect (%)	
Shanghai Red Star Macalline Decoration (Group) Company Limited (上海紅星美凱龍建築裝飾(集團)有限公司)	Limited liability company	Shanghai	Shanghai	Construction decoration	5,000.00	100	-	
Red Star Macalline Life Aesthetics Center Management Company Limited (紅星美凱龍生活美學中心管理有限公司)	Limited liability company	Zhejiang	Zhejiang	Enterprise management and consultancy	5,000.00	95	-	
Zhejiang Xingyisheng Industrial Development Company Limited (浙江星易盛實業發展有限公司)	Limited liability company	Zhejiang	Zhejiang	Construction decoration	5,000.00	-	75	
Shanghai Beizheng Logistics Company Limited (上海倍正物流有限公司)	Limited liability company	Shanghai	Shanghai	Warehouse logistics	5,000.00	-	100	
Shanghai Red Star Macalline Home Decorating Company Limited (上海美凱龍裝飾工程集團有限公司)	Limited liability company	Shanghai	Shanghai	Construction decoration	10,000.00	100	-	
Shijiazhuang Bochen Industrial Company Limited (石家莊博宸實業有限公司)	Limited liability company	Shijiazhuang	Shijiazhuang	Enterprise management and consultancy	500	-	100	
Wuhu Red Star Macalline Shimao Furniture Plaza Company Limited (蕪湖紅星美凱龍世貿家居廣場有限公司)	Limited liability company	Anhui	Anhui	Site leasing management	9,600.00	100	-	
Betterhome Construction Technology Company Limited (家倍得建築科技有限公司)	Limited liability company	Zhejiang	Zhejiang	Construction decoration	20,000.00	90	-	
Shanghai Red Star Macalline Creative Design Company Limited (上海麗浩創意設計有限公司)	Limited liability company	Shanghai	Shanghai	Construction decoration	1,000.00	-	90	
Guangzhou Red Star Macalline Market Management Company Limited (廣州紅星美凱龍市場經營管理有限公司)	Limited liability company	Guangdong	Guangdong	Site leasing management	500	100	-	
Haikou Tangong Industrial Company Limited (海口檀宮實業有限公司)	Limited liability company	Hainan	Hainan	Site leasing management	1,000.00	100	-	

## VII. INTERESTS IN OTHER ENTITIES (continued)

### 1. Interests in Significant Subsidiaries (continued)

The company's subsidiaries are as follows: (continued)

Subsidiary name	Legal entity nature	Main business site	Place of incorporation	Business nature	Registered capital RMB'0000	Shareholding ratio		Note
						Direct (%)	Indirect (%)	
Hong Kong Red Star Macalline Business Management Company Limited (香港紅星美凱龍商業管理有限公司)	Limited liability company	Hong Kong	Hong Kong	Enterprise management and consultancy	USD500	-	100	
Shanghai Jianliu Enterprise Management Company Limited (上海簡柳企業管理有限公司)	Limited liability company	Shanghai	Shanghai	Enterprise management and consultancy	1,000.00	-	100	
Shanghai Macalline Aesthetic Decoration Engineering Company Limited (上海美凱龍美學裝飾工程有限公司)	Limited liability company	Shanghai	Shanghai	Construction decoration	10,000.00	-	100	
Red Star Macalline Caesar Supreme (Hainan) Home Technology Co., Ltd.	Limited liability company	Hainan	Hainan	E-commerce	500	-	70	
Redstar Global Holdings Limited	Limited liability company	The Virgin Islands	The Virgin Islands	Others	USD5	-	100	
Taiyuan Red Star Macalline Shimao Home Furnishing Company Limited (太原紅星美凱龍世貿家居廣場有限公司)	Limited liability company	Shanxi	Shanxi	Site leasing management	5,000.00	60	-	
Red Star Daojia (Shanghai) Technology Company Limited (紅星到家(上海)科技有限公司)	Limited liability company	Shanghai	Shanghai	E-commerce	20,000.00	100	-	
Suzhou Xingtong Enterprise Management Consultation Company Limited (宿州星通企業管理諮詢有限公司)	Limited liability company	Anhui	Anhui	Enterprise management and consultancy	100	100	-	
Shanghai Enliu Enterprise Management Company Limited (上海蔥柳企業管理有限公司)	Limited liability company	Shanghai	Shanghai	Enterprise management and consultancy	1,000.00	-	100	
Shanghai Bencheng Enterprise Management Company Limited (上海賽程企業管理有限公司)	Limited liability company	Shanghai	Shanghai	Enterprise management and consultancy	1,000.00	-	100	
Shanghai Ersai Enterprise Management Company Limited (上海邇賽企業管理有限公司)	Limited liability company	Shanghai	Shanghai	Enterprise management and consultancy	1,000.00	-	100	
Hebei Red Star Macalline Logistics Company Limited (河北紅星美凱龍物流有限公司)	Limited liability company	Hebei	Hebei	Warehouse logistics	3,500.00	-	100	



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## VII. INTERESTS IN OTHER ENTITIES (continued)

### 1. Interests in Significant Subsidiaries (continued)

The company's subsidiaries are as follows: (continued)

Subsidiary name	Legal entity nature	Main business site	Place of incorporation	Business nature	Registered capital	Shareholding ratio		Note	
						RMB'0000	Direct (%)		Indirect (%)
Foshan Junda Enterprise Management Co., Ltd. (佛山郡達企業管理有限公司)	Limited liability company	Guangdong	Guangdong	Enterprise management and consultancy	66,890.00	100	-		
Shanghai Red Star Macalline Fanjia Information Service Company Limited (上海紅星美凱龍泛家信息服務有限公司)	Limited liability company	Shanghai	Shanghai	E-commerce	500	51	-		
Red Star Macalline GmbH	Limited liability company	Munich Germany	Munich Germany	Others	EUR2.5	-	100		
Shanghai Beixun Logistics Company Limited (上海倍訊物流有限公司)	Limited liability company	Shanghai	Shanghai	Warehouse logistics	6,000.00	-	100		
Shanghai Beibo Logistics Company Limited (上海倍博物流有限公司)	Limited liability company	Shanghai	Shanghai	Warehouse logistics	6,000.00	-	100		
Shanghai Red Star Macalline Home Furnishing Company Limited (上海紅星美凱龍星家居用品有限公司)	Limited liability company	Shanghai	Shanghai	Proprietary sales	2,000.00	-	54		
Red Star Macalline Shibo (Tianjin) Home Furnishing Plaza Company Limited (紅星美凱龍世博(天津)家居生活廣場有限公司)	Limited liability company	Tianjin	Tianjin	Site leasing management	14,200.00	100	-		
Kunshan Red Star Macalline Global Home Furnishing Company Limited (昆山紅星美凱龍全球家居有限公司)	Limited liability company	Jiangsu	Jiangsu	Brand management	100	100	-		
Tongxiang Red Star Macalline Shibo Home Furnishing Plaza Management Company Limited (桐鄉紅星美凱龍世博家居廣場管理有限公司)	Limited liability company	Zhejiang	Zhejiang	Brand management	50	100	-		
Beijing Red Star Macalline Business Management Company Limited (北京紅星美凱龍企業經營管理有限公司)	Limited liability company	Beijing	Beijing	Brand management	300	90	10		
Wuxi Red Star Macalline Business Management Company Limited (無錫紅星美凱龍經營管理有限公司)	Limited liability company	Jiangsu	Jiangsu	Brand management	100	70	30		

## VII. INTERESTS IN OTHER ENTITIES (continued)

### 1. Interests in Significant Subsidiaries (continued)

The company's subsidiaries are as follows: (continued)

Subsidiary name	Legal entity nature	Main business site	Place of incorporation	Business nature	Registered capital	Shareholding ratio		Note	
						RMB'0000	Direct (%)		Indirect (%)
Quzhou Red Star Macalline Shibo Market Management Service Company Limited (衢州紅星美凱龍世博市場管理服務有限公司)	Limited liability company	Zhejiang	Zhejiang	Brand management	100	100	-		
Changshu Red Star Macalline Global Home Furnishing Company Limited (常熟紅星美凱龍全球家居有限公司)	Limited liability company	Jiangsu	Jiangsu	Site leasing management	100	-	100		
Suzhou Red Star Macalline Shibo Home Furnishing Plaza Company Limited (蘇州紅星美凱龍世博家居廣場有限公司)	Limited liability company	Jiangsu	Jiangsu	Site leasing management	8,000.00	60	-		
Meishan Red Star Macalline Expo Home Furnishing Plaza Co., Ltd.	Limited liability company	Sichuan	Sichuan	Site leasing management	500	100	-		
Nanchang Jiabeide Decoration Engineering Co., Ltd.	Limited liability company	Jiangxi	Jiangxi	Home design	100	-	41	Note 4	
Red Star Macalline Caesar Supreme (Hong Kong) Home Furnishing Co., Ltd.	Limited liability company	Hong Kong	Hong Kong	Proprietary sales	USD300	100	-		
Chongqing Liangjiang New Area Red Star Macalline Business Management Co., Ltd. (重慶兩江新區紅星美凱龍商業管理有限公司)	Limited liability company	Chongqing	Chongqing	Management and consultancy	5,000.00	100	-		
Shanghai Beibao Logistics Co., Ltd. (上海倍寶物流有限公司)	Limited liability company	Shanghai	Shanghai	Warehouse logistics	6,000.00	-	100		
Shanghai Beida Logistics Co., Ltd. (上海倍達物流有限公司)	Limited liability company	Shanghai	Shanghai	Warehouse logistics	6,000.00	-	100		
Shanghai Beisheng Logistics Co., Ltd. (上海倍昇物流有限公司)	Limited liability company	Shanghai	Shanghai	Warehouse logistics	6,000.00	-	100		
Shanghai Totoro Xiansen New Retail Home Furnishing Co., Ltd. (上海龍貓先森新零售家居有限公司)	Limited liability company	Shanghai	Shanghai	E-commerce	2,000.00	-	70		
Shanghai Macalline Wenshang Business Management Co., Ltd. (上海美凱龍文商商業管理有限公司)	Limited liability company	Shanghai	Shanghai	Management and consultancy	1,000.00	100	-		

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## VII. INTERESTS IN OTHER ENTITIES (continued)

### 1. Interests in Significant Subsidiaries (continued)

The company's subsidiaries are as follows: (continued)

Subsidiary name	Legal entity nature	Main business site	Place of incorporation	Business nature	Registered capital	Shareholding ratio		Note
						RMB'0000	Direct (%)	
Shanghai Red Star Macalline Aimule Decoration Engineering Co., Ltd. (上海紅星美凱龍愛木樂裝飾工程有限公司)	Limited liability company	Shanghai	Shanghai	Home design	1,000.00	-	68	
Tianjin Hongju Supply Chain Technology Co., Ltd. (天津紅居供應鏈科技有限公司)	Limited liability company	Tianjin	Tianjin	Supply chain management	8,000.00	-	100	
Tianjin Hongmei Supply Chain Technology Co., Ltd. (天津紅美供應鏈科技有限公司)	Limited liability company	Tianjin	Tianjin	Supply chain management	6,000.00	-	100	
Red Star Macalline Business Management Company Limited (紅星美凱龍商業管理有限公司)	Limited liability company	Shanghai	Shanghai	Enterprise management and consultancy	5,000.00	100	-	
Shanghai Meiyong Industrial Co., Ltd. (上海美穎實業有限公司)	Limited liability company	Shanghai	Shanghai	Enterprise management and consultancy	1,900.00	-	100	
Shanghai Rongmei Industrial Co., Ltd. (上海榮美實業有限公司)	Limited liability company	Shanghai	Shanghai	Enterprise management and consultancy	340	-	100	
Red Star Macalline Shibo Business Management Co., Ltd. (紅星美凱龍世博商業管理有限公司)	Limited liability company	Xinjiang	Xinjiang	Enterprise management and consultancy	5,000.00	100	-	
Red Star Macalline Management Consulting Service Co., Ltd. (紅星美凱龍管理諮詢服務有限公司)	Limited liability company	Hainan	Hainan	Enterprise management and consultancy	5,000.00	100	-	
Beijing Yingchuang Shixun Technology Co., Ltd. (北京盈創時訊科技有限公司)	Limited liability company	Beijing	Beijing	E-commerce	100	-	100	
Shanghai Macalline Xingshang Modular Decoration Technology Co., Ltd. (上海美凱龍星尚模數裝飾科技有限公司)	Limited liability company	Shanghai	Shanghai	Home design	2,000.00	100	-	
Wuhan Ruixinxin Technology Co., Ltd. (武漢瑞鑫欣科技有限責任公司)	Limited liability company	Hubei	Hubei	E-commerce	5,584.50	-	100	
Jade AG Logistics Investment (Hong Kong) Limited	Limited liability company	Hong Kong	Hong Kong	Enterprise management and consultancy	HK\$1	-	100	

## VII. INTERESTS IN OTHER ENTITIES (continued)

### 1. Interests in Significant Subsidiaries (continued)

The company's subsidiaries are as follows: (continued)

Subsidiary name	Legal entity nature	Main business site	Place of incorporation	Business nature	Registered capital	Shareholding ratio		Note
						Direct (%)	Indirect (%)	
						RMB'0000		
Chengdu Airport Logistics Investment Co., Ltd. (成都空港物流投資有限公司)	Limited liability company	Sichuan	Sichuan	Warehouse logistics	USD1,185	-	100	
Hefei Aiguang Logistics Co., Ltd. (合肥愛廣物流有限公司)	Limited liability company	Anhui	Anhui	Warehouse logistics	12,000.00	-	100	
Longzhuihui (Changzhou) Facility Management Services Company Limited (龍之惠(常州)設施管理服務有限公司)	Limited liability company	Jiangsu	Jiangsu	Enterprise management and consultancy	100	-	30	Note 5
Shanghai Red Star Macalline Technology Development Co., Ltd. (上海紅星美凱龍科技發展有限公司)	Limited liability company	Shanghai	Shanghai	Home design	6,000.00	80	-	
Shanghai Macalline Better Home Construction Technology Co., Ltd. (上海美凱龍更好家建築科技有限公司)	Limited liability company	Shanghai	Shanghai	Home design	200	-	90	
Shanghai KEMI Industry Co., Ltd. (上海科米實業有限公司)	Limited liability company	Shanghai	Shanghai	Home design	340	-	100	
Shanghai Boyang Enterprise Development Co., Ltd. (上海鉞洋企業發展有限公司)	Limited liability company	Shanghai	Shanghai	Home design	100	-	100	
Chengdu Red Star Macalline Global Home Furnishing Company Limited (成都紅星美凱龍全球家居有限公司)	Limited liability company	Sichuan	Sichuan	Site leasing management	5,000.00	63	-	
Huaihua Xingxin Commercial Management Co., Ltd. (懷化星欣商業管理有限公司)	Limited liability company	Hunan	Hunan	Enterprise management and consultancy	500	-	100	
Xiamen Red Star Macalline Expo Home Furnishing Plaza Co., Ltd. (廈門紅星美凱龍博覽家居廣場有限公司)	Limited liability company	Fujian	Fujian	Home design	3,000.00	-	100	
Hangzhou Red Star Macalline Global Furniture Co., Ltd. (杭州紅星美凱龍環球家居有限公司)	Limited liability company	Hangzhou	Hangzhou	Site leasing management	10,000.00	100	-	
Hangzhou Weiliang Electromechanical Hardware Market Co., Ltd. (杭州偉量機電五金市場有限公司)	Limited liability company	Hangzhou	Hangzhou	Site leasing management	24,436.83	-	100	

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## VII. INTERESTS IN OTHER ENTITIES (continued)

### 1. Interests in Significant Subsidiaries (continued)

The company's subsidiaries are as follows: (continued)

Subsidiary name	Legal entity nature	Main business site	Place of incorporation	Business nature	Registered capital RMB'0000	Shareholding ratio		Note
						Direct (%)	Indirect (%)	
Shaanxi Red Star Heji Home Shopping Plaza Company Limited (陝西紅星和記家居購物廣場有限公司)	Limited liability company	Shaanxi	Shaanxi	Site leasing management	25,000.00	80	-	
Shanghai Hongxin Oukai Home Living Company Limited (上海虹欣歐凱家居有限公司)	Limited liability company	Shanghai	Shanghai	Site leasing management	10,000.00	50	-	Note 6
Shanghai Xinwei Home Purchasing Company Limited (上海新偉置業有限公司)	Limited liability company	Shanghai	Shanghai	Site leasing management	5,000.00	40	58	
Zhengzhou Red Star Macalline Global Home Living Plaza Management Company Limited (鄭州紅星美凱龍全球家居生活廣場經營管理有限公司)	Limited liability company	Henan	Henan	Site leasing management	100	51	9	
Chengdu Changyi Red Star Macalline Home Living Market Management Company Limited (成都長益紅星美凱龍家居市場經營管理有限公司)	Limited liability company	Sichuan	Sichuan	Site leasing management	2,000.00	-	50	Note 7
Shanghai Red Star Macalline Building Design Company Limited (上海紅星美凱龍建築設計有限公司)	Limited liability company	Shanghai	Shanghai	Engineering design	500	-	100	
Wuxi Red Star Macalline Home Living Plaza Company Limited (無錫紅星美凱龍家居生活廣場有限公司)	Limited liability company	Jiangsu	Jiangsu	Site leasing management	53,481.80	100	-	
Langfang Kaihong Home Living Plaza Company Limited (廊坊市凱宏家居廣場有限公司)	Limited liability company	Hebei	Hebei	Site leasing management	10,000.00	70	-	
Shanghai Red Star Macalline Intellectual Property Agency Company Limited (上海紅星美凱龍知識產權代理有限公司)	Limited liability company	Shanghai	Shanghai	Intellectual property	50	-	100	
Shanghai Betterhome Decoration Engineering Company Limited (上海家倍得裝飾工程有限公司)	Limited liability company	Shanghai	Shanghai	Home design	2,000.00	-	68	
Hohhot Red Star Macalline Shibo Home Furnishing Plaza Company Limited (呼和浩特市紅星美凱龍世博家居廣場有限責任公司)	Limited liability company	Hohhot	Hohhot	Site leasing management	10,000.00	100	-	

## VII. INTERESTS IN OTHER ENTITIES (continued)

### 1. Interests in Significant Subsidiaries (continued)

The company's subsidiaries are as follows: (continued)

Subsidiary name	Legal entity nature	Main business site	Place of incorporation	Business nature	Registered capital	Shareholding ratio		Note
						RMB'0000		
						Direct (%)	Indirect (%)	
Kunming Diken Trading Company Limited (昆明迪肯商貿有限公司)	Limited liability company	Kunming	Kunming	Site leasing management	3,000.00	63	-	
Suzhou Industry Park Red Star Macalline Home Furnishing Company Limited (蘇州工業園區紅星美凱龍家居有限公司)	Limited liability company	Jiangsu	Jiangsu	Site leasing management	10,000.00	55	-	
Anhui Shengshi Dingtong Logistics Company Limited (安徽盛世鼎通物流有限公司)	Limited liability company	Anhui	Anhui	Warehouse logistics	5,000.00	-	100	
Shanghai Xingyijia Business Management Company Limited (上海星藝佳商業管理有限公司)	Limited liability company	Shanghai	Shanghai	Management and consultancy	1,000.00	-	100	
Ningbo Red Star Macalline Home Shopping Plaza Company Limited (寧波紅星美凱龍家居購物廣場有限公司)	Limited liability company	Zhejiang	Zhejiang	Site leasing management	8,000.00	80	20	
Shanghai Zengmin Enterprise Management Company Limited (上海增敏企業管理有限公司)	Limited liability company	Shanghai	Shanghai	Management and consultancy	10	-	100	
Dalian Red Star Macalline Shibo Home Furnishing Plaza Company Limited (大連紅星美凱龍世博家居廣場有限公司)	Limited liability company	Liaoning	Liaoning	Site leasing management	4,000.00	62	-	
Yongqing Yintong Construction and Development Co., Ltd. (永清銀通建設開發有限公司)	Limited liability company	Hebei	Hebei	Industrial investment	5,000.00	-	70	
Yongqing Yintai Future Land Construction and Development Co., Ltd. (永清銀泰新城建設開發有限公司)	Limited liability company	Hebei	Hebei	Industrial investment	10,000.00	-	70	
Yintai (Yongqing) New City Investment Co., Ltd. (銀泰(永清)新城投資有限公司)	Limited liability company	Hebei	Hebei	Industrial investment	10,000.00	-	70	
Qianzhi (Shanghai) Home Living Company Limited (乾智(上海)家居有限公司)	Limited liability company	Shanghai	Shanghai	Proprietary sales	500.00	60	-	
Xinsheng Property Management (Shanghai) Co., Ltd. (鑫生物業管理(上海)有限公司)	Limited liability company	Shanghai	Shanghai	Site leasing management	4,897.66	100	-	

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## VII. INTERESTS IN OTHER ENTITIES (continued)

### 1. Interests in Significant Subsidiaries (continued)

The company's subsidiaries are as follows: (continued)

Subsidiary name	Legal entity nature	Main business site	Place of incorporation	Business nature	Registered capital RMB'0000	Shareholding ratio		Note
						Direct (%)	Indirect (%)	
<b>Subsidiary acquired through business combination under the same control</b>								
Changzhou Macalline International Computer and Electronics Furnishing Plaza Company Limited (常州美凱龍國際電腦家電裝飾城有限公司)	Limited liability company	Jiangsu	Jiangsu	Site leasing management	1,000.00	100	-	
Changzhou World Furniture and Home Plaza Co., Ltd. (常州世界傢俱家居廣場有限公司)	Limited liability company	Jiangsu	Jiangsu	Site leasing management	500	100	-	
Wuxi Red Star Macalline International Home Furnishing Company Limited (無錫紅星美凱龍國際傢俱裝飾有限公司)	Limited liability company	Jiangsu	Jiangsu	Site leasing management	5,000.00	90	10	
Lianyungang Red Star Macalline International Home Furnishing Plaza Company Limited (連雲港紅星美凱龍國際家居廣場有限公司)	Limited liability company	Jiangsu	Jiangsu	Site leasing management	300	60	40	
Nanjing Red Star International Home Furnishing Mall Company Limited (南京紅星國際傢俱裝飾城有限公司)	Limited liability company	Jiangsu	Jiangsu	Site leasing management	2,000.00	100	-	
Nanjing Mingdu Home Furnishing Plaza Company Limited (南京名都家居廣場有限公司)	Limited liability company	Jiangsu	Jiangsu	Site leasing management	8,000.00	60	40	
Shanghai Red Star Macalline Decorative Furniture Mall Company Limited (上海紅星美凱龍裝飾傢俱城有限公司)	Limited liability company	Shanghai	Shanghai	Site leasing management	5,000.00	92	5	
Shanghai Red Star Macalline Global Home Furnishing Company Limited (上海紅星美凱龍全球家居有限公司)	Limited liability company	Shanghai	Shanghai	Site leasing management	15,000.00	100	-	
Shanghai Shanhai Art Furniture Co., Ltd.	Limited liability company	Shanghai	Shanghai	Site leasing management	24,255.00	-	90	
Shanghai Red Star Macalline Home Furnishing Market Management Company Limited (上海紅星美凱龍家居市場經營管理有限公司)	Limited liability company	Shanghai	Shanghai	Market company	2,000.00	90	-	
Changsha Red Star Macalline International Home Furnishing Art Expo Company Limited (長沙紅星美凱龍國際家居藝術博覽中心有限公司)	Limited liability company	Hunan	Hunan	Site leasing management	300	100	-	

## VII. INTERESTS IN OTHER ENTITIES (continued)

### 1. Interests in Significant Subsidiaries (continued)

The company's subsidiaries are as follows: (continued)

Subsidiary name	Legal entity nature	Main business site	Place of incorporation	Business nature	Registered capital RMB'0000	Shareholding ratio		Note
						Direct (%)	Indirect (%)	
Jinan Red Star Macalline Shibo Home Living Plaza Company Limited (濟南紅星美凱龍世博家居生活廣場有限公司)	Limited liability company	Shandong	Shandong	Site leasing management	10,260.00	70	-	
Chengdu Red Star Macalline Shibo Home Living Plaza Company Limited (成都紅星美凱龍世博家居生活廣場有限責任公司)	Limited liability company	Sichuan	Sichuan	Site leasing management	3,000.00	100	-	
Zhengzhou Red Star Macalline International Home Furnishing Company Limited (鄭州紅星美凱龍國際家居有限公司)	Limited liability company	Henan	Henan	Site leasing management	3,000.00	51	9	
Changzhou Red Star Macalline Home Furnishing and Decorating Market Company Limited (常州紅星美凱龍裝飾家居用品市場有限公司)	Limited liability company	Jiangsu	Jiangsu	Market company	500	-	100	
Shanghai Red Star Macalline Home Furnishing and Decorating Market Management Company Limited (上海紅星美凱龍傢俱裝飾市場經營管理有限公司)	Limited liability company	Shanghai	Shanghai	Market company	300	45	53	
Shanghai Red Star Macalline Advertising Company Limited (上海雋邁廣告有限公司)	Limited liability company	Shanghai	Shanghai	Advertisement company	100	-	100	
Chongqing Red Star Macalline Shibo Home Living Plaza Company Limited (重慶紅星美凱龍世博家居生活廣場有限責任公司)	Limited liability company	Chongqing	Chongqing	Site leasing management	3,000.00	100	-	
Shanghai Xingkai Chengpeng Business Management Company Limited (上海星凱程騰企業管理有限公司)	Limited liability company	Shanghai	Shanghai	Investment management	1,000.00	100	-	
Shanghai Hongmei E-Commerce Company Limited (上海紅美電子商務有限公司)	Limited liability company	Shanghai	Shanghai	E-commerce	5,000.00	100	-	



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## VII. INTERESTS IN OTHER ENTITIES (continued)

### 1. Interests in Significant Subsidiaries (continued)

The company's subsidiaries are as follows: (continued)

Subsidiary name	Legal entity nature	Main business site	Place of incorporation	Business nature	Registered capital	Shareholding ratio		Note
						Direct (%)	Indirect (%)	
Changzhou Hongyang Home Furnishing Plaza Company Limited (常州紅陽家居生活廣場有限公司)	Limited liability company	Jiangsu	Jiangsu	Site leasing management	6,000.00	-	75	
Jiangsu Sunan Construction Company Limited (江蘇蘇南建築安裝工程有限公司)	Limited liability company	Jiangsu	Jiangsu	Building construction	20,000.00	-	100	
Shenyang Red Star Macalline Home Living Expo Company Limited (瀋陽紅星美凱龍博覽家居有限公司)	Limited liability company	Liaoning	Liaoning	Site leasing management	5,000.00	100	-	
Shanghai Red Star Macalline Industrial Company Limited (上海紅星美凱龍實業有限公司)	Limited liability company	Shanghai	Shanghai	Investment management	10,000.00	100	-	
Beijing Red Star Macalline International Home Furnishing Plaza Company Limited (北京紅星美凱龍國際傢俱建材廣場有限公司)	Limited liability company	Beijing	Beijing	Site leasing management	5,000.00	100	-	
Beijing Red Star Macalline Shibo Furniture Plaza Company Limited (北京紅星美凱龍世博傢俱廣場有限公司)	Limited liability company	Beijing	Beijing	Site leasing management	2,999.00	100	-	
Beijing Macalline Home Furnishing Material Market Company Limited (北京美凱龍傢俱建材市場有限公司)	Limited liability company	Beijing	Beijing	Market company	300	20	80	
Beijing Red Star Macalline Shibo Home Furnishing Plaza Company Limited (北京紅星美凱龍世博傢俱建材廣場有限公司)	Limited liability company	Beijing	Beijing	Market company	200	-	100	
Baotou Red Star Macalline Home Furnishing Plaza Company Limited (包頭紅星美凱龍家居生活廣場有限責任公司)	Limited liability company	Inner Mongolia	Inner Mongolia	Site leasing management	500	100	-	
Red Star Macalline Global (Beijing) Home Furnishing Plaza Company Limited (紅星美凱龍環球(北京)傢俱建材廣場有限公司)	Limited liability company	Beijing	Beijing	Site leasing management	1,000.00	-	100	
Shanghai Hongmei E-Commerce Company Limited (上海紅美電子商務有限公司)	Limited liability company	Shanghai	Shanghai	E-commerce	5,000.00	100	-	

## VII. INTERESTS IN OTHER ENTITIES (continued)

### 1. Interests in Significant Subsidiaries (continued)

The company's subsidiaries are as follows: (continued)

*Note 1:* Other shareholders of Longzhihui (Shanghai) Facility Management Services Company Limited will not participate in the specific operation and management of Company and the Group has the rights to determine its financial and operational policies, and could exercise control over it.

*Note 2:* Shanghai Red Star Macalline International Trading Company Limited, which is under the control of the Group, holds 51% of the equity of Shanghai Red Star Macalline Home Furnishing Trading Company Limited. Pursuant to the Articles of Association, the company has one executive director, who is appointed by the Group, and the Group could exercise control over it.

*Note 3:* Shanghai Red Star Macalline International Trading Company Limited, which is under the control of the Group, holds 55% of the equity of Shanghai Ditu Home Furnishing Company Limited. Pursuant to the Articles of Association, resolutions of the general meeting shall be approved by shareholders representing at least half of voting rights of the whole shareholders, and the Group could exercise control over it.

*Note 4:* Shanghai Betterhome Decoration Engineering Company Limited, which is under the control of the Group, holds 60% of the equity of Nanchang Betterhome Decoration Engineering Company Limited. Pursuant to the Articles of Association, resolutions of the general meeting shall be approved by shareholders representing at least half of voting rights of the whole shareholders, and the Group could exercise control over it.

*Note 5:* Longzhihui (Shanghai) Facility Management Services Company Limited, which is under the control of the Group, holds 60% of the equity of Longzhihui (Changzhou) Facility Management Services Company Limited. Pursuant to the Articles of Association, resolutions of the general meeting shall be approved by shareholders representing at least half of voting rights of the whole shareholders, and the Group could exercise control over it.

*Note 6:* The board of directors of Shanghai Hongxin Oukai Home Living Company Limited totally sets five seats and three of which were appointed by the Group. CHE Jianxing (車建興), serves as its chairman. According to the Articles of Association, the resolution of the board of directors needs to be passed by more than half of all directors, and the Group could exercise control over it.

*Note 7:* The board of directors of Chengdu Changyi Red Star Macalline Home Living Market Management Company Limited totally sets five seats, three of which were appointed by the Group. CHE Jianxing serves as the chairman. According to the Articles of Association, the resolution of the board of directors needs to be passed by more than half of all directors, and the Group could exercise control over it.

*Note 8:* Explanation of the shareholding ratio is not equal to the voting right ratio in the subsidiary: According to the relevant contract signed between the Company and Shandong Furong Group Co., Ltd. (山東芙蓉集團有限公司), a shareholder of Jinan Red Star Macalline Expo Home Living Plaza Co., Ltd. (濟南紅星美凱龍世博家居生活廣場有限公司), after the completion of the relevant cooperative project buildings, Shandong Furong Group Co., Ltd. got part of property rights of the buildings, which is rented by the Group. The lease term is 10 years from the official opening of the project (2010 to 2020). Shandong Furong Group Co., Ltd. obtained a fixed rental return and did not participate in the daily management and other profit distribution of Jinan Red Star.

As at 31 December 2020, the outstanding debt securities of certain subsidiaries of the Company are as follows

Name	Par value of debt securities RMB'000	Expiry date
Hong Kong Red Star Macalline Global Home Furnishing Company Limited (香港紅星美凱龍全球家居有限公司)	1,957,470	2022
Jiangsu Sunan Construction Company Limited (江蘇蘇南建築安裝工程有限公司)	439,283	2021
Beijing Red Star Macalline Shibo Home Furnishing Plaza Company Limited (北京紅星美凱龍世博家具廣場有限公司)	2,410,000	2021
Yantai Red Star Macalline Home Living Company Limited (煙台紅星美凱龍家居有限公司)	190,000	2021
Changzhou Macalline International Computer and Home Appliance City Company Limited (常州美凱龍國際電腦家電裝飾城有限公司)	400,000	2022
Changzhou Worldwide Home Living and Furnishing Plaza Company Limited (常州世界家具家居廣場有限公司)	900,000	2022
Beijing Red Star Macalline International Home Furnishing Plaza Company Limited (北京紅星美凱龍國際家具建材廣場有限公司)	1,940,000	2022
Wuhan Red Star Macalline Shibo Home Living Plaza Development Company Limited (武漢紅星美凱龍世博家居廣場發展有限公司)	320,000	2022
Wuxi Red Star Macalline International Home Furnishing Company Limited (無錫紅星美凱龍國際家具裝飾有限公司)	560,000	2023

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## VII. INTERESTS IN OTHER ENTITIES (continued)

### 1. Interests in Significant Subsidiaries (continued)

According to the relevant contract signed between the Company and Beijing Chaoyang North Garden Agriculture and Industry Co., Ltd. (北京市朝陽北花園農工商公司), a shareholder of Beijing Century Europe and America Business Investment Company Limited (北京世紀歐美商業投資有限公司) ("Beijing Century Europe and America Business"), the Group contracted to operate Beijing Century Europe and America Business within the project cooperation period. Starting from the 12th month after construction commencement day, the Group shall pay a fixed contract profit to Beijing Chaoyang North Garden Agricultural Industrial and Commercial Company. The cooperative operation period is 50 years (2011 to 2060). Upon expiration of the cooperative operation period, all land, buildings and non-demolition facilities of the project company shall be shared by both shareholders in proportion to the registered capital. According to the relevant contract, the Group reclassified the capital contribution of Beijing Chaoyang Beihuayuan Agricultural and Industrial Co., Ltd. into liabilities and does not treat it as an equity instrument.

Details of the subsidiaries with significant minority shareholders' interests are as follows:

#### 2020

	Minority shareholders' interests ratio (%)	Profit/loss attributable to minority shareholders	Dividends paid to minority shareholders	Accumulated minority shareholders interests by the end of year
Zhengzhou Red Star	39.69	124,332,487.63	90,281,990.96	949,331,541.47
Yintai New City Investment	30.00	(1,391,010.65)	–	424,932,238.84
Suzhou Red Star	45.00	156,855,412.98	–	461,730,088.94

#### 2019

	Minority shareholders' interests ratio (%)	Profit/loss attributable to minority shareholders	Dividends paid to minority shareholders	Accumulated minority shareholders interests by the end of year
Zhengzhou Red Star	39.69	93,605,999.30	74,748,863.10	915,281,044.80
Yintai New City Investment	30.00	(5,726,664.69)	–	426,323,249.49
Suzhou Red Star	45.00	94,150,611.61	–	304,874,675.96

## VII. INTERESTS IN OTHER ENTITIES (continued)

### 1. Interests in Significant Subsidiaries (continued)

The following table illustrates the financial information of above-mentioned subsidiaries. This information represents the amounts of subsidiaries excluding elimination of the Group:

	Zhengzhou Red Star	Yintai New City Investment	Suzhou Red Star
<b>2020</b>			
Current assets	863,508,684.86	294,785,944.25	467,057,381.54
Non-current assets	3,713,465,513.60	2,466,774,402.88	1,650,726,001.73
Total assets	4,576,974,198.46	2,761,560,347.13	2,117,783,383.27
Current liabilities	201,489,865.64	637,288,758.43	170,500,590.90
Non-current liabilities	1,787,897,827.29	459,251,811.26	921,215,928.06
Total liabilities	1,989,387,692.93	1,096,540,569.69	1,091,716,518.96
Revenue	311,515,470.02	–	174,372,909.49
Net profit/(loss)	313,258,976.16	(4,636,702.16)	348,567,584.39
Total comprehensive income/(loss)	313,258,976.16	(4,636,702.16)	348,567,584.39
Net cash flow from/(used in) operating activities	156,081,904.01	(20,656,835.22)	99,372,400.98

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## VII. INTERESTS IN OTHER ENTITIES (continued)

### 1. Interests in Significant Subsidiaries (continued)

The following table illustrates the financial information of above-mentioned subsidiaries. This information represents the amounts of subsidiaries excluding elimination of the Group:

	Zhengzhou Red Star	Yintai New City Investment	Suzhou Red Star
<b>2019</b>			
Current assets	752,962,728.87	267,818,818.76	386,361,019.44
Non-current assets	3,405,005,332.95	2,366,138,026.10	1,299,386,941.37
Total assets	4,157,968,061.82	2,633,956,844.86	1,685,747,960.81
Current liabilities	172,778,507.44	753,627,535.30	514,459,311.14
Non-current liabilities	1,507,280,034.05	459,251,811.26	493,789,369.75
Total liabilities	1,680,058,541.49	1,212,879,346.56	1,008,248,680.89
Revenue	353,974,827.57	–	138,272,284.44
Net profit/(loss)	235,842,779.79	(19,088,882.30)	209,223,581.35
Total comprehensive income/(loss)	235,842,779.79	(19,088,882.30)	209,223,581.35
Net cash flow from/(used in) operating activities	200,743,924.32	(7,432,284.56)	137,153,665.35

## VII. INTERESTS IN OTHER ENTITIES (continued)

### 2. Transactions which changed equity of subsidiaries without affecting right of control

The main transactions which changed equity of subsidiaries without affecting right of control are as follows:

In January 2020, Shanghai Red Star Macalline Industrial Company Limited, a subsidiary of the Group, acquired 40% equity of Shenyang Mingdu Home Furnishing Plaza Company Limited from Zhejiang Borui Holding Group Co., Ltd., a minority shareholder of Shenyang Mingdu Home Furnishing Plaza Company Limited at RMB184,124,517.79. After the acquisition, shares of Shenyang Mingdu Home Furnishing Plaza Company Limited held by the Group increased from 60% to 100%, and the capital reserve was reduced by RMB143,018,336.13.

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

In 2020, the Group acquired the non-controlling interests of Shanghai Hezhu Enterprise Management Cooperative Enterprise (Limited Partnership) (上海合祝企業管理合作企業(有限合夥)), Shanghai Jiliang Enterprise Management Partnership (Limited Partnership) (上海集量企業管理合夥企業(有限合夥)), Shanghai Juzun Enterprise Management Partnership (Limited Partnership) (上海聚尊企業管理合夥企業(有限合夥)), and Shanghai Dingshi Enterprise Management Partnership (Limited Partnership) (上海鼎識企業管理合夥企業(有限合夥)) at RMB4,704,196.27. After the acquisition, the Group's shares of Yuejia increased from 66.86% to 100%. Meanwhile, Yuejia's shares in Shanghai Red Star Macalline Decorating Public Network Technology Company Limited ("Decorating Public Network Technology"), Shanghai Anjia Network Technology Company Limited ("Anjia Network"), Shanghai Red Star Macalline Network Technology Company Limited ("Macalline Network Technology") rose from 66.86% to 100%, and the total capital reserve was reduced by RMB71,836,141.87.

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## VII. INTERESTS IN OTHER ENTITIES (continued)

### 3. Interests in joint ventures and associates

	Main business site	Place of incorporation	Business nature	Registered capital RMB'0000	Shareholding ratio (%)		Accounting treatment	Note
					Direct	Indirect		
Joint ventures								
Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司)	Sichuan	Sichuan	Site lease management	8,300.00	50.00	-	Equity method	
Shanghai CTME Economy & Trade Development Co., Ltd. (上海中貿美凱龍經貿發展有限公司)	Shanghai	Shanghai	Wholesale and retail	500.00	-	40.00	Equity method	1
Shanghai Mingyi Enterprise Development Co., Ltd. (上海名藝商業企業發展有限公司)	Shanghai	Shanghai	Leasing and commercial services	1,000.00	50.00	-	Equity method	
Wuhu Red Star Macalline Equity Investment Fund Management Company Limited (蕪湖紅星美凱龍股權投資基金管理有限公司)	Anhui	Anhui	Leasing and commercial services	2,000.00	-	50.00	Equity method	
Baoxiang Red Star Macalline (Xiamen) Global Home Furnishing Plaza Company Limited (寶象紅星美凱龍(廈門)全球家居廣場有限公司)	Fujian	Fujian	Wholesale and retail	3,000.00	50.00	-	Equity method	
Sleep Maker (Hong Kong) Company Limited	Hong Kong	Hong Kong	Wholesale and retail	HKD100	-	30.00	Equity method	2
Shenzhen Red Star Macalline Expo Home Plaza Co., Ltd. (深圳紅星美凱龍世博家居廣場有限公司)	Guangdong	Guangdong	Wholesale and retail	1,000.00	-	43.00	Equity method	3
Shenzhen Red Star Macalline Business Management Company Limited (深圳紅星美凱龍商業管理有限公司)	Guangdong	Guangdong	Leasing and commercial services	1,000.00	60.00	-	Equity method	4
Guangzhou Red Star Macalline Expo Home Plaza Co., Ltd. (廣州紅星美凱龍世博家居廣場有限公司)	Guangdong	Guangdong	Wholesale and retail	3,000.00	-	50.00	Equity method	
Xiamen Baoxiang Red Star Macalline Home Furnishing Plaza Company Limited (廈門寶象紅星美凱龍家居生活廣場有限公司)	Fujian	Fujian	Wholesale and retail	3,000.00	50.00	-	Equity method	

## VII. INTERESTS IN OTHER ENTITIES (continued)

### 3. Interests in joint ventures and associates (continued)

	Main business site	Place of incorporation	Business nature	Registered capital RMB'0000	Shareholding ratio (%)		Accounting treatment	Note
					Direct	Indirect		
					Associates			
Haier Consume Financing Company Limited (海爾消費金融有限公司)	Shandong	Shandong	Finance	100,000.00	-	25.00	Equity method	
Shandong Inzone Green Home Co., Ltd. (山東銀座家居有限公司)	Shandong	Shandong	Leasing and commercial services	1,057.00	46.50	-	Equity method	
Shenyudao Cultural Tourism Holding Co., Ltd. (神玉島文化旅遊控股股份有限公司)	Hainan	Hainan	Residential services, maintenance and other services	30,000.00	35.00	-	Equity method	
Yaxiya Building Materials Co., Ltd. (亞細亞建築材料股份有限公司)	Shanghai	Shanghai	Wholesale and retail	13,875.00	-	20.00	Equity method	5
Guangdong Sanweijia Information Technology Co., Ltd. (廣東三維家信息科技有限公司)	Guangdong	Guangdong	Information transmission, software and information technology services	2,053.45	-	11.04	Equity method	5
Sunseaparking Inc	Cayman	Cayman	Transportation, storage and postage	USD300 thousand	-	8.43	Equity method	5
Wuhan Zhengkai Logistics Co., Ltd. (武漢市正凱物流有限公司)	Hubei	Hubei	Transportation, storage and postage	6,000.00	18.00	-	Equity method	5
Guangdong VIFA Customized Home Furnishings Co., Ltd. (廣東威法定制家居股份有限公司)	Guangdong	Guangdong	Manufacture	4,500.00	-	6.50	Equity method	5
Weifang Binxing Properties Co., Ltd. (濰坊濱星置業有限公司)	Shandong	Shandong	Real estate	30,000.00	-	30.00	Equity method	
Zhejiang Zhongguang Electric Appliances Co., Ltd. (浙江中廣電器股份有限公司)	Zhejiang	Zhejiang	Wholesale and retail	12,100.00	-	8.14	Equity method	5
Shanghai Xincheng'an Construction Co., Ltd. (上海鑫誠安建設有限公司)	Liaoning	Liaoning	Construction	3,529.50	-	30.00	Equity method	
Shanghai Tianhe Smart Home Technology Company Ltd. (上海天合智能科技股份有限公司)	Shanghai	Shanghai	Science research and technology service	5,680.25	-	10.00	Equity method	5



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## VII. INTERESTS IN OTHER ENTITIES (continued)

### 3. Interests in joint ventures and associates (continued)

	Main business site	Place of incorporation	Business nature	Registered capital RMB'0000	Shareholding ratio (%)		Accounting treatment	Note
					Direct	Indirect		
LEAWOD Door and Window Profiles Company (四川良木道門窗型材有限公司)	Sichuan	Sichuan	Manufacture	8,000.00	-	24.20	Equity method	5
Suzhou Supin Home Culture Co., Ltd. (蘇州市蘇品宅配文化有限公司)	Jiangsu	Jiangsu	Manufacture	2,349.07	-	15.00	Equity method	5
Shenzhen Red Star Macalline Home Furnishing Plaza Company Limited (深圳紅星美凱龍家居生活廣場有限公司)	Guangdong	Guangdong	Wholesale and retail	500.00	-	37.00	Equity method	
Ant live (Tianjin) Network Technology Co., Ltd. (鐵安居(天津)網絡技術有限公司)	Tianjin	Tianjin	Science research and technology service	2,884.50	-	16.67	Equity method	5
Beijing Bilin Hongke Technology Co., Ltd. (北京比鄰弘科科技有限公司)	Beijing	Beijing	Science research and technology service	324.66	-	10.00	Equity method	5
Shanghai Qiangshang Environmental Technology Company Limited (上海牆尚環保科技有限公司)	Shanghai	Shanghai	Wholesale and retail	1,388.66	-	8.00	Equity method	5
Shanghai CONJOINT Construction Technology Co., Ltd. (上海開裝建築科技有限公司)	Shanghai	Shanghai	Science research and technology service	200.00	-	14.61	Equity method	5
Icolor Private Limited	Cayman	Cayman	Construction	USD 50 thousand	-	8	Equity method	5
Super Smart Home (Shanghai) Internet of Things Technology Co., Ltd. (超級智慧家(上海)物聯網科技有限公司)	Shanghai	Shanghai	Science research and technology service	3,064.46	-	12.38	Equity method	5
Chengdu Rhine Etam Furniture Co., Ltd. (成都艾格家具有限公司)	Sichuan	Sichuan	Manufacture	857.10	-	29.56	Equity method	
Jiangsu Baili Aijia Home Technology Co., Ltd. (江蘇佰麗愛家居科技有限公司)	Jiangsu	Jiangsu	Science research and technology service	1,727.12	-	10.00	Equity method	5
Shanghai Jinjiang United Purchasing Supply Chain Co., Ltd. (上海錦江聯採供應鏈有限公司)	Shanghai	Shanghai	Transportation, storage and postage	30,000.00	10.00	-	Equity method	5
BigZone Information Technology (Shanghai) Company Limited (大域信息科技(上海)有限公司)	Shanghai	Shanghai	Science research and technology service	1,235.30	-	14.29	Equity method	5

## VII. INTERESTS IN OTHER ENTITIES (continued)

### 3. Interests in joint ventures and associates (continued)

	Main business site	Place of incorporation	Business nature	Registered capital RMB'0000	Shareholding ratio (%)		Accounting treatment	Note
					Direct	Indirect		
ArtPollo Network Technology (Beijing) Company Limited (愛菠蘿網絡科技(北京)有限公司)	Beijing	Beijing	Science research and technology service	145.22	-	15.00	Equity method	5
Shengbao (Shanghai) Furniture Co., Ltd. (晟葆(上海)傢俱有限公司)	Shanghai	Shanghai	Construction	555.56	-	10.00	Equity method	5
Beijing Canny-Robot Technology Co., Ltd. (北京康力優藍機器人科技有限公司)	Beijing	Beijing	Science research and technology service	2,340.09	-	6.00	Equity method	5
Shenzhen Yatai Macalline Life Space Technology Co., Ltd. (深圳市亞泰美凱龍空間科技有限公司)	Guangdong	Guangdong	Wholesale and retail	10,000.00	49	-	Equity method	
Shanghai Jiazhan Construction Engineering Company Limited (上海嘉展建築裝潢工程有限公司)	Shanghai	Shanghai	Construction	2,040.83	4.9	-	Equity method	5
Guangzhou Huoshu Yinhua Information Technology Co., Ltd. (廣州火數銀花信息科技有限公司)	Guangdong	Guangdong	Information transmission, software and information technology services	1,111.11	-	11.66	Equity method	5
Shenzhen Huasheng Home Furnishing Group Co., Ltd. (深圳華生大家居集團有限公司)	Guangdong	Guangdong	Leasing and commercial services	3,968.25	-	9.00	Equity method	5
Yimeijisi Optoelectronics Technology (Fujian) Co., Ltd. (詒美吉斯光電科技(福建)有限公司)	Fujian	Fujian	Science research and technology service	5,000.00	-	4.95	Equity method	5
Anka Household Products (Shanghai) Co., Ltd. (安咖家居用品(上海)有限公司)	Shanghai	Shanghai	Wholesale and retail	5,000.00	-	10.00	Equity method	5
Shenzhen Long Life Basics Sleep Science and Technology Co., Ltd. (深圳市朗樂福睡眠科技有限公司)	Guangdong	Guangdong	Wholesale and retail	909.00	-	10.00	Equity method	5
Handan Fengfengkuang District Royal Property Development Company Limited (邯鄲市峰峰礦區皇室房地產開發有限公司)	Hebei	Hebei	Real estate	5,000.00	-	10.00	Equity method	5
Handan Red Star Royal Properties Co., Ltd. (邯鄲市紅星皇室置業有限公司)	Hebei	Hebei	Real estate	2,000.00	-	10.00	Equity method	5

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For the year 2020

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## VII. INTERESTS IN OTHER ENTITIES (continued)

### 3. Interests in joint ventures and associates (continued)

	Main business site	Place of incorporation	Business nature	Registered capital RMB'0000	Shareholding ratio (%)		Accounting treatment	Note
					Direct	Indirect		
Wuhu Meihe Asset Management Company Limited (蕪湖美和資產管理有限公司)	Anhui	Anhui	Finance	100.00	-	49.00	Equity method	
Shanghai AI Pure Intelligent Technology Co., Ltd. (上海智諦智能科技有限公司)	Shanghai	Shanghai	Wholesale and retail	1,000.00	-	30.00	Equity method	
Shanghai Zhenyang Decoration Co., Ltd. (上海振洋建築裝潢工程有限公司)	Shanghai	Shanghai	Construction	2,040.82	-	22.41	Equity method	
Meishang (Guangzhou) Cosmetics Co., Ltd. (美尚(廣州)化妝品股份有限公司)	Guangdong	Guangdong	Wholesale and retail	1,119.00	-	8.73	Equity method	5
Shanghai Weilaiishi Decoration Technology Company Limited (上海威來適裝飾科技有限公司)	Shanghai	Shanghai	Wholesale and retail	600.00	-	40.00	Equity method	
Shanghai Shimao Macalline Home Technology Co., Ltd. (上海世茂美凱龍家居科技有限公司)	Shanghai	Shanghai	Wholesale and retail	1,000.00	-	49.00	Equity method	
Zhongzhuang Central Purchasing (Beijing) Information Technology Co., Ltd. (中裝集採(北京)信息技術有限公司)	Beijing	Beijing	Science research and technology service	2,000.00	-	35.00	Equity method	
Aibbe Inc.	Cayman	Cayman	Science research and technology service	USD7,140	-	4.61	Equity method	5

## VII. INTERESTS IN OTHER ENTITIES (continued)

### 3. Interests in joint ventures and associates (continued)

*Note 1:* The board of directors of Shanghai Zhongmao Macalline Economic and Trade Development Co., Ltd. is composed of five people, of which we nominate two. The resolution of meetings of the board must be approved by at least two-thirds of the directors. The shareholders formed joint control, so it is a joint venture company.

*Note 2:* Major matters should be approved after the unanimous consent of all shareholders, so Sleep Maker (Hong Kong) Company Limited is a joint venture company.

*Note 3:* Major matters should be approved after the unanimous consent of all directors, so Shenzhen Red Star Macalline Expo Home Plaza Co., Ltd. is a joint venture company.

*Note 4:* The daily operation and management of the Company requires unanimous consent of both parties. Therefore, Shenzhen Red Star Macalline Business Management Company Limited (深圳紅星美凱龍商業管理有限公司) is a joint venture.

*Note 5:* The Group delegates directors to the Company, which has significant influence to the Company.

Chengdu Dongtai Shopping Mall Company Limited, a material joint venture of the Group, is mainly engaged in site leasing management service and accounted for adopting the equity method. The investment is not strategic to the Group's activities.

The following table illustrates the financial information of Chengdu Dongtai Shopping Mall Company Limited, which was adjusted to book value per consolidated financial statements in accordance with the all accounting policies:

	2020	2019
Current assets	<b>292,186,568.64</b>	232,771,069.04
Including: cash and cash equivalents	<b>54,771,534.60</b>	82,922,776.17
Non-current assets	<b>1,818,589,277.40</b>	1,855,864,202.07
Total assets	<b>2,110,775,846.04</b>	2,088,635,271.11
Current liabilities	<b>95,790,932.62</b>	100,917,890.69
Non-current liabilities	<b>398,462,489.92</b>	402,059,835.49
Total liabilities	<b>494,253,422.54</b>	502,977,726.18
Net assets share calculated based on the percentage of shareholding	<b>808,261,211.75</b>	792,828,772.46
Book value in the investment	<b>808,261,211.75</b>	792,828,772.46

# Notes to the Financial Statements

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## VII. INTERESTS IN OTHER ENTITIES (continued)

### 3. Interests in joint ventures and associates (continued)

	2020	2019
Revenue	<b>108,339,808.84</b>	148,568,293.19
Financial expenses	<b>(6,364,529.01)</b>	(4,805,744.93)
Income tax expense	<b>10,443,191.46</b>	18,517,995.32
Net profit	<b>30,864,878.58</b>	55,528,291.55
Total comprehensive income	<b>30,864,878.58</b>	55,528,291.55
Dividends receivable	–	102,233,703.73

Haier Consume Financing Company Limited, a material associate of the Group, is mainly engaged in finance and accounted for adopting the equity method. The investment is not strategic to the Group's activities.

The following table illustrates the financial information of Haier Consume Financing Company Limited, which was adjusted to book value per financial statements in accordance with the all accounting policies:

	2020	2019
Current assets	<b>9,751,892,599.04</b>	9,804,002,262.03
Including: cash and cash equivalents	<b>1,030,545,996.65</b>	1,057,184,405.39
Non-current assets	<b>398,486,246.38</b>	485,899,783.38
Total assets	<b>10,150,378,845.42</b>	10,289,902,045.41
Current liabilities	<b>5,057,892,054.96</b>	2,668,672,679.91
Non-current liabilities	<b>3,534,022,000.00</b>	6,185,633,662.84
Total liabilities	<b>8,591,914,054.96</b>	8,854,306,342.75
Net assets share calculated based on the percentage of shareholding	<b>389,616,197.62</b>	358,898,925.67
Book value in the investment	<b>389,616,197.62</b>	358,898,925.67

## VII. INTERESTS IN OTHER ENTITIES (continued)

### 3. Interests in joint ventures and associates (continued)

	2020	2019
Revenue	<b>1,175,527,332.16</b>	1,389,189,609.67
Operating expenses	<b>1,066,064,556.83</b>	1,228,060,791.90
Income tax expense	<b>269,578.24</b>	17,536,792.21
Net profit	<b>122,555,157.45</b>	204,611,052.92
Total comprehensive income	<b>122,555,157.45</b>	204,611,052.92

Shandong Yinzuo Home Furnishing Co., Ltd., a material associate of the Group, is mainly engaged in leasing and commercial and accounted for adopting the equity method. The investment is not strategic to the Group's activities.

The following table illustrates the financial information of Shandong Yinzuo Home Furnishing Co., Ltd., which was adjusted to book value per financial statements in accordance with the all accounting policies:

	2020	2019
Current assets	<b>166,567,593.71</b>	126,216,930.08
Including: cash and cash equivalents	<b>151,610,378.25</b>	102,659,660.62
Non-current assets	<b>1,184,755,354.97</b>	1,120,759,159.87
Total assets	<b>1,351,322,948.68</b>	1,246,976,089.95
Current liabilities	<b>446,138,386.97</b>	395,048,125.57
Non-current liabilities	<b>223,239,348.76</b>	235,888,605.02
Total liabilities	<b>669,377,735.73</b>	630,936,730.59
Net assets share calculated based on the percentage of shareholding	<b>317,104,524.02</b>	286,458,302.10
Adjustments (Note 1)	<b>62,006,041.48</b>	62,006,041.48
Book value in the investment	<b>379,110,565.50</b>	348,464,343.58

# Notes to the Financial Statements

For the year 2020

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## VII. INTERESTS IN OTHER ENTITIES (continued)

### 3. Interests in joint ventures and associates (continued)

	2020	2019
Revenue	<b>343,805,387.31</b>	397,489,375.06
Financial expenses	<b>7,573,179.13</b>	7,553,252.96
Income tax expense	<b>40,282,268.85</b>	3,345,748.02
Net profit/(loss)	<b>82,079,080.67</b>	(1,945,188.90)
Total comprehensive income	<b>82,079,080.67</b>	(1,945,188.90)
Dividends received	<b>7,520,550.59</b>	–

*Note 1:* The difference between the book value of the investment and net assets share calculated based on the percentage of shareholding is because that the initial investment cost of the long-term equity investment is greater than the net assets of the invested entity enjoyed at the time of investment.

The following table illustrates the consolidated financial information on unimportant joint ventures and associates:

	2020	2019
Joint ventures		
Book value of investments in total	<b>200,529,013.33</b>	188,075,087.04
Following items calculated based on the percentage of shareholding in total		
Net (loss)/profit	<b>(566,073.71)</b>	19,923,290.70
Total comprehensive income	<b>(566,073.71)</b>	19,923,290.70
Associates		
Book value in the investment in total	<b>1,926,378,504.29</b>	1,966,011,906.45
Following items calculated based on the percentage of shareholding in total		
Net (loss)/profit	<b>(38,791,329.97)</b>	39,341,882.72
Total comprehensive income	<b>(38,791,329.97)</b>	39,341,882.72

## VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS

### 1. Classification of Financial Instruments

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

2020

Financial assets

	Financial assets at fair value through profit or loss Required		Measured at fair value through other comprehensive income Required by		Total
	by the standards	Measured at amortized cost	the standards	Designated	
Cash and bank balance	-	6,511,092,198.09	-	-	6,511,092,198.09
Financial assets held for trading	247,611,072.73	-	-	-	247,611,072.73
Derivative financial assets	2,160,732.11	-	-	-	2,160,732.11
Accounts receivable	-	1,934,826,113.43	-	-	1,934,826,113.43
Receivables financing	-	-	5,872,800.00	-	5,872,800.00
Other receivables	-	1,493,654,743.28	-	-	1,493,654,743.28
Non-current assets due within one year	-	248,704,377.99	-	-	248,704,377.99
Other current assets	-	1,667,072,300.50	-	-	1,667,072,300.50
Long-term receivables	-	532,498,896.89	-	-	532,498,896.89
Other equity instrument investment	-	-	-	4,206,678,046.54	4,206,678,046.54
Other non-current financial assets	396,924,540.60	-	-	-	396,924,540.60
Other non-current assets	-	1,019,580,321.75	-	-	1,019,580,321.75
	646,696,345.44	13,407,428,951.93	5,872,800.00	4,206,678,046.54	18,266,676,143.91



# Notes to the Financial Statements

For the year 2020

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## VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS

### 1. Classification of Financial Instruments (continued)

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

Financial liabilities

	Financial liabilities measured at amortized cost
Short-term loans	3,448,371,909.45
Accounts payable	2,085,329,223.24
Other payables	8,976,309,037.22
Non-current liabilities due within one year	11,897,443,643.72
Other current liabilities	439,283,229.30
Long-term loans	22,212,429,627.44
Bonds payable	4,432,634,711.35
Lease liabilities	4,082,933,276.21
Long-term payables	712,856,318.61
Other non-current liabilities	3,833,098,699.03
	62,120,689,675.57

## VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS

### 1. Classification of Financial Instruments (continued)

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

2019

Financial assets

	Financial assets at fair value through profit or loss Required by the standards		Measured at fair value through other comprehensive income Required by		Total
	Measured at amortized cost	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

# Notes to the Financial Statements

For the year 2020

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## VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS

### 1. Classification of Financial Instruments (continued)

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

Financial liabilities

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

## VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS

### 2. Transfer of Financial Assets

#### **Derecognized but continuing involvement in the transferred financial assets**

On 31 December 2020, the book value of bank acceptances endorsed by the Group to suppliers for settlement of accounts payable are RMB26,500,000.00. The book value of commercial acceptances are RMB5,000,000.00 On 31 December 2020, with a maturity of 2 to 10 months. According to the relevant provisions of the bill law, if the acceptance bank refuses to pay, its holder has the right to recourse against the group (“continuing involvement”). In the opinion of the Group, the Group has transferred almost all of its risks and rewards, so the book value of the settled accounts payable and related accounts payable is derecognized. The maximum loss and undiscounted cash flow continuously involved in and repurchased are equal to its book value. The Group believes that it is not significant to continue to be involved in fair value.

In 2020, the Group did not recognize gains or losses on its transfer date. The Group has no income or expense that has been derecognized in the current year and accumulated recognition due to continuous involvement in the financial assets. Endorsements are generally balanced in the current year.

### 3. Risks of Financial Instruments

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

# Notes to the Financial Statements

For the year 2020

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## VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS

### 3. Risks of Financial Instruments (continued)

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

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

#### Credit risks

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

As our counterparties of cash and bank and bank acceptances receivable and derivative financial instruments are banks with a good reputation and a high credit rating, the credit risks of these financial instruments are relatively low.

Other financial assets of the Group include accounts receivable, other receivables, non-current assets due within one year, other current assets and long-term receivables. Credit risks of these financial assets result from default of the counterparties and the maximum risk exposure equals the book values of these instruments.

## VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)

### 3. Risks of Financial Instruments (continued)

#### Credit risks (continued)

The maximum credit risk exposure faced by the Group on each balance sheet date is the total amount collected from customers minus the impairment allowance.

As the customers whose accounts are receivable by the Group are engaged in different departments and sectors, there is no significant credit concentration risk for the Group. The Group held no collateral or other credit enhancement on the balance of accounts receivable.

#### *Criteria for judging significant increases in credit risk*

The Group assesses whether the credit risk of the relevant financial instruments has increased significantly since initial recognition at each balance sheet date. While determining whether the credit risk has increased significantly since initial recognition, the Group takes into account the reasonable and substantiated information that is accessible without exerting unnecessary cost or effort, including qualitative and quantitative analysis based on the historical data of the Group, external credit risk rating and forward-looking information. Based on the single financial instrument or the combination of financial instruments with similar characteristics of credit risk, the Group compares the default risk of financial instruments on the balance sheet date with that on the initial recognition date in order to figure out the changes of default risk in the expected lifetime of financial instruments.

The Group considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following quantitative or qualitative criteria have been met:

- Quantitative criteria mainly comprise the circumstance that at the reporting date, the increase in remaining lifetime probability of default is considered significant comparing with the one at initial recognition;
- Qualitative criteria mainly comprise significant adverse change in debtor's operation or financial status, and being listed on the watch-list etc..

# Notes to the Financial Statements

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## VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)

### 3. Risks of Financial Instruments (continued)

#### Credit risks (continued)

##### *Definition of credit-impaired assets*

The standard adopted by the Group to determine whether a credit impairment occurs is consistent with the internal credit risk management objectives of the relevant financial instrument, taking into account quantitative and qualitative criteria. When the Group assesses whether the credit impairment of debtor occurred, the following factors are mainly considered:

- significant financial difficulty of the issuer or the debtor;
- The debtor breached the contract, such as default or overdue payment of interest or principal;
- the creditor, for economic or legal reasons relating to the debtor's financial difficulty, granting to the debtor a concession that the creditor would not otherwise consider;
- it becoming probable that the debtor will enter bankruptcy or other financial reorganization;
- the disappearance of an active market for that financial asset because of financial difficulty of the issuer or the debtor;
- the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses;

The credit impairment on a financial asset may be caused by the combined effect of multiple events and may not be necessarily caused by a single event.

## VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)

### 3. Risks of Financial Instruments (continued)

#### Credit risks (continued)

##### *Parameters of expected credit loss (ECL) measurement*

According to whether there is a significant increase in credit risk and whether there is a credit impairment, the Group measures the impairment losses for different assets with ECL of 12 months or the entire lifetime respectively. The key measuring parameters of ECL include probability of default (PD), loss given default (LGD) and exposure at default (EAD). The Group takes into account the quantitative analysis of historical statistics (such as ratings of counterparties, manners of guarantees and types of collaterals, repayments, etc.) and forward-looking information in order to establish the model of PD, LGD and EAD.

Relevant definitions are as follows:

- PD refers to the possibility that the debtor will not be able to fulfil its obligations of repayment over the next 12 months or throughout the entire remaining lifetime. The Group's PD is adjusted based on the results of the mobility model, taking into account the forward-looking information to reflect the debtor's PD under the current macroeconomic environment;
- LGD refers to the Group's expectation of the extent of the loss resulting from the default exposure. Depending on the type of counterparty, the method and priority of the recourse, and the type of collaterals, the LGD varies. The LGD is the percentage of loss of risk exposure at the time of default, calculated over the next 12 months or over the entire remaining lifetime;
- EAD is the amount that the Group should be reimbursed at the time of default in the next 12 months or throughout the entire remaining lifetime.

The assessment of a significant increase in credit risk and the calculation of ECL both involve forward-looking information. Through the analysis of historical data, the Group identifies the key economic indicators that affect the credit risk and ECL of various types of businesses.

The impact of these economic indicators on PD and LGD varies in different types of businesses. Refer to Notes V.3, 6, 8, 9, 10, 11 and 24 for risk exposure of accounts receivable, other receivables, contract assets, non-current assets due within one year, other current assets, long-term receivables and other non-current assets.



# Notes to the Financial Statements

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## VIII.RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)

### 3. Risks of Financial Instruments (continued)

#### Liquidity risk

The Group manages its risk to deficiency of funds using a recurring liquidity planning tool. This tool considers both the maturity of its financial instruments and the projected flows from the Group's operations.

The Group's objective is to maintain a balance between continuity and flexibility of funding through the use of bank borrowings, bonds and other interest-bearing borrowings and other financing methods. 39.3% (31 December 2019: 37.9%) of the Group's debts would mature in less than one year as at 31 December 2020.

The table below summarizes the maturity profile of financial liabilities based on the undiscounted contractual cash flows:

#### 2020

	Due immediately or within one year	1-2 years	2-5 years	Over 5 years	Total
Accounts payable	2,085,329,223.24	-	-	-	2,085,329,223.24
Other payables	8,976,309,037.22	-	-	-	8,976,309,037.22
Long-term payables	-	76,615,005.35	497,162,694.85	841,474,985.22	1,415,252,685.42
Short-term loans	3,493,263,394.18	-	-	-	3,493,263,394.18
Non-current liabilities					
due within one year	12,029,085,303.41	-	-	-	12,029,085,303.41
Other current liabilities	463,340,681.26	-	-	-	463,340,681.26
Long-term loans	1,159,349,814.45	4,263,619,193.63	10,764,903,207.36	12,356,625,214.17	28,544,497,429.61
Bonds payable	205,490,337.50	1,173,358,830.65	3,537,762,144.35	-	4,916,611,312.50
Lease liabilities	251,356,986.86	882,800,122.28	2,200,950,458.76	5,834,463,292.29	9,169,570,860.19
Other non-current liabilities	243,715,320.00	3,485,798,258.96	524,386,877.04	-	4,253,900,456.00
	28,907,240,098.12	9,882,191,410.87	17,525,165,382.36	19,032,563,491.68	75,347,160,383.03

## VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)

### 3. Risks of Financial Instruments (continued)

#### Liquidity risk (continued)

2019

	Due immediately or within one year	1-2 years	2-5 years	Over 5 years	Total
Accounts payable	1,476,370,855.07	-	-	-	1,476,370,855.07
Other payables	7,751,973,358.09	-	-	-	7,751,973,358.09
Long-term payables	-	121,225,260.90	203,314,451.89	963,020,499.24	1,287,560,212.03
Short-term loans	3,448,200,620.09	-	-	-	3,448,200,620.09
Non-current liabilities					
due within one year	10,199,894,882.37	-	-	-	10,199,894,882.37
Other current liabilities	148,998,880.45	-	-	-	148,998,880.45
Long-term loans	824,490,155.07	4,140,901,407.78	7,457,784,163.78	7,608,796,944.04	20,031,972,670.67
Bonds payable	471,906,688.98	4,265,914,463.36	2,645,917,897.53	-	7,383,739,049.87
Lease liabilities	-	588,011,304.22	1,359,179,153.05	3,686,039,064.31	5,633,229,521.59
Other non-current liabilities	408,245,720.80	2,790,743,340.46	3,516,507,083.00	-	6,715,496,144.25
	24,730,081,160.92	11,906,795,776.72	15,182,702,749.25	12,257,856,507.59	64,077,436,194.48

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## VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)

### 3. Risks of Financial Instruments (continued)

#### Market risk

##### *Interest rate risk*

The Group's exposure to the risk of changes in market interest rates primarily relates to the floating-rate long-term liabilities of the Group.

The table below is a sensitivity analysis of interest rate risk, which reflects the impact on net profit or loss (through the impact on floating-rate borrowings) after tax, when there are reasonable and potential changes in interest rates, under the presumption that all other variables remain unchanged.

#### 2020

	Increase/ (decrease) in basis point	Increase/ (decrease) in net profit or loss	Increase/ (decrease) in total shareholders' equity
Bank borrowings	50.00	(63,136,806.62)	(63,136,806.62)
Bank borrowings	(50.00)	63,136,806.62	63,136,806.62

#### 2019

	Increase/ (decrease) in basis point	Increase/ (decrease) in net profit or loss	Increase/ (decrease) in total shareholders' equity
Bank borrowings	50.00	(65,464,603.82)	(65,464,603.82)
Bank borrowings	(50.00)	65,464,603.82	65,464,603.82

## VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)

### 3. Risks of Financial Instruments (continued)

#### Market risk (continued)

##### *Exchange rate risk*

Exchange rate risk refers to the risk of losses arising from change in exchange rate. The Group's exposure to foreign currency risk mainly relates to USD, HKD and EURO. Main business activities of the Group's subsidiaries in mainland China are valued and settled in RMB, with a small amount of foreign currency deposits, borrowings and bonds. Main business activities of the Group's subsidiaries in Hong Kong are valued and settled in HKD or USD.

The Group's policy is to negotiate and match the term of the hedging derivative with the term of the hedged item, so as to make the hedging most effective. The Group has an exchange rate risk exposure arising from the issuance of US dollar bonds. The Group uses structured currency swaps and options portfolio products composed of written options and purchase options to reduce exchange rate risk exposure.

The table below is a sensitivity analysis of exchange rate risk, which reflects the impact on net profit or loss after tax, when there are reasonable and potential changes in USD, EURO and HKD exchange rates, under the presumption that all other variables remain unchanged.

2020

	Increase/ (decrease) in exchange rate	Increase/ (decrease) in net profit or loss	Increase/ (decrease) in total shareholders' equity
Depreciation of RMB against USD	(5.00)	(11,608,875.12)	(11,608,875.12)
Appreciation of RMB against USD	5.00	11,608,875.12	11,608,875.12
Depreciation of RMB against HKD	(5.00)	27,098.03	27,098.03
Appreciation of RMB against HKD	5.00	(27,098.03)	(27,098.03)
Depreciation of RMB against EURO	(5.00)	(49,962,836.72)	(49,962,836.72)
Appreciation of RMB against EURO	5.00	49,962,836.72	49,962,836.72

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For the year 2020

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## VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)

### 3. Risks of Financial Instruments (continued)

#### Market risk (continued)

##### *Exchange rate risk (continued)*

2019

	Increase/ (decrease) in exchange rate	Increase/ (decrease) in net profit or loss	Increase/ (decrease) in total shareholders' equity
Depreciation of RMB against USD	(5.00)	(11,823,748.04)	(11,823,748.04)
Appreciation of RMB against USD	5.00	11,823,748.04	11,823,748.04
Depreciation of RMB against HKD	(5.00)	(32,405,611.36)	(32,405,611.36)
Appreciation of RMB against HKD	5.00	32,405,611.36	32,405,611.36
Depreciation of RMB against EURO	(5.00)	1,817,103.75	1,817,103.75
Appreciation of RMB against EURO	5.00	(1,817,103.75)	(1,817,103.75)

##### *Price risk of equity instrument investment*

Price risk of equity instrument investment is the risk that the fair values of equity securities decrease as a result of changes in the levels of share indices and the value of individual securities. The Group was exposed to price risk of equity instrument investment arising from individual equity instrument investment classified as equity instrument investment measured at fair value through profit or loss and equity instrument investment measured at fair value through other comprehensive income as at 31 December 2020. The Group's listed equity instrument investments are listed on the stock exchange in Shanghai and Shenzhen and are measured at quoted market prices at the balance sheet date.

## VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)

### 3. Risks of Financial Instruments (continued)

#### Market risk (continued)

##### *Price risk of equity instrument investment (continued)*

Following are market stock indices of the following stock exchanges at the end of the trading day closest to the balance sheet date, and their respective highest closing point and the lowest closing point during the year:

	2020		2019	
	End of 2020	Highest/Lowest	End of 2019	Highest/Lowest
SSE – A Share Index	3,473	3,475/2,647	3,050	3,271/2,464
SZSE – A Share Index	14,471	14,477/9,531	10,431	10,541/7,011

The table below demonstrates the sensitivity of the Group's net profit or loss and net other comprehensive income after tax to every 10% change in the fair values of equity instrument investments, with all other variables held constant (based on their book values at the balance sheet date).

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## VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)

### 3. Risks of Financial Instruments (continued)

#### Market risk (continued)

*Price risk of equity instrument investment (continued)*

2020

	Book value of equity instrument investment	Increase/(decrease) in net profit or loss	Increase/(decrease) in net other comprehensive income after tax	Increase/(decrease) in total shareholders' equity
Equity instrument investments				
SSE – Measured at fair value through profit or loss		7,998,888.53/		7,998,888.53/
	94,104,570.98	(7,998,888.53)	–	(7,998,888.53)
– Measured at fair value through other comprehensive income	1,761,493,803.34	–	137,950,116.13/ (137,950,116.13)	137,950,116.13/ (137,950,116.13)
SZSE – Measured at fair value through profit or loss		6,925,008.99/		6,925,008.99/
	81,470,694.00	(6,925,008.99)	–	(6,925,008.99)
– Measured at fair value through other comprehensive income	150,300,000.00	–	12,775,500.00/ (12,775,500.00)	12,775,500.00/ (12,775,500.00)
Non-listed equity instrument investments at fair value				
– Measured at fair value through other comprehensive income	2,294,884,243.20	–	172,116,318.24/ (172,116,318.24)	172,116,318.24/ (172,116,318.24)

## VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)

### 3. Risks of Financial Instruments (continued)

#### Market risk (continued)

##### Price risk of equity instrument investment (continued)

2019

	Book value of equity instrument investment	Increase/(decrease) in net profit or loss	Increase/(decrease) in net other comprehensive income after tax	Increase/(decrease) in total shareholders' equity
Equity instrument investments				
SSE – Measured at fair value through profit or loss		1,899,948.90/		1,899,948.90/
	22,352,340.00	(1,899,948.90)	–	(1,899,948.90)
– Measured at fair value through other comprehensive income	2,411,390,920.48	–	199,372,572.58/ (199,372,572.58)	199,372,572.58/ (199,372,572.58)
SZSE – Measured at fair value through profit or loss		3,872,894.95/		3,872,894.95/
	45,563,470.00	(3,872,894.95)	–	(3,872,894.95)
– Measured at fair value through other comprehensive income	31,221,112.28	–	2,653,794.54/ (2,653,794.54)	2,653,794.54/ (2,653,794.54)
Non-listed equity instrument investments at fair value				
– Measured at fair value through other comprehensive income	1,556,545,792.68	–	116,740,934.45/ (116,740,934.45)	116,740,934.45/ (116,740,934.45)



# Notes to the Financial Statements

For the year 2020

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## VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)

### 4. Capital Management

The key objective of the Group's capital management is to ensure the Group's ability to operate on a going concern basis and maintain healthy capital ratios so as to support business growth and maximize shareholder value.

The Group manages its capital structure and makes adjustments in response to changes in economic conditions and risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the distribution of profits to shareholders, return capital to shareholders or issue new shares. The Group is not constrained by any external mandatory requirements on capital. In 2020 and 2019, there was no change in the Group's capital management objectives, policies or procedures.

The Group manages its capital with the gearing ratio, which refers to net liabilities divided by the total sum of adjusted capital and net liabilities. Net liabilities include bank borrowings, bonds payable and financial lease payable (net of cash and cash equivalents), and adjusted capital is the equity of the Group attributable to the Company. The gearing ratio of the Group as of the balance sheet date is as follows:

	12/31/2020	12/31/2019
Short-term loans	3,448,371,909.45	3,387,894,541.95
Non-current liabilities due within one year	11,897,443,643.72	9,804,740,633.43
Other current liabilities	439,283,229.30	144,228,766.87
Long-term loans	22,212,429,627.44	15,919,626,315.76
Bonds payable	4,432,634,711.35	6,592,440,970.73
Financial lease payable	143,010,065.65	–
Other non-current liabilities	3,833,098,699.03	5,747,108,371.13
Lease liabilities	4,082,933,276.21	3,321,817,733.91
Cash and cash equivalents	5,901,061,909.81	6,776,093,360.48
Net liabilities	44,588,143,252.34	38,141,763,973.30
Adjusted capital	45,842,632,982.13	44,231,510,900.84
Capital and net liabilities	90,430,776,234.47	82,373,274,874.14
Gearing ratio	49%	46%

## IX. DISCLOSURE OF FAIR VALUE

### 1. Assets and Liabilities Measured at Fair Value

The table below sets forth the measurement level of fair values of relevant assets and liabilities of the Group:

2020

	Inputs used in the measurement of fair value			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Persistent fair value measurement				
Financial assets held for trading				
Debt instrument investments	-	-	72,035,807.75	72,035,807.75
Equity instrument investments	175,575,264.98	-	-	175,575,264.98
Other equity instrument investments	1,908,562,241.05	3,231,562.40	2,294,884,243.09	4,206,678,046.54
Other non-current financial assets	-	-	396,924,540.60	396,924,540.60
Derivative financial assets	-	2,160,732.11	-	2,160,732.11
Receivables financing	-	5,872,800.00	-	5,872,800.00
Investment properties				
Buildings leased out	-	-	93,150,000,000.00	93,150,000,000.00
<b>Total assets</b>	<b>2,084,137,506.03</b>	<b>11,265,094.51</b>	<b>95,913,844,591.44</b>	<b>98,009,247,191.98</b>

# Notes to the Financial Statements

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## IX. DISCLOSURE OF FAIR VALUE (continued)

### 1. Assets and Liabilities Measured at Fair Value (continued)

2019

	Quoted prices in active markets (Level 1)	Inputs used in the measurement of fair value		Total
		Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Persistent fair value measurement				
Financial assets held for trading				
Debt instrument investments	-	-	125,358,448.05	125,358,448.05
Equity instrument investments	108,027,022.00	-	-	108,027,022.00
Other equity instrument investments	2,442,612,032.76	53,407,812.00	1,503,137,980.68	3,999,157,825.44
Other non-current financial assets	-	-	368,774,540.60	368,774,540.60
Derivative financial assets	-	31,751,504.22	-	31,751,504.22
Receivables financing	-	41,040,000.00	-	41,040,000.00
Investment properties				
Buildings leased out	-	-	85,107,000,000.00	85,107,000,000.00
<b>Total assets</b>	<b>2,550,639,054.76</b>	<b>126,199,316.22</b>	<b>87,104,270,969.33</b>	<b>89,781,109,340.31</b>

## IX. DISCLOSURE OF FAIR VALUE (continued)

### 2. Assets and Liabilities Disclosed at Fair Value

2020

	Quoted prices in active markets (Level 1)	Inputs used in the measurement of fair value		Total
		Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Bonds payable	-	8,742,562,657.75	-	8,742,562,657.75
Long-term loans	-	27,645,534,946.49	-	27,645,534,946.49
Other non-current liabilities	-	6,488,139,813.87	-	6,488,139,813.87
	-	42,876,237,418.11	-	42,876,237,418.11

2019

	Quoted prices in active markets (Level 1)	Inputs used in the measurement of fair value		Total
		Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Bonds payable	-	10,250,949,721.15	-	10,250,949,721.15
Long-term loans	-	20,040,351,335.38	-	20,040,351,335.38
Other non-current liabilities	-	8,584,628,195.82	-	8,584,628,195.82
	-	38,875,929,252.35	-	38,875,929,252.35

# Notes to the Financial Statements

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## IX. DISCLOSURE OF FAIR VALUE (continued)

### 3. Estimation of Fair Value

#### Fair value of financial instruments

Following is a comparison between book values and fair values of various categories of financial instruments of the Group other than the lease liabilities and the financial instruments with a minor difference between book value and fair value:

	Book value		Fair value	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Bonds payable	8,679,793,334.81	9,922,072,376.71	8,742,562,657.75	10,250,949,721.15
Long-term loans	26,522,849,143.74	19,365,560,917.94	27,645,534,946.49	20,040,351,335.38
Other non-current liabilities	6,284,852,578.30	8,227,885,827.56	6,488,139,813.87	8,584,628,195.82
	41,487,495,056.85	37,515,519,122.21	42,876,237,418.11	38,875,929,252.35

The management has assessed the cash and bank, accounts receivable, accounts payable, and other payables, etc.. In each case, the fair value and book value are similar due to short remaining period.

The financial department of the Group, led by the person in charge of the accounting institution, is responsible for formulating policies and procedures applicable to the measurement of fair value of financial instruments. The person in charge of the accounting institution directly reports to the Chief Financial Officer and the Audit Committee. On each balance sheet date, the financial department analyzes the change in value of financial instruments and ascertains the significant inputs which apply to the valuation. The valuation is subject to review and approval by the Chief Financial Officer. For the purpose of preparing interim and annual financial statements, the financial department meets the Audit Committee twice a year to discuss the valuation procedure and results.

The fair values of financial assets and liabilities are determined as per the amount for which an asset could be exchanged, or a liability could be settled, between knowledgeable, willing parties in an arm's length transaction, instead of the amount under forced sale or under liquidation. The following methods and assumptions are used to estimate the fair value.

## IX. DISCLOSURE OF FAIR VALUE (continued)

### 3. Estimation of Fair Value (continued)

#### Fair value of financial instruments (continued)

The fair values of long-term receivables, long-term and short-term loans, bonds payable and other non-current liabilities are determined by discounting the future cash flows using market yields currently available for other financial instruments with similar contractual terms, credit risk and remaining term as the discount rate. As at 31 December 2020, the non-performance risk associated with long-term and short-term loans was assessed as insignificant.

The fair values of listed equity instrument investments are determined according to quoted prices on the market. The fair values of non-listed equity instrument investments are estimated using discounted valuation model, and the assumptions adopted are not supported by observable market prices or interest rates. The Group needs to make estimation for the expected future cash flows (including expected future dividend and disposal income). The Group believes that the fair values and changes thereof estimated by valuation technique are reasonable and also the most appropriate values at the balance sheet date.

For the fair values of non-listed equity instrument investments to which discounted valuation model is inapplicable, the Group estimates and quantifies potential impacts of using other reasonable and possible assumptions as inputs for valuation model: under quite unfavourable assumption, the fair values decrease approximately RMB588,268,571.42; under quite favorable assumption, the fair values increase approximately RMB556,992,294.76.

The Group has entered into derivative financial instrument contracts with multiple counterparties (mainly financial institutions with higher credit rating). Derivative financial instruments, including foreign exchange forward contracts and interest rate swaps, are measured using valuation techniques similar to forward pricing and swap models and present value methods. The model covers multiple inputs observable in markets, including counterparty credit quality, spot and forward rates and interest rate curves. The carrying value of foreign exchange forward contracts and interest rate swaps is the same as the fair value. As at 31 December 2020, the mark to market value of derivative financial assets is the net value after offsetting the credit valuation adjustment attributable to the default risk of derivative instrument counterparties. The change of counterparty credit risk has no significant impact on the evaluation of hedging effectiveness of designated derivatives in hedging relationship and other financial instruments measured at fair value.

# Notes to the Financial Statements

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## IX. DISCLOSURE OF FAIR VALUE (continued)

### 3. Estimation of Fair Value (continued)

#### Fair value of financial instruments (continued)

##### *Fair value of investment properties using fair value model*

We use the income approach for the valuation of the completed properties put into use: With reference to the market monthly rent of leasable area per unit (per square meter) of the completed properties or the expected rental income based on market condition, we adopt an appropriate capitalization rate to discount to determine the valuation value of investment properties.

We use direct comparison approach for the valuation of the properties under construction at an early development stage: Based on the income that can be received immediately on disposal of investment properties in its current state, with reference to the relevant information on the comparable transactions in the market where the investment properties are located, and depending on the specific condition of the properties under construction, we make adjustments.

We use hypothetical development method for the valuation of investment properties at other stages of development: Assuming that such investment properties will be developed to the condition for use according to the established development plan. In order to obtain their fair value, a direct comparison is made by taking into account the available and comparable sales data in the relevant markets and deducting the construction costs and professional costs incurred by the valuer from the valuation date to the date of completion of development.

The fair value of the Group's investment properties as at 31 December 2020 were assessed by Beijing Huaya Zhengxin Assets Appraisal Co., Ltd, an independent valuer from the Group.

In estimating the fair value of the properties, the best use purpose of investment properties is its current use. There is no change in the valuation methods used.

## IX. DISCLOSURE OF FAIR VALUE (continued)

### 4. Unobservable Inputs

Following is an overview of significant unobservable inputs for the measurement of level-3 fair value:

31 December 2020		Fair value	Valuation technique(s)	Unobservable inputs	Range (Weighted average)
Investment properties – completed properties	2020	81,482,000,000.00	Income approach/ Direct comparison approach/	Price of unit area leasable (per square meter per month)	2020: RMB15–246 2019: RMB14–245
	2019	75,574,000,000.00	Hypothetical development approach	Capitalization rate	2020: 5.5%–8.0% 2019: 5.5%–7.5%
Investment properties – properties under construction at an early development stage	2020	8,510,000,000.00	Direct comparison approach	Unit area price of investment properties (per square meter)	2020: RMB354–20,797 2019: RMB343–19,544
	2019	6,224,000,000.00			
Investment properties – other properties under construction	2020	3,185,000,000.00	Hypothetical development approach	Price of unit area leasable (per square meter per month)	2020: RMB25–70 2019: RMB28–85
	2019	3,309,000,000.00		Capitalization rate	2020: 6.5%–7.5% 2019: 6.5%–7.5%
Other equity instrument investments	2020	2,294,884,243.09	Comparable company approach	Liquidity discount rate	2020: 80%–90%
	2019	1,503,137,980.68			2019: 80%–82%
Other non-current financial assets	2020	396,924,540.60	Discounted cash flow approach	Risk-adjusted discount rate	2020: 11.3%–17.9%
	2019	368,774,540.60			2019: 12.7%–19.5%
Financial assets held for trading – debt instrument investments	2020	72,035,807.75	Discounted cash flow approach	Risk-adjusted discount rate	2020: 2.1%
	2019	125,358,448.05			2019: 2.4%



# Notes to the Financial Statements

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## IX. DISCLOSURE OF FAIR VALUE (continued)

### 5. Adjustment of Fair Value Measurement

Information of adjustment of persistent measurement of level-3 fair value is as follows:

2020

	Opening balance	Transferred Into level 3	Transferred Out of level 3	Total gain or loss for the current period		Increase/Transfer	Sell	Closing balance	Changes in the unrealized gain or loss for the current period from assets held at the end of the year included in the profit or loss
				Included in profit or loss	Included in other comprehensive income				
Financial assets held for trading	125,358,448.05	-	-	-	-	5,638,770,203.83	(5,692,092,844.13)	72,035,807.75	-
Other equity instrument investment	1,503,137,980.68	37,250,000.00	(73,816,085.92)	-	543,092,331.56	382,466,025.00	(97,246,008.23)	2,294,884,243.09	-
Other non-current financial assets	368,774,540.60	-	(20,800,000.00)	-	-	69,050,000.00	(20,100,000.00)	396,924,540.60	-
Investment properties	85,107,000,000.00	-	-	496,702,935.69	77,663,553.11	7,575,633,511.20	(107,000,000.00)	93,150,000,000.00	496,702,935.69
	87,104,270,969.33	37,250,000.00	(94,616,085.92)	496,702,935.69	620,755,884.67	13,665,919,740.03	(5,916,438,852.36)	95,913,844,591.44	496,702,935.69

## IX. DISCLOSURE OF FAIR VALUE (continued)

### 5. Adjustment of Fair Value Measurement (continued)

2019

	Opening balance	Transferred Into level 3	Transferred Out of level 3	Total gain or loss for the current period			Sell	Closing balance	Changes in the unrealized gain or loss for the current period from assets held at the end of the year included in the profit or loss
				Included in profit or loss	Included in other comprehensive income	Increase/Transfer			
Financial assets held									
for trading	52,225,200.00	-	-	-	-	125,358,448.05	(52,225,200.00)	125,358,448.05	-
Other equity									
instrument									
investment	1,727,054,980.65	-	(663,307,582.70)	-	114,842,229.85	328,540,432.52	(3,992,079.64)	1,503,137,980.68	-
Other non-current									
financial assets	324,850,000.00	-	-	15,024,540.60	-	34,400,000.00	(5,500,000.00)	368,774,540.60	15,024,540.60
Investment properties	78,533,000,000.00	-	-	1,600,693,492.00	-	5,403,306,508.00	(430,000,000.00)	85,107,000,000.00	1,600,693,492.00
	80,637,130,180.65	-	(663,307,582.70)	1,615,718,032.60	114,842,229.85	5,891,605,388.57	(491,717,279.64)	87,104,270,969.33	1,615,718,032.60

# Notes to the Financial Statements

For the year 2020

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## IX. DISCLOSURE OF FAIR VALUE (continued)

### 5. Adjustment of Fair Value Measurement (continued)

In the persistent measurement of level-3 fair value, the information of profit or loss relating to financial assets and non-financial assets in the gain or loss included in the profit or loss for the current period is as follows:

2020

	Profit or loss relating to financial assets	Profit or loss relating to non-financial assets
Total gain or loss included into the profit or loss for the current period	–	496,702,935.69
Changes in the unrealized gain or loss for the current period from assets held at the end of the year	–	496,702,935.69

2019

	Profit or loss relating to financial assets	Profit or loss relating to non-financial assets
Total gain or loss included into the profit or loss for the current period	15,024,540.60	1,600,693,492.00
Changes in the unrealized gain or loss for the current period from assets held at the end of the year	15,024,540.60	1,600,693,492.00

## IX. DISCLOSURE OF FAIR VALUE (continued)

### 6. Level Shift in Fair Value

2020

	transfer into	Transfer out of	reason
Level 1	68,826,085.92	–	note 1
Level 2	–	37,250,000.00	note 2
Level 3	37,250,000.00	94,616,085.92	note 1/note 3
	106,076,085.92	131,866,085.92	

*Note 1:* Compared with 2019, in 2020, other equity instrument investment of RMB68,826,085.92 was listed, and the fair value measurement level was transferred from the level 3 to the level 1.

*Note 2:* Compared with 2019, in 2020, other equity instrument investment of RMB37,250,000.00 was delisted from the NEEQ, and the fair value measurement level was changed from the level 2 to the level 3.

*Note 3:* Compared with 2019, in 2020, other equity instrument investment of RMB4,990,000.00 was acquired as joint ventures, and other non-current financial assets of RMB20,800,000.00 were transferred out from the level 3 to other receivables, no longer measured at fair value.

2019

	transfer into	Transfer out of	reason
Level 1	667,422,582.70	–	note 1/note 2
Level 2	–	64,722,000.00	note 2
Level 3	–	663,307,582.70	note 1/note 3
	667,422,582.70	728,029,582.70	

*Note 1:* Compared with 2018, in 2019, other equity instrument investment of RMB602,700,582.70 was listed, and the fair value measurement level was transferred from the level 3 to the level 1.

*Note 2:* Compared with 2018, in 2019, other equity instrument investment of RMB64,722,000.00 was changed from the new third board to listing on Shanghai Stock Exchange, and the fair value measurement level was changed from the level 2 to the level 1.

*Note 3:* Compared with 2018, in the level 3, in addition to the above-mentioned transfer out, in 2019, other equity instrument investment of RMB60,607,000.00 was acquired as a joint venture, no longer measured at fair value.

# Notes to the Financial Statements

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## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

### 1. Parent of the Company

	Place of incorporation	Nature of Business	Equity proportion in the Company (%)	Voting rights proportion in the Company (%)	Registered Capital
Red Star Macalline Holding Group Company Limited 紅星美凱龍控股集團 有限公司 (“紅星控股”)	Shanghai, China	Investment management	69.87	69.87	200 million

Ultimate controlling party of the Company is CHE Jianxing.

### 2. Subsidiaries

For details of the subsidiaries of the Company, please refer to Note VII. 1. Interests in Significant Subsidiaries.

### 3. Joint Ventures and Associates

For the details of joint ventures and associates, please refer to Note VII. 3. Interests in Joint Ventures or Associates.

## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 4. Other Related Parties

Name of other related parties	Relationship between other related parties and the Company
Shaanxi Hongrui Home Furnishings Plaza Co., Ltd. (陝西鴻瑞家居生活廣場有限公司)	Corporate controlled or invested by the family member who has a close relationship with the ultimate actual controller
Xuzhou Red Star Macalline Global Home Furnishings Plaza Co., Ltd. (徐州紅星美凱龍全球家居生活廣場有限公司)	Corporate controlled or invested by the family member who has a close relationship with the ultimate actual controller
Changzhou Red Star Furniture General Factory Co., Ltd. (常州市紅星傢俱總廠有限公司)	Corporate controlled or invested by the family member who has a close relationship with the ultimate actual controller
Jining Hongrui Market Management Company Limited (濟寧鴻瑞市場經營管理有限公司)	Corporate controlled or invested by the family member who has a close relationship with the ultimate actual controller
Hangzhou Feishi Bath & Kitchen Products Co., Ltd. (杭州菲氏浴廚用品有限公司)	Corporate controlled or invested by the family member who has a close relationship with the ultimate actual controller
Yangzhou Kailong Consulting Co., Ltd. (揚州凱龍管理諮詢有限公司)	Corporate controlled or invested by the family member who has a close relationship with the ultimate actual controller
Business Division of Nanjing Pukou Lilicheng Furniture (南京市浦口區立力成傢俱經營部)	Corporate controlled or invested by the family member who has a close relationship with the ultimate actual controller
Hangzhou Nabel Ceramics Co., Ltd. (杭州諾貝爾陶瓷有限公司) and its branches	Corporate controlled or invested by the family member who has a close relationship with the ultimate actual controller
Hangzhou Nabel Group Co., Ltd. (杭州諾貝爾集團有限公司) and its branches	Corporate controlled or invested by the family member who has a close relationship with the ultimate actual controller
Yangzhou Red Star Macalline Global Home Furnishings Plaza Property Co., Ltd. (揚州紅星美凱龍全球家居生活廣場置業有限公司)	Corporate controlled or invested by the family member who has a close relationship with the ultimate actual controller
Xuzhou Red Star Macalline Global Home Furnishings Plaza Co., Ltd. (徐州紅星美凱龍全球家居生活廣場有限公司)	Corporate controlled or invested by the family member who has a close relationship with the ultimate actual controller
Changzhou Yizhi International Trade Co., Ltd. (常州市藝致國際貿易有限公司)	Corporate controlled or invested by the family member who has a close relationship with the ultimate actual controller
Shanghai Jingdi Catering Management Co., Ltd. (上海景帝餐飲管理有限公司)	Corporate controlled or invested by the family member who has a close relationship with the ultimate actual controller
Xuzhou Red Star Macalline Global Home Life Plaza Property Management Co., Ltd. (徐州紅星美凱龍全球家居生活廣場物業管理有限公司)	Corporate controlled or invested by the family member who has a close relationship with the ultimate actual controller

# Notes to the Financial Statements

For the year 2020

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## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 4. Other Related Parties (continued)

Name of other related parties	Relationship between other related parties and the Company
Shanghai Suning Tesco Sales Co., Ltd. (上海蘇寧易購銷售有限公司)	Corporate controlled or invested by the family member who has a close relationship with the ultimate actual controller
Shanghai Liehu Management Consulting Center (Limited Partnership) (上海獵戶管理諮詢中心 (有限合夥))	Corporate controlled or invested by the family member who has a close relationship with the ultimate actual controller
CHE Guoxing (車國興)	Family member who has a close relationship with the ultimate actual controller
QIAN Yumei (錢玉梅)	Family member who has a close relationship with the ultimate actual controller
CHE Yuqin (車玉琴)	Family member who has a close relationship with the ultimate actual controller
CHE Jianguo (車建國)	Family member who has a close relationship with the ultimate actual controller
ZHANG Jianfang (張建芳)	Family member who has a close relationship with the ultimate actual controller
CHEN Shuhong (陳淑紅)	Family member who has a close relationship with the ultimate actual controller
CAO Zhongmin (曹仲民)	Family member who has a close relationship with director, supervisor, or senior management
Taiyuan Shuangming Kailong Real Estate Development Co., Ltd. (太原雙明凱龍房地產開發有限公司)	Corporate controlled or invested by the family member who has a close relationship with the ultimate actual controller
Shanghai Xinhua Chengcheng Asset Management Co., Ltd. (上海新華成城資產管理有限公司)	Corporate which the ultimate actual controller has a position
Alibaba (China) Technology Co., Ltd. (阿里巴巴(中國)網絡技術有限公司)	Corporate that has a significant impact on the Group
Ningbo Qiangshang Home Living Company Limited (寧波牆尚家居有限公司)	Subsidiary of an associate
Beijing Sunsea Parking Management Co., Ltd. (北京陽光海天停車管理有限公司)	Subsidiary of an associate
Jiangyin Tishang Home Furnishing Co., Ltd. (江陰提尚家居有限公司)	Subsidiary of an associate

## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 4. Other Related Parties (continued)

Name of other related parties	Relationship between other related parties and the Company
Brewster Wallpaper International Trading (Shanghai) Co., Ltd. (布魯斯特牆紙國際貿易(上海)有限公司)	Subsidiary of an associate
Beijing Sunsea Enterprise Management Consulting Co., Ltd. (北京陽光海天企業管理諮詢有限公司)	Subsidiary of an associate
Beijing Smart Parking Service Co., Ltd. (北京智泊停車服務有限公司)	Subsidiary of an associate
Shanghai Dibang Intelligent Technology Co., Ltd. (上海諦邦智能科技有限公司)	Subsidiary of an associate
Aibi (Beijing) Intelligent Technology Co., Ltd. (愛筆(北京)智能科技有限公司)	Subsidiary of an associate
Chongqing Jinke Zhongjun Real Estate Development Co., Ltd. (重慶金科中後房地產開發有限公司)	Corporate significantly influenced by RSM Holding
Yiwu Meilong Real Estate Co., Ltd. (義烏美龍置業有限公司)	Corporate significantly influenced by RSM Holding
Henan Chenbo Real Estate Co., Ltd. (河南宸博置業有限公司)	Corporate significantly influenced by RSM Holding
Baoshan Red Star Urban and Rural Investment and Real Estate Co., Ltd. (保山紅星城鄉投資置業有限公司)	Corporate significantly influenced by RSM Holding
Shanghai Aegean Business Management Co., Ltd. (上海愛琴海商務管理有限公司)	Corporate significantly influenced by RSM Holding
Beijing Allgf Cultural and Scientific Consultation Co., Ltd. (北京國富縱橫文化科技諮詢股份有限公司)	Corporate significantly influenced by RSM Holding
Greenland Group Chengdu Jinniu Real Estate Development Co., Ltd. (綠地集團成都金牛房地產開發有限公司)	Corporate significantly influenced by RSM Holding
Chongqing Jinke Real Estate Development Co., Ltd. (重慶金科房地產開發有限公司)	Corporate significantly influenced by RSM Holding
Nantong Xinglong Real Estate Development Co., Ltd. (南通星龍房地產開發有限公司)	Corporate significantly influenced by RSM Holding
Xuzhou Maoxing Real Estate Co., Ltd. (徐州茂星置業有限公司)	Corporate significantly influenced by RSM Holding



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## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 4. Other Related Parties (continued)

Name of other related parties	Relationship between other related parties and the Company
Jiangsu Red Star David Mao Business Management Group Co., Ltd. (江蘇紅星大衛茂商業管理集團有限公司)	Corporate significantly influenced by RSM Holding
Kaiqianjia (Shanghai) Catering Management Co., Ltd. (凱乾嘉(上海)餐飲管理有限公司)	RSM Holding and other corporates under its control
Yangzhou Xinglong Real Estate Development Co., Ltd. (揚州星龍房地產開發有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Xishuangbanna cloud investment construction Pan Asia Real Estate Co., Ltd. (西雙版納雲投建設泛亞置業有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Weilaishi Decoration Technology Company Limited (上海威來適裝飾科技有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Liuzhou Red Star Macalline Real Estate Co., Ltd. (柳州紅星美凱龍置業有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Tianjin Xingkai Real Estate Development Co., Ltd. (天津星凱房地產開發有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Xingcheng Yijia Home Furnishings Co., Ltd. (上海星誠藝佳家居有限責任公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Tianjin Meilong Real Estate Development Co., Ltd. (天津美龍房地產開發有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Ningbo Kailong Property Company Limited (寧波凱龍置業有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Yunnan Red Star Macalline Real Estate Co., Ltd. (雲南紅星美凱龍置業有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Jinan Xinglong Real Estate Development Co., Ltd. (濟南星龍房地產開發有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Xiangshan Meilong Real Estate Co., Ltd. (象山美龍置業有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Qiaotong Enterprise Management Co., Ltd. (上海喬彤企業管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Tianjin Hongxing Pacific Cinema Management Co., Ltd. (天津紅星太平洋影院管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller

## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 4. Other Related Parties (continued)

Name of other related parties	Relationship between other related parties and the Company
Tianjin Laina Huakai Film Co., Ltd. (天津萊納華開影業有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Changzhou Hongmei Cinema Management Co., Ltd. (常州紅美影院管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Suzhou Hongmei Cinema Management Co., Ltd. (蘇州紅美影院管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Ningbo Kaixing Cinema Management Co., Ltd. (寧波凱星影院管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Yixing Yimei Studios Co., Ltd. (宜興逸美影城有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Changzhou Xingchen Interactive Entertainment Co., Ltd. (常州星琛娛樂科技有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Xingchen Interactive Entertainment Technology Co., Ltd. (上海星琛互動娛樂科技有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Suzhou Red Star Macalline Real Estate Development Co., Ltd. (蘇州紅星美凱龍房地產開發有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Tianjin Cameo Film Co., Ltd. (天津卡美奧影業有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Jinhua Jiayi Film Co., Ltd. (金華市佳藝影業有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Nanjing Macalline Business Information Consulting Co., Ltd. (南京美凱龍商務信息諮詢有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Yunshen Intelligent Technology Co., Ltd. (上海雲紳智能科技有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Kunming Hongxing Haihui Real Estate Co., Ltd. (昆明紅星海匯房地產有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Changzhou Jintan Weiyi Construction Engineering Co., Ltd. (常州市金壇維億建設工程有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Yancheng Kailong Property Company Limited (鹽城凱龍置業有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller

# Notes to the Financial Statements

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## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 4. Other Related Parties (continued)

Name of other related parties	Relationship between other related parties and the Company
Jiangsu Longguan Film and Television Culture Technology Co., Ltd. (江蘇龍冠影視文化科技有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Jiangsu Meishanlong Catering Culture Development Co., Ltd. (江蘇美膳龍飲食文化發展有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Qingdao Hongxing International Real Estate Co., Ltd. (青島紅星國際置業有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Nanning Haoran Real Estate Co., Ltd. (南昌浩然置業有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shuyang Xinglong Real Estate Development Co., Ltd. (瀘陽星龍房地產開發有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Changzhou Red Star Macalline Real Estate Co., Ltd. (常州紅星美凱龍置業有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Xining Aegean Real Estate Development Co., Ltd. (西寧愛琴海房地產開發有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai AEGEAN Commercial Group Co., Ltd. (上海愛琴海商業集團股份有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Qingdao Dana International Studios Co., Ltd. (青島德納國際影城有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Qingdao Hongying Cinema Management Co., Ltd. (青島紅影影院管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Aegean Ole Business Management Co., Ltd. (上海愛琴海奧萊商業管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Hongxin Cinema Management Co., Ltd. (上海紅昕影院管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Huojing Business Management Company Limited (上海或京商業管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Kaihong Cinema Management Co., Ltd. (上海凱紅影院管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller

## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 4. Other Related Parties (continued)

Name of other related parties	Relationship between other related parties and the Company
Shanghai Kaixin Cinema Management Co., Ltd. (上海凱昕影院管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Linsai Fitness Club Co., Ltd. (上海林賽健身俱樂部有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Linwu Fitness Club Co., Ltd. (上海林戊健身俱樂部有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Lingsi Fitness Club Co., Ltd. (上海玲思健身俱樂部有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Longhong Cinema Management Co., Ltd. (上海龍紅影院管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Meiying Enterprise Management Co., Ltd. (上海美影企業管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Xinhong Cinema Management Co., Ltd. (上海昕紅影院管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Xingkai Cinema Management Co., Ltd. (上海星凱影院管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Xinglong Cinema Management Co., Ltd. (上海星龍影院管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Suzhou Kaimei Cinema Management Co., Ltd. (蘇州凱美影院管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Xiaogan Honghe Studios Management Co., Ltd. (孝感泓河影城管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Yixing Chenxing Digital Cinema Co., Ltd. (宜興市晨興數位影院有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Xiangshan Kaisheng Real Estate Co., Ltd. (象山凱勝置業有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Danyang Rongjin Hongxing Real Estate Development Co., Ltd. (丹陽市融錦宏星置業發展有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Tianjin Macalline Real Estate Co., Ltd. (天津美凱龍置業有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Xiangshan Xinglong Real Estate Co., Ltd. (象山星龍置業有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller

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## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 4. Other Related Parties (continued)

Name of other related parties	Relationship between other related parties and the Company
Yuyao Xingkai Real Estate Co., Ltd. (余姚星凱置業有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Changxing Ronghao Trading Co., Ltd. (長興榮皓貿易有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Zhanjiang Haixin Meikai Investment Co., Ltd. (湛江市海新美凱投資有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Xining Red Star Macalline Real Estate Development Co., Ltd. (西寧紅星美凱龍房地產開發有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Hengshui Xinglong Real Estate Development Co., Ltd. (衡水星龍房地產開發有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Taiyuan Shuangmingzhikun Real Estate Development Co., Ltd. (太原雙明智坤房地產開發有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Changchun Red Star Macalline Real Estate Development Co., Ltd. (長春紅星美凱龍房地產開發有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Ningbo Huixin Real Estate Co., Ltd. (寧波匯鑫置業有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Macalline Aijia Real Estate Management Consulting Co., Ltd. (上海美凱龍愛家房地產管理諮詢有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Hongmei Real Estate Co., Ltd. (上海洪美置業有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Red Star Win-Win Cloud Computing Technology Co., Ltd. (上海紅星共贏雲計算科技有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shenyang Red Star Macalline Property Management Co., Ltd. (瀋陽紅星美凱龍物業管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Kunming Xingqin Business Management Co., Ltd. (昆明星琴商業管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Xingzhiyu Commercial Management Co., Ltd. (上海星之域商業經營管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Changzhou Aegean Ole Business Management Co., Ltd. (常州愛琴海奧萊商業管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller

## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 4. Other Related Parties (continued)

Name of other related parties	Relationship between other related parties and the Company
Anhui Tenghui Investment Group Hefei Co., Ltd. (安徽騰輝投資集團合肥有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Beijing Xingqin Business Management Co., Ltd. (北京星琴商業管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Chengdu Wanfu Xingkai Business Management Co., Ltd. (成都萬福星凱商業管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Wenzhou Xinglong Real Estate Development Co., Ltd. (溫州星龍房地產開發有限責任公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Luochang Enterprise Management Co., Ltd. (上海洛昶企業管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Chengdu Red Star Macalline Real Estate Co., Ltd. (成都紅星美凱龍置業有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Chongqing Red Star Macalline Enterprise Development Co., Ltd. (重慶紅星美凱龍企業發展有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Red Star Macalline Enterprise Operation and Management Co., Ltd. (上海紅星美凱龍企業經營管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Macalline Seven Star Hotel Management Co., Ltd. (上海美凱龍七星酒店管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Zhengzhou Xingbo Real Estate Development Co., Ltd. (鄭州星鉞房地產開發有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Changzhou Longyao Equity Investment Management Co., Ltd. (常州龍耀股權投資管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Changzhou Red Star Home Furnishing City (常州市紅星裝飾城)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Xuanyan Enterprise Management Company Limited (上海暄妍企業管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Kunming Guangyuan Real Estate Development Co., Ltd. (昆明廣遠房地產開發有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller



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## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 4. Other Related Parties (continued)

Name of other related parties	Relationship between other related parties and the Company
Shanghai Xinxing Catering Management Co., Ltd. (上海恣星餐飲管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Kaiqianjia Enterprise Management Co., Ltd. (凱乾嘉企業管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Chongqing Hongxing Pacific Cinema Management Co., Ltd. (重慶紅星太平洋影院管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Hainan Huirui Investment Co., Ltd. (海南暉瑞投資有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Yunnan Hongxing Meikailong Real Estate Co., Ltd. (雲南紅星美凱龍置業有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Changzhou Macalline International Computer and Electronics Furnishing Plaza Company Limited (常州美凱龍國際電腦家電裝飾城有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Yueying Technology Co., Ltd. (上海躍影科技有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Suzhou Kaiqin Business Management Co., Ltd. (蘇州凱琴商業管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Chongqing Nan'an District Hongmei Cinema Management. Co., Ltd. (重慶市南岸區紅美影院管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Fujian Red Star Macalline Property Service Co., Ltd. (福建紅星美凱龍物業服務有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Cixi Haorui Real Estate Co., Ltd. (慈溪皓瑞置業有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Tianjin Kailong Real Estate Co., Ltd. (天津凱龍置業有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanxi Red Star New World Real Estate Co., Ltd. (山西紅星新世界置業有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller

## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 4. Other Related Parties (continued)

Name of other related parties	Relationship between other related parties and the Company
Suzhou Macalline Aijia Internet Technology Co., Ltd. (蘇州美凱龍愛家互聯網科技有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Hefei Macalline Aijia Internet Technology Co., Ltd. (合肥美凱龍愛家互聯網科技有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Red Star Macalline Real Estate Group Co., Ltd. (上海紅星美凱龍房地產集團有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Xingyin Hai Industrial Co., Ltd. (上海星銀海實業有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Red Star Jinghai Commercial Management Co., Ltd. (上海紅星晶海商業管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Chongqing Mengxiang Island Ocean Park Management Co., Ltd. (重慶夢享島海洋公園管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Shuxiang Business Management Co., Ltd. (上海曙香商務管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Cixi Xingkai Real Estate Co., Ltd. (慈溪星凱置業有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Ganzhou Kaiyue Real Estate Co., Ltd. (贛州凱越置業有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Red Star Macalline Real Estate Co. Ltd. (上海紅星美凱龍置業有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Yixin Enterprise Development Co., Ltd. (上海逸莘企業發展有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Macalline Aijia Internet Technology Co., Ltd. (上海美凱龍愛家互聯網科技有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Huangpu Red Star Microfinance Co., Ltd. (上海黃浦紅星小額貸款有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Mixing Catering Management Co., Ltd. (上海覓星餐飲管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Wuhu Minghui Business Management Co., Ltd. (蕪湖明輝商業管理有限公司)	Subsidiary of a joint venture



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## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 4. Other Related Parties (continued)

Name of other related parties	Relationship between other related parties and the Company
SleepMaker (Shenzhen) Company Limited (造夢者家居(深圳)有限公司)	Subsidiary of a joint venture
Hangzhou Alimama Software Services Co., Ltd. (杭州阿里媽媽軟體服務有限公司)	Subsidiary of corporate that has a significant impact on the Group
Tao Bao (China) Software Co., Ltd. (淘寶(中國)軟件有限公司)	Subsidiary of corporate that has a significant impact on the Group
Zhejiang Tmall Technology Co., Ltd. (浙江天貓技術有限公司)	Subsidiary of corporate that has a significant impact on the Group
Alibaba Cloud Computing Limited (阿里雲計算有限公司)	Subsidiary of corporate that has a significant impact on the Group
Shanghai Hema Network Technology Co., Ltd. (上海盒馬網絡科技有限公司)	Subsidiary of corporate that has a significant impact on the Group
Alipay (China) Network Technology Co., Ltd. (支付寶(中國)網路技術有限公司)	Subsidiary of corporate that has a significant impact on the Group
Zhejiang Alibaba Communication Technology Co., Ltd. (浙江阿里巴巴通信技術有限公司)	Subsidiary of corporate that has a significant impact on the Group
Jining Kaixing Shopping Plaza Co., Ltd. (濟寧凱星購物廣場有限公司)	Corporate which the director, supervisor or senior management has a position
Yixing Suning Tesco Sales Co., Ltd. (宜興市蘇寧易購銷售有限公司)	Corporate which the director, supervisor or senior management has a position
Changzhou Yizhi Furniture Company Limited (常州市藝致傢俱有限公司)	Corporate which the family member who has a close relationship with director, supervisor or senior management has a significant position

## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 5. Major Transactions between the Group and Related Parties

The following related party transactions are necessary for the development of the group's business. The transactions between the group and related parties are related to daily operations. The transactions follow the principles of openness, fairness and fairness. The transactions between both parties are settled at fair market prices.

#### (1) Purchase and sale of goods, provision and receipt of services from related parties

##### *Purchase of goods and receipt of services from related parties*

	Details of Transactions	2020	2019
Shanghai Xincheng'an Construction Co., Ltd. (上海鑫誠安建設有限公司)	Purchase of goods	24,701,913.87	72,891,907.25
Shanghai Red Star Win-Win Cloud Computing Technology Co., Ltd. (上海紅星共贏雲計算科技有限公司)	Purchase of goods	10,874,205.17	9,230,158.00
Shanghai AI.Pure Intelligent Technology Co., Ltd. (上海智諦智能科技有限公司)	Purchase of goods	5,892,229.70	2,778,275.22
Shenyang Red Star Macalline Property Management Co., Ltd. (瀋陽紅星美凱龍物業管理有限公司) and its branches	Purchase of goods	2,875,812.40	3,267,496.90
Shanghai Yunshen Intelligent Technology Co., Ltd. (上海雲紳智能科技有限公司)	Purchase of goods	1,395,000.00	3,906,000.00
Hangzhou Nabel Ceramics Co., Ltd. (杭州諾貝爾陶瓷有限公司) and its branches	Purchase of goods	832,588.80	-
Shanghai Suning Tesco Sales Co., Ltd. (上海蘇寧易購銷售有限公司)	Purchase of goods	680,623.03	-
Shanghai Yueying Technology Co., Ltd. (上海躍影科技有限公司)	Purchase of goods	522,000.00	-
Chongqing Jinke Zhongjun Real Estate Development Co., Ltd. (重慶金科中俊房地產開發有限公司)	Purchase of goods	254,469.73	-
Beijing Sunsea Parking Management Co., Ltd. (北京陽光海天停車管理有限公司) and its branches	Purchase of goods	195,000.00	-
Shengbao (Shanghai) Furniture Co., Ltd. (晟葆(上海)傢俱有限公司)	Purchase of goods	142,887.62	-

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## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 5. Major Transactions between the Group and Related Parties (continued)

#### (1) Purchase and sale of goods, provision and receipt of services from related parties (continued)

*Purchase of goods and receipt of services from related parties (continued)*

	Details of Transactions	2020	2019
Shenzhen Long Life Basics Sleep Science and Technology Co., Ltd. (深圳市朗樂福睡眠科技有限公司)	Purchase of goods	102,398.23	–
Shanghai Hema Network Technology Co., Ltd. (上海盒馬網絡科技有限公司)	Purchase of goods	70,000.00	–
Yixing Suning Tesco Sales Co., Ltd. (宜興市蘇寧易購銷售有限公司)	Purchase of goods	26,495.00	–
Kaiqianjia (Shanghai) Catering Management Co., Ltd. (凱乾嘉(上海)餐飲管理有限公司)	Purchase of goods	13,754.74	–
Beijing Canny-Robot Technology Co., Ltd. (北京康力優藍機器人科技有限公司)	Purchase of goods	–	16,000.00
Tianjin Hongxing Pacific Cinema Management Co., Ltd. (天津紅星太平洋影院管理有限公司)	Purchase of goods	–	11,960.00
Shanghai Hongxin Cinema Management Co., Ltd. (上海紅昕影院管理有限公司)	Purchase of goods	–	7,040.00
Shanghai Longhong Cinema Management Co., Ltd. (上海龍紅影院管理有限公司)	Purchase of goods	–	4,000.00
		<b>48,579,378.29</b>	92,112,837.37

*Note:* Commodity purchases from related parties: during the year, the Group conducted commodity transactions with related parties based on market prices.

## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 5. Major Transactions between the Group and Related Parties (continued)

#### (1) Purchase and sale of goods, provision and receipt of services from related parties (continued)

*Purchase of goods and receipt of services from related parties (continued)*

	Details of Transactions	2020	2019
Wuhu Minghui Business Management Co., Ltd. (蕪湖明輝商業管理有限公司)	Settlement of interest income from deposit	<b>18,976.89</b>	17,611.95
Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司)	Settlement of interest income from deposit	<b>6,215.15</b>	924.06
Baoxiang Red Star Macalline (Xiamen) Global Home Plaza Co., Ltd. (寶象紅星美凱龍(廈門)全球家居廣場有限公司)	Settlement of interest income from deposit	<b>4,110.50</b>	3,714.82
Handan Fengfeng kuang District Royal Property Development Company Limited (邯鄲市峰峰礦區皇室房地產開發有限公司)	Settlement of interest income from deposit	<b>3,967.42</b>	16,231.18
Anhui Tenghui Investment Group Hefei Co., Ltd. (安徽騰輝投資集團合肥有限公司)	Settlement of interest income from deposit	<b>92.86</b>	–
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	<b>61.13</b>	2,015.73
		<b>33,423.95</b>	40,497.74

*Note:* Payment of interest on deposits to related parties: during the year, the Group conducted transactions with related parties based on market prices.

# Notes to the Financial Statements

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## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 5. Major Transactions between the Group and Related Parties (continued)

#### (1) Purchase and sale of goods, provision and receipt of services from related parties (continued)

*Purchase of goods and receipt of services from related parties (continued)*

	Details of Transactions	2020	2019
Xiamen Baoxiang Red Star Macalline Home Furnishing Plaza Company Limited (廈門寶象紅星美凱龍家居生活廣場有限公司)	Joint marketing	499,101.88	141,226.43
Wuhan Zhengkai Logistics Co., Ltd. (武漢市正凱物流有限公司)	Joint marketing	455,452.82	217,735.85
Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司)	Joint marketing	451,877.84	180,471.69
Wuhu Minghui Commercial Management Co., Ltd. (蕪湖明輝商業管理有限公司)	Joint marketing	337,173.58	309,176.40
Shanghai CTME Economy & Trade Development Co., Ltd. (上海中質美凱龍經貿發展有限公司)	Joint marketing	241,509.43	–
Baoxiang Red Star Macalline (Xiamen) Global Home Plaza Co., Ltd. (寶象紅星美凱龍(廈門)全球家居廣場有限公司)	Joint marketing	144,026.42	–
Shenzhen Red Star Macalline Expo Home Plaza Co., Ltd. (深圳紅星美凱龍世博家居廣場有限公司)	Joint marketing	13,886.79	–
Yangzhou Kailong Management Consulting Co., Ltd. (揚州凱龍管理諮詢有限公司)	Joint marketing	–	407,830.17
		<b>2,143,028.76</b>	<b>1,256,440.54</b>

*Note:* Related parties provided joint marketing services for the Group: during the year, the Group conducted transactions with related parties based on market prices.

## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 5. Major Transactions between the Group and Related Parties (continued)

#### (1) Purchase and sale of goods, provision and receipt of services from related parties (continued)

*Purchase of goods and receipt of services from related parties (continued)*

Details of Transactions		2020	2019
Wuhu Minghui Business Management Co., Ltd. (蕪湖明輝商業管理有限公司)	Revenue from advertising space lease/Administrative expenses	540,388.37	548,564.74
Shaanxi Hongrui Home Furnishings Plaza Co., Ltd. (陝西鴻瑞家居生活廣場有限公司)	Revenue from advertising space lease/Administrative expenses	223,016.03	458,994.53
Yangzhou Red Star Macalline Global Home Furnishings Plaza Property Co., Ltd. (揚州紅星美凱龍全球家居生活廣場置業有限公司)	Revenue from advertising space lease/Administrative expenses	277,777.68	793,029.88
Xuzhou Red Star Macalline Global Home Furnishings Plaza Co., Ltd. (徐州紅星美凱龍全球家居生活廣場有限公司)	Revenue from advertising space lease/Administrative expenses	214,285.64	394,920.75
Xiamen Baoxiang Red Star Macalline Home Furnishing Plaza Company Limited (廈門寶象紅星美凱龍家居生活廣場有限公司)	Revenue from advertising space lease/Administrative expenses	12,232.36	184,989.86
Baoxiang Red Star Macalline (Xiamen) Global Home Plaza Co., Ltd. (寶象紅星美凱龍(廈門)全球家居廣場有限公司)	Revenue from advertising space lease/Administrative expenses	1,608.48	–
Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司)	Revenue from advertising space lease/Administrative expenses	–	200,372.27
Jining Hongrui Market Management Co., Ltd. (濟寧鴻瑞市場經營管理有限公司)	Revenue from advertising space lease/Administrative expenses	–	182,852.15
Xuzhou Red Star Macalline International Furniture Decoration City Co., Ltd. (徐州紅星美凱龍國際家具裝飾城有限公司)	Revenue from advertising space lease/Administrative expenses	–	81,904.69
Wuhan Zhengkai Logistics Co., Ltd. (武漢市正凱物流有限公司)	Revenue from advertising space lease/Administrative expenses	–	17,237.99
		<b>1,269,308.56</b>	2,862,866.86

*Note:* Related parties provided the Group with advertising space leasing/management services: during the year, the Group entered into transactions with related parties based on market prices.

# Notes to the Financial Statements

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## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 5. Major Transactions between the Group and Related Parties (continued)

#### (1) Purchase and sale of goods, provision and receipt of services from related parties (continued)

*Purchase of goods and receipt of services from related parties (continued)*

	Details of Transactions	2020	2019
Shanghai Zhenyang Decoration Co., Ltd. (上海振洋建築裝潢工程有限公司) and its branches	Receipt of services	68,025,985.65	N/A*
Shanghai Red Star Win-Win Cloud Computing Technology Co., Ltd. (上海紅星共贏雲計算科技有限公司)	Receipt of services	27,426,971.70	–
Shanghai Xingzhiyu Commercial Management Co., Ltd. (上海星之域商業經營管理有限公司)	Receipt of services	12,053,132.23	–
Shanghai Jiazhan Construction Engineering Company Limited (上海嘉展建築裝潢工程有限公司)	Receipt of services	11,655,887.06	–
Alibaba Cloud Computing Co., Ltd. (阿里雲計算有限公司)	Receipt of services	3,190,614.40	–
Beijing Allgf Cultural and Scientific Consultation Co., Ltd. (北京國富縱橫文化科技諮詢股份有限公司)	Receipt of services	2,561,347.65	–
Shanghai Huojing Business Management Company Limited (上海或京商業管理有限公司) and its branches	Receipt of services	2,078,622.00	631,800.00
Shenzhen Yatai Macalline Life Space Technology Co., Ltd. (深圳市亞泰美凱龍空間科技有限公司)	Receipt of services	1,766,800.00	220,800.00
Alipay (China) Network Technology Co., Ltd. (支付寶(中國)網絡技術有限公司)	Receipt of services	1,095,658.42	–
Changzhou Red Star Furniture General Factory Co., Ltd. (常州市紅星傢俱總廠有限公司)	Receipt of services	649,876.07	–
Shenyang Red Star Macalline Property Management Co., Ltd. (瀋陽紅星美凱龍物業管理有限公司) and its branches	Receipt of services	648,000.00	648,000.00
Zhejiang Alibaba Communication Technology Co., Ltd. (浙江阿里巴巴通信技術有限公司)	Receipt of services	566,037.74	–
Yimeijisi Optoelectronics Technology (Fujian) Co., Ltd. (誼美吉斯光電科技(福建)有限公司)	Receipt of services	197,020.71	–
Wuhu Minghui Business Management Co., Ltd. (蕪湖明輝商業管理有限公司)	Receipt of services	171,700.57	44,759.00
Guangzhou Red Star Macalline Expo Home Plaza Co., Ltd. (廣州紅星美凱龍世博家居廣場有限公司)	Receipt of services	142,264.15	–
Shenzhen Long Life Basics Sleep Science and Technology Co., Ltd. (深圳市朗樂福睡眠科技有限公司)	Receipt of services	141,509.43	–



## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 5. Major Transactions between the Group and Related Parties (continued)

#### (1) Purchase and sale of goods, provision and receipt of services from related parties (continued)

*Purchase of goods and receipt of services from related parties (continued)*

	Details of Transactions	2020	2019
Ultimate IOT (Shanghai) Technology Co., Ltd. (超級智慧家(上海)物聯網科技有限公司)	Receipt of services	94,930.14	-
Alibaba (China) Network Technology Co., Ltd. (阿里巴巴(中國)網絡技術有限公司)	Receipt of services	90,000.00	-
Fujian Red Star Macalline Property Service Co., Ltd. (福建紅星美凱龍物業服務有限公司)	Receipt of services	87,389.50	-
Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司)	Receipt of services	52,373.23	60,000.00
Baoxiang Red Star Macalline (Xiamen) Global Home Plaza Co., Ltd. (寶象紅星美凱龍(廈門)全球家居廣場有限公司)	Receipt of services	28,709.75	-
Hainan Huirui Investment Co., Ltd. (海南暉瑞投資有限公司)	Receipt of services	24,752.48	-
Xiamen Baoxiang Red Star Macalline Home Furnishing Plaza Company Limited (廈門寶象紅星美凱龍家居生活廣場有限公司)	Receipt of services	3,301.89	70,018.88
Shanghai Xinhua Chengcheng Asset Management Co., Ltd. (上海新華成城資產管理有限公司)	Receipt of services	-	137,800.00
Kunming Xingqin Business Management Co., Ltd. (昆明星琴商業管理有限公司)	Receipt of services	-	69,583.32
Suzhou Kaiqin Business Management Co., Ltd. (蘇州凱琴商業管理有限公司)	Receipt of services	-	47,169.81
Shanghai Aegean Business Management Co., Ltd. (上海愛琴海商務管理有限公司)	Receipt of services	-	33,077.00
Shenzhen Red Star Macalline Home Furnishing Plaza Company Limited (深圳紅星美凱龍家居生活廣場有限公司)	Receipt of services	-	18,867.92
Chongqing Nan'an District Hongmei Cinema Management Co., Ltd. (重慶市南岸區紅美影院管理有限公司)	Receipt of services	-	5,095.00
		<b>132,752,884.77</b>	1,986,970.93

*Note:* Related parties provided labor services for the Group: during the year, the Group conducted transactions with related parties based on market prices.

\* During the year, the Group increased the capital of Shanghai Zhenyang Decoration Co., Ltd., with a shareholding ratio of 22.41%, which had a significant impact on it. The Group began to disclose it as an associate during the year.



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## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 5. Major Transactions between the Group and Related Parties (continued)

#### (1) Purchase and sale of goods, provision and receipt of services from related parties (continued)

*Sales of goods and rendering of services to related parties*

	Details of Transactions	2020	2019
Danyang Rongjin Hongxing Real Estate Development Co., Ltd. (丹陽市融錦宏星置業發展有限公司)	Sales of goods	17,165,388.11	-
Henan Chenbo Real Estate Co., Ltd. (河南宸博置業有限公司)	Sales of goods	4,120,432.37	-
Zhanjiang Haixin Meikai Investment Co., Ltd. (湛江市海新美凱投資有限公司)	Sales of goods	3,136,419.36	-
Changxing Ronghao Trading Co., Ltd. (長興榮皓貿易有限公司)	Sales of goods	2,775,592.35	-
Jinan Xinglong Real Estate Development Co., Ltd. (濟南星龍房地產開發有限公司)	Sales of goods	2,759,571.11	-
Cixi Haorui Real Estate Co., Ltd. (慈溪皓瑞置業有限公司)	Sales of goods	2,526,711.00	-
Shanghai Macalline Seven Star Hotel Management Co., Ltd. (上海美凱龍七星酒店管理有限公司)	Sales of goods	1,274,336.28	-
Xiangshan Meilong Real Estate Co., Ltd. (象山美龍置業有限公司)	Sales of goods	610,000.00	-
Xiangshan Xinglong Real Estate Co., Ltd. (象山星龍置業有限公司)	Sales of goods	539,822.96	-
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司)	Sales of goods	507,411.50	-
Shanghai Xuanyan Enterprise Management Company Limited (上海暄妍企業管理有限公司)	Sales of goods	473,168.14	-
Yuyao Xingkai Real Estate Co., Ltd. (余姚星凱置業有限公司)	Sales of goods	392,706.27	-
Shanxi Red Star New World Real Estate Co., Ltd. (山西紅星新世界置業有限公司)	Sales of goods	260,310.00	-
Tianjin Macalline Real Estate Co., Ltd. (天津美凱龍置業有限公司)	Sales of goods	260,176.91	-

## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 5. Major Transactions between the Group and Related Parties (continued)

#### (1) Purchase and sale of goods, provision and receipt of services from related parties (continued)

*Sales of goods and rendering of services to related parties (continued)*

Details of Transactions		2020	2019
Wuhan Zhengkai Logistics Co., Ltd. (武漢市正凱物流有限公司)	Sales of goods	253,716.81	51,690.26
Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司)	Sales of goods	223,686.72	89,161.07
Shanghai Liehu Management Consulting Center (Limited Partnership) (上海獵戶管理諮詢中心(有限合夥))	Sales of goods	105,015.93	–
Yangzhou Red Star Macalline Global Home Furnishings Plaza Property Co., Ltd. (揚州紅星美凱龍全球家居生活廣場置業有限公司)	Sales of goods	97,345.13	–
Hengshui Xinglong Real Estate Development Co., Ltd. (衡水星龍房地產開發有限公司)	Sales of goods	92,527.39	–
Liuzhou Red Star Macalline Real Estate Co., Ltd. (柳州紅星美凱龍置業有限公司)	Sales of goods	75,000.00	280,267.26
Xiamen Baoxiang Red Star Macalline Home Furnishing Plaza Company Limited (廈門寶象紅星美凱龍家居生活廣場有限公司)	Sales of goods	60,723.00	–
Suzhou Macalline Aijia Internet Technology Co., Ltd. (蘇州美凱龍愛家互聯網科技有限公司)	Sales of goods	53,097.35	–
Hefei Macalline Aijia Internet Technology Co., Ltd. (合肥美凱龍愛家互聯網科技有限公司)	Sales of goods	53,097.35	–
Shenzhen Red Star Macalline Expo Home Plaza Co., Ltd. (深圳紅星美凱龍世博家居廣場有限公司)	Sales of goods	46,745.47	–
Wuhu Minghui Business Management Co., Ltd. (蕪湖明輝商業管理有限公司)	Sales of goods	38,074.94	–
Shanghai Mixing Catering Management Co., Ltd. (上海覓星餐飲管理有限公司)	Sales of goods	29,938.05	–
Shanghai Xinxing Catering Management Co., Ltd. (上海忞星餐飲管理有限公司)	Sales of goods	29,938.05	–

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## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 5. Major Transactions between the Group and Related Parties (continued)

#### (1) Purchase and sale of goods, provision and receipt of services from related parties (continued)

*Sales of goods and rendering of services to related parties (continued)*

Details of Transactions		2020	2019
Shanghai Weilaishi Decoration Technology Company Limited (上海威來適裝飾科技有限公司)	Sales of goods	25,105.85	-
Shandong Inzone Green Home Co., Ltd. (山東銀座家居有限公司)	Sales of goods	16,603.77	-
Baoxiang Red Star Macalline (Xiamen) Global Home Plaza Co., Ltd. (寶象紅星美凱龍(廈門)全球家居廣場有限公司)	Sales of goods	13,528.30	-
Hangzhou Nabel Ceramics Co., Ltd. (杭州諾貝爾陶瓷有限公司) and its branches	Sales of goods	11,314.24	-
Shanghai Shimao Macalline Home Technology Co., Ltd. (上海世茂美凱龍家居科技有限公司)	Sales of goods	9,725.62	-
Tianjin Kailong Real Estate Co., Ltd. (天津凱龍置業有限公司)	Sales of goods	8,490.48	-
Shaanxi Hongrui Home Furnishings Plaza Co., Ltd. (陝西鴻瑞家居生活廣場有限公司)	Sales of goods	2,654.87	-
Klas International Home Living Company Limited (克拉斯國際家居有限公司)	Sales of goods	743.36	-
Hangzhou Nabel Group Co., Ltd. (杭州諾貝爾集團有限公司) and its branches	Sales of goods	12.00	-
Anka Household Products (Shanghai) Co., Ltd. (安咖家居用品(上海)有限公司)	Sales of goods	-	11,411,793.12
Shanghai Qiaotong Enterprise Management Co., Ltd. (上海喬彤企業管理有限公司)	Sales of goods	-	198,000.00
		<b>38,049,131.04</b>	12,030,911.71

*Note:* Sales of goods to related parties: during the year, the Group conducted transactions with related parties based on market prices.

## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 5. Major Transactions between the Group and Related Parties (continued)

#### (1) Purchase and sale of goods, provision and receipt of services from related parties (continued)

*Sales of goods and rendering of services to related parties (continued)*

	Details of Transactions	2020	2019
Henan Chenbo Real Estate Co., Ltd. (河南宸博置業有限公司)	Rendering of services	9,536,852.92	–
Xining Red Star Macalline Real Estate Development Co., Ltd. (西寧紅星美凱龍房地產開發有限公司)	Rendering of services	9,178,261.23	–
Xishuangbanna cloud investment construction Pan Asia Real Estate Co., Ltd. (西雙版納雲投建設泛亞置業有限公司)	Rendering of services	7,699,291.25	–
Shanghai CTME Economy & Trade Development Co., Ltd. (上海中貿美凱龍經貿發展有限公司)	Rendering of services	6,838,489.43	20,361,884.36
Shuyang Xinglong Real Estate Development Co., Ltd. (瀘陽星龍房地產開發有限公司)	Rendering of services	3,020,796.86	–
Hengshui Xinglong Real Estate Development Co., Ltd. (衡水星龍房地產開發有限公司)	Rendering of services	2,980,169.91	–
Shanghai Xingzhiyu Commercial Management Co., Ltd. (上海星之域商業經營管理有限公司)	Rendering of services	2,272,861.09	–
Kunming Hongxing Haihui Real Estate Co., Ltd. (昆明紅星海匯房地產有限公司)	Rendering of services	1,825,952.14	3,275,539.66
Liuzhou Red Star Macalline Real Estate Co., Ltd. (柳州紅星美凱龍置業有限公司)	Rendering of services	1,630,389.10	–
Zhejiang Zhongguang Electric Appliances Co., Ltd. (浙江中廣電器股份有限公司)	Rendering of services	1,650,943.38	1,650,943.38
Xiangshan Meilong Real Estate Co., Ltd. (象山美龍置業有限公司)	Rendering of services	1,603,541.18	–
Zhejiang Tmall Technology Co., Ltd.	Rendering of services	1,467,981.20	–
Shanghai Macalline Aijia Real Estate Management Consulting Co., Ltd. (上海美凱龍愛家房地產管理諮詢有限公司)	Rendering of services	1,411,862.18	–
Hangzhou Nabel Ceramics Co., Ltd. (杭州諾貝爾陶瓷有限公司) and its branches	Rendering of services	1,155,065.47	1,375,786.16
Taiyuan Shuangming Kailong Real Estate Development Co., Ltd. (太原雙明凱龍房地產開發有限公司)	Rendering of services	1,000,422.88	–

# Notes to the Financial Statements

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## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 5. Major Transactions between the Group and Related Parties (continued)

#### (1) Purchase and sale of goods, provision and receipt of services from related parties (continued)

*Sales of goods and rendering of services to related parties (continued)*

	Details of Transactions	2020	2019
Shenzhen Huasheng Home Furnishing Group Co., Ltd. (深圳華生大家居集團有限公司)	Rendering of services	786,163.52	2,358,490.56
Xuzhou Red Star Macalline Global Home Furnishings Plaza Co., Ltd. (徐州紅星美凱龍全球家居生活廣場有限公司)	Rendering of services	565,500.31	–
Kunming Guangyuan Real Estate Development Co., Ltd. (昆明廣遠房地產開發有限公司)	Rendering of services	448,582.64	–
Shanghai Kaixin Cinema Management Co., Ltd. (上海凱昕影院管理有限公司)	Rendering of services	330,660.42	–
Shanghai Linwu Fitness Club Co., Ltd. (上海林茂健身俱樂部有限公司)	Rendering of services	321,033.97	–
Shanghai Red Star Macalline Real Estate Co. Ltd. (上海紅星美凱龍置業有限公司)	Rendering of services	202,707.52	247,850.00
Shanghai Linsai Fitness Club Co., Ltd. (上海林賽健身俱樂部有限公司) and its branches	Rendering of services	166,660.52	–
Shanghai Huojing Business Management Company Limited (上海或京商業管理有限公司) and its branches	Rendering of services	139,313.93	4,109.38
Shanghai Lingsi Fitness Club Co., Ltd. (上海玲思健身俱樂部有限公司)	Rendering of services	120,754.72	–
Changzhou Hongmei Cinema Management Co., Ltd. (常州紅美影院管理有限公司)	Rendering of services	119,549.51	308,000.00
Qingdao Dana International Studios Co., Ltd. (青島德納國際影城有限公司)	Rendering of services	115,259.06	–
Suzhou Kaimei Cinema Management Co., Ltd. (蘇州凱美影院管理有限公司)	Rendering of services	115,005.06	–
Shenzhen Red Star Macalline Expo Home Plaza Co., Ltd. (深圳紅星美凱龍世博家居廣場有限公司)	Rendering of services	114,956.91	–
Changzhou Xingchen Interactive Entertainment Co., Ltd. (常州星琛娛樂科技有限公司)	Rendering of services	106,129.56	53,563.64

## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 5. Major Transactions between the Group and Related Parties (continued)

#### (1) Purchase and sale of goods, provision and receipt of services from related parties (continued)

*Sales of goods and rendering of services to related parties (continued)*

	Details of Transactions	2020	2019
Ningbo Kaixing Cinema Management Co., Ltd. (寧波凱星影院管理有限公司)	Rendering of services	93,842.66	183,326.00
Jinhua Jiayi Film Co., Ltd. (金華市佳藝影業有限公司)	Rendering of services	85,830.52	15,000.00
SleepMaker (Shenzhen) Company Limited (造夢者家居(深圳)有限公司)	Rendering of services	69,998.47	–
Shanghai Xingchen Interactive Entertainment Technology Co., Ltd. (上海星琛互動娛樂科技有限公司)	Rendering of services	68,603.76	107,027.42
Yixing Yimei Studios Co., Ltd. (宜興逸美影城有限公司)	Rendering of services	62,475.42	38,332.00
Shanghai Macalline Seven Star Hotel Management Co., Ltd. (上海美凱龍七星酒店管理有限公司)	Rendering of services	61,332.08	–
Tianjin Laina Huakai Film Co., Ltd. (天津萊納華開影業有限公司)	Rendering of services	59,147.48	88,000.00
Shanghai Longhong Cinema Management Co., Ltd. (上海龍紅影院管理有限公司)	Rendering of services	58,490.56	8,000.00
Tianjin Hongxing Pacific Cinema Management Co., Ltd. (天津紅星太平洋影院管理有限公司)	Rendering of services	58,175.47	308,330.00
Suzhou Hongmei Cinema Management Co., Ltd. (蘇州紅美影院管理有限公司)	Rendering of services	52,830.18	56,000.00
Yixing Chenxing Digital Cinema Co., Ltd. (宜興市晨興數位影院有限公司)	Rendering of services	51,626.69	–
Shanghai Aegean Ole Business Management Co., Ltd. (上海愛琴海奧萊商業管理有限公司)	Rendering of services	48,149.73	–
Shanghai Tianhe Smart Home Technology Company Ltd. (上海天合智能科技股份有限公司) and its branches	Rendering of services	48,044.34	–
Xiaogan Honghe Studios Management Co., Ltd. (孝感泓河影城管理有限公司)	Rendering of services	29,945.22	–

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## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 5. Major Transactions between the Group and Related Parties (continued)

#### (1) Purchase and sale of goods, provision and receipt of services from related parties (continued)

*Sales of goods and rendering of services to related parties (continued)*

	Details of Transactions	2020	2019
Baoxiang Red Star Macalline (Xiamen) Global Home Plaza Co., Ltd. (寶象紅星美凱龍(廈門)全球家居廣場有限公司)	Rendering of services	29,107.08	389,339.62
Shanghai Zhenyang Decoration Co., Ltd. (上海振洋建築裝潢工程有限公司) and its branches	Rendering of services	23,775.61	–
Shanghai Huangpu Red Star Microfinance Co., Ltd. (上海黃浦紅星小額貸款有限公司)	Rendering of services	22,415.13	–
Shanghai Mixing Catering Management Co., Ltd. (上海覓星餐飲管理有限公司)	Rendering of services	20,509.66	–
Tianjin Cameo Film Co., Ltd. (天津卡美奧影業有限公司)	Rendering of services	18,743.40	99,340.00
Shanghai Kaihong Cinema Management Co., Ltd. (上海凱紅影院管理有限公司)	Rendering of services	15,974.52	–
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司)	Rendering of services	14,969.80	47,604.00
Shanghai Xinhong Cinema Management Co., Ltd. (上海昕紅影院管理有限公司)	Rendering of services	12,594.34	3,000.00
Shanghai Hongxin Cinema Management Co., Ltd. (上海紅昕影院管理有限公司)	Rendering of services	9,383.02	–
Shanghai Meiying Enterprise Management Co., Ltd. (上海美影企業管理有限公司)	Rendering of services	7,221.70	–
Kaiqianjia Enterprise Management Co., Ltd. (凱乾嘉企業管理有限公司)	Rendering of services	6,650.00	14,056.26
Shanghai Xingkai Cinema Management Co., Ltd. (上海星凱影院管理有限公司)	Rendering of services	6,603.77	–
Qingdao Hongying Cinema Management Co., Ltd. (青島紅影影院管理有限公司)	Rendering of services	5,943.40	–
Guangzhou Red Star Macalline Expo Home Plaza Co., Ltd. (廣州紅星美凱龍世博家居廣場有限公司)	Rendering of services	2,830.19	–
Shenzhen Red Star Macalline Business Management Company Limited (深圳紅星美凱龍商業管理有限公司)	Rendering of services	2,830.19	–



## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 5. Major Transactions between the Group and Related Parties (continued)

#### (1) Purchase and sale of goods, provision and receipt of services from related parties (continued)

*Sales of goods and rendering of services to related parties (continued)*

	Details of Transactions	2020	2019
Shanghai Xinglong Cinema Management Co., Ltd. (上海星龍影院管理有限公司)	Rendering of services	2,830.19	-
Shanghai Yunshen Intelligent Technology Co., Ltd. (上海雲紳智能科技有限公司)	Rendering of services	2,150.94	25,667.10
Shanghai Harbour Home Investment Management Co., Ltd. (上海灣寓投資管理有限公司)	Rendering of services	N/A*	552,000.19
Ningbo Kailong Property Company Limited (寧波凱龍置業有限公司)	Rendering of services	-	2,914,380.19
Shanghai Qiaotong Enterprise Management Co., Ltd. (上海喬彤企業管理有限公司)	Rendering of services	-	2,417,113.50
Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司)	Rendering of services	-	992,924.52
Xiamen Baoxiang Red Star Macalline Home Furnishing Plaza Company Limited (廈門寶象紅星美凱龍家居生活廣場有限公司)	Rendering of services	-	318,924.53
Jiangsu Red Star David Mao Business Management Group Co., Ltd. (江蘇紅星大衛茂商業管理集團有限公司)	Rendering of services	-	246,400.00
Shanghai Yixin Enterprise Development Co., Ltd. (上海逸莘企業發展有限公司)	Rendering of services	-	90,698.70
Shanghai Xinhua Chengcheng Asset Management Co., Ltd. (上海新華成城資產管理有限公司)	Rendering of services	-	89,900.00
Shanghai Aegean Business Management Co., Ltd. (上海愛琴海商務管理有限公司)	Rendering of services	-	68,115.00
		<b>57,978,183.39</b>	38,709,646.17

*Note:* Rendering of services to related parties: during the year, the Group conducted transactions with related parties based on market prices.

\* During the year, the Group withdrew the directors it appointed from Shanghai Harbour Home Investment Management Co., Ltd., and ceased to have a significant impact on it. The Group disclosed it as other equity instrument investments.



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## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 5. Major Transactions between the Group and Related Parties (continued)

#### (1) Purchase and sale of goods, provision and receipt of services from related parties (continued)

*Sales of goods and rendering of services to related parties (continued)*

	Details of Transactions	2020	2019
Handan Fengfengkuang District Royal Property Development Company Limited (邯鄲市峰峰礦區皇室房地產開發有限公司)	Consultation fees for previous period	<b>30,491,190.42</b>	15,094,339.62
Handan Fengfengkuang District Royal Property Development Company Limited (邯鄲市峰峰礦區皇室房地產開發有限公司)	Commercial consultation fees	–	18,867,924.53
Jining Hongrui Market Management Company Limited (濟寧鴻瑞市場經營管理有限公司)	Brand management service	<b>4,139,480.78</b>	4,983,238.68
Greenland Group Chengdu Jinniu Real Estate Development Co., Ltd. (綠地集團成都金牛房地產開發有限公司)	Brand management service	<b>3,816,662.34</b>	3,773,584.91
Wuhan Zhengkai Logistics Co., Ltd. (武漢市正凱物流有限公司)	Brand management service	<b>2,830,188.68</b>	2,830,188.68
Wuhu Minghui Business Management Co., Ltd. (蕪湖明輝商業管理有限公司)	Brand management service	<b>2,751,603.77</b>	2,830,188.68
Xuzhou Red Star Macalline Global Home Furnishings Plaza Co., Ltd. (徐州紅星美凱龍全球家居生活廣場有限公司)	Brand management service	<b>2,680,817.58</b>	3,411,949.72
Shaanxi Hongrui Home Furnishings Plaza Co., Ltd. (陝西鴻瑞家居生活廣場有限公司)	Brand management service	<b>2,594,339.62</b>	2,830,188.68
Yangzhou Red Star Macalline Global Home Furnishings Plaza Property Co., Ltd. (揚州紅星美凱龍全球家居生活廣場置業有限公司)	Brand management service	<b>2,594,339.62</b>	2,830,188.68
Xuzhou Red Star Macalline Global Home Furnishings Plaza Co., Ltd. (徐州紅星美凱龍全球家居生活廣場有限公司)	Brand management service	<b>1,643,081.74</b>	2,091,195.00
Xinghua Xingkai Home Furnishing Plaza Company Limited (興化市星凱家居生活廣場有限公司)	Brand management service	<b>N/A</b>	1,415,094.34
		<b>53,541,704.55</b>	60,958,081.52

*Note:* Provision of brand management services for related parties: during the year, the Group conducted transactions with related parties based on market prices.

## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 5. Major Transactions between the Group and Related Parties (continued)

#### (1) Purchase and sale of goods, provision and receipt of services from related parties (continued)

*Sales of goods and rendering of services to related parties (continued)*

	Details of Transactions	2020	2019
Shaanxi Hongrui Home Furnishings Plaza Co., Ltd. (陝西鴻瑞家居生活廣場有限公司)	Xingyi Tonghu Commission income regarding prepaid cards	-	100.00
Yangzhou Kailong Consulting Co., Ltd. (揚州凱龍管理諮詢有限公司)	Xingyi Tonghu Commission income regarding prepaid cards	-	4.72
		-	104.72

*Note:* The related parties' Xingyi Tonghui commissions regarding prepaid cards: during the year, the Group conducted transactions with related parties based on market prices.

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## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 5. Major Transactions between the Group and Related Parties (continued)

#### (1) Purchase and sale of goods, provision and receipt of services from related parties (continued)

*Sales of goods and rendering of services to related parties (continued)*

Details of Transactions		2020	2019
Chongqing Jinke Zhongjun Real Estate Development Co., Ltd. (重慶金科中俊房地產開發有限公司)	Service income	106,480,005.68	–
Xishuangbanna cloud investment construction Pan Asia Real Estate Co., Ltd. (西雙版納雲投建設泛亞置業有限公司)	Service income	55,986,514.88	7,561,955.93
Shanghai Luochang Enterprise Management Co., Ltd. (上海洛昶企業管理有限公司)	Service income	46,008,051.21	–
Xining Aegean Real Estate Development Co., Ltd. (西寧愛琴海房地產開發有限公司)	Service income	38,534,925.50	–
Zhanjiang Haixin Meikai Investment Co., Ltd. (湛江市海新美凱投資有限公司)	Service income	29,528,784.47	–
Changchun Red Star Macalline Real Estate Development Co., Ltd. (長春紅星美凱龍房地產開發有限公司)	Service income	11,851,447.44	–
Baoshan Red Star Urban and Rural Investment and Real Estate Co., Ltd. (保山紅星城鄉投資置業有限公司)	Service income	10,843,035.11	–
Shenzhen Long Life Basics Sleep Science and Technology Co., Ltd. (深圳市朗樂福睡眠科技有限公司)	Service income	3,822,830.19	–
Wuhu Meihe Asset Management Company Limited (蕪湖美和資產管理有限公司)	Service income	3,773,584.92	–
Hangzhou Nabel Ceramics Co., Ltd. (杭州諾貝爾陶瓷有限公司) and its branches	Service income	3,573,541.49	346,338.46
Shenzhen Red Star Macalline Business Management Company Limited (深圳紅星美凱龍商業管理有限公司)	Service income	2,319,144.60	–
Xiangshan Kaisheng Real Estate Co., Ltd. (象山凱勝置業有限公司)	Service income	2,078,332.29	–
Shanghai Red Star Win-Win Cloud Computing Technology Co., Ltd. (上海紅星共贏雲計算科技有限公司)	Service income	1,106,018.87	–
Taiyuan Shuangmingzhikun Real Estate Development Co., Ltd. (太原雙明智坤房地產開發有限公司)	Service income	910,384.82	–

## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 5. Major Transactions between the Group and Related Parties (continued)

#### (1) Purchase and sale of goods, provision and receipt of services from related parties (continued)

*Sales of goods and rendering of services to related parties (continued)*

	Details of Transactions	2020	2019
Yunnan Hongxing Meikailong Real Estate Co., Ltd. (雲南紅星美凱龍置業有限公司)	Service income	666,518.03	1,022,005.64
Shengbao (Shanghai) Furniture Co., Ltd. (晟葆(上海)傢俱有限公司)	Service income	574,412.84	255,809.71
Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司)	Service income	489,847.53	58,399.11
Shenyang Red Star Macalline Property Management Co., Ltd. and its branches	Service income	410,586.08	–
Brewster Wallpaper International Trading (Shanghai) Co., Ltd. (布魯斯特牆紙國際貿易(上海)有限公司)	Service income	314,465.40	–
Ultimate IOT (Shanghai) Technology Co., Ltd. (超級智慧家(上海)物聯網科技有限公司)	Service income	273,789.07	159,217.73
Tianjin Kailong Real Estate Co., Ltd. (天津凱龍置業有限公司)	Service income	258,130.34	–
Klas International Home Living Company Limited (克拉斯國際家居有限公司)	Service income	252,071.32	22,800.00
Xiangshan Meilong Real Estate Co., Ltd. (象山美龍置業有限公司)	Service income	186,688.82	–
Business Division of Nanjing Pukou Lilicheng Furniture (南京市浦口區立力成傢俱經營部)	Service income	134,630.71	–
Shanghai Aegean Commercial Group Co., Ltd. (上海愛琴海商業集團股份有限公司)	Service income	124,950.50	–
Shanghai Weilaishi Decoration Technology Company Limited (上海威來適裝飾科技有限公司)	Service income	109,168.51	–
Suzhou Supin Home Culture Co., Ltd. (蘇州市蘇品宅配文化有限公司)	Service income	89,622.64	–
Shaanxi Hongrui Home Furnishings Plaza Co., Ltd. (陝西鴻瑞家居生活廣場有限公司)	Service income	67,681.40	278.97
Jiangsu Baili Aijia Home Technology Co., Ltd. (江蘇佰麗愛家居科技有限公司)	Service income	67,655.55	11,200.00

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## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 5. Major Transactions between the Group and Related Parties (continued)

#### (1) Purchase and sale of goods, provision and receipt of services from related parties (continued)

*Sales of goods and rendering of services to related parties (continued)*

	Details of Transactions	2020	2019
Changzhou Red Star Furniture General Factory Co., Ltd. (常州市紅星傢俱總廠有限公司)	Service income	59,896.18	52,266.05
Ningbo Qiangshang Home Living Company Limited (寧波牆尚家居有限公司)	Service income	46,303.96	–
Shandong Inzone Green Home Co., Ltd. (山東銀座家居有限公司)	Service income	37,735.85	–
Shanghai Xingyin Hai Industrial Co., Ltd. (上海星銀海實業有限公司)	Service income	33,663.37	–
Shanghai Zhenyang Decoration Co., Ltd. (上海振洋建築裝潢工程有限公司) and its branches	Service income	29,999.55	–
Chongqing Red Star Macalline Enterprise Development Co., Ltd. (重慶紅星美凱龍企業發展有限公司)	Service income	23,960.40	139,805.83
Shanghai Red Star Jinghai Commercial Management Co., Ltd. (上海紅星晶海商業管理有限公司)	Service income	21,782.18	–
Xiamen Baoxiang Red Star Macalline Home Furnishing Plaza Company Limited (廈門寶象紅星美凱龍家居生活廣場有限公司)	Service income	10,741.75	4,134.50
Jiangyin Tishang Home Furnishing Co., Ltd. (江陰提尚家居有限公司)	Service income	6,621.01	–
Shanghai Macalline Aijia Internet Technology Co., Ltd. (上海美凱龍愛家互聯網科技有限公司)	Service income	5,560.38	–
Shanghai Shuxiang Business Management Co., Ltd. (上海曙香商務管理有限公司)	Service income	3,960.40	–
Beijing Smart Parking Service Co., Ltd. (北京智泊停車服務有限公司)	Service income	3,636.85	–
Chongqing Mengxiang Island Ocean Park Management Co., Ltd. (重慶夢享島海洋公園管理有限公司)	Service income	3,564.36	–
Wuhu Minghui Business Management Co., Ltd. (蕪湖明輝商業管理有限公司)	Service income	434.37	25,963.82

## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 5. Major Transactions between the Group and Related Parties (continued)

#### (1) Purchase and sale of goods, provision and receipt of services from related parties (continued)

*Sales of goods and rendering of services to related parties (continued)*

Details of Transactions		2020	2019
Shenzhen Red Star Macalline Home Furnishing Plaza Company Limited (深圳紅星美凱龍家居生活廣場有限公司)	Service income	404.06	1,000.00
Yangzhou Kailong Consulting Co., Ltd. (揚州凱龍管理諮詢有限公司)	Service income	77.48	49.35
Xuzhou Red Star Macalline Global Home Furnishings Plaza Co., Ltd. (徐州紅星美凱龍全球家居生活廣場有限公司)	Service income	22.80	–
Shaanxi Red Star Heji Home Shopping Plaza Company Limited (陝西紅星和記家居購物廣場有限公司)	Service income	N/A*	37,291,116.63
Guangzhou Red Star Macalline Expo Home Plaza Co., Ltd. (廣州紅星美凱龍世博家居廣場有限公司)	Service income	–	790,786.66
Shanghai Red Star Macalline Real Estate Group Co., Ltd. (上海紅星美凱龍房地產集團有限公司)	Service income	–	102,912.62
Changzhou Aegean Ole Business Management Co., Ltd. (常州愛琴海奧萊商業管理有限公司)	Service income	–	8,952.36
Shenzhen Huasheng Home Furnishing Group Co., Ltd. (深圳華生大家居集團有限公司)	Service income	–	5,600.00
		<b>321,125,185.16</b>	47,860,593.37

*Note:* Rendering services to related parties: during the year, the Group conducted transactions with related parties based on market prices.

\* During the year, the Group acquired the remaining equity of Shaanxi Red Star Heji Home Shopping Plaza Company Limited and included it in the scope of consolidation. Therefore, it is a subsidiary of the Group during the year.

# Notes to the Financial Statements

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## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 5. Major Transactions between the Group and Related Parties (continued)

#### (1) Purchase and sale of goods, provision and receipt of services from related parties (continued)

*Sales of goods and rendering of services to related parties (continued)*

	Details of Transactions	2020	2019
Zhanjiang Haixin Meikai Investment Co., Ltd. (湛江市海新美凱投資有限公司)	Design consultation income	11,078,201.69	–
Yangzhou Xinglong Real Estate Development Co., Ltd. (揚州星龍房地產開發有限公司)	Design consultation income	9,433,962.26	–
Jining Kaixing Shopping Plaza Co., Ltd. (濟寧凱星購物廣場有限公司)	Design consultation income	3,207,547.18	–
Changzhou Red Star Macalline Real Estate Co., Ltd. (常州紅星美凱龍置業有限公司)	Design consultation income	2,808,811.34	–
Yiwu Meilong Real Estate Co., Ltd. (義烏美龍置業有限公司)	Design consultation income	2,330,518.87	–
Tianjin Xingkai Real Estate Development Co., Ltd. (天津星凱房地產開發有限公司)	Design consultation income	2,122,641.51	1,132,075.48
Nantong Xinglong Real Estate Development Co., Ltd. (南通星龍房地產開發有限公司)	Design consultation income	2,113,207.55	–
Jinan Xinglong Real Estate Development Co., Ltd. (濟南星龍房地產開發有限公司)	Design consultation income	1,981,132.08	–
Nanning Haoran Real Estate Co., Ltd. (南昌浩然置業有限公司)	Design consultation income	1,771,698.12	–
Yancheng Kailong Property Company Limited (鹽城凱龍置業有限公司)	Design consultation income	1,730,188.68	865,094.34
Shenzhen Red Star Macalline Business Management Company Limited (深圳紅星美凱龍商業管理有限公司)	Design consultation income	1,281,647.17	1,619,898.11
Shuyang Xinglong Real Estate Development Co., Ltd. (沭陽星龍房地產開發有限公司)	Design consultation income	1,187,363.21	–
Ganzhou Kaiyue Real Estate Co., Ltd. (贛州凱越置業有限公司)	Design consultation income	1,132,075.48	–
Tianjin Meilong Real Estate Development Co., Ltd. (天津美龍房地產開發有限公司)	Design consultation income	1,096,698.11	3,070,754.72

## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 5. Major Transactions between the Group and Related Parties (continued)

#### (1) Purchase and sale of goods, provision and receipt of services from related parties (continued)

*Sales of goods and rendering of services to related parties (continued)*

Details of Transactions		2020	2019
Taiyuan Red Star Weiye Property Development and Management Co., Ltd. (太原紅星偉業房地產開發經營有限公司)	Design consultation income	1,094,528.30	-
Xuzhou Maoxing Real Estate Co., Ltd. (徐州茂星置業有限公司)	Design consultation income	849,056.60	-
Cixi Xingkai Real Estate Co., Ltd. (慈溪星凱置業有限公司)	Design consultation income	809,716.98	-
Suzhou Red Star Macalline Real Estate Development Co., Ltd. (蘇州紅星美凱龍房地產開發有限公司)	Design consultation income	257,207.55	1,371,471.71
Liuzhou Red Star Macalline Real Estate Co., Ltd. (柳州紅星美凱龍置業有限公司)	Design consultation income	183,943.40	3,494,924.52
Shaanxi Red Star Heji Home Shopping Plaza Company Limited (陝西紅星和記家居購物廣場有限公司)	Design consultation income	N/A*	6,145,754.74
Hangzhou Weiliang Electromechanical Hardware Market Co., Ltd. (杭州偉量機電五金市場有限公司)	Design consultation income	N/A*	4,184,622.66
		<b>46,470,146.08</b>	21,884,596.28

*Note:* Provision of design consultation services for related parties: during the year, the Group conducted transactions with related parties based on market prices.

\* During the year, the Group acquired Hangzhou Red Star Macalline Global Furniture Co., Ltd. and Shaanxi Red Star Heji Home Shopping Plaza Company Limited. The above-mentioned companies are subsidiaries of the Group during the year.



# Notes to the Financial Statements

For the year 2020

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## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 5. Major Transactions between the Group and Related Parties (continued)

#### (2) Leases with related party

*As lessors*

	Type of leased assets	2020	2019
Shanghai Xingzhiyu Commercial Management Co., Ltd. (上海星之域商業經營管理有限公司)	Office	43,256,990.85	–
Chongqing Red Star Macalline Enterprise Development Co., Ltd. (重慶紅星美凱龍企業發展有限公司)	Office	337,155.93	–
Changzhou Longyao Equity Investment Management Co., Ltd. (常州龍耀股權投資管理有限公司)	Office	30,693.24	26,564.89
Changzhou Yizhi International Trade Co., Ltd. (常州市藝致國際貿易有限公司)	Office	5,294.04	–
Kaiqianjia Enterprise Management Co., Ltd. (凱乾嘉企業管理有限公司)	Office	–	518,142.28
Hangzhou Nabel Ceramics Co., Ltd. (杭州諾貝爾陶瓷有限公司) and its branches	Advertising space	595,093.87	37,500.00
Jiangsu Baili Aijia Home Technology Co., Ltd. (江蘇佰麗愛家居科技有限公司)	Advertising space	31,598.45	–
Shenzhen Long Life Basics Sleep Science and Technology Co., Ltd. (深圳市朗樂福睡眠科技有限公司)	Advertising space	22,641.51	–
Ultimate IOT (Shanghai) Technology Co., Ltd. (超級智慧家(上海)物聯網科技有限公司)	Advertising space	–	29,166.76
Shengbao (Shanghai) Furniture Co., Ltd. (晟葆(上海)傢俱有限公司)	Advertising space	–	23,249.97
Hangzhou Nabel Ceramics Co., Ltd. (杭州諾貝爾陶瓷有限公司) and its branches	Shop(s) in shopping mall	6,897,273.25	13,583,702.36
Klas International Home Living Company Limited (克拉斯國際家居有限公司)	Shop(s) in shopping mall	5,941,342.98	5,553,477.46
Ultimate IOT (Shanghai) Technology Co., Ltd. (超級智慧家(上海)物聯網科技有限公司)	Shop(s) in shopping mall	4,637,199.23	2,337,119.78
Shengbao (Shanghai) Furniture Co., Ltd. (晟葆(上海)傢俱有限公司)	Shop(s) in shopping mall	2,988,059.89	2,511,648.16
Shanghai Huojing Business Management Company Limited (上海或京商業管理有限公司) and its branches	Shop(s) in shopping mall	1,799,383.98	455,851.23

## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 5. Major Transactions between the Group and Related Parties (continued)

#### (2) Leases with related party (continued)

*As lessors (continued)*

	Type of leased assets	2020	2019
Jiangsu Baili Aijia Home Technology Co., Ltd. (江蘇佰麗愛家居科技有限公司)	Shop(s) in shopping mall	1,081,031.11	1,389,473.51
Changzhou Red Star Furniture General Factory Co., Ltd. (常州市紅星傢俱總廠有限公司)	Shop(s) in shopping mall	1,054,903.67	647,051.37
Changzhou Yizhi International Trade Co., Ltd. (常州市藝致國際貿易有限公司)	Shop(s) in shopping mall	521,112.26	361,696.44
Shanghai Zhenyang Decoration Co., Ltd. (上海振洋建築裝潢工程有限公司) and its branches	Shop(s) in shopping mall	427,625.99	N/A*
Shanghai Tianhe Smart Home Technology Company Ltd. (上海天合智能科技股份有限公司) and its branches	Shop(s) in shopping mall	363,421.04	–
Ningbo Qiangshang Home Living Company Limited (寧波牆尚家居有限公司)	Shop(s) in shopping mall	335,698.16	–
Business Division of Nanjing Pukou Lilicheng Furniture (南京市浦口區立力成傢俱經營部)	Shop(s) in shopping mall	261,777.72	434,650.08
CAO Zhongmin (曹仲民)	Shop(s) in shopping mall	236,043.84	817,027.20
Shanghai Weilaishi Decoration Technology Company Limited (上海威來適裝飾科技有限公司)	Shop(s) in shopping mall	225,461.88	–
Hangzhou Nabel Group Co., Ltd. (杭州諾貝爾集團有限公司)	Shop(s) in shopping mall	198,233.07	476,929.70
ZHANG Jianfang (張建芳)	Shop(s) in shopping mall	179,380.32	203,179.03
Shanghai Macalline Aijia Real Estate Management Consulting Co., Ltd. (上海美凱龍愛家房地產管理諮詢有限公司)	Shop(s) in shopping mall	102,197.81	–
Shanghai Dibang Intelligent Technology Co., Ltd. (上海諦邦智能科技有限公司)	Shop(s) in shopping mall	–	672,010.71
CHE Mianzhen (車冕楨)	Shop(s) in shopping mall	–	626,801.36

# Notes to the Financial Statements

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## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 5. Major Transactions between the Group and Related Parties (continued)

#### (2) Leases with related party (continued)

*As lessors (continued)*

	Type of leased assets	2020	2019
Shanghai Yunshen Intelligent Technology Co., Ltd. (上海雲紳智能科技有限公司)	Shop(s) in shopping mall	–	3,773.58
Shanghai Xinhua Chengcheng Asset Management Co., Ltd. (上海新華成城資產管理有限公司)	Parking garage	<b>18,975,332.00</b>	13,333,333.31
Beijing Smart Parking Service Co., Ltd. (北京智泊停車服務有限公司)	Parking garage	<b>1,886,792.48</b>	–
Beijing Sunsea Parking Management Co., Ltd. (北京陽光海天停車管理有限公司)	Parking garage	<b>710,916.44</b>	498,506.76
Shanghai Xingzhiyu Commercial Management Co., Ltd. (上海星之域商業經營管理有限公司)	Parking garage	<b>308,256.90</b>	–
Beijing Sunsea Enterprise Management Consulting Co., Ltd. (北京陽光海天企業管理諮詢有限公司)	Parking garage	<b>247,589.26</b>	–
		<b>93,658,501.17</b>	44,540,855.94

*Note:* Provision of leasing services for related parties: during the year, the Group conducted transactions with related parties based on market prices.

\* During the year, the Group increased the capital of Shanghai Zhenyang Decoration Co., Ltd., which had a significant impact on it. The Group began to disclose it as an associate during the year.

## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 5. Major Transactions between the Group and Related Parties (continued)

#### (2) Leases with related party (continued)

*As lessees*

	Type of leased assets	2020	2019
Shanghai Huojing Business Management Company Limited (上海或京商業管理有限公司)	Office	6,073,875.99	279,369.91
Xuzhou Red Star Macalline Global Home Life Plaza Property Management Co., Ltd. (徐州紅星美凱龍全球家居生活廣場物業管理有限公司)	Warehouse leasing	5,290.42	–
Changzhou Red Star Home Furnishing City (常州市紅星裝飾城)	Shopping mall	15,798,139.50	16,610,456.16
Shanghai Huojing Business Management Company Limited (上海或京商業管理有限公司)	Shop(s) in shopping mall	762,728.70	–
Shaanxi Hongrui Home Furnishings Plaza Co., Ltd. (陝西鴻瑞家居生活廣場有限公司)	Shop(s) in shopping mall	161,469.38	–
Wuhu Minghui Business Management Co., Ltd. (蕪湖明輝商業管理有限公司)	Shop(s) in shopping mall	115,749.14	–
Chengdu Dongtai Shopping Mall Company Limited (成都東泰商場有限公司)	Shop(s) in shopping mall	85,094.31	–
Xuzhou Red Star Macalline Global Home Furnishings Plaza Co., Ltd. (徐州紅星美凱龍全球家居生活廣場有限公司)	Shop(s) in shopping mall	56,710.51	–
Shenzhen Red Star Macalline Home Furnishing Plaza Company Limited (深圳紅星美凱龍家居生活廣場有限公司)	Shop(s) in shopping mall	–	5,985,001.03
Shanghai Xinhua Chengcheng Asset Management Co., Ltd. (上海新華成城資產管理有限公司)	Shop(s) in shopping mall	–	94,337.88

# Notes to the Financial Statements

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## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 5. Major Transactions between the Group and Related Parties (continued)

#### (2) Leases with related party (continued)

*As lessees (continued)*

	Type of leased assets	2020	2019
Xiamen Baoxiang Red Star Macalline Home Furnishing Plaza Company Limited (廈門寶象紅星美凱龍家居生活廣場有限公司)	Shop(s) in shopping mall	–	5,520.00
Yunnan Hongxing Meikailong Real Estate Co., Ltd. (雲南紅星美凱龍置業有限公司)	Parking garage	<b>1,421,832.88</b>	1,500,000.00
Mofang (Shenzhen) Apartment Management Co., Ltd. (魔方(深圳)公寓管理有限公司)	Dormitory	–	18,675.00
CHE Guoxing (車國興)	Dormitory	<b>369,600.00</b>	369,600.00
CHEN Shuhong (陳淑紅)	Dormitory	<b>52,000.00</b>	52,000.00
合計		<b>24,902,490.83</b>	24,914,959.98

*Note 1:* The amount is presented without considering the impact of the new leasing standard.

*Note 2:* Related parties provided leasing services for the Group: during the year, the Group conducted transactions with related parties based on market prices.

## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 5. Major Transactions between the Group and Related Parties (continued)

#### (3) Guarantees from related parties

*Receiving guarantees from related parties*

2020

	Amount of guarantees	Inception date of guarantee	Expiration date of guarantee	Whether guarantee has been performed
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 1)	282,000,000.00	2020/5/15	2022/5/15	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 2)	483,000,000.00	2019/6/20	2029/6/20	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 3)	144,000,000.00	2019/12/19	2029/12/19	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 4)	323,000,000.00	2020/1/17	2030/1/17	No
CHE Jianxing (車建興) (Note 5)	270,000,000.00	2016/6/8	2026/6/8	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 6)	204,000,000.00	2020/12/18	2030/12/18	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 7)	1,000,000,000.00	2020/10/23	2023/10/22	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 8)	625,000,000.00	2020/6/16	2030/6/16	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 9)	550,000,000.00	2020/12/26	2035/12/25	No

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## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 5. Major Transactions between the Group and Related Parties (continued)

#### (3) Guarantees from related parties (continued)

*Receiving guarantees from related parties (continued)*

	Amount of guarantees	Inception date of guarantee	Expiration date of guarantee	Whether guarantee has been performed
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 10)	270,666,666.62	2018/2/26	2026/2/26	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 11)	47,750,000.00	2020/9/18	2025/8/29	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 12)	697,500,000.00	2019/8/30	2031/6/15	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 13)	84,368,993.67	2020/4/3	2030/4/3	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 14)	469,500,000.00	2019/9/25	2026/9/17	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 15)	93,000,000.00	2020/12/11	2033/6/10	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 16)	355,000,000.00	2020/6/30	2030/6/29	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 17)	425,000,000.00	2019/12/27	2031/12/27	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 18)	180,000,000.00	2020/3/25	2030/3/25	No

## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 5. Major Transactions between the Group and Related Parties (continued)

#### (3) Guarantees from related parties (continued)

*Receiving guarantees from related parties (continued)*

	Amount of guarantees	Inception date of guarantee	Expiration date of guarantee	Whether guarantee has been performed
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 19)	114,000,000.00	2019/12/30	2027/12/20	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 20)	84,000,000.00	2019/12/30	2027/12/20	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 21)	75,000,000.00	2020/7/22	2030/7/27	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 22)	530,000,000.00	2020/3/20	2028/3/20	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 23)	232,400,000.00	2019/7/1	2029/6/20	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 23)	55,000,000.00	2019/9/20	2029/6/20	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 23)	5,000,000.00	2019/11/21	2029/6/20	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 23)	120,000,000.00	2020/1/3	2029/6/20	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 23)	12,000,000.00	2020/3/10	2029/6/20	No



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## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 5. Major Transactions between the Group and Related Parties (continued)

#### (3) Guarantees from related parties (continued)

*Receiving guarantees from related parties (continued)*

	Amount of guarantees	Inception date of guarantee	Expiration date of guarantee	Whether guarantee has been performed
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 23)	5,000,000.00	2020/3/18	2029/6/20	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 23)	13,856,600.00	2020/4/1	2029/6/20	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 23)	110,000,000.00	2020/12/31	2029/6/20	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 24)	48,042,129.01	2020/11/3	2025/11/2	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 25)	360,000,000.00	2018/7/13	2028/7/12	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 26)	300,000,000.00	2019/7/9	2020/7/8	Yes
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 27)	585,600,000.00	2018/6/11	2025/6/11	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司)	157,000,000.00	2019/7/10	2020/7/9	Yes
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司)	143,000,000.00	2019/7/10	2020/7/9	Yes

## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 5. Major Transactions between the Group and Related Parties (continued)

#### (3) Guarantees from related parties (continued)

##### *Receiving guarantees from related parties (continued)*

*Note 1:* The loan is also secured by the investment property of Tianjin Red Star Macalline Home Furnishings Plaza Company Limited, a subsidiary of the Group.

*Note 2:* The loan is also secured by the investment property of Zhengzhou Red Star Macalline International Home Furnishing Company Limited, a subsidiary of the Group.

*Note 3:* The loan is also secured by the investment property of Zhengzhou Red Star Macalline International Home Furnishing Company Limited, a subsidiary of the Group.

*Note 4:* The loan is also secured by the investment property of Zhengzhou Red Star Macalline International Home Furnishing Company Limited, a subsidiary of the Group.

*Note 5:* The loan is also secured by the investment property of Chongqing Red Star Macalline Expo Home Furnishing Plaza Company Limited, a subsidiary of the Group.

*Note 6:* The loan is also secured by the investment property of Hefei Red Star Macalline Shibo Furniture Plaza Company Limited, a subsidiary of the Group.

*Note 7:* The loan is also secured by the investment property of Tianjin Red Star Macalline International Home Furnishing Expo Company Limited, a subsidiary of the Group.

*Note 8:* The loan is also secured by the investment property of Suzhou Industry Park Red Star Macalline Home Furnishing Company Limited, a subsidiary of the Group.

*Note 9:* The loan is also secured by the investment property of Shanghai Red Star Macalline Xinglong Home Furnish Company Limited, a subsidiary of the Group.

*Note 10:* The loan is also secured by the investment property of Chengdu Tianfu New District Red Star Macalline World Trade Home Furnishing Company Limited, a subsidiary of the Group.

*Note 11:* The loan is also secured by the investment property of Hefei Red Star Macalline Logistics Company Limited, a subsidiary of the Group.

*Note 12:* The loan is also secured by the investment property of Dalian Red Star Macalline Shibo Home Furnishing Plaza Company Limited, a subsidiary of the Group.

*Note 13:* The loan is also secured by the investment property of Shaanxi Red Star Macalline Logistics Company Limited, a subsidiary of the Group.

*Note 14:* The loan is also secured by the investment property of Nanchang Red Star Macalline Global Home Expo Center Company Limited, a subsidiary of the Group.

*Note 15:* The loan is also secured by the investment property of Guizhou Red Star Macalline Logistics Company Limited, a subsidiary of the Group.

# Notes to the Financial Statements

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## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 5. Major Transactions between the Group and Related Parties (continued)

#### (3) Guarantees from related parties (continued)

##### *Receiving guarantees from related parties (continued)*

*Note 16:* The loan is also secured by the investment property of Chongqing Red Star Macalline International Home Furnishing Plaza Company Limited, a subsidiary of the Group.

*Note 17:* The loan is also secured by the investment property of Ningbo Red Star Macalline Home Shopping Plaza Company Limited, a subsidiary of the Group.

*Note 18:* The loan is also secured by the investment property of Nanning Red Star Macalline Shibo Home Furnishing Exhibition Centre Company Limited, a subsidiary of the Group.

*Note 19:* The loan is also secured by the investment property of Shanghai Jianliu Enterprise Management Company Limited, a subsidiary of the Group.

*Note 20:* The loan is also secured by the investment property of Shanghai Enliu Enterprise Management Company Limited, a subsidiary of the Group.

*Note 21:* The loan is also secured by the investment property of Shanghai Bencheng Enterprise Management Company Limited, a subsidiary of the Group.

*Note 22:* The loan is also secured by the investment property of Foshan Junda Enterprise Management Co., Ltd., a subsidiary of the Group.

*Note 23:* The loan is also secured by the investment property of Hangzhou Weiliang electromechanical hardware market Co., Ltd., a subsidiary of the Group.

*Note 24:* The loan is also secured by the investment property of Shaanxi Red Star Heji Home Shopping Plaza Company Limited, a subsidiary of the Group.

*Note 25:* The loan is also secured by the investment property of Suzhou Red Star Macalline Shibo Home Furnishing Plaza Company Limited, a subsidiary of the Group.

*Note 26:* The loan is also secured by the 6.0 million tradable shares of Oppein Home Group Inc. held by Red Star Xizhao Investment Company Limited, a subsidiary of the Group.

*Note 27:* The loan is also secured by the investment property of Chongqing Xingkaike Home Furnishing Company Limited, a subsidiary of the Group.

## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 5. Major Transactions between the Group and Related Parties (continued)

#### (3) Guarantees from related parties (continued)

*Receiving guarantees from related parties (continued)*

2019

	Amount of guarantees	Inception date of guarantee	Expiration date of guarantee	Whether guarantee has been performed
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 1)	732,500,000.00	2019/8/30	2031/6/15	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 2)	561,000,000.00	2019/6/20	2029/6/20	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司)	392,000,000.00	2018/7/13	2028/7/12	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 3)	307,999,999.98	2018/2/26	2026/2/26	No
CHE Jianxing (車建興) (Note 4)	307,500,000.00	2016/6/8	2026/6/8	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 5)	225,000,000.00	2019/12/27	2031/12/27	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 6)	160,000,000.00	2019/12/19	2029/12/19	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司)	157,000,000.00	2019/7/10	2020/7/9	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司)	143,000,000.00	2019/7/10	2020/7/9	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 7)	119,000,000.00	2019/12/30	2027/12/20	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 8)	100,000,000.00	2019/9/25	2026/9/17	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 9)	86,000,000.00	2019/12/30	2027/12/20	No

# Notes to the Financial Statements

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## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 5. Major Transactions between the Group and Related Parties (continued)

#### (3) Guarantees from related parties (continued)

*Receiving guarantees from related parties (continued)*

	Amount of guarantees	Inception date of guarantee	Expiration date of guarantee	Whether guarantee has been performed
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 10)	300,000,000.00	2019/7/9	2020/7/8	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 11)	585,600,000.00	2018/6/11	2025/6/11	No

*Note 1:* The loan is also secured by the investment property of Dalian Red Star Macalline Shibo Home Furnishing Plaza Company Limited, a subsidiary of the Group.

*Note 2:* The loan is also secured by the investment property of Zhengzhou Red Star Macalline International Home Furnishing Company Limited, a subsidiary of the Group.

*Note 3:* The loan is also secured by the investment property of Chengdu Tianfu New District Red Star Macalline World Trade Home Furnishing Company Limited, a subsidiary of the Group.

*Note 4:* The loan is also secured by the investment property of Chongqing Red Star Macalline Expo Home Furnishing Plaza Company Limited, a subsidiary of the Group.

*Note 5:* The loan is also secured by the investment property of Ningbo Red Star Macalline Home Shopping Plaza Company Limited, a subsidiary of the Group.

*Note 6:* The loan is also secured by the investment property of Zhengzhou Red Star Macalline International Home Furnishing Company Limited, a subsidiary of the Group, and is pledged with all operating revenues from lease of shopping malls project located at No. 1 Shangdu Road, Zhengdong New District, Zhengzhou City during the loan period.

*Note 7:* The loan is also secured by the construction in progress of Shanghai Jianliu Enterprise Management Company Limited, a subsidiary of the Group.

*Note 8:* The loan is also secured by the investment property of Nanchang Red Star Macalline Global Home Expo Center Company Limited, a subsidiary of the Group.

*Note 9:* The loan is also secured by the construction in progress of Shanghai Enliu Enterprise Management Company Limited, a subsidiary of the Group.

*Note 10:* The loan is also secured by the 6.0 million tradable shares of Oppein Home Group Inc. held by Red Star Xizhao Investment Company Limited, a subsidiary of the Group.

*Note 11:* The loan is also secured by the investment property of Chongqing Xingkaike Home Furnishing Company Limited, a subsidiary of the Group.

## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 5. Major Transactions between the Group and Related Parties (continued)

#### (3) Guarantees from related parties (continued)

*Rendering guarantees to related parties*

##### 2020

No guarantee was provided to related parties in 2020.

##### 2019

No guarantee was provided to related parties in 2019.

#### (4) Loans and borrowings of the related parties

*Borrowings*

##### 2020

	Opening balance	Accumulated borrowing amount (Excluding interest)	Interest of loan (if have)	Accumulated repayment amount	Closing balance	Inception date	Expiration date	Others
Shenyudao Cultural Tourism Holding Co., Ltd. (神玉島文化旅遊控股股份有限公司)	25,600,000.00	(9,300,000.00)	-	-	16,300,000.00	2018/11/5	N/A	No rate
Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司)	41,437,944.45	81,600,000.00	2,941,274.46	106,600,000.00	19,379,218.91	2019/5/21	2020/12/31	May 2019-Sep 2019 4.75%; Oct 2019-Dec 2020 7.20%
Chongqing Red Star Macalline Enterprise Development Co., Ltd (重慶紅星美凱龍企業發展有限公司)	-	500,000,000.00	-	500,000,000.00	-	-	-	Without agreed
Wuhu Red Star Macalline Equity Investment Fund Management Company Limited (蕪湖紅星美凱龍股權投資基金管理有限公司)	-	9,800,000.00	-	-	9,800,000.00	2020/12/31	2025/12/30	Without agreed
<b>Total</b>	<b>67,037,944.45</b>	<b>582,100,000.00</b>	<b>2,941,274.46</b>	<b>606,600,000.00</b>	<b>45,479,218.91</b>	<b>-</b>	<b>-</b>	<b>-</b>

# Notes to the Financial Statements

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## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 5. Major Transactions between the Group and Related Parties (continued)

#### (4) Loans and borrowings of the related parties (continued)

*Borrowings (continued)*

2019

	Opening balance	Accumulated borrowing amount (Excluding interest)	Interest of loan (if have)	Accumulated repayment amount	Closing balance	Inception date	Expiration date	Others
Chengdu Donglai Shopping Mall Company Limited (成都東泰商城有限公司)	-	40,000,000.00	1,437,944.45	-	41,437,944.45	2019/5/21	2020/12/31	May 2019-Sep 2019 4.75%; Oct 2019-Dec 2020 7.20%
Shenyudao Cultural Tourism Holding Co., Ltd. (神玉島文化旅遊控股股份有限公司)	35,000,000.00	-	-	9,400,000.00	25,600,000.00	2018/11/5	2018/12/31	No rate
<b>Total</b>	35,000,000.00	40,000,000.00	1,437,944.45	9,400,000.00	67,037,944.45	-	-	-

## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 5. Major Transactions between the Group and Related Parties (continued)

#### (4) Loans and borrowings of the related parties (continued)

##### Lendings

2020

	Opening balance	Accumulated lending amount (Excluding interest)	Interest of loan (if have)	Accumulated recovered amount	Closing balance	Inception date	Expiration date	Others
Shaanxi Red Star Heji Home Shopping Plaza Company Limited (陝西紅星和記家居購物 廣場有限公司) (Note)	150,000,000.00	-	-	-	-	-	-	-
Shaanxi Red Star Heji Home Shopping Plaza Company Limited (陝西紅星和記家居購物 廣場有限公司) (Note)	34,508,345.20	-	-	-	-	-	-	-
Shaanxi Red Star Heji Home Shopping Plaza Company Limited (陝西紅星和記家居購物 廣場有限公司) (Note)	36,339,041.62	-	-	-	-	-	-	-
Shaanxi Red Star Heji Home Shopping Plaza Company Limited (陝西紅星和記家居購物 廣場有限公司) (Note)	3,800,000.00	-	-	-	-	-	-	-
Shanghai Mingyi Enterprise Development Co., Ltd. (上海名藝商業企業發展有限公司)	131,600,000.50	14,600,000.00	-	2,000,000.00	144,200,000.50	-	-	Repayable on demand and interest-free
Shanghai Mingyi Enterprise Development Co., Ltd. (上海名藝商業企業發展有限公司)	-	5,760,000.00	-	-	5,760,000.00	2020/12/29	2021/12/28	Interest rate: 8%
Baoxiang Red Star Macalline (Xiamen) Global Home Plaza Co., Ltd. (寶象紅星美凱龍(廈門) 全球家居廣場有限公司)	35,500,000.00	-	-	3,000,000.00	32,500,000.00	-	-	Repayable on demand and interest-free
Baoxiang Red Star Macalline (Xiamen) Global Home Plaza Co., Ltd. (寶象紅星美凱龍(廈門) 全球家居廣場有限公司)	13,061,439.14	-	(3,985.88)	2,112,500.00	10,944,953.26	2019/6/21	2022/6/21	Interest rate: 6.18%
Hangzhou Red Star Macalline Global Home Living Co., Ltd. (杭州紅星美凱龍環球家居有限公司) (Note)	332,148,745.00	-	-	-	-	-	-	-



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## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 5. Major Transactions between the Group and Related Parties (continued)

#### (4) Loans and borrowings of the related parties (continued)

*Lendings (continued)*

	Opening balance	Accumulated	Interest of loan (if have)	Accumulated	Closing balance	Inception date	Expiration date	Others
		lending amount (Excluding interest)		recovered amount				
Xiamen Baoxiang Red Star Macalline Home Furnishing Plaza Company Limited (廈門寶象紅星美凱龍家居生活廣場有限公司)	25,100,000.00	4,943,099.85	-	-	30,043,099.85	-	-	Repayable on demand and interest-free
Xiamen Baoxiang Red Star Macalline Home Furnishing Plaza Company Limited (廈門寶象紅星美凱龍家居生活廣場有限公司)	-	4,500,000.00	59,000.00	-	4,559,000.00	2020/11/3	2021/11/2	Interest rate: 8%
Xiamen Baoxiang Red Star Macalline Home Furnishing Plaza Company Limited (廈門寶象紅星美凱龍家居生活廣場有限公司)	-	90,000,000.00	4,280,000.00	-	94,280,000.00	2020/6/1	2020/12/31	Interest rate: 8%
Wuhu Minghui Business Management Co., Ltd. (蕪湖明輝商業管理有限公司)	-	3,600,000.00	-	-	3,600,000.00	2020/12/29	2021/12/28	Annual interest rate: 8%  Repayable on maturity with a one-off payment of the principal and the interest
Shenzhen Red Star Macalline Expo Home Plaza Co., Ltd. (深圳紅星美凱龍世博家居廣場有限公司)	-	1,720,000.00	42,426.66	16,053.52	1,746,373.14	2020/8/6	2022/12/31	Annual interest rate: 6%  Payment of the interest of the last quarter's loan within 30 days after the end of each quarter
<b>Total</b>	<b>762,057,571.46</b>	<b>125,123,099.85</b>	<b>4,377,440.78</b>	<b>7,128,553.52</b>	<b>327,633,426.75</b>	-	-	-

*Note:* During the year, the Group acquired Hangzhou Red Star Macalline Global Home Living Company Limited and Shaanxi Red Star Heji Home Shopping Plaza Company Limited, so the above-mentioned companies are subsidiaries of the Group during the year.

## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 5. Major Transactions between the Group and Related Parties (continued)

#### (4) Loans and borrowings of the related parties (continued)

##### Lendings

2019

	Opening balance	Accumulated	Interest of loan (if have)	Accumulated	Closing balance	Inception date	Expiration date	Others
		lending amount (Excluding interest)		recovered amount				
Baoxiang Red Star Macalline (Xiamen) Global Home Furnishing Plaza Co., Ltd. (寶象紅星美凱龍(廈門)全球家居廣場有限公司)	-	35,500,000.00	-	-	35,500,000.00	-	-	Repayable on demand and interest-free
Baoxiang Red Star Macalline (Xiamen) Global Home Furnishing Plaza Co., Ltd. (寶象紅星美凱龍(廈門)全球家居廣場有限公司)	-	13,000,000.00	386,439.14	325,000.00	13,061,439.14	2019/6/21	2022/6/21	Interest rate: 6.18%
Hangzhou Red Star Macalline Global Home Living Company Limited (杭州紅星美凱龍環球家居有限公司)	222,648,745.00	109,500,000.00	-	-	332,148,745.00	-	-	Interest-free
Shanghai Mingyi Enterprise Development Co., Ltd. (上海名藝南業企業發展有限公司)	112,200,000.50	19,400,000.00	-	-	131,600,000.50	-	-	Repayable on demand and interest-free
Xiamen Baoxiang Red Star Macalline Home Furnishing Plaza Company Limited (廈門寶象紅星美凱龍家居生活廣場有限公司)	27,500,000.00	17,600,000.00	-	20,000,000.00	25,100,000.00	-	-	Repayable on demand and interest-free
Shaanxi Red Star Heji Home Shopping Plaza Company Limited (陝西紅星和記家居購物廣場有限公司)	31,340,000.00	-	3,168,345.20	-	34,508,345.20	-	-	Interest rate: 10.00%
Shaanxi Red Star Heji Home Shopping Plaza Company Limited (陝西紅星和記家居購物廣場有限公司)	-	34,949,700.00	1,389,341.62	-	36,339,041.62	2019/6/27	2022/9/5	Interest rate: 10.00%
Shaanxi Red Star Heji Home Shopping Plaza Company Limited (陝西紅星和記家居購物廣場有限公司)	-	3,800,000.00	-	-	3,800,000.00	-	-	Interest-free

# Notes to the Financial Statements

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## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 5. Major Transactions between the Group and Related Parties (continued)

#### (4) Loans and borrowings of the related parties (continued)

*Lendings (continued)*

	Opening balance	Accumulated	Interest of loan (if have)	Accumulated	Closing balance	Inception date	Expiration date	Others
		lending amount (Excluding interest)		recovered amount				
Shaanxi Red Star Heji Home Shopping Plaza Company Limited (陝西紅星和記家居購物廣場有限公司)	-	150,000,000.00	10,628,406.71	10,628,406.71	150,000,000.00	2019/1/22	2022/1/22	Interest rate: 10.00%
Super Smart Home (Shanghai) Internet of Things Technology Co., Ltd. (超級智慧家(上海)物聯網科技有限公司)	10,008,958.35	-	274,374.98	10,283,333.33	-	2018/4/10	2019/4/9	Interest rate: 7.50%
Shanghai AIPure Intelligent Technology Co., Ltd. (上海智譜智能科技有限公司)	-	6,000,000.00	113,207.55	6,113,207.55	-	2019/5/8	2019/9/30	Commercial factoring income
Wuhu Meihe Asset Management Company Limited (無湖美和資產管理有限公司)	10,000,000.00	-	-	10,000,000.00	-	2018/8/28	2019/2/27	Interest-free
Handan Fengfengkuang District Royal Property Development Company Limited (邯鄲市峰峰礦區皇室房地產開發有限公司)	317,342,466.58	-	7,701,149.86	325,043,616.44	-	2018/6/14	2019/6/13	Interest rate: 10.00%
<b>Total</b>	<b>731,040,170.43</b>	<b>389,749,700.00</b>	<b>23,661,265.06</b>	<b>382,393,564.03</b>	<b>762,057,571.46</b>	-	-	-

#### (5) Asset transfer to related parties

Details of Transactions	2020	2019
Chongqing Kaixing Business Management Co., Ltd. Other equity (重慶凱幸商業管理有限公司) (Note 1) instrument investments	<b>20,240,935.95</b>	-

*Note 1:* In April 2020, Red Star Macalline Group Corporation Ltd. transferred 2.26% of the equity of Beijing Haozu Technology Development Co., Ltd. to Chongqing Kaixing Business Management Co., Ltd. at a transfer price of RMB20,240,935.95.

## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 5. Major Transactions between the Group and Related Parties (continued)

#### (6) Other related parties transactions

	2020	2019
Remuneration for key management personnel	24,874,048.38	37,164,510.80

### 6. Amounts due from/to related parties

	2020		2019	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
<b>Accounts receivable</b>				
Xining Aegean Real Estate Development Co., Ltd. (西寧愛琴海房地產開發有限公司)	16,775,697.35	796,845.62	-	-
Shanghai Xinhua Chengcheng Asset Management Co., Ltd. (上海新華成城資產管理有限公司)	13,333,333.36	600,000.00	-	-
Danyang Rongjin Hongxing Real Estate Development Co., Ltd. (丹陽市融錦宏星置業發展有限公司)	13,276,292.60	597,433.17	-	-
Shanghai Jiazhan Construction Engineering Company Limited (上海嘉展建築裝潢工程有限公司)	13,000,000.00	13,000,000.00	13,000,000.00	13,000,000.00
Yangzhou Xinglong Real Estate Development Co., Ltd. (揚州星龍房地產開發有限公司)	10,100,000.00	475,000.00	-	-
Baoshan Red Star Urban and Rural Investment and Real Estate Co., Ltd. (保山紅星城鄉投資置業有限公司)	6,642,048.30	315,497.29	-	-
Xishuangbanna cloud investment construction Pan Asia Real Estate Co., Ltd. (西雙版納雲投建設泛亞置業有限公司)	6,465,742.14	306,688.96	3,304,633.03	156,970.07
Zhanjiang Haixin Meikai Investment Co., Ltd. (湛江市海新美凱投資有限公司)	5,483,309.29	260,457.19	-	-
Chongqing Jinke Zhongjun Real Estate Development Co., Ltd. (重慶金科中俊房地產開發有限公司)	4,804,542.78	228,215.78	-	-

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## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 6. Amounts due from/to related parties (continued)

	2020		2019	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
Shenzhen Huasheng Home Furnishing Group Co., Ltd. (深圳華生大家居集團有限公司)	3,999,999.99	3,999,999.99	3,166,666.66	142,500.00
Shuyang Xinglong Real Estate Development Co., Ltd. (沭陽星龍房地產開發有限公司)	3,700,796.86	175,787.85	–	–
Zhejiang Zhongguang Electric Appliances Co., Ltd. (浙江中廣電器股份有限公司)	3,499,999.97	3,499,999.97	1,749,997.71	78,749.90
Changxing Ronghao Trading Co., Ltd. (長興榮皓貿易有限公司)	3,136,419.36	141,138.87	–	–
Xining Red Star Macalline Real Estate Development Co., Ltd. (西寧紅星美凱龍房地產開發有限公司)	2,632,763.96	125,056.29	–	–
Hengshui Xinglong Real Estate Development Co., Ltd. (衡水星龍房地產開發有限公司)	2,434,648.54	115,071.13	–	–
Yancheng Kailong Property Company Limited (鹽城凱龍置業有限公司)	1,834,000.00	87,115.00	917,000.00	43,557.50
Tianjin Xingkai Real Estate Development Co., Ltd. (天津星凱房地產開發有限公司)	1,650,000.00	78,375.00	600,000.00	28,500.00
Xiangshan Kaisheng Real Estate Co., Ltd. (象山凱勝置業有限公司)	1,637,282.88	77,770.94	–	–
Wuhu Minghui Business Management Co., Ltd. (蕪湖明輝商業管理有限公司)	1,632,453.42	548,014.61	4,631,506.84	637,295.34
Henan Chenbo Real Estate Co., Ltd. (河南宸博置業有限公司)	1,544,511.44	69,503.01	–	–
Changzhou Jintan Weiyi Construction Engineering Co., Ltd. (常州市金壇維億建設工程有限公司)	1,500,000.00	503,550.00	1,500,000.00	206,400.00
Ningbo Kailong Property Company Limited (寧波凱龍置業有限公司)	1,419,838.25	127,785.44	2,615,018.20	117,675.82
Nanning Haoran Real Estate Co., Ltd. (南昌浩然置業有限公司)	1,278,000.00	60,705.00	–	–
Liuzhou Red Star Macalline Real Estate Co., Ltd. (柳州紅星美凱龍置業有限公司)	1,006,303.96	47,007.68	4,021,322.00	190,221.04
Taiyuan Shuangmingzhikun Real Estate Development Co., Ltd. (太原雙明智坤房地產開發有限公司)	1,000,422.88	47,520.09	–	–

## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 6. Amounts due from/to related parties (continued)

	2020		2019	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
Jinan Xinglong Real Estate Development Co., Ltd. (濟南星龍房地產開發有限公司)	900,000.00	42,750.00	-	-
Shanghai CTME Economy & Trade Development Co., Ltd. (上海中貿美凱龍經貿發展有限公司)	668,263.10	31,742.50	-	-
Anka Household Products (Shanghai) Co., Ltd. (安咖家居用品(上海)有限公司)	640,000.00	28,800.00	3,141,996.00	141,389.82
Xiangshan Xinglong Real Estate Co., Ltd. (象山星龍置業有限公司)	610,000.00	27,450.00	-	-
Tianjin Meilong Real Estate Development Co., Ltd. (天津美龍房地產開發有限公司)	600,000.00	28,500.00	-	-
Changchun Red Star Macalline Real Estate Development Co., Ltd. (長春紅星美凱龍房地產開發有限公司)	497,052.37	23,609.99	-	-
Shanghai Kaixin Cinema Management Co., Ltd. (上海凱昕影院管理有限公司)	350,500.00	15,772.50	-	-
Shanghai Macalline Aijia Property Management Consulting Co., Ltd. (上海美凱龍愛家房地產管理諮詢有限公司)	223,746.72	10,627.97	-	-
Shanghai Linwu Fitness Club Co., Ltd. (上海林茂健身俱樂部有限公司)	216,000.00	9,720.00	-	-
Shenzhen Red Star Macalline Business Management Company Limited (深圳紅星美凱龍商業管理有限公司)	210,682.42	10,007.41	858,546.00	40,780.94
Changzhou Red Star Macalline Real Estate Co., Ltd. (常州紅星美凱龍置業有限公司)	137,340.00	6,523.65	-	-
Suzhou Kaimei Cinema Management Co., Ltd. (蘇州凱美影院管理有限公司)	121,905.37	5,485.74	-	-
Xuzhou Red Star Macalline Global Home Furnishings Plaza Co., Ltd. (徐州紅星美凱龍全球家居生活廣場有限公司)	112,292.13	37,696.47	-	-
Shanghai Linsai Fitness Club Co., Ltd. (上海林賽健身俱樂部有限公司) and its branches	105,000.00	4,725.00	-	-

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## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 6. Amounts due from/to related parties (continued)

	2020		2019	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
Shenzhen Long Life Basics Sleep Science and Technology Co., Ltd. (深圳市朗樂福睡眠科技有限公司)	100,014.10	4,500.63	-	-
Shanghai AEGEAN Commercial Group Co., Ltd. (上海愛琴海商業集團股份有限公司)	100,000.00	4,500.00	-	-
Xiamen Baoxiang Red Star Macalline Home Furnishing Plaza Company Limited (廈門寶象紅星美凱龍家居生活廣場有限公司)	100,000.00	4,500.00	177,500.00	7,987.50
Baoxiang Red Star Macalline (Xiamen) Global Home Furnishing Plaza Co., Ltd. (寶象紅星美凱龍(廈門)全球家居廣場有限公司)	100,000.00	4,500.00	100,000.00	4,500.00
Changzhou Xingchen Interactive Entertainment Co., Ltd. (常州星琛娛樂科技有限公司)	88,933.74	4,002.02	-	-
Xiangshan Meilong Real Estate Co., Ltd. (象山美龍置業有限公司)	80,193.73	3,809.20	-	-
Shanghai Lingsi Fitness Club Co., Ltd. (上海玲思健身俱樂部有限公司)	80,000.00	3,600.00	-	-
Changzhou Hongmei Cinema Management Co., Ltd. (常州紅美影院管理有限公司)	70,722.48	3,182.51	-	-
Qingdao Dana International Studios Co., Ltd. (青島德納國際影城有限公司)	69,174.60	3,112.86	-	-
Tianjin Hongxing Pacific Cinema Management Co., Ltd. (天津紅星太平洋影院管理有限公司)	61,666.00	2,774.97	308,330.00	13,874.85
Suzhou Hongmei Cinema Management Co., Ltd. (蘇州紅美影院管理有限公司)	56,000.00	2,520.00	-	-
Yixing Chenxing Digital Cinema Co., Ltd. (宜興市晨興數字影院有限公司)	54,724.30	2,462.59	-	-
Tianjin Laina Huakai Film Co., Ltd. (天津萊納華開影業有限公司)	40,696.33	1,831.33	22,000.00	990.00
Ningbo Kaixing Cinema Management Co., Ltd. (寧波凱星影院管理有限公司)	36,396.39	1,637.84	-	-
Yuyao Xingkai Real Estate Co., Ltd. (余姚星凱置業有限公司)	32,000.00	1,440.00	-	-

## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 6. Amounts due from/to related parties (continued)

	2020		2019	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
Shenzhen Red Star Macalline Expo Home Plaza Co., Ltd. (深圳紅星美凱龍世博家居廣場有限公司)	31,530.00	1,418.85	-	-
Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司)	21,450.00	965.25	300,000.00	13,500.00
Shanghai Huojing Business Management Company Limited (上海或京商業管理有限公司) and its branches	19,920.56	896.43	-	-
Xiaogan Honghe Studios Management Co., Ltd. (孝感泓河影城管理有限公司)	18,000.00	810.00	-	-
Shanghai Longhong Cinema Management Co., Ltd. (上海龍紅影院管理有限公司)	17,000.00	765.00	-	-
Tianjin Macalline Real Estate Co., Ltd. (天津美凱龍置業有限公司)	14,700.00	661.50	-	-
Shanghai Xinhong Cinema Management Co., Ltd. (上海昕紅影院管理有限公司)	13,350.00	600.75	-	-
Shanghai Hongxin Cinema Management Co., Ltd. (上海紅昕影院管理有限公司)	9,946.00	447.57	-	-
Tianjin Cameo Film Co., Ltd. (天津卡美奧影業有限公司)	9,934.00	447.03	-	-
Shanghai Kaihong Cinema Management Co., Ltd. (上海凱紅影院管理有限公司)	7,933.00	356.99	-	-
Shanghai Xingkai Cinema Management Co., Ltd. (上海星凱影院管理有限公司)	7,000.00	315.00	-	-
Shanghai Meiyong Enterprise Management Co., Ltd. (上海美影企業管理有限公司)	6,655.00	299.48	-	-
Qingdao Hongying Cinema Management Co., Ltd. (青島紅影院管理有限公司)	6,300.00	283.50	-	-
Shanghai Aegean Ole Business Management Co., Ltd. (上海愛琴海奧萊商業管理有限公司)	5,812.00	261.54	-	-
Ultimate IOT (Shanghai) Technology Co., Ltd. (超級智慧家(上海)物聯網科技有限公司)	5,200.04	234.00	10,000.00	450.00
Shanghai Xinglong Cinema Management Co., Ltd. (上海星龍影院管理有限公司)	3,000.00	135.00	-	-



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## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 6. Amounts due from/to related parties (continued)

	2020		2019	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
Shaanxi Hongrui Home Furnishings Plaza Co., Ltd. (陝西鴻瑞家居生活廣場有限公司)	1,397.12	62.87	-	-
Shaanxi Red Star Heji Home Shopping Plaza Company Limited (陝西紅星和記家居購物廣場有限公司)	N/A	N/A	22,685,262.30	1,077,549.96
Qingdao Hongxing International Real Estate Co., Ltd. (青島紅星國際置業有限公司)	N/A	N/A	103,740.00	4,927.65
Kunming Hongxing Haihui Real Estate Co., Ltd. (昆明紅星海匯房地產有限公司)	-	-	2,790,104.05	125,554.68
Shanghai Xingcheng Yijia Home Furnishings Co., Ltd. (上海星誠藝佳家居有限責任公司)	-	-	1,220,467.20	54,921.02
Guangzhou Red Star Macalline Expo Home Plaza Co., Ltd. (廣州紅星美凱龍世博家居廣場有限公司)	-	-	790,786.66	35,585.40
Jiangsu Longguan Film and Television Culture Technology Co., Ltd. (江蘇龍冠影視文化科技有限公司)	-	-	283,814.12	12,771.64
Jiangsu Meishanlong Catering Culture Development Co., Ltd. (江蘇美膳龍飲食文化發展有限公司)	-	-	133,435.49	6,004.60
Shanghai Qiaotong Enterprise Management Co., Ltd. (上海喬彤企業管理有限公司)	-	-	84,644.68	3,809.01
Shanghai AI.Pure Intelligent Technology Co., Ltd. (上海智諦智能科技有限公司)	-	-	55,059.53	2,477.68
Shanghai Xingchen Interactive Entertainment Technology Co., Ltd. (上海星琛互動娛樂科技有限公司)	-	-	18,180.00	818.10
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司)	-	-	3,967.00	178.52
Shanghai Yunshen Intelligent Technology Co., Ltd. (上海雲紳智能科技有限公司)	-	-	2,622.00	117.99
	<b>130,450,838.83</b>	<b>26,625,284.82</b>	68,596,599.47	16,150,059.03

## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 6. Amounts due from/to related parties (continued)

	2020		2019	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
<b>Prepayments</b>				
Shanghai Xingzhiyu Commercial Management Co., Ltd. (上海星之域商業經營管理有限公司)	3,351,717.60	-	-	-
Shanghai Huojing Business Management Company Limited (上海或京商業管理有限公司)	2,136,672.37	-	-	-
Hangzhou Alimama Software Services Co., Ltd. (杭州阿里媽媽軟件服務有限公司)	1,974,900.22	-	-	-
Shanghai Red Star Win-Win Cloud Computing Technology Co., Ltd. (上海紅星共贏雲計算科技有限公司)	1,086,700.00	-	-	-
Shanghai AI.Pure Intelligent Technology Co., Ltd. (上海智諦智能科技有限公司)	750,875.00	-	-	-
Zhejiang Tmall Technology Co., Ltd.	684,024.31	-	-	-
Shanghai Jiazhan Construction Engineering Company Limited (上海嘉展建築裝潢工程有限公司)	572,805.00	-	-	-
Chongqing Jinke Zhongjun Real Estate Development Co., Ltd. (重慶金科中俊房地產開發有限公司)	254,469.73	-	-	-
Wuhu Minghui Business Management Co., Ltd. (蕪湖明輝商業管理有限公司)	214,788.44	-	326,605.16	-
Changzhou Red Star Furniture General Factory Co., Ltd. (常州市紅星傢俱總廠有限公司)	210,180.00	-	126,108.00	-
Shanghai Aegean Business Management Co., Ltd. (上海愛琴海商務管理有限公司)	169,410.85	-	169,410.85	-
Alibaba Cloud Computing Limited	150,102.12	-	-	-
Shenyang Red Star Macalline Property Management Co., Ltd. (瀋陽紅星美凱龍物業管理有限公司)	138,775.00	-	600,000.00	-
Tao Bao (China) Software Co., Ltd. (淘寶(中國)軟件有限公司)	137,840.80	-	-	-
Jining Hongrui Market Management Company Limited (濟寧鴻瑞市場經營管理有限公司)	101,603.14	-	-	-

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## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 6. Amounts due from/to related parties (continued)

	2020		2019	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
Beijing Allgf Cultural and Scientific Consultation Co., Ltd. (北京國富縱橫文化科技諮詢股份有限公司)	66,669.81	-	-	-
Changzhou Aegean Ole Business Management Co., Ltd. (常州愛琴海奧萊商業管理有限公司)	60,000.00	-	-	-
Shaanxi Hongrui Home Furnishings Plaza Co., Ltd. (陝西鴻瑞家居生活廣場有限公司)	47,460.42	-	109,523.84	-
SleepMaker (Shenzhen) Company Limited (造夢者家居(深圳)有限公司)	35,110.87	-	-	-
Shanghai CONJOINT Construction Technology Co., Ltd. (上海開裝建築科技有限公司)	33,800.88	-	-	-
Baoxiang Red Star Macalline (Xiamen) Global Home Furnishing Plaza Co., Ltd. (寶象紅星美凱龍(廈門)全球家居廣場有限公司)	14,905.28	-	-	-
Alibaba (China) Network Technology Co., Ltd.	10,000.00	-	-	-
Shanghai Yunshen Intelligent Technology Co., Ltd. (上海雲紳智能科技有限公司)	-	-	3,906,000.00	-
Yangzhou Red Star Macalline Global Home Furnishings Plaza Property Co., Ltd. (揚州紅星美凱龍全球家居生活廣場置業有限公司)	-	-	214,285.63	-
Xuzhou Red Star Macalline Global Home Furnishings Plaza Co., Ltd. (徐州紅星美凱龍全球家居生活廣場有限公司)	-	-	163,492.04	-
Kunming Xingqin Business Management Co., Ltd. (昆明星琴商業管理有限公司)	-	-	50,440.00	-
Shanghai Xinhua Chengcheng Asset Management Co., Ltd. (上海新華成城資產管理有限公司)	-	-	47,168.94	-
	<b>12,202,811.84</b>	-	<b>5,713,034.46</b>	-

## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 6. Amounts due from/to related parties (continued)

	2020		2019	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
<b>Other receivables</b>				
Shanghai Mingyi Enterprise Development Co., Ltd. (上海名藝商業企業發展有限公司)	149,960,000.50	7,498,000.03	131,600,000.50	6,580,000.03
Baoxiang Red Star Macalline (Xiamen) Global Home Plaza Co., Ltd. (寶象紅星美凱龍(廈門)全球家居廣場有限公司)	43,111,229.38	10,511,344.89	48,561,439.14	3,212,299.04
Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司)	31,011,166.70	505.73	–	–
Shenzhen Red Star Macalline Century Center Home Furnishing Plaza Company Limited (深圳紅星美凱龍世紀中心家居生活廣場有限公司)	5,265,234.65	2,029,406.27	6,076,821.00	1,378,980.59
Yunnan Red Star Macalline Real Estate Co., Ltd. (雲南紅星美凱龍置業有限公司)	4,031,492.11	4,031,492.11	4,031,492.11	4,031,492.11
Wuhu Minghui Business Management Co., Ltd. (蕪湖明輝商業管理有限公司)	3,632,480.00	257,919.52	555,280.00	555.28
Handan Fengfengkuang District Royal Property Development Company Limited (邯鄲市峰峰礦區皇室房地產開發有限公司)	2,000,000.00	137,021.53	–	–
Shenzhen Red Star Macalline Expo Home Plaza Co., Ltd. (深圳紅星美凱龍世博家居廣場有限公司)	1,746,373.14	119,645.36	–	–
Shaanxi Hongrui Home Furnishings Plaza Co., Ltd. (陝西鴻瑞家居生活廣場有限公司)	1,375,341.55	94,225.70	3,896,650.33	117,864.21
Shanghai Huojing Business Management Company Limited (上海或京商業管理有限公司) and its branches	634,375.89	8,717.63	–	–
Anhui Tenghui Investment Group Hefei Co., Ltd. (安徽騰輝投資集團合肥有限公司)	500,000.00	34,255.38	–	–
Zhejiang Tmall Technology Co., Ltd. (浙江天貓技術有限公司)	410,000.00	410.00	–	–
Shanghai Aegean Business Management Co., Ltd. (上海愛琴海商務管理有限公司)	256,900.00	–	256,900.00	256.90

# Notes to the Financial Statements

For the year 2020

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## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 6. Amounts due from/to related parties (continued)

	2020		2019	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
Chongqing Jinke Zhongjun Real Estate Development Co., Ltd. (重慶金科中俊房地產開發有限公司)	240,000.00	-	-	-
Hangzhou Alimama Software Services Co., Ltd. (杭州阿里媽媽軟件服務有限公司)	198,421.42	198.42	-	-
Wenzhou Xinglong Real Estate Development Co., Ltd. (溫州星龍房地產開發有限責任公司)	100,000.00	-	-	-
Yancheng Kailong Property Company Limited (鹽城凱龍置業有限公司)	100,000.00	-	-	-
Suzhou Supin Home Culture Co., Ltd. (蘇州市蘇品宅配文化有限公司)	82,155.56	-	-	-
Xuzhou Red Star Macalline Global Home Furnishings Plaza Co., Ltd. (徐州紅星美凱龍全球家居生活廣場有限公司)	10,111.00	692.71	-	-
Baoshan Red Star Urban and Rural Investment and Real Estate Co., Ltd. (保山紅星城鄉投資置業有限公司)	10,000.00	-	-	-
Tao Bao (China) Software Co., Ltd. (淘寶(中國)軟件有限公司)	3,765.21	3.77	-	-
	<b>244,679,047.11</b>	<b>24,723,839.05</b>	194,978,583.08	15,321,448.16

## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 6. Amounts due from/to related parties (continued)

	2020		2019	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
<b>Long term receivable</b>				
Xiamen Baoxiang Red Star Macalline Home Furnishing Plaza Company Limited (廈門寶象紅星美凱龍家居生活廣場有限公司)	30,043,099.85	300,431.00	25,100,000.00	251,000.00
Hangzhou Red Star Macalline Global Home Living Company Limited (杭州紅星美凱龍環球家居有限公司)	N/A	N/A	332,148,745.00	3,321,487.45
	30,043,099.85	300,431.00	357,248,745.00	3,572,487.45

	2020		2019	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
<b>Other non-current assets</b>				
Chengdu Red Star Macalline Real Estate Co., Ltd. (成都紅星美凱龍置業有限公司)	247,705,000.00	–	247,705,000.00	–
Aibi (Beijing) Intelligent Technology Co., Ltd. (愛筆(北京)智能科技有限公司)	100,000,000.00	–	N/A	N/A
Shaanxi Red Star Heji Home Shopping Plaza Company Limited (陝西紅星和記家居購物廣場有限公司)	N/A	N/A	221,236,187.86	2,212,361.88
	347,705,000.00	–	468,941,187.86	2,212,361.88

# Notes to the Financial Statements

For the year 2020

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## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 6. Amounts due from/to related parties (continued)

	2020		2019	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
<b>Other current assets</b>				
Xiamen Baoxiang Red Star Macalline Home Furnishing Plaza Company Limited (廈門寶象紅星美凱龍家居生活廣場有限公司)	98,839,000.00	988,390.00	–	–
	98,839,000.00	988,390.00	–	–

	2020		2019	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
<b>Contract assets</b>				
Shanghai Luochang Enterprise Management Co., Ltd. (上海洛昶企業管理有限公司)	46,008,051.21	142,624.96	–	–
Chongqing Jinke Zhongjun Real Estate Development Co., Ltd. (重慶金科中俊房地產開發有限公司)	17,125,491.85	53,089.02	N/A	N/A
Xishuangbanna cloud investment construction Pan Asia Real Estate Co., Ltd. (西雙版納雲投建設泛亞置業有限公司)	16,358,778.89	50,712.21	2,392,993.30	7,381.22
Xining Aegean Real Estate Development Co., Ltd. (西寧愛琴海房地產開發有限公司)	14,868,995.22	46,093.89	–	–
Xiangshan Kaisheng Real Estate Co., Ltd. (象山凱勝置業有限公司)	589,156.72	1,826.39	–	–
	94,950,473.89	294,346.47	2,392,993.30	7,381.22

## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 6. Amounts due from/to related parties (continued)

	2020	2019
<b>Other payables</b>		
Chongqing Jinke Zhongjun Real Estate Development Co., Ltd. (重慶金科中俊房地產開發有限公司)	163,804,744.96	–
Shenzhen Red Star Macalline Home Furnishing Plaza Company Limited (深圳紅星美凱龍家居生活廣場有限公司)	47,803,820.31	45,303,820.31
Shenyudao Cultural Tourism Holding Co., Ltd. (神玉島文化旅遊控股股份有限公司)	16,300,000.00	25,600,000.00
Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司)	19,379,218.91	41,437,944.45
Wuhan Zhengkai Logistics Co., Ltd. (武漢市正凱物流有限公司)	9,561,813.98	5,140,854.38
Greenland Group Chengdu Jinniu Real Estate Development Co., Ltd. (綠地集團成都金牛房地產開發有限公司)	9,418,454.28	6,176,810.43
Shanghai Zhenyang Decoration Co., Ltd. (上海振洋建築裝潢工程有限公司)	5,381,599.51	–
Shanghai Xincheng'an Construction Co., Ltd. (上海鑫誠安建設有限公司)	5,154,230.89	434,020.50
Hangzhou Nabel Ceramics Co., Ltd. (杭州諾貝爾陶瓷有限公司) and its branches	1,718,112.79	1,136,494.00
Shanghai Jiazhan Construction Engineering Company Limited (上海嘉展建築裝潢工程有限公司)	1,195,040.32	–
Ultimate IOT (Shanghai) Technology Co., Ltd. (超級智慧家(上海)物聯網科技有限公司)	1,129,893.88	285,000.00
LEAWOD Door and Window Profiles Company (四川良木道門窗型材有限公司)	630,000.00	630,000.00
Klas International Home Living Company Limited (克拉斯國際家居有限公司)	472,952.65	66,300.00
Shengbao (Shanghai) Furniture Co., Ltd. (晟葆(上海)傢俱有限公司)	287,941.56	–
Shanghai Yunshen Intelligent Technology Co., Ltd. (上海雲紳智能科技有限公司)	279,000.00	–
Chongqing Red Star Macalline Enterprise Development Co., Ltd. (重慶紅星美凱龍企業發展有限公司)	199,956.99	199,956.99
Handan Fengfengkuang District Royal Property Development Company Limited (邯鄲市峰峰礦區皇室房地產開發有限公司)	196,910.15	–
Shanghai Tianhe Smart Home Technology Co., Ltd. (上海天合智能科技股份有限公司)	177,752.86	30,000.00



# Notes to the Financial Statements

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## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 6. Amounts due from/to related parties (continued)

	2020	2019
Changzhou Red Star Furniture General Factory Co., Ltd. (常州市紅星傢俱總廠有限公司)	164,183.44	142,706.57
Jiangsu Baili Aijia Home Technology Co., Ltd. (江蘇佰麗愛家家居科技有限公司)	94,600.00	94,000.00
Shanghai Weilaishi Decoration Technology Company Limited (上海威來適裝飾科技有限公司)	89,605.28	–
Shanghai Macalline Aijia Real Estate Management Consulting Co., Ltd. (上海美凱龍愛家房地產管理諮詢有限公司)	71,539.93	–
Hangzhou Nabel Group Co., Ltd. (杭州諾貝爾集團有限公司) and its branches	58,934.47	127,514.47
Business Division of Nanjing Pukou Lilicheng Furniture (南京市浦口區立力成傢俱經營部)	54,500.00	–
Suzhou Supin Home Culture Co., Ltd. (蘇州市蘇品宅配文化有限公司)	51,015.32	40,015.32
Shanghai Huojing Business Management Company Limited (上海或京商業管理有限公司) and its branches	49,893.00	–
QIAN Yumei (錢玉梅)	40,003.20	–
Shenzhen Huasheng Home Furnishing Group Co., Ltd. (深圳華生大家居集團有限公司)	40,000.00	40,000.00
CHE Jianxing (車建興)	33,544.98	–
Beijing Allgf Cultural and Scientific Consultation Co., Ltd. (北京國富縱橫文化科技諮詢股份有限公司)	31,384.00	–
Ningbo Qiangshang Home Living Company Limited (寧波牆尚家居有限公司)	30,000.00	–
Shenzhen Long Life Basics Sleep Science and Technology Co., Ltd. (深圳市朗樂福睡眠科技有限公司)	30,000.00	250,000.00
Changzhou Yizhi International Trade Co., Ltd. (常州市藝致國際貿易有限公司)	24,000.00	–
Hangzhou Feishi Bath & Kitchen Products Co., Ltd. (杭州菲氏浴廚用品有限公司)	20,000.00	20,000.00
Yangzhou Kailong Consulting Co., Ltd. (揚州凱龍管理諮詢有限公司)	15,263.42	33,979.78
Xuzhou Red Star Macalline Global Home Furnishings Plaza Co., Ltd. (徐州紅星美凱龍全球家居生活廣場有限公司)	10,111.00	–
Guangdong Sanweijia Information Technology Co., Ltd. (廣東三維家信息科技有限公司)	10,000.00	–

## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 6. Amounts due from/to related parties (continued)

	2020	2019
Jiangyin Tishang Home Furnishing Co., Ltd. (江陰提尚家居有限公司)	10,000.00	–
CAO Zhongmin (曹仲民)	6,000.00	–
Xiamen Baoxiang Red Star Macalline Home Furnishing Plaza Company Limited (廈門寶象紅星美凱龍家居生活廣場有限公司)	3,101.00	3,795.53
Xuzhou Red Star Macalline International Furniture Decoration City Co., Ltd. (徐州紅星美凱龍國際家具裝飾城有限公司)	1,228.44	1,797.63
Shaanxi Hongrui Home Furnishings Plaza Co., Ltd. (陝西鴻瑞家居生活廣場有限公司)	36.00	257.58
Baoxiang Red Star Macalline (Xiamen) Global Home Furnishing Plaza Co., Ltd. (寶象紅星美凱龍(廈門)全球家居廣場有限公司)	20.00	–
Wuhu Minghui Business Management Co., Ltd. (蕪湖明輝商業管理有限公司)	1.00	162.90
Xinghua Xingkai Home Furnishing Plaza Company Limited (興化市星凱家居生活廣場有限公司)	–	1,235,578.85
Yunnan Red Star Macalline Property Co., Ltd. (雲南紅星美凱龍置業有限公司)	–	36,104.33
Changzhou Yizhi Furniture Company Limited (常州市藝致傢俱有限公司)	–	18,000.00
	<b>284,030,408.52</b>	128,485,114.02

# Notes to the Financial Statements

For the year 2020

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## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 6. Amounts due from/to related parties (continued)

	2020	2019
<b>Advance from customers</b>		
Shanghai Qiaotong Enterprise Management Co., Ltd. (上海喬彤企業管理有限公司)	1,000,000.00	—
CHE Yuqin (車玉琴)	766,736.93	—
Ultimate IOT (Shanghai) Technology Co., Ltd. (超級智慧家(上海)物聯網科技有限公司)	636,009.21	—
Hangzhou Nabel Ceramics Co., Ltd. (杭州諾貝爾陶瓷有限公司) and its branches	442,869.67	458,908.98
Shanghai Macalline Seven Star Hotel Management Co., Ltd. (上海美凱龍七星酒店管理有限公司)	358,382.58	—
CHE Jianguo (車建國)	252,101.86	—
Klas International Home Living Company Limited (克拉斯國際家居有限公司)	246,834.65	—
Chongqing Red Star Macalline Enterprise Development Co., Ltd. (重慶紅星美凱龍企業發展有限公司)	220,500.00	210,000.00
Shengbao (Shanghai) Furniture Co., Ltd. (晟葆(上海)傢俱有限公司)	129,197.97	239,785.62
Jiangsu Baili Aijia Home Technology Co., Ltd. (江蘇佰麗愛家家居科技有限公司)	128,242.40	—
Changzhou Red Star Furniture General Factory Co., Ltd. (常州市紅星傢俱總廠有限公司)	108,585.45	92,435.92
Business Division of Nanjing Pukou Lilicheng Furniture (南京市浦口區立力成傢俱經營部)	106,520.34	—
Shanghai Xingzhiyu Commercial Management Co., Ltd. (上海星之域商業經營管理有限公司)	100,800.00	—
Ningbo Qiangshang Home Living Company Limited (寧波牆尚家居有限公司)	72,208.50	—
Shanghai Zhenyang Decoration Co., Ltd. (上海振洋建築裝潢工程有限公司)	67,916.50	—
ZHANG Jianfang (張建芳)	17,187.52	—
Changzhou Yizhi International Trade Co., Ltd. (常州市藝致國際貿易有限公司)	6,974.77	—
Jiangyin Tishang Home Furnishing Co., Ltd. (江陰提尚家居有限公司)	6,621.01	—
Changzhou Longyao Equity Investment Management Co., Ltd. (常州龍耀股權投資管理有限公司)	2,940.91	—
QIAN Zhongxiang (錢忠祥)	2,873.99	—

## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 6. Amounts due from/to related parties (continued)

	2020	2019
Shanghai Tianhe Smart Home Technology Company Ltd. (上海天合智能科技股份有限公司) and its branches	2,306.26	–
Hangzhou Nabel Group Co., Ltd. (杭州諾貝爾集團有限公司) and its branches	115.00	–
	4,675,925.52	1,001,130.52
<b>Account Payable</b>		
Shanghai Zhenyang Decoration Co., Ltd. (上海振洋建築裝潢工程有限公司)	68,537,477.95	N/A
Shanghai Xincheng'an Construction Co., Ltd. (上海鑫誠安建設有限公司)	39,473,502.92	43,522,109.91
Shanghai Jiazhan Construction Engineering Company Limited (上海嘉展建築裝潢工程有限公司)	9,807,364.91	29,020,042.08
Shanghai AI.Pure Intelligent Technology Co., Ltd. (上海智諦智能科技有限公司)	912,388.51	1,497,343.39
Changzhou Red Star Furniture General Factory Co., Ltd. (常州市紅星傢俱總廠有限公司)	803,190.50	748,612.50
Hangzhou Nabel Ceramics Co., Ltd. (杭州諾貝爾陶瓷有限公司) and its branches	727,233.56	–
CHE Guoxing (車國興)	291,500.00	–
Beijing Allgf Cultural and Scientific Consultation Co., Ltd. (北京國富縱橫文化科技諮詢股份有限公司)	213,636.49	–
Shenyang Red Star Macalline Property Management Co., Ltd. (瀋陽紅星美凱龍物業管理有限公司)	138,775.00	–
Shanghai Red Star Win-Win Cloud Computing Technology Co., Ltd. (上海紅星共贏雲計算科技有限公司)	20,000.00	–
	120,925,069.84	74,788,107.88
	2020	2019
<b>Lease liabilities</b>		
Changzhou Red Star Home Furnishing City (常州市紅星裝飾城)	–	1,576,761.26

# Notes to the Financial Statements

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## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 6. Amounts due from/to related parties (continued)

	2020	2019
<b>Contract liabilities</b>		
Chongqing Jinke Real Estate Development Co., Ltd. (重慶金科房地產開發有限公司)	229,729,729.73	–
Shanghai Xingzhiyu Commercial Management Co., Ltd. (上海星之域商業經營管理有限公司)	13,267,730.09	–
Shanghai CTME Economy & Trade Development Co., Ltd. (上海中貿美凱龍經貿發展有限公司)	3,671,235.22	–
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司)	3,414,014.53	889,517.70
Shenzhen Red Star Macalline Business Management Company Limited (深圳紅星美凱龍商業管理有限公司)	3,269,563.22	–
Anhui Tenghui Investment Group Hefei Co., Ltd. (安徽騰輝投資集團合肥有限公司)	3,229,923.19	–
Shanghai Jingdi Catering Management Co., Ltd. (上海景帝餐飲管理有限公司)	3,181,686.73	–
Shanghai Qiaotong Enterprise Management Co., Ltd. (上海喬彤企業管理有限公司)	3,069,002.97	–
Wuhu Meihe Asset Management Company Limited (蕪湖美和資產管理有限公司)	2,669,989.27	–
Hangzhou Nabel Ceramics Co., Ltd. (杭州諾貝爾陶瓷有限公司) and its branches	2,591,839.99	2,708,506.99
Greenland Group Chengdu Jinniu Real Estate Development Co., Ltd. (綠地集團成都金牛房地產開發有限公司)	2,419,229.79	2,462,307.23
Xuzhou Red Star Macalline Global Home Furnishings Plaza Co., Ltd. (徐州紅星美凱龍全球家居生活廣場有限公司)	2,290,621.69	1,359,031.34
Wuhan Zhengkai Logistics Co., Ltd. (武漢市正凱物流有限公司)	1,952,054.79	1,952,054.79
Kunming Hongxing Haihui Real Estate Co., Ltd. (昆明紅星海匯房地產有限公司)	922,061.32	–
Xiangshan Meilong Real Estate Co., Ltd. (象山美龍置業有限公司)	796,738.85	–
Anka Household Products (Shanghai) Co., Ltd. (安咖家居用品(上海)有限公司)	587,155.96	–
Handan Fengfengkuang District Royal Property Development Company Limited (邯鄲市峰峰礦區皇室房地產開發有限公司)	462,651.85	15,094,339.62

## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 6. Amounts due from/to related parties (continued)

	2020	2019
Liuzhou Red Star Macalline Real Estate Co., Ltd. (柳州紅星美凱龍置業有限公司)	290,552.29	–
Shenzhen Long Life Basics Sleep Science and Technology Co., Ltd. (深圳市朗樂福睡眠科技有限公司)	156,037.74	150,943.40
Shanghai Shimao Macalline Home Technology Co., Ltd. (上海世茂美凱龍家居科技有限公司)	132,642.62	–
Tianjin Macalline Real Estate Co., Ltd. (天津美凱龍置業有限公司)	75,109.78	–
Shanghai Hongmei Real Estate Co., Ltd. (上海洪美置業有限公司)	72,668.39	150,504.13
Xishuangbanna cloud investment construction Pan Asia Real Estate Co., Ltd. (西雙版納雲投建設泛亞置業有限公司)	37,521.47	–
SleepMaker (Shenzhen) Company Limited (造夢者家居(深圳)有限公司)	30,417.92	30,417.92
Kunming Guangyuan Real Estate Development Co., Ltd. (昆明廣遠房地產開發有限公司)	13,165.14	–
Suzhou Supin Home Culture Co., Ltd. (蘇州市蘇品宅配文化有限公司)	11,792.45	–
Ningbo Huixin Real Estate Co., Ltd. (寧波匯鑫置業有限公司)	–	282,301.12
	278,345,136.99	25,079,924.24

	2020	2019
<b>Long-term payables</b>		
Wuhu Red Star Macalline Equity Investment Fund Management Company Limited (蕪湖紅星美凱龍股權投資基金管理有限公司)	9,800,000.00	–

# Notes to the Financial Statements

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## 十一 承諾及或有事項

### 1. Significant Commitments

	2020	2019
Contracted but not provisioned		
Capital commitments	<b>2,373,804,000.00</b>	2,095,018,000.00
Investment commitments	<b>606,347,000.00</b>	647,700,000.00
	<b>2,980,151,000.00</b>	2,742,718,000.00

### 2. Contingencies

As of the date of approval of the financial report, the Company has no significant contingencies that should be disclosed.

## XII. EVENTS AFTER THE BALANCE SHEET DATE

### 1. Non-public offering of shares by the Company

On 1 March 2021, the Issuance Review Committee of the CSRC reviewed the application for non-public issuance of shares of Red Star Macalline Group Corporation Ltd. At present, the Company has not received the written approval document from the CSRC. The Company will make another announcement after receiving the official approval document from the CSRC.

## XIII. OTHER SIGNIFICANT EVENTS

### 1. Segment Reporting

#### Operating segment

For management purposes, the Group is organized into business units based on their products and services and has 5 reporting segments as follows:

- (1) Owned/Leased Portfolio Shopping Malls;
- (2) Managed Shopping Malls;
- (3) Construction and design;
- (4) Related home decoration and sales of merchandise;
- (5) Others.

The management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance are evaluated based on the segment profits reported. It represents the indicator after adjustments have been made to total profit of continuing operation, and other than the exclusion of interest income, financial expenses, dividend income, gains from changes in fair value of financial instruments, and headquarters expenses, the indicator is consistent with the Group's total profit of continuing operation.



# Notes to the Financial Statements

For the year 2020

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## XIII. OTHER SIGNIFICANT EVENTS (continued)

### 1. Segment Reporting (continued)

#### Operating segment (continued)

2020

	Owned/Leased Portfolio Shopping Malls	Managed Shopping Malls	Construction and design	Related home decoration and sales of merchandise	Other	Unallocated item	Combination
External revenue	6,682,413,448.77	3,580,465,132.95	1,668,238,075.14	1,224,005,416.99	1,081,338,025.13	-	14,236,460,098.98
Inter-segment revenue							
<b>Total segment operating revenue</b>	<b>6,682,413,448.77</b>	<b>3,580,465,132.95</b>	<b>1,668,238,075.14</b>	<b>1,224,005,416.99</b>	<b>1,081,338,025.13</b>	<b>-</b>	<b>14,236,460,098.98</b>
Less: Cost of sales	1,566,523,960.01	1,437,893,251.23	1,123,349,218.85	956,135,495.38	396,268,099.39	-	5,480,170,024.86
Taxes and surcharges	291,441,401.24	28,920,542.46	13,451,489.25	4,531,602.66	39,069,746.66	-	377,414,782.27
Sale expenses	949,717,782.43	486,502,909.03	2,352,987.49	197,512,890.57	57,686,190.12	-	1,693,772,759.64
Management expenses	599,853,770.01	436,763,128.17	123,509,696.13	134,225,807.28	386,504,166.46	-	1,680,856,568.05
Research and development expenses	-	-	-	-	-	36,035,643.66	36,035,643.66
Financial expenses	-	-	-	-	-	2,464,418,667.68	2,464,418,667.68
Add: Other income	-	-	-	-	-	184,249,900.19	184,249,900.19
Investment income	-	-	-	-	-	222,015,867.89	222,015,867.89
Gain on changes in fair value	-	-	-	-	-	494,132,525.69	494,132,525.69
Impairment losses of credit	-	-	-	-	-	(126,335,204.00)	(126,335,204.00)
Impairment losses of assets	-	-	-	-	-	(333,165,778.40)	(333,165,778.40)
Gain from disposal of assets	-	-	-	-	-	1,368,758.55	1,368,758.55
<b>Operating profit/(loss)</b>	<b>3,274,876,535.08</b>	<b>1,190,385,302.06</b>	<b>405,574,683.42</b>	<b>(68,400,378.90)</b>	<b>201,809,822.50</b>	<b>(2,058,188,241.42)</b>	<b>2,946,057,722.74</b>
Add: Non-operating income	-	-	-	-	-	57,938,296.96	57,938,296.96
Less: Non-operating expenses	-	-	-	-	-	189,847,568.12	189,847,568.12
<b>Total profit/(loss)</b>	<b>3,274,876,535.08</b>	<b>1,190,385,302.06</b>	<b>405,574,683.42</b>	<b>(68,400,378.90)</b>	<b>201,809,822.50</b>	<b>(2,190,097,512.58)</b>	<b>2,814,148,451.58</b>
Less: Income tax expenses	-	-	-	-	-	750,071,048.61	750,071,048.61
<b>Net profit/(loss)</b>	<b>3,274,876,535.08</b>	<b>1,190,385,302.06</b>	<b>405,574,683.42</b>	<b>(68,400,378.90)</b>	<b>201,809,822.50</b>	<b>(2,940,168,561.19)</b>	<b>2,064,077,402.97</b>

### XIII. OTHER SIGNIFICANT EVENTS (continued)

#### 1. Segment Reporting (continued)

##### Operating segment (continued)

2019

	Owned/Leased Portfolio Shopping Malls	Managed Shopping Malls	Construction and design	Related home decoration and sales of merchandise	Other	Unallocated item	Combination
External revenue	7,798,760,658.12	4,702,248,186.58	2,250,505,124.04	568,999,157.09	1,148,724,663.09	-	16,469,237,788.92
Inter-segment revenue							
<b>Total segment operating revenue</b>	<b>7,798,760,658.12</b>	<b>4,702,248,186.58</b>	<b>2,250,505,124.04</b>	<b>568,999,157.09</b>	<b>1,148,724,663.09</b>	<b>-</b>	<b>16,469,237,788.92</b>
Less: Cost of sales	1,654,802,504.45	1,624,820,375.85	1,459,522,282.78	440,190,913.00	556,274,935.42	-	5,735,611,011.50
Taxes and surcharges	365,419,038.76	36,811,335.76	13,773,217.88	1,645,111.21	11,391,898.15	-	429,040,601.76
Sale expenses	1,554,419,069.09	526,548,524.47	132,252.38	156,362,103.05	53,468,877.32	-	2,290,930,826.31
Management expenses	664,743,614.99	520,034,159.13	111,734,987.44	112,569,449.10	342,784,504.93	-	1,751,866,715.59
Research and development expenses	-	-	-	-	-	38,206,412.50	38,206,412.50
Financial expenses	-	-	-	-	-	2,260,079,805.40	2,260,079,805.40
Add: Other income	-	-	-	-	-	104,900,495.94	104,900,495.94
Investment income	-	-	-	-	-	786,438,650.13	786,438,650.13
Gain on changes in fair value	-	-	-	-	-	1,632,073,263.93	1,632,073,263.93
Impairment losses of credit	-	-	-	-	-	(252,135,593.72)	(252,135,593.72)
Impairment losses of assets	(45,726,468.34)	(45,726,468.34)	-	-	-	-	-
Gain from disposal of assets	-	-	-	-	-	8,101,725.36	8,101,725.36
Operating profit/(loss)	3,559,376,430.83	1,994,033,791.37	665,342,383.56	(141,768,419.27)	184,804,447.27	(64,634,144.60)	6,197,154,489.16
Add: Non-operating income	-	-	-	-	-	46,074,966.28	46,074,966.28
Less: Non-operating expenses	-	-	-	-	-	40,151,435.89	40,151,435.89
<b>Total profit/(loss)</b>	<b>3,559,376,430.83</b>	<b>1,994,033,791.37</b>	<b>665,342,383.56</b>	<b>(141,768,419.27)</b>	<b>184,804,447.27</b>	<b>(58,710,614.21)</b>	<b>6,203,078,019.55</b>
Less: Income tax expenses	-	-	-	-	-	1,516,836,338.46	1,516,836,338.46
<b>Net profit/(loss)</b>	<b>3,559,376,430.83</b>	<b>1,994,033,791.37</b>	<b>665,342,383.56</b>	<b>(141,768,419.27)</b>	<b>184,804,447.27</b>	<b>(1,575,546,952.67)</b>	<b>4,686,241,681.09</b>

# Notes to the Financial Statements

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## XIII. OTHER SIGNIFICANT EVENTS (continued)

### 2. Leases

#### (1) As a lessor

The Group uses some houses and buildings for rent, and the lease period is usually 1-3 years, forming an operating lease. According to the lease contract, the rent needs to be adjusted every year according to the market rent status. In 2020, the Group's revenue from housing and building leases was RMB6,682,569,916.85, please refer to Note V.46. The leased houses and buildings are listed in investment properties, please refer to Note V.15.

#### *Operating lease*

The profit and loss related to operating leases are listed as follows:

	2020	2019
Rental income	<b>6,682,569,916.85</b>	7,798,760,658.12

According to the lease contract signed with the lessee, minimum lease payment under irrevocable lease is as follows:

	2020	2019
Within 1 year (including 1 year)	<b>3,029,451,265.53</b>	2,445,477,545.62
1 to 2 years (including 2 years)	<b>56,010,046.06</b>	59,385,558.27
2 to 3 years (including 3 years)	<b>9,665,365.00</b>	32,671,446.28
3 to 4 years (including 4 years)	<b>4,950,494.31</b>	15,384,663.59
4 to 5 years (including 5 years)	–	42,078.24
	<b>3,100,077,170.90</b>	2,552,961,292.00

For fixed assets rented out under operating leases, please refer to Note V.15.

### XIII. OTHER SIGNIFICANT EVENTS (continued)

#### 2. Leases (continued)

##### (2) As a lessee

	2020	2019
Interest expenses of lease liabilities	<b>221,715,442.83</b>	174,769,088.34
Short-term lease expenses included in the current profit and loss under simplified treatment	<b>82,506,126.15</b>	60,140,750.02
Revenue from subletting right-of-use assets	<b>1,210,546,002.76</b>	1,109,516,925.02
Total cash outflows related to leases	<b>664,268,421.44</b>	763,075,082.65

The leased assets leased by the Group include houses and buildings and other equipments used in the course of operation. The lease period of houses and buildings and other equipments is usually 3-30 years.

*Potential future cash outflows not included in the measurement of lease liabilities*

Leases committed but not yet started

Excepted future cash outflows of the leases committed by the Group but not yet started are as follows:

	2020	2019
Within 1 year (including 1 year)	<b>56,454,019.60</b>	73,601,128.80
1 to 2 years (including 2 years)	<b>79,204,039.20</b>	102,781,148.40
2 to 3 years (including 3 years)	<b>81,796,039.20</b>	105,373,148.40
Over 3 years	<b>1,251,524,360.34</b>	1,820,479,300.52
	<b>1,468,978,458.34</b>	2,102,234,726.12

# Notes to the Financial Statements

For the year 2020

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## XIII. OTHER SIGNIFICANT EVENTS (continued)

### 3. Remuneration of Directors and Supervisors

#### Remuneration of Directors

	2020	2019
Directors' fees	2,476,190.48	2,400,000.00
Salaries and allowances	8,210,919.20	8,730,000.00
Bonuses	3,661,197.60	4,634,255.00
Pensions	194,321.80	245,336.00
Social insurance and reserve funds other than pensions	235,613.90	257,910.85
	<b>14,778,242.98</b>	<b>16,267,501.85</b>

#### Executive directors

The remuneration of executive Directors is set out as follows:

2020	Directors' fees	Salaries and allowances	Bonuses	Pensions	Other social security fund	Total
CHE Jianxing	-	1,818,000.00	3,000,000.00	36,749.54	47,122.78	4,901,872.32
GUO Binghe	-	1,458,000.00	104,000.00	36,749.54	47,122.78	1,645,872.32
CHE Jianfang	-	1,918,000.00	187,912.80	36,749.54	47,122.78	2,189,785.12
JIANG Xiaozhong	-	1,818,000.00	350,740.00	36,749.54	47,122.78	2,252,612.32
	-	7,012,000.00	3,642,652.80	146,998.16	188,491.12	10,990,142.08

2019	Directors' fees	Salaries and allowances	Bonuses	Pensions	Other social security fund	Total
CHE Jianxing	-	1,818,000.00	300,000.00	49,067.20	51,582.17	2,218,649.37
GUO Binghe	-	1,458,000.00	930,000.00	49,067.20	51,582.17	2,488,649.37
CHE Jianfang	-	2,418,000.00	381,600.00	49,067.20	51,582.17	2,900,249.37
JIANG Xiaozhong	-	1,818,000.00	2,680,400.00	49,067.20	51,582.17	4,599,049.37
	-	7,512,000.00	4,292,000.00	196,268.80	206,328.68	12,206,597.48

### XIII. OTHER SIGNIFICANT EVENTS (continued)

#### 3. Remuneration of Directors and Supervisors (continued)

##### Remuneration of Directors (continued)

##### Non-executive directors

The remuneration of non-executive Directors is set out as follows

2020	Directors' fees	Salaries and allowances	Bonuses	Pensions	Social security fund	Total
XU Guofeng (Note 1)	-	-	-	-	-	-
CHEN Shuhong	-	1,198,919.20	18,544.80	47,323.64	47,122.78	1,311,910.42
XU Hong	-	-	-	-	-	-
JING Jie	-	-	-	-	-	-
LIU Jin (Note 2)	-	-	-	-	-	-
	-	1,198,919.20	18,544.80	47,323.64	47,122.78	1,311,910.42

2019	Directors' fees	Salaries and allowances	Bonuses	Pensions	Social security fund	Total
CHEN Shuhong	-	1,218,000.00	342,255.00	49,067.20	51,582.17	1,660,904.37
XU Guofeng	-	-	-	-	-	-
Joseph Raymond Gagnon	-	-	-	-	-	-
ZHANG Qiqi	-	-	-	-	-	-
XU Hong	-	-	-	-	-	-
JING Jie	-	-	-	-	-	-
	-	1,218,000.00	342,255.00	49,067.20	51,582.17	1,660,904.37

Note 1: Resigned as a non-executive director of the Company on 8 February 2021.

Note 2: Appointed as a non-executive director of the Company on 16 November 2020.

# Notes to the Financial Statements

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## XIII. OTHER SIGNIFICANT EVENTS (continued)

### 3. Remuneration of Directors and Supervisors (continued)

#### Remuneration of Directors (continued)

##### Independent non-executive directors

	2020	2019
LEE, Kwan Hung (李均雄)	600,000.00	600,000.00
QIAN Shizheng (錢世政)	600,000.00	600,000.00
ZHAO Chongyi (趙崇佚)	600,000.00	600,000.00
WANG Xiao (王嘯)	600,000.00	600,000.00
QIN Hong (秦虹) (Note 1)	76,190.48	–
	<b>2,476,190.48</b>	2,400,000.00

Note 1: Resigned as an independent non-executive director of the Company on November 16, 2020.

There is no other remuneration payable to independent non-executive Directors for the year (2020: nil).

#### Remuneration of Supervisors

2020	Supervisors' fees	Salaries and allowances	Bonuses	Pensions	Other social security fund	Total
PAN Ning (潘寧)	–	1,218,000.00	78,000.00	36,749.54	47,122.78	1,379,872.32
CHAO Yanping (巢艷萍)	–	600,000.00	3,640.00	36,749.54	47,122.78	687,512.32
CHEN Gang (陳崗)	–	180,000.00	–	–	–	180,000.00
ZHENG Hongtao (鄭洪濤)	–	180,000.00	–	–	–	180,000.00
	–	<b>2,178,000.00</b>	<b>81,640.00</b>	<b>73,499.08</b>	<b>94,245.56</b>	<b>2,427,384.64</b>

### XIII. OTHER SIGNIFICANT EVENTS (continued)

#### 3. Remuneration of Directors and Supervisors (continued)

##### Remuneration of Supervisors (continued)

2019	Supervisors' fees	Salaries and allowances	Bonuses	Pensions	Other social security fund	Total
PAN Ning (潘寧)	-	1,218,000.00	658,000.00	49,067.20	51,582.17	1,976,649.37
CHAO Yanping (巢艷萍)	-	600,000.00	377,102.01	49,067.20	51,582.17	1,077,751.38
CHEN Gang (陳崗)	180,000.00	-	-	-	-	180,000.00
ZHENG Hongtao (鄭洪濤)	180,000.00	-	-	-	-	180,000.00
WU Kaiying (吳凱盈)	-	-	-	-	-	-
	360,000.00	1,818,000.00	1,035,102.01	98,134.40	103,164.34	3,414,400.75

Pursuant to the remuneration system of the Company, the remuneration, allowances, benefits in kind and discretionary bonuses accrued for the executive directors are subject to the approval of the remuneration committee and the annual general meeting.



# Notes to the Financial Statements

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## XIII. OTHER SIGNIFICANT EVENTS (continued)

### 4. The Five Highest Paid Employees of the Group During the Year

The five highest paid employees during the year included one directors (2019: one directors) and details of their remuneration are set out in Notes XIII. 3. Details of the remaining four non-directors of the highest paid employees (2019: four) are set out as follows:

	2020	2019
Salaries and allowances	<b>13,444,021.05</b>	8,076,000.00
Bonuses	<b>3,023,800.00</b>	6,998,500.00
Pensions	<b>96,859.48</b>	147,201.44
Social insurance and reserve funds other than pensions	<b>180,012.11</b>	154,746.46

The number of the non-directors and non-supervisors of highest paid employees whose pre-tax remuneration fell within the following bands is as follows:

	2020	2019
HK\$1,500,001 to HK\$2,000,000 (equivalent to RMB1,344,000 to RMB1,791,000)	<b>1</b>	–
HK\$2,000,001 to HK\$2,500,000 (equivalent to RMB1,791,000 to RMB2,239,000)	–	–
HK\$2,500,001 to HK\$3,000,000 (equivalent to RMB2,239,000 to RMB2,687,000)	–	–
HK\$3,000,001 to HK\$3,500,000 (equivalent to RMB2,687,000 to RMB3,135,000)	–	–
HK\$3,500,001 to HK\$4,000,000 (equivalent to RMB3,135,000 to RMB3,583,000)	<b>1</b>	1
HK\$4,000,001 to HK\$4,500,000 (equivalent to RMB3,583,000 to RMB4,031,000)	<b>1</b>	2
HK\$4,500,001 to HK\$5,000,000 (equivalent to RMB4,031,000 to RMB4,479,000)	–	1
over HK\$5,000,000 (equivalent to over RMB4,479,000)	<b>1</b>	–

### 5. Pension Plans

	2020	2019
Net contributions to pension plans	<b>73,986,625.76</b>	281,063,651.08

On 31 December 2020, the Group was not forced to waive its contributions to reduce its contributions to pension plan for future years.

## XIII. OTHER SIGNIFICANT EVENTS (continued)

### 6. Total Assets Less Current Liabilities

	31 December 2020 The Group	31 December 2019 The Group
Total assets	<b>131,547,918,635.49</b>	122,294,418,558.66
Less: current liabilities	<b>31,638,847,386.67</b>	27,767,945,494.43
Total assets less current liabilities	<b>99,909,071,248.82</b>	94,526,473,064.23

	31 December 2020 The Company	31 December 2019 The Company
Total assets	<b>60,735,934,997.03</b>	53,950,039,772.09
Less: current liabilities	<b>37,338,235,750.77</b>	28,340,470,796.12
Total assets less current liabilities	<b>23,397,699,246.26</b>	25,609,568,975.97

### 7. Comparative Data

As set out in Note III.33, according to the Questions and Answers on the Implementation of Accounting Standards for Business Enterprises published by the Ministry of Finance in December 2020, the impairment losses of contract assets originally included in the “impairment losses of credit” in the income statement have been reclassified by the Group to the “impairment losses of contract assets”, with the comparative data retrospectively adjusted. The change in the accounting policy has no impact on the consolidated net profits and total equity, and the net profits and total equity of the Company.

### 8. Other Important Transactions and Events that Affect Investors' Decisions

As of the approval date of the financial report, the Group has no other important transactions and events that have an impact on investors' decisions should be disclosed.

# Notes to the Financial Statements

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## XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY

### 1. Accounts Receivable

	2020	2019
Accounts receivable	<b>1,070,598,215.58</b>	1,283,376,758.63
Less: Bad debt allowance	<b>710,901,123.63</b>	909,070,574.54
	<b>359,697,091.95</b>	374,306,184.09

The movements on the allowance for bad debts in relation to accounts receivable are as follows:

	Opening balance	Provision for the current year	Reversal for the current year	Charge off for the current year	Write-off for the current year	Closing balance
2020	<b>909,070,574.54</b>	<b>9,311,179.73</b>	<b>(169,380,630.64)</b>	-	<b>(38,100,000.00)</b>	<b>710,901,123.63</b>
2019	940,816,218.89	111,039,148.09	(23,458,125.78)	-	(119,326,666.66)	909,070,574.54

	2020			
	Book balance		Bad debt allowance	
	Amount	Percentage (%)	Amount	Proportion (%)
Receivables for which bad debts are provided individually	<b>636,247,285.70</b>	<b>59.43</b>	<b>564,772,285.69</b>	<b>88.77</b>
Receivables for which bad debt allowance is provided by portfolio of credit risk characteristics	<b>434,350,929.88</b>	<b>40.57</b>	<b>146,128,837.94</b>	<b>33.63</b>
	<b>1,070,598,215.58</b>	<b>100.00</b>	<b>710,901,123.63</b>	<b>66.40</b>

## XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

### 1. Accounts Receivable (continued)

	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:

	2020	2019
Within 1 year	<b>141,247,442.34</b>	172,585,476.58
1 to 2 years	<b>138,497,721.76</b>	138,675,103.83
2 to 3 years	<b>110,046,974.44</b>	144,958,648.62
Over 3 years	<b>680,806,077.04</b>	827,157,529.60
	<b>1,070,598,215.58</b>	1,283,376,758.63
Less: Allowance for bad debts for accounts receivable	<b>710,901,123.63</b>	909,070,574.54
	<b>359,697,091.95</b>	374,306,184.09

# Notes to the Financial Statements

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## XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

### 1. Accounts Receivable (continued)

As at 31 December 2020, the top five amount of accounts receivable which bad debts are provided individually are as follows:

	Book balance	Bad debt allowance Closing balance	ECL rate (%)	Reason for accruing bad debt
Changzhou Wujin Construction Engineering Co., Ltd. (常州市武進建設工程有限公司)	55,000,000.00	55,000,000.00	100.00	Expected account receivables cannot be recovered
Jiangsu Provincial Construction Group Co., Ltd. (江蘇省建築工程集團有限公司)	26,000,000.00	23,000,000.00	88.46	Expected partial account receivables cannot be recovered
Xuanwei Xintiandi Real Estate Development Co., Ltd. (宣威市新天地房地產開發有限公司)	20,000,000.00	20,000,000.00	100.00	Expected account receivables cannot be recovered
Guizhou Linhengtai Property Development Company Limited (貴州林恒泰房地產開發有限公司)	18,000,000.00	18,000,000.00	100.00	Expected account receivables cannot be recovered
Fujian vogu Investment Development Co., Ltd. (福建沃谷投資發展有限公司)	17,000,000.00	17,000,000.00	100.00	Expected account receivables cannot be recovered

## XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

### 1. Accounts Receivable (continued)

As at 31 December 2019, the top five amount of accounts receivable which bad debts are provided individually are as follows:

	Book balance	Bad debt allowance Closing balance	Proportion to total balance of Accounts receivable (%)	Reason for accruing bad debt
Changzhou Wujin Construction Engineering Co., Ltd. (常州市武進建設工程有限公司)	55,000,000.00	55,000,000.00	100.00	Expected account receivables cannot be recovered
Jiangsu Provincial Construction Group Co., Ltd. (江蘇省建築工程集團有限公司)	26,000,000.00	23,000,000.00	88.46	Expected account receivables cannot be recovered
Guizhou Jinyuan Huafu Real Estate Co., Ltd. (貴州金源華府置業有限公司)	23,000,000.00	23,000,000.00	100.00	Expected account receivables cannot be recovered
Xuanwei Xintiandi Real Estate Development Co., Ltd. (宣威市新天地房地產開發有限公司)	20,000,000.00	20,000,000.00	100.00	Expected account receivables cannot be recovered
Fujian vogu Investment Development Co., Ltd. (福建沃谷投資發展有限公司)	17,000,000.00	17,000,000.00	100.00	Expected partial account receivables cannot be recovered

# Notes to the Financial Statements

For the year 2020

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## XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

### 1. Accounts Receivable (continued)

Our Company's accounts receivable for which bad debts are provided by aging analysis method are as follows:

	2020		
	Book balance expected to incur credit loss	ECL rate (%)	Lifetime ECL
Portfolio One: Brand consulting and management services for the early stage of project			
Within 1 year	25,055,555.56	10.15	2,543,138.90
1 to 2 years	25,300,000.00	15.59	3,944,270.00
2 to 3 years	61,000,000.00	21.24	12,956,400.00
3 to 4 years	65,800,000.00	29.52	19,424,160.00
4 to 5 years	28,890,000.00	51.72	14,941,908.00
5 to 6 years	18,500,000.00	63.07	11,667,950.00
Over 6 years	19,250,000.00	100.00	19,250,000.00
	243,795,555.56	34.75	84,727,826.90

	2020		
	Book balance expected to incur credit loss	ECL rate (%)	Lifetime ECL
Portfolio Three: Other consulting services			
Within 1 year	59,089,070.99	15.82	9,347,891.03
1 to 2 years	60,059,363.26	33.57	20,161,928.25
2 to 3 years	9,132,590.94	56.89	5,195,530.98
Over 3 years	25,019,178.08	100.00	25,019,178.08
	153,300,203.27	38.96	59,724,528.34

## XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

### 1. Accounts Receivable (continued)

Our Company's accounts receivable for which bad debts are provided by aging analysis method are as follows:  
(continued)

	2020		
	Book balance expected to incur credit loss	ECL rate (%)	Lifetime ECL
Portfolio Four: Rental and related income	2,600,015.12	4.50	117,000.68

	2020		
	Book balance expected to incur credit loss	ECL rate (%)	Lifetime ECL
Portfolio Five: Others	34,655,155.93	4.50	1,559,482.02



# Notes to the Financial Statements

For the year 2020

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## XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

### 1. Accounts Receivable (continued)

Our Company's accounts receivable for which bad debts are provided by aging analysis method are as follows:  
(continued)

	2019		
	Book balance expected to incur credit loss	ECL rate (%)	Lifetime ECL
Portfolio One: Brand consulting and management services for the early stage of project			
Within 1 year	26,300,000.00	8.96	2,356,480.00
1 to 2 years	88,440,000.00	13.99	12,372,756.00
2 to 3 years	75,000,000.00	19.57	14,677,500.00
3 to 4 years	65,890,000.00	26.83	17,678,287.00
4 to 5 years	30,050,000.00	53.11	15,959,555.00
5 to 6 years	41,540,000.00	69.67	28,940,918.00
Over 6 years	5,000,000.00	100.00	5,000,000.00
	332,220,000.00	29.19	96,985,496.00

	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)

	Book balance expected to incur credit loss	2019	
		ECL rate (%)	Lifetime ECL
Portfolio Four: Rental and related income	4,916,252.54	4.50	221,231.36

	Book balance expected to incur credit loss	2019	
		ECL rate (%)	Lifetime ECL
Portfolio Five: Others	37,367,123.70	4.50	1,681,520.57

Accounts receivable actually written off in 2020 are RMB38,100,000.00, of which, the important written-off account receivables include receivables from Dalian Yongle Hongye Group Co., Ltd. amounting to RMB13,500,000.00 for brand consulting and management services for the early stage of project, which was written off after approval by the management because it cannot be recovered; receivables from Zhejiang Huaxia Real Estate Co., Ltd. amounting to RMB9,250,000.00 for brand consulting and management services for the early stage of project, which was written off after approval by the management because it cannot be recovered; and receivables from Jinzhong Tianhe Real Estate Development Co., Ltd. amounting to RMB6,000,000.00 for brand consulting and management services for the early stage of project, which was written off after approval by the management because it cannot be recovered. (2019: the actual write-off account receivables is RMB119,326,666.66. During which, the important written-off account includes: Receivables from Jiangsu Yancheng Erjian Group Co., Ltd (江蘇鹽城二建集團有限公司) amount to RMB30,600,000.00 for other consulting services, written-off after approval of management due to unable to recover. Receivables from Jiangsu Jiangzhong Group Co., Ltd (江蘇江中集團有限公司) amount to RMB15,000,000.00 for other consulting services, written-off after approval of management due to unable to recover. Receivables from Nanning Runjia Real Estate Development Co., Ltd (南寧潤嘉房地產開發有限公司) amount to RMB18,666,666.67 for Brand consulting and management services for the early stage of project, written-off after approval of management due to unable to recover.)

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For the year 2020

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## XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

### 1. Accounts Receivable (continued)

As at 31 December 2020, the top five accounts receivable were as follows:

	Closing balance	Proportion to total balance of accounts receivable (%)	Bad debt allowance Closing balance
Changzhou Wujin Construction Engineering Co., Ltd. (常州市武進建設工程有限公司)	55,000,000.00	5.14	55,000,000.00
Jiangsu Provincial Construction Group Co., Ltd. (江蘇省建築工程集團有限公司)	26,000,000.00	2.43	23,000,000.00
Zhejiang Yitian Investment Management Co., Ltd. (浙江億田投資管理有限公司)	21,836,000.00	2.04	982,620.00
Xuanwei Xintiandi Real Estate Development Co., Ltd. (宣威市新天地房地產開發有限公司)	20,000,000.00	1.87	20,000,000.00
Guizhou Lin Hengtai Real Estate Development Co., Ltd. (貴州林恒泰房地產開發有限公司)	18,000,000.00	1.68	18,000,000.00

## XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

### 2. Other Receivables

	2020	2019
Interest receivables	9,069,537.32	26,680,567.53
Dividend receivables	2,958,106,450.36	3,441,696,949.26
Other receivables	29,492,800,730.56	24,330,957,653.18
	32,459,976,718.24	27,799,335,169.97

#### Interest receivables

	2020	2019
Loan interest	9,069,537.32	26,680,567.53

# Notes to the Financial Statements

For the year 2020

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## XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

### 2. Other Receivables (continued)

#### Dividend receivables

	2020	2019
Shanghai Xingkai Chengpeng Business Management Company Limited (上海星凱程鵬企業管理有限公司)	1,188,856,949.26	608,856,949.26
Red Star Macalline Home Furnishing Mall Management Company Limited (紅星美凱龍家居商場管理有限公司)	1,137,000,000.00	1,037,000,000.00
Shanghai Red Star Macalline Global Home Furnishing Company Limited (上海紅星美凱龍全球家居有限公司)	352,000,000.00	352,000,000.00
Red Star Macalline Enterprise Management and Consultancy Company Limited (紅星美凱龍企業管理諮詢有限公司)	150,000,000.00	–
Nanjing Mingdu Home Furnishing Plaza Company Limited (南京名都家居廣場有限公司)	62,400,000.00	62,400,000.00
Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司)	31,000,000.00	31,000,000.00
Shanghai Red Star Macalline Business Consulting Company Limited (上海紅星美凱龍商務諮詢有限公司)	19,849,501.10	–
Jinan Red Star Macalline Shibo Home Living Plaza Company Limited (濟南紅星美凱龍世博家居生活廣場有限公司)	8,000,000.00	8,000,000.00
Shanghai Jisheng Wellborn Global Home Furnishing Brand Management Company Limited (上海吉盛偉邦環球家居品牌管理有限公司)	6,000,000.00	6,000,000.00
Changsha Red Star Macalline International Home Furnishing Art Expo Company Limited (長沙紅星美凱龍國際家居藝術博覽中心有限公司)	3,000,000.00	3,000,000.00
Red Star Macalline Enterprise Management and Consultancy Company Limited (紅星美凱龍企業管理諮詢有限公司)	–	570,000,000.00

## XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

### 2. Other Receivables (continued)

#### Dividend receivables (continued)

	2020	2019
Red Star Xizhao Investment Company Limited (紅星喜兆投資有限公司)	–	360,000,000.00
Chongqing Red Star Macalline Shibo Home Living Plaza Company Limited (重慶紅星美凱龍世博家居生活廣場有限責任公司)	–	246,000,000.00
Shanghai Red Star Macalline Decorative Furniture Mall Company Limited (上海紅星美凱龍裝飾傢俱城有限公司)	–	121,440,000.00
Changzhou Macalline International Computer and Electronics Furnishing Plaza Company Limited (常州美凱龍國際電腦家電裝飾城有限公司)	–	36,000,000.00
	<b>2,958,106,450.36</b>	3,441,696,949.26

The aging analysis of other receivables is as follows:

	2020	2019
Within 1 year	<b>24,346,291,045.31</b>	20,562,114,370.66
1 to 2 years	<b>1,723,263,304.56</b>	1,213,566,833.42
2 to 3 years	<b>972,902,915.32</b>	17,751,077.50
Over 3 years	<b>3,131,958,949.01</b>	3,210,026,923.19
	<b>30,174,416,214.20</b>	25,003,459,204.77
Less: Bad debt allowance for other receivables	<b>681,615,483.64</b>	672,501,551.59
	<b>29,492,800,730.56</b>	24,330,957,653.18

# Notes to the Financial Statements

For the year 2020

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## XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

### 2. Other Receivables (continued)

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

2020

	Stage 1 Expected credit losses in the next 12 months	Stage 2 Lifetime expected credit losses	Stage 3 Credit-impaired financial assets (Lifetime)	Total
Balance on 1 January 2020	24,328,214.62	–	648,173,336.97	672,501,551.59
– Transfer to stage 2	–	–	–	–
– Transfer to stage 3	(35,000,000.00)	–	35,000,000.00	–
– Reverse to stage 2	–	–	–	–
– Reverse to stage 1	–	–	–	–
Provision during the period	47,626,132.51	–	–	47,626,132.51
Reversal during the period	–	–	(3,512,200.46)	(3,512,200.46)
Reclassification during this year	–	–	(35,000,000.00)	(35,000,000.00)
	36,954,347.13	–	644,661,136.51	681,615,483.64

## XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

### 2. Other Receivables (continued)

2019

	Stage 1 Expected credit losses in the next 12 months	Stage 2 Lifetime expected credit losses	Stage 3 Credit-impaired financial assets (Lifetime)	Total
Balance on 1 January 2019	26,372,534.44	–	648,173,336.97	674,545,871.41
– Transfer to stage 2	–	–	–	–
– Transfer to stage 3	–	–	–	–
– Reverse to stage 2	–	–	–	–
– Reverse to stage 1	–	–	–	–
Provision during the period	32,911,394.16	–	–	32,911,394.16
Reversal during the period	–	–	–	–
Reclassification during the period (Note)	(34,955,713.98)	–	–	(34,955,713.98)
	24,328,214.62	–	648,173,336.97	672,501,551.59

*Note:* In 2019, loans were reclassified from other receivables to other current assets. The original value was RMB124,840,273.97, and the corresponding expected credit loss was RMB34,955,713.98.

In 2020, bad debt allowance amounted to RMB12,626,132.51 (2019: RMB32,911,394.16), and the recovery or transfer of bad debt allowance amounted to RMB3,512,200.46 (2019: Nil).

No actual written-off of other receivable in 2020 (2019: Nil).



# Notes to the Financial Statements

For the year 2020

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## XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

### 2. Other Receivables (continued)

Other receivables are classified by nature as follows:

	2020	2019
Loan and advances		
– to related parties	<b>28,854,749,147.69</b>	24,115,358,320.67
– to third parties	<b>637,100,532.94</b>	207,253,734.32
Deposits	<b>553,364.04</b>	5,110,828.38
Others	<b>397,685.89</b>	3,234,769.81
	<b>29,492,800,730.56</b>	24,330,957,653.18

As at 31 December 2020, the top five entities with the largest amounts of other receivables are as follows:

	Closing balance	Proportion to the total amount of other receivables (%)	Nature	Aging	Bad debt allowance Closing balance
Shanghai Red Star Macalline Home Furnishing Design Expo Company Limited (上海紅星美凱龍家居藝術設計博覽有限公司)	2,713,940,372.82	8.99	Amounts due to and from subsidiaries	Within 3 years	114,895,284.17
Tianjin Red Star Macalline World Trade Home Furnishing Company Limited (天津紅星美凱龍世貿家居有限公司)	1,375,346,571.06	4.56	Amounts due to and from subsidiaries	Within 3 years	-
Hangzhou Red Star Macalline Global Furniture Co., Ltd. (杭州紅星美凱龍環球家居有限公司)	1,055,996,500.29	3.50	Amounts due to and from subsidiaries	Within 1 year	-
Red Star Macalline Shibo (Tianjin) Home Furnishing Plaza Company Limited (紅星美凱龍世博(天津)家居生活廣場有限公司)	988,336,391.64	3.28	Amounts due to and from subsidiaries	Within 3 years	80,000,000.00
Wuhan Red Star Macalline Global Home Furnishing Plaza Development Company Limited (武漢紅星美凱龍環球家居廣場發展有限公司)	926,182,191.84	3.07	Amounts due to and from subsidiaries	Within 2 years	-
	<b>7,059,802,027.65</b>	<b>23.40</b>			<b>194,895,284.17</b>

## XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

### 2. Other Receivables (continued)

As at 31 December 2019, the top five entities with the largest amounts of other receivables are as follows:

	Closing balance	Proportion to the total amount of other receivables (%)	Nature	Aging	Bad debt allowance Closing balance
Shanghai Red Star Macalline Home Furnishing Design Expo. Company Limited (上海紅星美凱龍家居藝術設計博覽有限公司)	1,613,404,986.91	6.45	Amounts due to and from subsidiaries	Within 2 years	129,552,550.73
Nanjing Mingdu Home Furnishing Plaza Company Limited (南京名都家居廣場有限公司)	991,660,970.93	3.97	Amounts due to and from subsidiaries	Within 2 years	-
Red Star Macalline Shibo (Tianjin) Home Furnishing Plaza Company Limited (紅星美凱龍世博(天津)家居生活廣場有限公司)	935,356,411.66	3.74	Amounts due to and from subsidiaries	Within 2 years	80,000,000.00
Tianjin Red Star Macalline World Trade Home Living Company Limited (天津紅星美凱龍世貿家居有限公司)	913,814,821.73	3.65	Amounts due to and from subsidiaries	Within 2 years	-
Yintai (Yongqing) New City Investment Co., Ltd. (銀泰(永清)新城投資有限公司)	750,385,131.93	3.00	Amounts due to and from subsidiaries	Within 1 year	-
	5,204,622,323.16	20.81			209,552,550.73

# Notes to the Financial Statements

For the year 2020

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## XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

### 3. Long-term Equity Investments

2020

	Increase/decrease during the year				Book value at the end of the year
	Opening balance	Increase in investment	Decrease in investment	Investment gain/loss under equity method	
<b>Investments in subsidiaries</b>					
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有限公司)	296,115,702.30	-	-	-	296,115,702.30
Shanghai Red Star Macalline Global Home Furnishing Company Limited (上海紅星美凱龍全球家居有限公司)	138,455,620.20	-	-	-	138,455,620.20
Shanghai Hongxin Oukai Home Furnishing Company Limited (上海虹欣歐凱家居有限公司)	92,508,623.92	-	-	-	92,508,623.92
Shanghai Xinwei Property Company Limited (上海新偉置業有限公司)	272,756,078.13	-	-	-	272,756,078.13
Changsha Red Star Macalline Home Furnishing Plaza Company Limited (長沙紅星美凱龍家居生活廣場有限公司)	5,000,000.00	-	-	-	5,000,000.00

## XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

### 3. Long-term Equity Investments (continued)

2020 (continued)

	Increase/decrease during the year				Book value at the end of the year
	Opening balance	Increase in investment	Decrease in investment	Investment gain/loss under equity method	
<b>Investments in subsidiaries (continued)</b>					
Changsha Red Star Macalline International Home Furnishing Art Expo Company Limited (長沙紅星美凱龍國際家居藝術博覽中心有限公司)	871,353.75	-	-	-	871,353.75
Jinan Red Star Macalline Shibo Home Living Plaza Company Limited (濟南紅星美凱龍世博家居生活廣場有限公司)	71,243,669.12	-	-	-	71,243,669.12
Chengdu Red Star Macalline Shibo Home Living Plaza Company Limited (成都紅星美凱龍世博家居生活廣場有限責任公司)	30,275,655.03	-	-	-	30,275,655.03
Zhengzhou Red Star Macalline International Home Furnishing Company Limited (鄭州紅星美凱龍國際家居有限公司)	15,300,000.00	-	-	-	15,300,000.00
Shanghai Red Star Macalline Home Furnishing and Decorating Market Management Company Limited (上海紅星美凱龍傢俱裝飾市場經營管理有限公司)	1,349,876.56	-	-	-	1,349,876.56
Zhengzhou Red Star Macalline Global Home Living Plaza Management Company Limited (鄭州紅星美凱龍全球家居生活廣場經營管理有限公司)	510,000.00	-	-	-	510,000.00
Hangzhou Red Star Macalline Shibo Furniture Plaza Company Limited (杭州紅星美凱龍世博家居有限公司)	20,000,000.00	-	-	-	20,000,000.00
Shanghai Red Star Macalline Brand Management Company Limited (上海紅星美凱龍品牌管理有限公司)	5,000,000.00	-	-	-	5,000,000.00

# Notes to the Financial Statements

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## XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

### 3. Long-term Equity Investments (continued)

2020 (continued)

	Increase/decrease during the year				Book value at the end of the year
	Opening balance	Increase in investment	Decrease in investment	Investment gain/loss under equity method	
<b>Investments in subsidiaries (continued)</b>					
Chongqing Red Star Macalline Global Home Furnishing Plaza Company Limited (重慶紅星美凱龍環球家居生活廣場有限責任公司)	10,000,000.00	-	-	-	10,000,000.00
Chongqing Red Star Macalline Shibo Home Living Plaza Company Limited (重慶紅星美凱龍世博家居生活廣場有限責任公司)	23,496,190.89	-	-	-	23,496,190.89
Wuhan Red Star Macalline Shibo Home Furnishing Plaza Development Company Limited (武漢紅星美凱龍世博家居廣場發展有限公司)	552,878,664.00	-	-	-	552,878,664.00
Shanghai Red Star Macalline Home Furnishing Design Expo Company Limited (上海紅星美凱龍家居藝術設計博覽有限公司)	445,000,000.00	-	-	-	445,000,000.00
Yantai Red Star Macalline Home Furnishing Company Limited (煙台紅星美凱龍家居有限公司)	192,120,000.00	-	-	-	192,120,000.00
Shenyang Mingdu Home Furnishing Plaza Company Limited (瀋陽名都家居廣場有限公司)	153,000,000.00	-	-	-	153,000,000.00
Chongqing Red Star Macalline Expo Home Furnishing Plaza Company Limited (重慶紅星美凱龍博覽家居生活廣場有限責任公司)	280,000,000.00	-	-	-	280,000,000.00
Changsha Yinhong Home Furnishing Company Limited (長沙市銀紅家居有限公司)	249,990,049.97	-	-	-	249,990,049.97
Shanghai Jingdu Investment Company Limited (上海晶都投資有限公司)	5,100,000.00	-	-	-	5,100,000.00
Tianjin Red Star Macalline Home Furnishings Plaza Co., Ltd (天津紅星美凱龍家居家飾生活廣場有限公司)	424,878,664.00	-	-	-	424,878,664.00

## XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

### 3. Long-term Equity Investments (continued)

2020 (continued)

	Increase/decrease during the year				Book value at the end of the year
	Opening balance	Increase in investment	Decrease in investment	Investment gain/loss under equity method	
<b>Investments in subsidiaries (continued)</b>					
Panjin Red Star Macalline Global Home Furnishings Plaza Co., Ltd. (盛錦紅星美凱龍全球家居生活廣場有限公司)	214,087,000.00	-	-	-	214,087,000.00
Shanghai Red Star Macalline Business Consulting Company Limited (上海紅星美凱龍商務諮詢有限公司)	650,000.00	-	-	-	650,000.00
Shenyang Red Star Macalline Home Furnishing Company Limited (瀋陽紅星美凱龍家居有限公司)	28,058,441.28	-	-	-	28,058,441.28
Shanghai Xingkai Chengpeng Business Management Company Limited (上海星凱程鵬企業管理有限公司)	10,000,000.00	-	-	-	10,000,000.00
Changzhou Hongyang Home Furnishing Plaza Company Limited (常州紅陽家居生活廣場有限公司)	139,400,000.00	-	-	-	139,400,000.00
Shanghai Red Star Macalline Trading Company Limited (上海紅星美凱龍商貿有限公司)	50,000,000.00	-	-	-	50,000,000.00
Harbin Red Star Macalline Shibo Furniture Plaza Company Limited (哈爾濱紅星美凱龍世博家居廣場有限公司)	310,000,000.00	-	-	-	310,000,000.00
Chongqing Red Star Macalline Zhongkun Home Living Plaza Company Limited (重慶紅星美凱龍中坤家居生活廣場有限責任公司)	55,000,000.00	-	-	-	55,000,000.00
Zhongshan Red Star Macalline Shibo Furniture Plaza Company Limited (中山紅星美凱龍世博家居廣場有限公司)	149,939,332.00	-	-	-	149,939,332.00

# Notes to the Financial Statements

For the year 2020

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## XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

### 3. Long-term Equity Investments (continued)

2020 (continued)

	Opening balance	Increase/decrease during the year		Investment gain/loss under equity method	Book value at the end of the year
		Increase in investment	Decrease in investment		
<b>Investments in subsidiaries (continued)</b>					
Shenyang Dadong Red Star Macalline Home Furnishing Company Limited (瀋陽大東紅星美凱龍傢俱建材市場有限公司)	3,000,000.00	-	-	-	3,000,000.00
Wuxi Red Star Macalline Home Furnishing Plaza Company Limited (無錫紅星美凱龍家居生活廣場有限公司)	534,818,797.96	-	-	-	534,818,797.96
Xi'an Red Star Macalline Home Furnishing Plaza Company Limited (西安紅星美凱龍家居生活廣場有限公司)	30,000,000.00	-	-	-	30,000,000.00
Daqing Red Star Macalline Shibo Furniture Company Limited (大慶紅星美凱龍世博家居有限公司)	70,000,000.00	-	-	-	70,000,000.00
Langfang Kaihong Home Living Plaza Company Limited (廊坊市凱宏家居廣場有限公司)	70,000,000.00	-	-	-	70,000,000.00
Wuhan Red Star Macalline Global Home Furnishing Plaza Development Company Limited (武漢紅星美凱龍環球家居廣場發展有限公司)	149,939,332.00	-	-	-	149,939,332.00
Beijing Century Kailong Business Investment Company Limited (北京世紀凱隆商業投資有限公司)	10,000,000.00	-	-	-	10,000,000.00
Tianjin Red Star Macalline Home Fashion Plaza Company Limited (天津紅星美凱龍時尚家居廣場有限公司)	5,000,000.00	-	-	-	5,000,000.00
Shanghai Red Star Ogloria Home Living Market Management Company Limited (上海紅星歐麗洛雅家居市場經營管理有限公司)	500,000.00	-	-	-	500,000.00
Hefei Red Star Macalline Shibo Furniture Plaza Company Limited (合肥紅星美凱龍世博家居廣場有限公司)	349,848,330.00	-	-	-	349,848,330.00

## XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

### 3. Long-term Equity Investments (continued)

2020 (continued)

	Increase/decrease during the year				Book value at the end of the year
	Opening balance	Increase in investment	Decrease in investment	Investment gain/loss under equity method	
<b>Investments in subsidiaries (continued)</b>					
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



# Notes to the Financial Statements

For the year 2020

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## XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

### 3. Long-term Equity Investments (continued)

2020 (continued)

	Increase/decrease during the year				Book value at the end of the year
	Opening balance	Increase in investment	Decrease in investment	Investment gain/loss under equity method	
<b>Investments in subsidiaries (continued)</b>					
Shanghai Red Star Macalline Longmei Home Furnishing Market Management Company Limited (上海紅星美凱龍美家居市場經營管理有限公司)	1,000,000.00	-	-	-	1,000,000.00
Jiangsu Sunan Construction and Installation Engineering Co., Ltd. (江蘇蘇南建築安裝工程有限公司)					
Shenyang Red Star Macalline Shibo Home Furnishing Company Limited (瀋陽紅星美凱龍世博家居有限公司)	81,443,441.90	-	-	-	81,443,441.90
Shanghai Red Star Macalline Bulk Purchasing of Construction and Furnishing Materials Trading Company (上海紅星美凱龍住建集採商貿有限公司)	10,000,000.00	-	-	-	10,000,000.00
Shenyang Red Star Macalline Home Living Expo Company Limited (瀋陽紅星美凱龍博覽家居有限公司)	50,000,000.00	-	-	-	50,000,000.00
Hohhot Red Star Macalline Shibo Home Furnishing Plaza Company Limited (蘭州紅星美凱龍世博家居廣場有限公司)	30,000,000.00	-	-	-	30,000,000.00
Shanghai Jisheng Wellborn Global Home Furnishing Brand Management Company Limited (上海吉盛偉邦環球家居品牌管理有限公司)	5,000,000.00	-	-	-	5,000,000.00
Yunnan Red Star Macalline Home Furnishing Plaza Company Limited (雲南紅星美凱龍家居生活廣場有限公司)	69,976,000.00	-	-	-	69,976,000.00
Urumchi Red Star Macalline Shibo Furniture Plaza Company Limited (烏魯木齊紅星美凱龍家居世博廣場有限公司)	50,000,000.00	-	-	-	50,000,000.00

## XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

### 3. Long-term Equity Investments (continued)

2020 (continued)

	Increase/decrease during the year				Book value at the end of the year
	Opening balance	Increase in investment	Decrease in investment	Investment gain/loss under equity method	
<b>Investments in subsidiaries (continued)</b>					
Dongguan Red Star Macalline Shibo Furniture Plaza Company Limited (東莞紅星美凱龍世博家居廣場有限公司)	70,000,000.00	-	-	-	70,000,000.00
Hohhot Red Star Macalline Shibo Home Furnishing Plaza Company Limited (呼和浩特市紅星美凱龍世博家居廣場有限責任公司)	123,280,264.00	-	-	-	123,280,264.00
Kunming Diken Trading Company Limited (昆明迪肯商貿有限公司)	177,690,900.00	-	-	-	177,690,900.00
Suzhou Industry Park Red Star Macalline Home Furnishing Company Limited (蘇州工業園區紅星美凱龍家居有限公司)	160,934,831.55	-	-	-	160,934,831.55
Shanghai Xinghe Zhaipei Home Furnishing Service Company Limited (上海星和宅配家居服務有限公司)	38,000,000.00	-	-	-	38,000,000.00
Red Star Macalline Group (Shanghai) Logistics Company Limited (紅星美凱龍家居集團(上海)物流有限公司)	99,480,000.00	7,080,000.00	-	-	106,560,000.00
Shanghai Red Star Macalline Industrial Company Limited (上海紅星美凱龍實業有限公司)	206,841,181.40	-	-	-	206,841,181.40
Shanghai Red Star Macalline Xinglong Home Furnish Company Limited (上海紅星美凱龍星龍家居有限公司)	39,000,000.00	-	-	-	39,000,000.00
Chengdu Red Star Macalline Tianfu Expo Home Furnishing Plaza Company Limited (成都紅星美凱龍天府世博家居廣場有限公司)	-	50,000,000.00	-	-	50,000,000.00
Chengdu Tianfu New District Red Star Macalline World Trade Home Furnishing Company Limited (成都天府新區紅星美凱龍世貿家居有限公司)	210,000,000.00	-	-	-	210,000,000.00

# Notes to the Financial Statements

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## XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

### 3. Long-term Equity Investments (continued)

2020 (continued)

	Increase/decrease during the year				Book value at the end of the year
	Opening balance	Increase in investment	Decrease in investment	Investment gain/loss under equity method	
<b>Investments in subsidiaries (continued)</b>					
Hong Kong Red Star Macalline Global Home Furnishing Company Limited (香港紅星美凱龍全球家居有限公司)	112,839,554.51	-	-	-	112,839,554.51
Red Star Macalline (Shanghai) Business Management Company Limited (紅星美凱龍(上海)企業管理有限公司)	100,000,000.00	-	-	-	100,000,000.00
Changsha Red Star Macalline Jinxia Home Living Plaza Company Limited (長沙紅星美凱龍金霞家居生活廣場有限公司)	120,000,000.00	-	-	-	120,000,000.00
Shanghai Jiajinsuo Investment Holding Company Limited (上海家金所投資控股有限公司)	140,000,001.00	-	-	-	140,000,001.00
Dalian Red Star Macalline Shibo Home Furnishing Plaza Company Limited (大連紅星美凱龍世博家居廣場有限公司)	24,800,000.00	-	-	-	24,800,000.00
Red Star Zhongying Investment Company Limited (紅星眾盈投資有限公司)	50,000,000.00	-	-	-	50,000,000.00
Shanghai Macalline Xinghe Asset Management Company Limited (上海美凱龍星荷資產管理有限公司)	10,000,000.00	-	-	-	10,000,000.00
Shanghai Yumu Enterprise Management Company Limited (上海宇慕企業管理有限公司)	5,000,000.00	-	-	-	5,000,000.00
Shanghai Yuxv Enterprise Management Company Limited (上海宇煦企業管理有限公司)	5,000,000.00	-	-	-	5,000,000.00

## XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

### 3. Long-term Equity Investments (continued)

2020 (continued)

	Increase/decrease during the year				Book value at the end of the year
	Opening balance	Increase in investment	Decrease in investment	Investment gain/loss under equity method	
<b>Investments in subsidiaries (continued)</b>					
Shanghai Yuzhu Enterprise Management Company Limited (上海宇築企業管理有限公司)	5,000,000.00	-	-	-	5,000,000.00
Shanghai Yuxiao Enterprise Management Company Limited (上海宇霄企業管理有限公司)	5,000,000.00	-	-	-	5,000,000.00
Red Star Macalline Glory Casa (Shanghai) Home Furnishing Company Limited (紅星美凱龍凱撒至尊(上海)家居有限公司)	200,000,000.00	-	-	-	200,000,000.00
Shanghai Interface Marketing Planning Co., Ltd. (上海英太翡思營銷策劃有限公司)	2,000,000.00	-	-	-	2,000,000.00
Xining Red Star Macalline Shibo Home Furnishing Plaza Company Limited (西寧紅星美凱龍世博家居廣場有限公司)	247,162,700.00	-	-	-	247,162,700.00
Red Star Macalline Group Finance Company Limited (紅星美凱龍家居集團財務有限責任公司)	570,000,000.00	-	-	-	570,000,000.00
Nanchang Red Star Macalline Global Home Furnishing Plaza Company Limited (南昌紅星美凱龍全球家居廣場有限公司)	15,300,000.00	-	-	-	15,300,000.00
Nanchang Red Star Macalline Global Home Expo Center Company Limited (南昌紅星美凱龍環球家居博覽中心有限責任公司)	273,146,074.32	-	-	-	273,146,074.32
Chongqing Red Star Macalline International Home Furnishing Plaza Company Limited (重慶紅星美凱龍國際家居生活廣場有限責任公司)	50,000,000.00	71,000,000.00	-	-	121,000,000.00
Shanghai Red Star Macalline Financial Leasing Company Limited (上海紅星美凱龍融資租賃有限公司)	1,000,751,635.68	-	-	-	1,000,751,635.68

# Notes to the Financial Statements

For the year 2020

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## XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

### 3. Long-term Equity Investments (continued)

2020 (continued)

	Increase/decrease during the year				Book value at the end of the year
	Opening balance	Increase in investment	Decrease in investment	Investment gain/loss under equity method	
<b>Investments in subsidiaries (continued)</b>					
Shanghai Jinshan Red Star Macalline Global Home Furnishing Company Limited (上海金山紅星美凱龍全球家居有限公司)	25,000,000.00	-	-	-	25,000,000.00
Khorgos Hongju Corporate Management Co.Ltd. (霍爾果斯紅居企業管理有限公司)	7,000,000.00	-	-	-	7,000,000.00
Chengdu Red Star Macalline Xinnan Business Management Company Limited (成都紅星美凱龍新南商業管理有限公司)	5,000,000.00	-	-	-	5,000,000.00
Shanghai Red Star Ogloria Brand Management Company Limited (上海紅星歐麗洛雅品牌管理有限公司)	5,000,000.00	-	-	-	5,000,000.00
Khorgos Red Star Yiming Venture Capital Company Limited (霍爾果斯紅星易鳴創業投資有限公司)	9,000,000.00	-	-	-	9,000,000.00
Kunshan Red Star Macalline Decoration Materials Company Limited (昆山紅星美凱龍裝飾材料有限公司)	50,487,866.71	-	-	-	50,487,866.71
Shanghai Red Star Macalline Commercial Factoring Company Limited (上海紅星美凱龍商業保理有限公司)	206,060,071.54	-	-	-	206,060,071.54
Tianjin Jinrui Corporate Management Company Limited (天津津瑞企業管理有限公司)	1,220,000,000.00	-	-	-	1,220,000,000.00
Ningbo Red Star Macalline Home Shopping Plaza Company Limited (寧波紅星美凱龍家居購物廣場有限公司)	1.00	-	-	-	1.00
Shanghai Huaixing Culture Company Limited (上海懷星文化發展有限公司)	1,600,000.00	-	-	-	1,600,000.00

## XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

### 3. Long-term Equity Investments (continued)

2020 (continued)

	Increase/decrease during the year				Book value at the end of the year
	Opening balance	Increase in investment	Decrease in investment	Investment gain/loss under equity method	
<b>Investments in subsidiaries (continued)</b>					
Shanghai Red Star Macalline Design Cloud Information Technology Company Limited (上海紅星美凱龍設計雲信息科技有限公司)	50,000,000.00	-	-	-	50,000,000.00
Tibet Red Star Macalline Business Management Company Limited (西藏紅星美凱龍企業管理有限公司)	263,350,000.00	36,650,000.00	-	-	300,000,000.00
Taiyuan Red Star Macalline Global Home Furnishing Plaza Company Limited (太原紅星美凱龍全球家居廣場有限公司)	5,100,000.00	-	-	-	5,100,000.00
Changzhou Meilong Trading Company Limited (常州美龍貿易有限公司)	30,000.00	-	-	-	30,000.00
Zhengzhou Red Star Macalline Shibo Home Living Company Limited (鄭州紅星美凱龍世博家居有限公司)	5,500,000.00	-	-	-	5,500,000.00
Nantong Hongmei Shibo Furniture Plaza Company Limited (南通紅星美世博家居廣場有限公司)	150,000,000.00	-	-	-	150,000,000.00
Nanning Red Star Macalline Shibo Home Furnishing Exhibition Centre Company Limited (南寧紅星美凱龍世博家居展覽中心有限公司)	50,000,000.00	255,000,000.00	-	-	305,000,000.00
Red Star Macalline (Zhejiang) Information Service Company Limited (紅星美凱龍(浙江)信息技術有限公司)	10,000,000.00	1,100,000.00	-	-	11,100,000.00
Qianzhi (Shanghai) Home Furnishing Co., Ltd. (乾智(上海)家居有限公司)	3,000,000.00	-	-	-	3,000,000.00
Shanghai Yingtai Lijin Technology Co., Ltd. (上海英太利金科技有限公司)	4,800,000.00	-	-	-	4,800,000.00

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## XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

### 3. Long-term Equity Investments (continued)

2020 (continued)

	Increase/decrease during the year				Book value at the end of the year
	Opening balance	Increase in investment	Decrease in investment	Investment gain/loss under equity method	
<b>Investments in subsidiaries (continued)</b>					
Xi'an Comfort Meijia Housekeeping Service Co., Ltd. (西安舒適美佳家政服務有限責任公司)	1,852,500.00	-	-	-	1,852,500.00
Shanghai Red Star Macalline Construction Decoration (Group) Co., Limited (上海紅星美凱龍建築裝飾(集團)有限公司)	2,000,000.00	10,000,000.00	-	-	12,000,000.00
Red Star Macalline Life Aesthetics Center Management Co., Ltd. (紅星美凱龍生活美學中心管理有限公司)	5,600,000.00	17,880,000.00	-	-	23,480,000.00
Wuhu Red Star Macalline World Trade Home Furnishing Plaza Company Limited (蕪湖紅星美凱龍世貿家居廣場有限公司)	27,527,706.00	-	(104,716.60)	-	27,422,989.40
Shanghai Macalline Decoration Engineering Group Co., Ltd. (上海美凱龍裝飾工程集團有限公司)	20,000,000.00	18,000,000.00	-	-	38,000,000.00
Betterhome Construction Technology Co., Ltd. (家信得建築科技有限公司)	50,000,000.00	130,000,000.00	-	-	180,000,000.00
Haikou Tangong Industrial Limited (海口檀宮實業有限公司)	-	10,000,000.00	-	-	10,000,000.00
Red Star Home (Shanghai) Technology Co., Ltd. (紅星到家(上海)科技有限公司)	5,000,000.00	36,500,000.00	-	-	41,500,000.00
Xinsheng Property Management (Shanghai) Co., Ltd. (鑫生物業管理(上海)有限公司)	631,060,000.00	70,166,300.00	-	-	701,226,300.00
Foshan Junda Enterprise Management Co., Ltd. (佛山郡達企業管理有限公司)	540,607,000.00	560,442,000.00	-	-	1,101,049,000.00
Shanghai Red Star Macalline Fanjia Information Service Company Limited (上海紅星美凱龍泛家信息服務有限公司)	1,020,000.00	-	-	-	1,020,000.00
Shanghai Macalline Wenshang Business Management Co., Ltd. (上海美凱龍文商商業管理有限公司)	-	2,800,000.00	-	-	2,800,000.00

## XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

### 3. Long-term Equity Investments (continued)

2020 (continued)

	Increase/decrease during the year				Book value at the end of the year
	Opening balance	Increase in investment	Decrease in investment	Investment gain/loss under equity method	
<b>Investments in subsidiaries (continued)</b>					
Hangzhou Red Star Macalline Global Furniture Co., Ltd. (杭州紅星美凱龍環球家居有限公司)	-	931,344,793.89	-	-	931,344,793.89
Shaanxi Red Star Heji Home Shopping Plaza Company Limited (陝西紅星和記家居購物廣場有限公司)	-	199,914,861.15	-	-	199,914,861.15
Red Star Macalline Business Management Company Limited (紅星美凱龍商業管理有限公司)	-	20,000,000.00	-	-	20,000,000.00
Shanghai Macalline Xingshang Modular Decoration Technology Co., Ltd. (上海美凱龍星尚模數裝飾科技有限公司)	-	6,000,000.00	-	-	6,000,000.00
Beijing Red Star Macalline International Home Furnishing Plaza Company Limited (北京紅星美凱龍國際傢俱建材廣場有限公司)	344,780,641.87	-	-	-	344,780,641.87
Beijing Red Star Macalline Shibo Furniture Plaza Company Limited (北京紅星美凱龍世博傢俱廣場有限公司)	31,856,462.57	-	-	-	31,856,462.57
Beijing Macalline Home Furnishing Material Market Company Limited (北京美凱龍傢俱建材市場有限公司)	630,335.17	-	-	-	630,335.17
Red Star Macalline Shibo (Tianjin) Home Furnishing Plaza Company Limited (紅星美凱龍世博(天津)家居生活廣場有限公司)	230,851,821.21	-	-	-	230,851,821.21
Kunshan Red Star Macalline Global Home Furnishing Company Limited (昆山紅星美凱龍全球家居有限公司)	1,000,000.00	-	-	-	1,000,000.00
Tongxiang Red Star Macalline Shibo Home Furnishing Plaza Management Company Limited (桐鄉紅星美凱龍世博家居廣場管理有限公司)	500,000.00	-	-	-	500,000.00



# Notes to the Financial Statements

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## XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

### 3. Long-term Equity Investments (continued)

2020 (continued)

	Increase/decrease during the year				Book value at the end of the year
	Opening balance	Increase in investment	Decrease in investment	Investment gain/loss under equity method	
<b>Investments in subsidiaries (continued)</b>					
Beijing Red Star Macalline Business Management Company Limited (北京紅星美凱龍企業經營管理有限公司)	2,700,000.00	-	-	-	2,700,000.00
Wuxi Red Star Macalline Business Management Company Limited (無錫紅星美凱龍經營管理有限公司)	700,000.00	-	-	-	700,000.00
Suzhou Red Star Macalline Shibo Home Furnishing Plaza Company Limited (蘇州紅星美凱龍世博家居廣場有限公司)	151,611,912.79	-	-	-	151,611,912.79
Changzhou Macalline International Computer and Electronics Furnishing Plaza Company Limited (常州美凱龍國際電腦家電裝飾城有限公司)	(1,955,167.87)	-	-	-	(1,955,167.87)
Shanghai Red Star Macalline Home Furnishing Market Management Company Limited (上海紅星美凱龍家居市場經營管理有限公司)	(1,408,244.71)	-	-	-	(1,408,244.71)
Sub-total	16,324,150,303.43	2,433,877,955.04	(104,716.60)	-	18,757,923,541.87

## XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

### 3. Long-term Equity Investments (continued)

2020 (continued)

	Opening balance	Increase/decrease during the year			Cash dividend or profit declared	Book value of the end of the year
		Increase in investment	Decrease in investment	Investment gain/loss under equity method		
<b>Joint ventures</b>						
Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司)	792,828,772.46	-	-	15,432,439.29	-	808,261,211.75
Shanghai Mingyi Enterprise Development Co., Ltd. (上海名藝商業企業發展有限公司)	59,792,554.10	-	-	5,080,612.17	-	64,873,166.27
Baoxiang Red Star Macalline (Xiamen) Global Home Plaza Co., Ltd. (寶象紅星美凱龍(廈門)全球家居廣場有限公司)	9,632,034.92	-	-	(232,830.76)	-	9,399,204.16
Shenzhen Red Star Macalline Business Management Company Limited (深圳紅星美凱龍商業管理有限公司)	1,224,716.68	4,620,000.00	-	(2,733,078.66)	-	3,111,638.02
Xiamen Baoxiang Red Star Macalline Home Furnishing Plaza Company Limited (廈門寶象紅星美凱龍家居生活廣場有限公司)	-	-	-	-	-	-
Sub-total	863,478,078.16	4,620,000.00	-	17,547,142.04	-	885,645,220.20

# Notes to the Financial Statements

For the year 2020

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## XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

### 3. Long-term Equity Investments (continued)

2020 (continued)

	Opening balance	Increase/decrease during the year			Cash dividend or profit declared	Book value of the end of the year
		Increase in investment	Decrease in investment	Investment gain/loss under equity method		
<b>Associates</b>						
Shandong Inzone Green Home Co., Ltd. (山東銀座家居有限公司)	348,464,343.58	-	-	38,166,772.51	(7,520,550.59)	379,110,565.50
Shenyudao Cultural Tourism Holding Co., Ltd. (神玉島文化旅遊控股股份有限公司)	185,636,621.28	-	-	(4,641,188.51)	-	180,995,432.77
Zhejiang Mingdu Investment Company Limited (浙江名都投資有限公司)	165,300,000.00	-	-	-	-	165,300,000.00
Wuhan Zhengkai Logistics Co., Ltd. (武漢市正凱物流有限公司)	129,892,158.74	-	-	783,543.00	(3,600,000.00)	127,075,701.74
Shanghai Jinjiang United Purchasing Supply Chain Co., Ltd. (上海錦江聯採供應鏈有限公司)	29,999,889.03	-	-	139,014.72	-	30,138,903.75
Shenzhen Yatai Macalline Life Space Technology Co., Ltd. (深圳市亞泰美凱龍空間科技有限公司)	10,353,869.40	-	-	(1,012,158.22)	-	9,341,711.18
Shanghai Jiazhan Construction Engineering Company Limited (上海嘉展建築裝潢工程有限公司)	7,824,586.00	-	-	79,241.39	(2,551,239.00)	5,352,588.39
Hangzhou Red Star Macalline Global Furniture Co., Ltd. (杭州紅星美凱龍環球家居有限公司)	106,989,597.24	-	(104,334,793.89)	(2,654,803.35)	-	-

## XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

### 3. Long-term Equity Investments (continued)

2020 (continued)

	Opening balance	Increase/decrease during the year			Cash dividend or profit declared	Book value of the end of the year
		Increase in investment	Decrease in investment	Investment gain/loss under equity method		
<b>Associates (continued)</b>						
Meiwu 365 (Tianjin) Technology Company Limited (美屋三五(天津)科技有限公司)	15,268,421.15	-	(14,844,225.94)	(424,195.21)	-	-
Shaanxi Red Star Heji Home Shopping Plaza Company Limited (陝西紅星和記家居購物廣場有限公司)	5,827,764.83	-	(4,414,861.16)	(1,412,903.67)	-	-
Shenzhen Red Star Macalline Century Center Home Furnishing Plaza Company Limited (深圳紅星美凱龍世紀中心家居生活廣場有限公司)	-	-	-	-	-	-
Sub-total	1,005,557,251.25	-	(123,593,880.99)	29,023,322.66	(13,671,789.59)	897,314,903.33
Total	18,193,185,632.84	2,438,497,955.04	(123,698,597.59)	46,570,464.70	(13,671,789.59)	20,540,883,665.40

# Notes to the Financial Statements

For the year 2020

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## XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

### 3. Long-term Equity Investments (continued)

2019

	Opening balance	Increase/decrease during the year			Carrying amount at the end of the year
		Increase in investment	Decrease in investment	Investment gain/loss under equity method	
<b>Investments in subsidiaries</b>					
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)	136,115,702.30	160,000,000.00	-	-	296,115,702.30
Shanghai Red Star Macalline Global Home Furnishing Company Limited (上海紅星美凱龍全球家居有限公司)	138,455,620.20	-	-	-	138,455,620.20
Shanghai Hongxin Oukai Home Furnishing Company Limited (上海虹欣歐凱家居有限公司)	92,508,623.92	-	-	-	92,508,623.92
Shanghai Xinwei Property Company Limited (上海新偉置業有限公司)	272,756,078.13	-	-	-	272,756,078.13

## XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

### 3. Long-term Equity Investments (continued)

#### 2019 (continued)

	Opening balance	Increase/decrease during the year			Carrying amount at the end of the year
		Increase in investment	Decrease in investment	Investment gain/loss under equity method	
<b>Investments in subsidiaries (continued)</b>					
Changsha Red Star Macalline Home Furnishing Plaza Company Limited (長沙紅星美凱龍家居生活廣場有限公司)	5,000,000.00	-	-	-	5,000,000.00
Changsha Red Star Macalline International Home Furnishing Art Expo Company Limited (長沙紅星美凱龍國際家居藝術博覽中心有限公司)	871,353.75	-	-	-	871,353.75
Jinan Red Star Macalline Shibo Home Living Plaza Company Limited (濟南紅星美凱龍世博家居生活廣場有限公司)	71,243,669.12	-	-	-	71,243,669.12
Chengdu Red Star Macalline Shibo Home Living Plaza Company Limited (成都紅星美凱龍世博家居生活廣場有限責任公司)	30,275,655.03	-	-	-	30,275,655.03
Zhengzhou Red Star Macalline International Home Furnishing Company Limited (鄭州紅星美凱龍國際家居有限公司)	15,300,000.00	-	-	-	15,300,000.00
Shanghai Red Star Macalline Home Furnishing and Decorating Market Management Company Limited (上海紅星美凱龍傢俱裝飾市場經營管理有限公司)	1,349,876.56	-	-	-	1,349,876.56
Zhengzhou Red Star Macalline Global Home Living Plaza Management Company Limited (鄭州紅星美凱龍全球家居生活廣場經營管理有限公司)	510,000.00	-	-	-	510,000.00
Hangzhou Red Star Macalline Shibo Furniture Plaza Company Limited (杭州紅星美凱龍世博家居有限公司)	20,000,000.00	-	-	-	20,000,000.00
Shanghai Red Star Macalline Brand Management Company Limited (上海紅星美凱龍品牌管理有限公司)	5,000,000.00	-	-	-	5,000,000.00

# Notes to the Financial Statements

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## XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

### 3. Long-term Equity Investments (continued)

2019 (continued)

	Opening balance	Increase/decrease during the year			Carrying amount at the end of the year
		Increase in investment	Decrease in investment	Investment gain/loss under equity method	
<b>Investments in subsidiaries (continued)</b>					
Chongqing Red Star Macalline Global Home Furnishing Plaza Company Limited (重慶紅星美凱龍環球家居生活廣場有限責任公司)	10,000,000.00	-	-	-	10,000,000.00
Chongqing Red Star Macalline Shibo Home Living Plaza Company Limited (重慶紅星美凱龍世博家居生活廣場有限責任公司)	23,496,190.89	-	-	-	23,496,190.89
Wuhan Red Star Macalline Shibo Home Furnishing Plaza Development Company Limited (武漢紅星美凱龍世博家居廣場發展有限公司)	552,878,664.00	-	-	-	552,878,664.00
Shanghai Red Star Macalline Home Furnishing Design Expo Company Limited (上海紅星美凱龍家居藝術設計博覽有限公司)	445,000,000.00	-	-	-	445,000,000.00
Yantai Red Star Macalline Home Furnishing Company Limited (煙台紅星美凱龍家居有限公司)	192,120,000.00	-	-	-	192,120,000.00
Shenyang Mingdu Home Furnishing Plaza Company Limited (瀋陽名都家居廣場有限公司)	153,000,000.00	-	-	-	153,000,000.00
Chongqing Red Star Macalline Expo Home Furnishing Plaza Company Limited (重慶紅星美凱龍博覽家居生活廣場有限責任公司)	280,000,000.00	-	-	-	280,000,000.00
Changsha Yinhong Home Furnishing Company Limited (長沙市銀紅家居有限公司)	249,990,049.97	-	-	-	249,990,049.97
Shanghai Jingdu Investment Company Limited (上海晶都投資有限公司)	5,100,000.00	-	-	-	5,100,000.00

## XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

### 3. Long-term Equity Investments (continued)

#### 2019 (continued)

	Opening balance	Increase/decrease during the year			Carrying amount at the end of the year
		Increase in investment	Decrease in investment	Investment gain/loss under equity method	
<b>Investments in subsidiaries (continued)</b>					
Tianjin Red Star Macalline Home Furnishings Plaza Co., Ltd. (天津紅星美凱龍家居生活廣場有限公司)	424,878,664.00	-	-	-	424,878,664.00
Panjin Red Star Macalline Global Home Furnishings Plaza Co., Ltd. (盤錦紅星美凱龍全球家居生活廣場有限公司)	154,087,000.00	60,000,000.00	-	-	214,087,000.00
Shanghai Red Star Macalline Business Consulting Company Limited (上海紅星美凱龍商務諮詢有限公司)	650,000.00	-	-	-	650,000.00
Shenyang Red Star Macalline Home Furnishing Company Limited (瀋陽紅星美凱龍家居有限公司)	28,058,441.28	-	-	-	28,058,441.28
Shanghai Xingkai Chengpeng Business Management Company Limited (上海星凱程鵬企業管理有限公司)	10,000,000.00	-	-	-	10,000,000.00
Shanghai Red Star Macalline Trading Company Limited (上海紅星美凱龍商貿有限公司)	50,000,000.00	-	-	-	50,000,000.00
Harbin Red Star Macalline Shibo Furniture Plaza Company Limited (哈爾濱紅星美凱龍世博家居廣場有限公司)	310,000,000.00	-	-	-	310,000,000.00
Chongqing Red Star Macalline Zhongkun Home Living Plaza Company Limited (重慶紅星美凱龍中坤家居生活廣場有限責任公司)	55,000,000.00	-	-	-	55,000,000.00
Zhongshan Red Star Macalline Shibo Furniture Plaza Company Limited (中山紅星美凱龍世博家居廣場有限公司)	149,939,332.00	-	-	-	149,939,332.00



# Notes to the Financial Statements

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## XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

### 3. Long-term Equity Investments (continued)

2019 (continued)

	Opening balance	Increase/decrease during the year			Carrying amount at the end of the year
		Increase in investment	Decrease in investment	Investment gain/loss under equity method	
<b>Investments in subsidiaries (continued)</b>					
Shenyang Dadong Red Star Macalline Home Furnishing Company Limited (瀋陽大東紅星美凱龍傢俱建材市場有限公司)	3,000,000.00	-	-	-	3,000,000.00
Wuxi Red Star Macalline Home Furnishing Plaza Company Limited (無錫紅星美凱龍家居生活廣場有限公司)	534,818,797.96	-	-	-	534,818,797.96
Xi'an Red Star Macalline Home Living Plaza Company Limited (西安紅星美凱龍家居生活廣場有限公司)	30,000,000.00	-	-	-	30,000,000.00
Daqing Red Star Macalline Shibo Furniture Company Limited (大慶紅星美凱龍世博家居有限公司)	70,000,000.00	-	-	-	70,000,000.00
Langfang Kaihong Home Living Plaza Company Limited (廊坊市凱宏家居廣場有限公司)	70,000,000.00	-	-	-	70,000,000.00
Wuhan Red Star Macalline Global Home Furnishing Plaza Development Company Limited (武漢紅星美凱龍環球家居廣場發展有限公司)	149,939,332.00	-	-	-	149,939,332.00
Beijing Century Kailong Business Investment Company Limited (北京世紀凱隆商業投資有限公司)	10,000,000.00	-	-	-	10,000,000.00
Tianjin Red Star Macalline Home Fashion Plaza Company Limited (天津紅星美凱龍時尚家居廣場有限公司)	5,000,000.00	-	-	-	5,000,000.00
Shanghai Red Star Ogloria Home Living Market Management Company Limited (上海紅星歐麗洛雅家居市場經營管理有限公司)	500,000.00	-	-	-	500,000.00

## XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

### 3. Long-term Equity Investments (continued)

#### 2019 (continued)

	Opening balance	Increase/decrease during the year			Carrying amount at the end of the year
		Increase in investment	Decrease in investment	Investment gain/loss under equity method	
<b>Investments in subsidiaries (continued)</b>					
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

# Notes to the Financial Statements

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## XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

### 3. Long-term Equity Investments (continued)

2019 (continued)

	Opening balance	Increase/decrease during the year			Carrying amount at the end of the year
		Increase in investment	Decrease in investment	Investment gain/loss under equity method	
<b>Investments in subsidiaries (continued)</b>					
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 (上海紅星美凱龍美家居市場經營管理有限公司)	1,000,000.00	-	-	-	1,000,000.00
Jiangsu Sunan Construction Company Limited (江蘇蘇南建築安裝工程有限公司)	153,170,000.00	-	(153,170,000.00)	-	-
Shenyang Red Star Macalline Shibo Home Furnishing Company Limited (瀋陽紅星美凱龍世博家居有限公司)	81,443,441.90	-	-	-	81,443,441.90
Shanghai Red Star Macalline Bulk Purchasing of Construction and Furnishing Materials Trading Company (上海紅星美凱龍住建集採商貿有限公司)	10,000,000.00	-	-	-	10,000,000.00
Shenyang Red Star Macalline Home Living Expo Company Limited (瀋陽紅星美凱龍博覽家居有限公司)	50,000,000.00	-	-	-	50,000,000.00
Lanzhou Red Star Macalline Shibo Home Furnishing Plaza Company Limited (蘭州紅星美凱龍世博家居廣場有限公司)	30,000,000.00	-	-	-	30,000,000.00
Hohhot Red Star Macalline Shibo Home Furnishing Plaza Company Limited (呼和浩特市紅星美凱龍世博家居廣場有限責任公司)	123,280,264.00	-	-	-	123,280,264.00
Kunming Diken Trading Company Limited (昆明迪肯商貿有限公司)	177,690,900.00	-	-	-	177,690,900.00

## XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

### 3. Long-term Equity Investments (continued)

#### 2019 (continued)

	Opening balance	Increase/decrease during the year			Carrying amount at the end of the year
		Increase in investment	Decrease in investment	Investment gain/loss under equity method	
<b>Investments in subsidiaries (continued)</b>					
Urumchi Red Star Macalline Shibo Furniture Plaza Company Limited (烏魯木齊紅星美凱龍家居世博廣場有限公司)	50,000,000.00	-	-	-	50,000,000.00
Dongguan Red Star Macalline Shibo Furniture Plaza Company Limited (東莞紅星美凱龍世博家居廣場有限公司)	70,000,000.00	-	-	-	70,000,000.00
Suzhou Industry Park Red Star Macalline Home Furnishing Company Limited (蘇州工業園區紅星美凱龍家居有限公司)	160,934,831.46	-	-	-	160,934,831.46
Shanghai Xinghe Zhaipei Home Furnishing Service Company Limited (上海星和宅配家居服務有限公司)	20,000,000.00	18,000,000.00	-	-	38,000,000.00
Red Star Macalline Group (Shanghai) Logistics Company Limited (紅星美凱龍家居集團(上海)物流有限公司)	54,000,000.00	45,480,000.00	-	-	99,480,000.00
Shanghai Red Star Macalline Industrial Company Limited (上海紅星美凱龍實業有限公司)	206,841,181.40	-	-	-	206,841,181.40
Shanghai Red Star Macalline Xinglong Home Furnish Company Limited (上海紅星美凱龍星龍家居有限公司)	39,000,000.00	-	-	-	39,000,000.00
Hong Kong Red Star Macalline Global Home Furnishing Company Limited (香港紅星美凱龍全球家居有限公司)	112,839,554.51	-	-	-	112,839,554.51
Red Star Macalline (Shanghai) Business Management Company Limited (紅星美凱龍(上海)企業管理有限公司)	100,000,000.00	-	-	-	100,000,000.00

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## XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

### 3. Long-term Equity Investments (continued)

2019 (continued)

	Opening balance	Increase/decrease during the year			Carrying amount at the end of the year
		Increase in investment	Decrease in investment	Investment gain/loss under equity method	
<b>Investments in subsidiaries (continued)</b>					
Changsha Red Star Macalline Jinxia Home Living Plaza Company Limited (長沙紅星美凱龍金霞家居生活廣場有限公司)	120,000,000.00	-	-	-	120,000,000.00
Shanghai Macalline Xinghe Asset Management Company Limited (上海美凱龍星荷資產管理有限公司)	10,000,000.00	-	-	-	10,000,000.00
Anhui Tenghui Investment Group Hefei Company Limited (安徽騰輝投資集團合肥有限公司)	40,000,000.00	-	(40,000,000.00)	-	-
Beijing Red Star Macalline International Home Furnishing Plaza Company Limited (北京紅星美凱龍國際傢俱建材廣場有限公司)	344,780,641.87	-	-	-	344,780,641.87
Beijing Red Star Macalline EXPO Home Plaza Co. Ltd. (北京紅星美凱龍世博傢俱廣場有限公司)	31,856,462.57	-	-	-	31,856,462.57
Beijing Macalline Home Furnishing Material Market Company Limited (北京美凱龍傢俱建材市場有限公司)	630,335.17	-	-	-	630,335.17
Red Star Macalline Shibo (Tianjin) Home Furnishing Plaza Company Limited (紅星美凱龍世博(天津)家居生活廣場有限公司)	230,851,821.21	-	-	-	230,851,821.21
Kunshan Red Star Macalline Global Home Furnishing Company Limited (昆山紅星美凱龍全球家居有限公司)	1,000,000.00	-	-	-	1,000,000.00
Tongxiang Red Star Macalline Shibo Home Furnishing Plaza Management Company Limited (桐鄉紅星美凱龍世博家居廣場管理有限公司)	500,000.00	-	-	-	500,000.00

## XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

### 3. Long-term Equity Investments (continued)

#### 2019 (continued)

	Opening balance	Increase/decrease during the year			Carrying amount at the end of the year
		Increase in investment	Decrease in investment	Investment gain/loss under equity method	
<b>Investments in subsidiaries (continued)</b>					
Beijing Red Star Macalline Business Management Company Limited (北京紅星美凱龍企業經營管理有限公司)	2,700,000.00	-	-	-	2,700,000.00
Wuxi Red Star Macalline Business Management Company Limited (無錫紅星美凱龍經營管理有限公司)	700,000.00	-	-	-	700,000.00
Red Star Macalline Home Furnishing Group Finance Company Limited (紅星美凱龍家居集團財務有限責任公司)	270,000,000.00	300,000,000.00	-	-	570,000,000.00
Nanchang Red Star Macalline Global Home Furnishing Plaza Company Limited (南昌紅星美凱龍全球家居廣場有限公司)	15,300,000.00	-	-	-	15,300,000.00
Shanghai Xingyijia Business Management Co., Ltd. (上海星藝佳商業管理有限公司)	120,000.00	-	(120,000.00)	-	-
Shanghai Jinshan Red Star Macalline Global Home Furnishing Company Limited (上海金山紅星美凱龍全球家居有限公司)	25,000,000.00	-	-	-	25,000,000.00
Suzhou Red Star Macalline Shibo Home Furnishing Plaza Company Limited (蘇州紅星美凱龍世博家居廣場有限公司)	151,611,912.79	-	-	-	151,611,912.79
Xining Red Star Macalline Shibo Home Furnishing Plaza Company Limited (西寧紅星美凱龍世博家居廣場有限公司)	247,162,700.00	-	-	-	247,162,700.00
Shanghai Interface Marketing Planning Co., Ltd. (上海英太翡思營銷策劃有限公司)	2,000,000.00	-	-	-	2,000,000.00
Shanghai Jisheng Wellborn Global Home Furnishing Brand Management Company Limited (上海吉盛偉邦環球家居品牌管理有限公司)	5,000,000.00	-	-	-	5,000,000.00

# Notes to the Financial Statements

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## XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

### 3. Long-term Equity Investments (continued)

2019 (continued)

	Opening balance	Increase/decrease during the year			Carrying amount at the end of the year
		Increase in investment	Decrease in investment	Investment gain/loss under equity method	
<b>Investments in subsidiaries (continued)</b>					
Shanghai Yumu Enterprise Management Company Limited (上海宇慕企業管理有限公司)	5,000,000.00	-	-	-	5,000,000.00
Shanghai Yuxu Enterprise Management Company Limited (上海宇煦企業管理有限公司)	5,000,000.00	-	-	-	5,000,000.00
Shanghai Yuzhu Enterprise Management Company Limited (上海宇築企業管理有限公司)	5,000,000.00	-	-	-	5,000,000.00
Shanghai Yuxiao Business Management Company Limited (上海宇霄企業管理有限公司)	5,000,000.00	-	-	-	5,000,000.00
Shanghai Jiajinsuo Investment Holding Company Limited (上海家金所投資控股有限公司)	140,000,000.00	1.00	-	-	140,000,001.00
Red Star Macalline Glory Casa (Shanghai) Home Furnishing Company Limited (紅星美凱龍凱撒至尊(上海)家居有限公司)	200,000,000.00	-	-	-	200,000,000.00
Shanghai Red Star Ogloria Brand Management Company Limited (上海紅星歐麗洛雅品牌管理有限公司)	100,000.00	4,900,000.00	-	-	5,000,000.00
Chengdu Tianfu New District Red Star Macalline World Trade Home Furnishing Company Limited (成都天府新區紅星美凱龍世貿家居有限公司)	210,000,000.00	-	-	-	210,000,000.00
Shanghai Red Star Macalline Design Cloud Information Technology Co., Ltd. (上海紅星美凱龍設計雲信息科技有限公司)	50,000,000.00	-	-	-	50,000,000.00
Zhengzhou Red Star Macalline Shibo Home Living Company Limited (鄭州紅星美凱龍世博家居有限公司)	5,500,000.00	-	-	-	5,500,000.00
Chongqing Red Star Macalline International Home Furnishing Plaza Company Limited (重慶紅星美凱龍國際家居生活廣場有限責任公司)	50,000,000.00	-	-	-	50,000,000.00

## XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

### 3. Long-term Equity Investments (continued)

#### 2019 (continued)

	Opening balance	Increase/decrease during the year			Carrying amount at the end of the year
		Increase in investment	Decrease in investment	Investment gain/loss under equity method	
<b>Investments in subsidiaries (continued)</b>					
Yunnan Red Star Macalline Home					
Furnishing Plaza Company Limited (雲南紅星美凱龍家居生活廣場有限公司)	69,976,000.00	-	-	-	69,976,000.00
Khorgos Red Star Yiming Venture					
Capital Company Limited (霍爾果斯紅星易鳴創業投資有限公司)	9,000,000.00	-	-	-	9,000,000.00
Khorgos Hongju Corporate Management Co., Ltd.					
(霍爾果斯紅居企業管理有限公司)	7,000,000.00	-	-	-	7,000,000.00
Shanghai Huojing Business					
Management Company Limited (上海或京商業管理有限公司)	6,500,000.00	-	(6,500,000.00)	-	-
Taiyuan Red Star Macalline Global Home					
Furnishing Plaza Company Limited (太原紅星美凱龍全球家居廣場有限公司)	5,100,000.00	-	-	-	5,100,000.00
Chengdu Red Star Macalline Xinnan Business					
Management Company Limited (成都紅星美凱龍新南商業管理有限公司)	5,000,000.00	-	-	-	5,000,000.00
Tibet Macalline Business Management Company Limited					
(西藏紅星美凱龍企業管理有限公司)	51,000,000.00	212,350,000.00	-	-	263,350,000.00
Tianjin Jinrui Corporate Management Company Limited					
(天津津瑞企業管理有限公司)	1,220,000,000.00	-	-	-	1,220,000,000.00
Shanghai Huaixing Culture Company Limited					
(上海懷星文化發展有限公司)	1,600,000.00	-	-	-	1,600,000.00
Kunshan Red Star Macalline Decoration					
Materials Company Limited. (昆山紅星美凱龍裝飾材料有限公司)	50,428,227.57	59,639.14	-	-	50,487,866.71
Changzhou Meilong Trading Company Limited					
(常州美龍貿易有限公司)	30,000.00	-	-	-	30,000.00



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## XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

### 3. Long-term Equity Investments (continued)

2019 (continued)

	Opening balance	Increase/decrease during the year			Carrying amount at the end of the year
		Increase in investment	Decrease in investment	Investment gain/loss under equity method	
<b>Investments in subsidiaries (continued)</b>					
Ningbo Red Star Macalline Home Shopping Plaza Company Limited (寧波紅星美凱龍家居購物廣場有限公司)	1.00	-	-	-	1.00
Changzhou Macalline International Computer and Electronics Furnishing Plaza Co., Ltd (常州美凱龍國際電腦家電裝飾城有限公司)	(1,955,167.87)	-	-	-	(1,955,167.87)
Shanghai Red Star Macalline Home Furnishing Market Management Company Limited (上海紅星美凱龍家居市場經營管理有限公司)	(1,408,244.71)	-	-	-	(1,408,244.71)
Red Star Zhongying Investment Company Limited (紅星眾盈投資有限公司)	-	50,000,000.00	-	-	50,000,000.00
Nanchang Red Star Macalline Global Home Expo Center Co., Ltd. (南昌紅星美凱龍環球家居博覽中心有限責任公司)	-	282,159,500.00	(9,013,425.68)	-	273,146,074.32
Shanghai Red Star Macalline Financial Leasing Company Limited (上海紅星美凱龍融資租賃有限公司)	-	1,000,751,635.68	-	-	1,000,751,635.68
Shanghai Red Star Macalline Commercial Factoring Company Limited (上海紅星美凱龍商業保理有限公司)	-	206,060,071.54	-	-	206,060,071.54
Dalian Red Star Macalline Shibo Home Furnishing Plaza Company (大連紅星美凱龍世博家居廣場有限公司)	-	24,800,000.00	-	-	24,800,000.00
Nantong Hongmei Shibo Home Furnishing Plaza Company Limited (南通紅星美世博家居廣場有限公司)	-	150,000,000.00	-	-	150,000,000.00

## XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

### 3. Long-term Equity Investments (continued)

#### 2019 (continued)

	Increase/decrease during the year				Carrying amount at the end of the year
	Opening balance	Increase in investment	Decrease in investment	Investment gain/loss under equity method	
<b>Investments in subsidiaries (continued)</b>					
Red Star Macalline (Zhejiang) Information Technology Co., Ltd. (紅星美凱龍(浙江)信息技術有限公司)	-	10,000,000.00	-	-	10,000,000.00
Qianzhi (Shanghai) Home Furnishing Co., Ltd. (乾智(上海)家居有限公司)	-	3,000,000.00	-	-	3,000,000.00
Nanning Red Star Macalline Shibo Home Furnishing Exhibition Centre Company Limited (南寧紅星美凱龍世博家居展覽中心有限公司)	-	50,000,000.00	-	-	50,000,000.00
Shanghai Yingtai Lijin Technology Co., Ltd. (上海英太利金科技有限公司)	-	4,800,000.00	-	-	4,800,000.00
Xi'an Comfort Meijia Housekeeping Service Co., Ltd. (西安舒適美佳家政服務有限責任公司)	-	1,852,500.00	-	-	1,852,500.00
Changzhou Hongyang Home Furnishing Plaza Company Limited (常州紅陽家居生活廣場有限公司)	-	139,400,000.00	-	-	139,400,000.00
Shanghai Red Star Macalline Construction Decoration (Group) Co., Limited (上海紅星美凱龍建築裝飾(集團)有限公司)	-	2,000,000.00	-	-	2,000,000.00
Red Star Macalline Life Aesthetics Center Management Co., Ltd. (紅星美凱龍生活美學中心管理有限公司)	-	5,600,000.00	-	-	5,600,000.00
Wuhu Red Star Macalline World Trade Home Furnishing Plaza Company Limited (蕪湖紅星美凱龍世貿家居廣場有限公司)	-	27,527,706.09	-	-	27,527,706.09
Shanghai Macalline Decoration Engineering Group Co., Ltd. (上海美凱龍裝飾工程集團有限公司)	-	20,000,000.00	-	-	20,000,000.00
Betterhome Construction Technology Co., Ltd. (家信得建築科技有限公司)	-	50,000,000.00	-	-	50,000,000.00

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## XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

### 3. Long-term Equity Investments (continued)

2019 (continued)

	Increase/decrease during the year				Carrying amount at the end of the year
	Opening balance	Increase in investment	Decrease in investment	Investment gain/loss under equity method	
<b>Investments in subsidiaries (continued)</b>					
Red Star Home (Shanghai) Technology Co., Ltd. (紅星到家(上海)科技有限公司)	-	5,000,000.00	-	-	5,000,000.00
Xinsheng Property Management (Shanghai) Co., Ltd. (鑫生物業管理(上海)有限公司)	-	631,060,000.00	-	-	631,060,000.00
Shanghai Red Star Macalline Fanjia Information Service Co., LTD (上海紅星美凱龍泛家信息服務有限公司)	-	1,020,000.00	-	-	1,020,000.00
Foshan Junda Enterprise Management Co., Ltd. (佛山郡達企業管理有限公司)	-	540,607,000.00	-	-	540,607,000.00
Sub-total	12,526,525,675.66	4,006,428,053.45	(208,803,425.68)	-	16,324,150,303.43

## XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

### 3. Long-term Equity Investments (continued)

	Opening balance	Increase/decrease during the year			Cash dividend declared	Carrying amount at the end of the year
		Increase in investment	Decrease in investment	Investment gain/loss under equity method		
<b>Joint ventures</b>						
Xiamen Baoxiang Red Star Macalline Home Furnishing Plaza Company Limited (廈門寶象紅星美凱龍家居生活廣場有限公司)	723,947.50	-	-	(723,947.50)	-	-
Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司)	898,298,330.42	-	-	27,764,145.77	(133,233,703.73)	792,828,772.46
Shanghai Mingyi Enterprise Development Co., Ltd. (上海名藝商業企業發展有限公司)	41,011,996.63	-	-	18,780,557.47	-	59,792,554.10
Baoxiang Red Star Macalline (Xiamen) Global Home Furnishing Plaza Company Limited (寶象紅星美凱龍(廈門)全球家居廣場有限公司)	-	15,000,000.00	-	(5,367,965.08)	-	9,632,034.92
Nanchang Red Star Macalline Global Home Expo Center Co., Ltd. (南昌紅星美凱龍環球家居博覽中心有限責任公司)	17,986,574.32	-	(17,986,574.32)	-	-	-
Shenzhen Red Star Macalline Business Management Company Limited (深圳紅星美凱龍商業管理有限公司)	174,031.72	1,200,000.00	-	(149,315.04)	-	1,224,716.68
<b>Sub-total</b>	<b>958,194,880.59</b>	<b>16,200,000.00</b>	<b>(17,986,574.32)</b>	<b>40,303,475.62</b>	<b>(133,233,703.73)</b>	<b>863,478,078.16</b>

# Notes to the Financial Statements

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## XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

### 3. Long-term Equity Investments (continued)

	Opening balance	Increase/decrease during the year			Cash dividend declared	Carrying amount at the end of the year
		Increase in investment	Decrease in investment	Investment gain/loss under equity method		
<b>Associates</b>						
Zhejiang Mingdu Investment Company Limited (浙江名都投资有限公司)	165,300,000.00	-	-	-	-	165,300,000.00
Wuhan Zhengkai Logistics Co., Ltd. (武汉市正凯物流有限公司)	126,983,174.58	3,528,501.02	-	1,216,483.14	(1,836,000.00)	129,892,158.74
Meiwu 365 (Tianjin) Technology Company Limited (美屋三五(天津)科技有限公司)	17,116,874.25	-	-	(1,848,453.10)	-	15,268,421.15
Shanghai Jiazhan Construction Engineering Company Limited (上海嘉展建筑装潢工程有限公司)	7,634,822.89	-	-	189,763.11	-	7,824,586.00
Hangzhou Red Star Macalline Global Home Living Company Limited (杭州红星美凯龙环球家居有限公司)	63,856,230.69	-	-	43,133,366.55	-	106,989,597.24
Shenyudao Cultural Tourism Holding Co., Ltd. (神玉岛文化旅游控股股份有限公司)	194,763,453.50	-	-	(9,126,832.22)	-	185,636,621.28
Qianzhi (Shanghai) Home Furnishing Co., Ltd. (乾智(上海)家居有限公司)	1,500,000.00	-	(1,500,000.00)	-	-	-
Shaanxi Red Star Heji Home Shopping Plaza Company Limited (陕西红星和记家居购物广场有限公司)	4,500,000.00	-	-	1,327,764.83	-	5,827,764.83

## XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

### 3. Long-term Equity Investments (continued)

	Increase/decrease during the year					Carrying amount at the end of the year
	Opening balance	Increase in investment	Decrease in investment	Investment gain/loss under equity method	Cash dividend declared	
<b>Associates (continued)</b>						
Shenzhen Yatai Macalline Life Space Technology Co., Ltd. (深圳市亞泰美凱龍空間科技有限公司)	-	9,800,000.00	-	553,869.40	-	10,353,869.40
Shandong Inzone Green Home Co., Ltd. (山東銀座家居有限公司)	-	348,916,600.00	-	(452,256.42)	-	348,464,343.58
Shanghai Jinjiang United Purchasing Supply Chain Co., Ltd. (上海錦江聯採供應鏈有限公司)	-	30,000,000.00	-	(110.97)	-	29,999,889.03
Sub-total	581,654,555.91	392,245,101.02	(1,500,000.00)	34,993,594.32	(1,836,000.00)	1,005,557,251.25
Total	14,066,375,112.16	4,414,873,154.47	(228,290,000.00)	75,297,069.94	(135,069,703.73)	18,193,185,632.84

# Notes to the Financial Statements

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## XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

### 4. Revenue and Cost of Sales

	2020		2019	
	Revenue	Costs	Revenue	Costs
Principal business	1,146,122,660.87	268,533,477.13	1,600,697,246.76	375,459,858.64
Other business	405,797,692.57	–	343,787,483.36	–
	<b>1,551,920,353.44</b>	<b>268,533,477.13</b>	1,944,484,730.12	375,459,858.64

The revenue of sales set out as follows:

	2020	2019
Revenue from contracts with customers	<b>926,540,268.66</b>	1,162,844,860.32
Rental and related revenue	<b>625,380,084.78</b>	781,639,869.80
	<b>1,551,920,353.44</b>	1,944,484,730.12

## XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

### 4. Revenue and Cost of Sales (continued)

The breakdown of operating income from contracts with customers is as follows::

2020

Reporting segments	Entrusted Management related	Others	Total
Principal operating region			
Mainland China	349,750,414.26	576,789,854.40	926,540,268.66
Time of recognizing revenue			
Recognizing revenue at certain point			
Revenue from commercial management and consultation service for construction project	-	-	
Other revenues	-	15,420,004.83	15,420,004.83
Recognize revenue within a period of time			
Revenue from the brand consulting and management service for the early stage of the project	-	-	-
Revenue from annual brand consulting and management service for the project	290,316,452.00	-	290,316,452.00
Revenue from commercial consultation fees and tenant sourcing commissions	59,433,962.26	-	59,433,962.26
Other revenues	-	561,369,849.57	561,369,849.57
	349,750,414.26	576,789,854.40	926,540,268.66



# Notes to the Financial Statements

For the year 2020

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## XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

### 4. Revenue and Cost of Sales (continued)

2019

Reporting segments	Entrusted Management related	Others	Total
Principal operating region			
Mainland China	577,084,184.30	585,760,676.02	1,162,844,860.32
Time of recognizing revenue			
Recognizing revenue at certain point			
Revenue from commercial management and consultation service for construction project	80,188,679.25	–	80,188,679.25
Other revenues	–	14,827,390.14	14,827,390.14
Recognize revenue within a period of time			
Revenue from the brand consulting and management service for the early stage of the project	40,742,339.31	–	40,742,339.31
Revenue from annual brand consulting and management service for the project	324,231,467.64	–	324,231,467.64
Revenue from commercial consultation fees and tenant sourcing commissions	131,921,698.10	–	131,921,698.10
Other revenues	–	570,933,285.88	570,933,285.88
	577,084,184.30	585,760,676.02	1,162,844,860.32

## XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

### 4. Revenue and Cost of Sales (continued)

The revenue recognized in the current year included in the book value of contract liabilities at the beginning of this year is as follows:

	2020	2019
Brand consulting and management service for the early stage of the project	5,692,685.46	55,806,194.52
Annual brand consulting and management service for the project	90,533,976.89	117,824,295.00
Other	125,135,042.42	186,406,121.15
	<b>221,361,704.77</b>	360,036,610.67

The Company's Information in relation to the performance obligations is as follows:

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

The Company performs the performance obligations when providing relevant service. The contract consideration is generally paid in a way as agreed in the contract and part of it generally needs to be paid before the performance obligations of the contract take place.

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

The Company performs the performance obligations when providing relevant service. The contract consideration is generally paid in a way as agreed in the contract and part of it generally needs to be paid before the performance obligations of the contract take place.

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

The Company fulfills the performance obligations when providing relevant service and obtaining the confirmation letter for relevant services issued by customers. The contract consideration is generally paid in a way as agreed in the contract and part of it generally needs to be paid before the performance obligations of the contract take place.

# Notes to the Financial Statements

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## XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

### 4. Revenue and Cost of Sales (continued)

#### Revenue from commercial consultation fees

The Company performs the performance obligations when providing relevant service. The contract consideration is generally paid in a way as agreed in the contract and part of it generally needs to be paid before the performance obligations of the contract take place.

#### Revenue from tenant sourcing commissions

The Company performs the performance obligations when providing relevant service. The contract consideration is generally paid in a way as agreed in the contract and part of it generally needs to be paid before the performance obligations of the contract take place.

#### Revenue from strategic consultation fees

The Company performs the performance obligations when providing relevant service. The contract consideration is generally paid in a way as agreed in the contract and part of it generally needs to be paid before the performance obligations of the contract take place.

The total transaction price of the performance obligations amortised to the end of the year which remained outstanding or partly outstanding was RMB5,419,996,463.76, of which RMB645,071,110.65 was estimated to be recognised as revenue in 2021.

## XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

### 5. Investment Income

	2020	2019
Gain on long-term equity investment based on cost method	1,603,098,556.82	2,477,932,267.01
Gain on long-term equity investment based on equity method	46,570,464.70	75,297,069.94
Investment gain on disposal of subsidiaries	–	542,103,443.26
Investment gain from disposal of financial assets held for trading	951,752.93	–
Bonuses received from other equity instruments	16,987,370.21	4,622,001.49
Bonuses received from other non-current financial assets	1,096.07	1,864,144.88
Investment gain from disposal of long-term equity investments	(14,103,665.55)	–
	<b>1,653,505,575.18</b>	<b>3,101,818,926.58</b>

# Notes to the Financial Statements

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## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY

### 1. Other Related Parties of the Company

In addition to subsidiaries referred in Financial Reports VII, other related parties of the Company please refer to Financial Reports X.

### 2. Major Transactions between the Company and Related Parties

The following related party transactions are necessary for the development of the Company's business. The transactions between the Company and related parties are related to daily operations. The transactions follow the principles of openness, fairness and justice. The transactions between the both parties are settled at fair market prices.

Purchase of goods and receipt of services from related parties

#### (1) Related party goods and services transactions

*Purchase of goods and receipt of services from related parties*

	Details of related party transactions	2020	2019
Shanghai Yueying Technology Co., Ltd. (上海躍影科技有限公司)	Purchase of goods	522,000.00	–
Shanghai AI.Pure Intelligent Technology Co., Ltd. (上海智諦智能科技有限公司)	Purchase of goods	425,840.77	343,157.35
Shanghai Hema Network Technology Co., Ltd. (上海盒馬網絡科技有限公司)	Purchase of goods	70,000.00	–
		<b>1,017,840.77</b>	343,157.35

*Note:* Commodity purchases from related parties: during the year, the Company conducted commodity transactions with related parties based on market prices.

## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (1) Related party goods and services transactions (continued)

*Purchase of goods and receipt of services from related parties (continued)*

	Details of Transactions	2020	2019
Shanghai Red Star Win-Win Cloud Computing Technology Co., Ltd. (上海紅星共贏雲計算科技有限公司)	Receipt of services	27,326,971.70	–
Shanghai Xingzhiyu Commercial Management Co., Ltd. (上海星之域商業經營管理有限公司)	Receipt of services	12,053,132.23	–
Alibaba Cloud Computing Limited (阿里雲計算有限公司)	Receipt of services	3,190,614.40	–
Zhejiang Alibaba Communication Technology Co., Ltd. (浙江阿里巴巴通信技術有限公司)	Receipt of services	566,037.74	–
Wuhu Minghui Business Management Co., Ltd. (蕪湖明輝商業管理有限公司)	Receipt of services	171,700.57	–
Guangzhou Red Star Macalline Expo Home Plaza Co., Ltd. (廣州紅星美凱龍世博家居廣場有限公司)	Receipt of services	142,264.15	–
Beijing Allgf Cultural and Scientific Consultation Co., Ltd. (北京國富縱橫文化科技諮詢股份有限公司)	Receipt of services	141,509.13	–
Baoxiang Red Star Macalline (Xiamen) Global Home Plaza Co., Ltd. (寶象紅星美凱龍(廈門)全球家居廣場有限公司)	Receipt of services	8,258.49	–
Xiamen Baoxiang Red Star Macalline Home Furnishing Plaza Company Limited (廈門寶象紅星美凱龍家居生活廣場有限公司)	Receipt of services	3,301.89	–
		<b>43,603,790.30</b>	–

*Note:* Receipt of services from related parties: during the year, the Company conducted transactions with related parties based on market prices.

# Notes to the Financial Statements

For the year 2020

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## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (1) Related party goods and services transactions (continued)

*Sales of goods and rendering of services to related parties*

	Details of Transactions	2020 years	2019 years
Klas International Home Living Company Limited (克拉斯國際家居有限公司)	Sales of goods	743.36	–
Ultimate IOT (Shanghai) Technology Co., Ltd. (超級智慧家(上海)物聯網科技有限公司)	Sales of goods	141.60	–
		884.96	–

*Note:* Sales of goods to related parties: during the year, the Company conducted transactions with related parties based on market prices.

## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (1) Related party goods and services transactions (continued)

*Sale of goods and provision of services from related parties (continued)*

	Details of Transactions	2020	2019
Zhejiang Zhongguang Electric Appliances Co., Ltd. (浙江中廣電器股份有限公司)	Service income	1,650,943.38	–
Hangzhou Nabel Ceramics Co., Ltd. (杭州諾貝爾陶瓷有限公司) and its branches	Service income	1,284,200.39	–
Brewster Wallpaper International Trading (Shanghai) Co., Ltd. (布魯斯特牆紙國際貿易(上海)有限公司)	Service income	314,465.40	–
Klas International Home Living Company Limited (克拉斯國際家居有限公司)	Service income	218,759.81	–
Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司)	Service income	50,968.87	58,304.00
Ultimate IOT (Shanghai) Technology Co., Ltd. (超級智慧家(上海)物聯網科技有限公司)	Service income	45,229.30	26.55
Xiamen Baoxiang Red Star Macalline Home Furnishing Plaza Company Limited (廈門寶象紅星美凱龍家居生活廣場有限公司)	Service income	–	4,134.50
		<b>3,564,567.15</b>	62,465.05

*Note:* Rendering services to related parties: during the year, the Company conducted transactions with related parties based on market prices.



# Notes to the Financial Statements

For the year 2020

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## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (1) Related party goods and services transactions (continued)

*Sale of goods and provision of services from related parties (continued)*

	Details of Transactions	2020	2019
Jining Hongrui Market Management Company Limited (濟寧鴻瑞市場經營管理有限公司)	Brand management service	<b>4,139,480.78</b>	5,983,238.68
Greenland Group Chengdu Jinniu Real Estate Development Co., Ltd. (綠地集團成都金牛房地產開發有限公司)	Brand management service	<b>3,816,662.34</b>	3,773,584.91
Wuhan Zhengkai Logistics Co., Ltd. (武漢市正凱物流有限公司)	Brand management service	<b>2,830,188.68</b>	2,830,188.68
Wuhu Minghui Business Management Co., Ltd. (蕪湖明輝商業管理有限公司)	Brand management service	<b>2,751,603.77</b>	2,830,188.68
Xuzhou Red Star Macalline Global Home Furnishings Plaza Co., Ltd. (徐州紅星美凱龍全球家居生活廣場有限公司)	Brand management service	<b>2,680,817.58</b>	3,411,949.72
Yangzhou Red Star Macalline Global Home Furnishings Plaza Property Co., Ltd. (揚州紅星美凱龍全球家居生活廣場置業有限公司)	Brand management service	<b>2,594,339.62</b>	2,830,188.68
Shaanxi Hongrui Home Furnishings Plaza Co., Ltd. (陝西鴻瑞家居生活廣場有限公司)	Brand management service	<b>2,594,339.62</b>	2,830,188.68
Xuzhou Red Star Macalline Global Home Furnishings Plaza Co., Ltd. (徐州紅星美凱龍全球家居生活廣場有限公司)	Brand management service	<b>1,643,081.74</b>	2,091,195.00
Xinghua Xingkai Home Furnishing Plaza Company Limited (興化市星凱家居生活廣場有限公司)	Brand management service	–	1,415,094.34
		<b>23,050,514.13</b>	27,995,817.37

Note: Provision of brand management services for related parties: during the year, the Company conducted transactions with related parties based on market prices.

## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (1) Related party goods and services transactions (continued)

*Sale of goods and provision of services from related parties (continued)*

	Details of Transactions	2020	2019
Shenzhen Huasheng Home Furnishing Group Co., Ltd. (深圳華生大家居集團有限公司)	Rendering of services	<b>786,163.52</b>	2,358,490.56
Business Division of Nanjing Pukou Lilicheng Furniture (南京市浦口區立力成傢俱經營部)	Rendering of services	<b>57,109.37</b>	–
Baoxiang Red Star Macalline (Xiamen) Global Home Plaza Co., Ltd. (寶象紅星美凱龍(廈門)全球家居廣場有限公司)	Rendering of services	<b>29,107.08</b>	–
Shanghai Zhenyang Decoration Co., Ltd. (上海振洋建築裝潢工程有限公司)	Rendering of services	<b>11,613.32</b>	–
Red Star Macalline Enterprise Management and Consultancy Company Limited (紅星美凱龍企業管理諮詢有限公司)	Rendering of services	–	77,584,187.32
Red Star Macalline Chengdu Enterprise Management Consulting Company Limited (紅星美凱龍成都企業管理諮詢有限公司)	Rendering of services	–	72,862,388.31
Khorgos Red Star Macalline Business Management Company Limited (霍爾果斯紅星美凱龍商業管理有限公司)	Rendering of services	–	46,769,300.43
Zhejiang Zhongguang Electric Appliances Co., Ltd. (浙江中廣電器股份有限公司)	Rendering of services	–	1,650,943.38
Hangzhou Nabel Ceramics Co., Ltd. (杭州諾貝爾陶瓷有限公司) and its branches	Rendering of services	–	1,375,786.16
		<b>883,993.29</b>	202,601,096.16

*Note:* Rendering services to related parties: during the year, the Company conducted transactions with related parties based on market prices.

# Notes to the Financial Statements

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## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (2) Leases with related parties

*As lessees*

	Type of leased assets	2020	2019
Shanghai Huojing Business Management Company Limited (上海或京商業管理有限公司) and its branches	Office	2,325,205.72	–
		2,325,205.72	–

*Note:* The related party provides property leasing for the Company: during the year, the Company conducted transactions with related parties based on market prices.

## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (2) Leases with related parties (continued)

As the lessor

	Type of leased assets	2020	2019
Shanghai Xingzhiyu Commercial Management Co., Ltd. (上海星之域商業經營管理有限公司)	Office	43,256,990.85	–
Klas International Home Living Company Limited (克拉斯國際家居有限公司)	Lease of shop(s) in shopping mall	2,863,479.24	–
Hangzhou Nabel Ceramics Co., Ltd. (杭州諾貝爾陶瓷有限公司) and its branches	Lease of shop(s) in shopping mall	1,879,696.72	–
Ultimate IOT (Shanghai) Technology Co., Ltd. (超級智慧家(上海)物聯網科技有限公司)	Lease of shop(s) in shopping mall	926,107.49	143,122.85
Shanghai Zhenyang Decoration Co., Ltd. (上海振洋建築裝潢工程有限公司) and its branches	Lease of shop(s) in shopping mall	86,296.62	–
Business Division of Nanjing Pukou Lilicheng Furniture (南京市浦口區立力成傢俱經營部)	Lease of shop(s) in shopping mall	78,013.14	–
		<b>49,090,584.06</b>	143,122.85

Note: Provision of leasing for related parties: during the year, the Company conducted transactions with related parties based on market prices.

# Notes to the Financial Statements

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## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (3) Guarantees from related parties

*Receiving guarantees from related parties*

**In 2020**

	Amount of guarantees	Inception date of guarantee	Expiration date of guarantee	Whether guarantee has been performed
Shanghai Red Star Macalline Decorative Furniture Mall Company Limited (上海紅星美凱龍裝飾傢俱有限公司) (Note 1)	189,000,000.00	9 January 2020	8 January 2021	No
Shanghai Red Star Macalline Global Home Furnishing Company Limited (上海紅星美凱龍全球家居有限公司) (Note 2)	435,000,000.00	14 April 2020	13 April 2021	No
Shanghai Red Star Macalline Global Home Furnishing Company Limited (上海紅星美凱龍全球家居有限公司) (Note 2)	450,000,000.00	17 April 2020	8 April 2021	No
Changzhou Hongyang Home Furnishing Plaza Company Limited (常州紅陽家居生活廣場有限公司)	470,882,700.00	27 March 2020	26 March 2021	No
Shanghai Red Star Macalline Global Home Furnishing Company Limited (上海紅星美凱龍全球家居有限公司) (Note 2)	115,000,000.00	12 February 2020	5 February 2021	No
Red Star Macalline Shibo (Tianjin) Home Furnishing Plaza Company Limited (紅星美凱龍世博(天津)家居生活廣場有限公司)	861,626,525.00	27 April 2020	27 April 2021	No
Shanghai Red Star Macalline Decorative Furniture Mall Company Limited (上海紅星美凱龍裝飾傢俱有限公司) (Note 1)	300,000,000.00	10 July 2020	10 April 2021	No
Tianjin Red Star Macalline World Trade Home Furnishing Company Limited (天津紅星美凱龍世貿家居有限公司) (Note 3)	52,000,000.00	17 January 2020	16 January 2022	No

## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (3) Guarantees from related parties (continued)

*Receiving guarantees from related parties (continued)*

**In 2020 (continued)**

	Amount of guarantees	Inception date of guarantee	Expiration date of guarantee	Whether guarantee has been performed
Tianjin Red Star Macalline World Trade Home Furnishing Company Limited (天津紅星美凱龍世貿家居有限公司) (Note 3)	13,000,000.00	17 January 2020	16 January 2022	No
Tianjin Red Star Macalline Home Furnishings Plaza Company Limited (天津紅星美凱龍家居傢飾生活廣場有限公司)	282,000,000.00	15 May 2020	15 May 2022	No
Shanghai Red Star Macalline Global Home Furnishing Company Limited (上海紅星美凱龍全球家居有限公司) (Note 4)	372,150,000.00	19 January 2020	19 January 2028	No
Wuhu Red Star Macalline Shimao Furniture Plaza Company Limited (蕪湖紅星美凱龍世貿家居廣場有限公司) (Note 5)	290,000,000.00	23 September 2020	23 September 2022	No
Shanghai Ozing Digital Technology Company Limited (上海好記星數碼科技有限公司) (Note 6)	195,000,000.00	18 September 2020	18 September 2023	No
Nanjing Mingdu Home Furnishing Plaza Company Limited (南京名都家居廣場有限公司),				
Nanjing Red Star International Home Furnishing Mall Company Limited (南京紅星國際家具裝飾城有限公司) (Note 7)	1,376,903,000.00	4 September 2018	3 September 2033	No
Dongguan Red Star Macalline Shibo Furniture Plaza Company Limited (東莞紅星美凱龍世博家居廣場有限公司), Zhongshan Red Star Macalline Shibo Furniture Plaza Company Limited (中山紅星美凱龍世博家居廣場有限公司) (Note 8)	900,000,000.00	26 June 2019	26 June 2021	No

# Notes to the Financial Statements

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## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (3) Guarantees from related parties (continued)

*Receiving guarantees from related parties (continued)*

**In 2020 (continued)**

	Amount of guarantees	Inception date of guarantee	Expiration date of guarantee	Whether guarantee has been performed
Chongqing Xingkaike Home Furnishing Company Limited (重慶星凱科家居有限公司) (Note 8)	585,600,000.00	25 June 2018	4 June 2025	No
Shanghai Red Star Macalline Global Home Furnishing Company Limited (上海紅星美凱龍全球家居有限公司) (Note 2)	461,350,000.00	6 November 2018	6 November 2021	No
Shanghai Red Star Macalline Home Furnishing Design Expo Company Limited (上海紅星美凱龍家居藝術設計博覽有限公司) (Note 8)	270,000,000.00	3 July 2019	25 June 2021	No
Shanghai Red Star Macalline Decorative Furniture Mall Company Limited (上海紅星美凱龍裝飾傢俱城有限公司), Ningbo Red Star Macalline Home Shopping Plaza Company Limited (寧波紅星美凱龍家居購物廣場有限公司) (Note 9)	Nil	3 September 2018	1 September 2023	Yes

## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (3) Guarantees from related parties (continued)

##### *Receiving guarantees from related parties (continued)*

*Note 1:* The loan is secured by all investment properties of Shanghai Red Star Macalline Decorative Furniture Mall Company Limited.

*Note 2:* The loan is secured by all investment properties of Shanghai Red Star Macalline Global Home Furnishing Company Limited.

*Note 3:* The loan is secured by all investment properties of Tianjin Red Star Macalline World Trade Home Furnishing Company Limited.

*Note 4:* The loan is secured by all investment properties of Shanghai Red Star Macalline Global Home Furnishing Company Limited, and pledged by 90% equity of Xinsheng Property Management (Shanghai) Co., Ltd. held by Red Star Macalline Group Corporation Ltd.

*Note 5:* The loan is secured by all investment properties of Wuhu Red Star Macalline Shimao Furniture Plaza Company Limited.

*Note 6:* The loan is secured by all investment properties of Shanghai Ozing Digital Technology Company Limited.

*Note 7:* The loan is pledged by the account receivables from operating property and secured by investment property held by Nanjing Mingdu Home Furnishing Plaza Company Limited and is pledged by 40% equity Nanjing Mingdu Home Furnishing Plaza Company Limited held by Nanjing Red Star International Home Furnishing Company Limited.

*Note 8:* The loan is secured by all the investment property held by the guarantor.

*Note 9:* The loan is secured by investment real properties held by Shanghai Red Star Macalline Decorative Furniture Mall Co., Ltd. (上海紅星美凱龍裝飾傢俱城有限公司) and Ningbo Red Star Macalline Home Shopping Plaza Company Limited (寧波紅星美凱龍家居購物廣場有限公司).



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## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (3) Guarantees from related parties (continued)

*Receiving guarantees from related parties (continued)*

**In 2019**

	Amount of guarantees	Inception date of guarantee	Expiration date of guarantee	Whether guarantee has been performed
Nanjing Mingdu Home Furnishing Plaza Company Limited, Nanjing Red Star International Home Furnishing Mall Company Limited (南京名都家居廣場有限公司、南京紅星國際傢俱裝飾城有限公司) (Note 1)	1,454,475,000.00	2018/9/4	2033/9/3	No
Dongguan Red Star Macalline Shibo Furniture Plaza Company Limited, Zhongshan Red Star Macalline Shibo Furniture Plaza Company Limited (東莞紅星美凱龍世博家居廣場有限公司、中山紅星美凱龍世博家居廣場有限公司) (Note 2)	900,000,000.00	2019/6/26	2021/6/26	No
Shanghai Red Star Macalline Global Home Furnishing Company Limited (上海紅星美凱龍全球家居有限公司)	885,000,000.00	2019/10/15	2020/4/14	No
Red Star Macalline Shibo (Tianjin) Home Furnishing Plaza Company Limited (紅星美凱龍世博(天津)家居生活廣場有限公司) (Note 2)	864,427,700.00	2019/5/29	2020/5/29	No
Shanghai Xinwei Property Company Limited, Shanghai Shanhai Art Furniture Company Limited (上海新偉置業有限公司、上海山海藝術家俱有限公司) (Note 2)	669,728,458.44	2019/8/9	2020/1/25	No

## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (3) Guarantees from related parties (continued)

*Receiving guarantees from related parties (continued)*

**In 2019 (continued)**

	Amount of guarantees	Inception date of guarantee	Expiration date of guarantee	Whether guarantee has been performed
Chongqing Xingkaike Home Furnishing Company Limited (重慶星凱科家居有限公司) (Note 2)	658,800,000.00	2018/6/25	2025/6/4	No
Shanghai Red Star Macalline Global Home Furnishing Company Limited (上海紅星美凱龍全球家居有限公司) (Note 2)	480,000,000.00	2018/11/6	2021/11/6	No
Jinan Red Star Macalline Shibo Home Living Plaza Company Limited (濟南紅星美凱龍世博家居生活廣場有限公司) (Note 2)	440,000,000.00	2017/7/27	2020/7/27	No
Shanghai Red Star Macalline Home Furnishing Design Expo Company Limited (上海紅星美凱龍家居藝術設計博覽有限公司) (Note 2)	300,000,000.00	2019/7/3	2021/6/25	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司)	157,000,000.00	2019/7/10	2020/7/9	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司)	143,000,000.00	2019/7/10	2020/7/9	No
Jinan Red Star Macalline Shibo Home Living Plaza Company Limited (濟南紅星美凱龍世博家居生活廣場有限公司) (Note 2)	90,000,000.00	2017/12/18	2020/12/18	No

# Notes to the Financial Statements

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## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (3) Guarantees from related parties (continued)

*Receiving guarantees from related parties (continued)*

**In 2019 (continued)**

	Amount of guarantees	Inception date of guarantee	Expiration date of guarantee	Whether guarantee has been performed
Shanghai Red Star Macalline Decorative Furniture Mall Co., Ltd, Ningbo Red Star Macalline Home Shopping Plaza Company Limited (上海紅星美凱龍裝飾傢俱城有限公司、寧波紅星 美凱龍家居購物廣場有限公司) (Note 3)	Nil	2018/9/3	2023/9/1	Yes

*Note 1:* The loan is pledged by the account receivables from operating property and secured by investment property held by Nanjing Mingdu Home Furnishing Plaza Company Limited and is pledged by 40% equity Nanjing Mingdu Home Furnishing Plaza Company Limited held by Nanjing Red Star International Home Furnishing Company Limited.

*Note 2:* The loan is secured by all the investment property held by the guarantor.

*Note 3:* The loan is secured by investment real properties held by Shanghai Red Star Macalline Decorative Furniture Mall Co., Ltd. (上海紅星美凱龍裝飾傢俱城有限公司) and Ningbo Red Star Macalline Home Shopping Plaza Company Limited (寧波紅星美凱龍家居購物廣場有限公司).

## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (3) Guarantees from related parties (continued)

*Rendering guarantees to related parties*

2020

	Amount of guarantees	Inception date of guarantee	Expiration date of guarantee	Whether guarantee has been performed
Hong Kong Red Star Macalline Global Home Furnishing Company Limited (香港紅星美凱龍全球家居有限公司) (Note 1)	1,943,219,775.16	21 September 2017	20 September 2022	No
Nanjing Red Star Macalline International Home Living Company Limited (南京紅星美凱龍國際家居有限責任公司) (Note 2)	750,900,000.00	14 March 2019	8 March 2034	No
Shanghai Hongxin Oukai Home Living Company Limited (上海虹欣歐凱家居有限公司) (Note 3)	390,000,000.00	28 November 2019	29 November 2029	No
Shanghai Yuzhu Enterprise Management Company Limited (上海宇築企業管理有限公司)	267,300,000.00	14 June 2017	13 June 2024	No
Shanghai Yumu Enterprise Management Company Limited (上海宇慕企業管理有限公司)	259,050,000.00	14 June 2017	13 June 2024	No
Shanghai Yuxu Enterprise Management Company Limited (上海宇煦企業管理有限公司)	256,750,000.00	14 June 2017	13 June 2024	No

# Notes to the Financial Statements

For the year 2020

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## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (3) Guarantees from related parties (continued)

*Rendering guarantees to related parties (continued)*

**2020 (continued)**

	Amount of guarantees	Inception date of guarantee	Expiration date of guarantee	Whether guarantee has been performed
Shanghai Yuxiao Enterprise Management Company Limited (上海宇霄企業管理有限公司)	255,750,000.00	14 June 2017	13 June 2024	No
Urumchi Red Star Macalline Shibo Furniture Plaza Company Limited (烏魯木齊紅星美凱龍家居世博廣場有限公司) (Note 4)	Nil	28 April 2017	28 April 2022	Yes
Changsha Red Star Macalline Jinxia Home Living Plaza Company Limited (長沙紅星美凱龍金霞家居生活廣場有限公司) (Note 4)	235,000,000.00	23 April 2018	23 April 2028	No
Hefei Red Star Macalline Shibo Furniture Plaza Company Limited (合肥紅星美凱龍世博家居廣場有限公司) (Note 2)	Nil	28 December 2018	28 December 2028	Yes
Changsha Yinhong Home Furnishing Company Limited (長沙市銀紅家居有限公司) (Note 4)	160,000,000.00	3 March 2015	3 March 2025	No
Langfang Kaihong Home Living Plaza Company Limited (廊坊市凱宏家居廣場有限公司) (Note 4)	175,000,000.00	14 February 2017	14 February 2027	No
Kunming Diken Trading Company Limited (昆明迪肯商貿有限公司)(Note 4)	274,948,644.64	11 April 2018	11 April 2025	No

## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (3) Guarantees from related parties (continued)

*Rendering guarantees to related parties (continued)*

**2020 (continued)**

	Amount of guarantees	Inception date of guarantee	Expiration date of guarantee	Whether guarantee has been performed
Chongqing Red Star Macalline Logistics Company Limited (重慶紅星美凱龍物流有限公司) (Note 5)	116,654,050.16	2 January 2019	2 January 2030	No
Shenyang Mingdu Home Furnishing Plaza Company Limited (瀋陽名都家居廣場有限公司) (Note 4)	Nil	17 August 2013	17 August 2021	Yes
Tianjin Red Star Macalline Logistics Company Limited (天津紅星美凱龍物流有限公司) (Note 6)	40,464,276.85	13 September 2018	12 September 2021	No
Daqing Red Star Macalline Shibo Furniture Company Limited (大慶紅星美凱龍世博家居有限公司) (Note 4)	Nil	27 May 2015	27 May 2021	Yes
Zhongshan Red Star Macalline Shibo Furniture Plaza Company Limited (中山紅星美凱龍世博家居廣場有限公司) (Note 4)	Nil	31 October 2014	31 October 2022	Yes
Dongguan Red Star Macalline Shibo Furniture Plaza Company Limited (東莞紅星美凱龍世博家居廣場有限公司)	Nil	12 January 2017	12 January 2022	Yes
Shenyang Mingdu Home Furnishing Plaza Company Limited (瀋陽名都家居廣場有限公司) (Note 4)	250,000,000.00	28 December 2020	28 December 2028	No

# Notes to the Financial Statements

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## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (3) Guarantees from related parties (continued)

##### *Rendering guarantees to related parties (continued)*

*Note 1:* The US dollar bond is guaranteed by the Company's keepwell agreement.

*Note 2:* The loan is pledged by the account receivables from operating property and mortgaged by investment property held by the guaranteed party.

*Note 3:* The loan is pledged by 50% equity of the Company and the account receivables from operating property and mortgaged by investment property held by the guaranteed party.

*Note 4:* The loan is mortgaged by the guaranteed party's all investment property.

*Note 5:* The loan is pledged by the 100% equity of the guaranteed party held by Red Star Macalline (Shanghai) Business Management Company Limited, and is mortgaged with all its investment property held by the guaranteed party.

*Note 6:* The loan is provided by Suzhou Kinetic Home Furnishing Co., Ltd. with joint liability guarantee, and is mortgaged by all the investment property held by the guaranteed party.

## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (3) Guarantees from related parties (continued)

*Rendering guarantees to related parties (continued)*

2019

	Amount of guarantees	Inception date of guarantee	Expiration date of guarantee	Whether guarantee has been performed
Hong Kong Red Star Macalline Global Home Furnishing Company Limited (香港紅星美凱龍全球家居有限公司)(Note 1)	2,069,727,307.24	2017/9/21	2022/9/20	NO
Nanjing Red Star Macalline International Home Living Company Limited (南京紅星美凱龍國際家居有限責任公司) (Note 2)	757,878,042.26	2019/3/14	2034/3/8	NO
Shanghai Hongxin Oukai Home Living Company Limited (上海虹欣歐凱家居有限公司) (Note 3)	400,000,000.00	2019/11/28	2029/11/29	NO
Wuhan Red Star Macalline Global Home Furnishing Plaza Development Company Limited (武漢紅星美凱龍環球家居廣場發展有限公司) (Note 4)	288,000,000.00	2014/5/19	2020/5/18	NO
Shanghai Yuzhu Enterprise Management Company Limited (上海宇築企業管理有限公司)	283,500,000.00	2017/6/14	2024/6/13	NO
Shanghai Yumu Enterprise Management Company Limited (上海宇慕企業管理有限公司)	274,750,000.00	2017/6/14	2024/6/13	NO
Shanghai Yuxu Enterprise Management Company Limited (上海宇煦企業管理有限公司)	272,250,000.00	2017/6/14	2024/6/13	NO



# Notes to the Financial Statements

For the year 2020

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## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (3) Guarantees from related parties (continued)

*Rendering guarantees to related parties (continued)*

#### 2019 (continued)

	Amount of guarantees	Inception date of guarantee	Expiration date of guarantee	Whether guarantee has been performed
Shanghai Yuxiao Enterprise Management Company Limited (上海宇霄企業管理有限公司)	271,250,000.00	2017/6/14	2024/6/13	NO
Urumchi Red Star Macalline Shibo Furniture Plaza Company Limited (烏魯木齊紅星美凱龍家居世博廣場有限公司) (Note 4)	259,700,000.00	2017/4/28	2022/4/28	NO
Changsha Red Star Macalline Jinxia Home Living Plaza Company Limited (長沙紅星美凱龍金霞家居生活廣場有限公司) (Note 4)	235,000,000.00	2018/4/23	2028/4/23	NO
Hefei Red Star Macalline Shibo Furniture Plaza Company Limited (合肥紅星美凱龍世博家居廣場有限公司) (Note 2)	216,000,000.00	2018/12/28	2028/12/28	NO
Changsha Yinhong Home Furnishing Company Limited (長沙市銀紅家居有限公司) (Note 4)	200,000,000.00	2015/3/3	2025/3/3	NO
Langfang Kaihong Home Living Plaza Company Limited (廊坊市凱宏家居廣場有限公司) (Note 4)	194,000,000.00	2017/2/14	2027/2/14	NO
Kunming Diken Trading Company Limited (昆明迪肯商貿有限公司) (Note 4)	191,543,271.82	2018/4/11	2025/4/11	NO

## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (3) Guarantees from related parties (continued)

*Rendering guarantees to related parties (continued)*

#### 2019 (continued)

	Amount of guarantees	Inception date of guarantee	Expiration date of guarantee	Whether guarantee has been performed
Chongqing Red Star Macalline Logistics Company Limited (重慶紅星美凱龍物流有限公司) (Note 5)	119,504,050.16	2019/1/2	2030/1/2	NO
Shenyang Mingdu Home Furnishing Plaza Company Limited (瀋陽名都家居廣場有限公司) (Note 4)	60,660,000.00	2013/8/17	2021/8/17	NO
Tianjin Red Star Macalline Logistics Company Limited (天津紅星美凱龍物流有限公司) (Note 6)	52,835,159.32	2018/9/13	2021/9/12	NO
Daqing Red Star Macalline Shibo Furniture Company Limited (大慶紅星美凱龍世博家居有限公司) (Note 4)	36,000,000.00	2015/5/27	2021/5/27	NO
Zhongshan Red Star Macalline Shibo Furniture Plaza Company Limited (中山紅星美凱龍世博家居廣場有限公司) (Note 4)	Nil	2014/10/31	2022/10/31	YES
Dongguan Red Star Macalline Shibo Furniture Plaza Company Limited (東莞紅星美凱龍世博家居廣場有限公司)	Nil	2017/1/12	2022/1/12	YES

# Notes to the Financial Statements

For the year 2020

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## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (3) Guarantees from related parties (continued)

##### *Rendering guarantees to related parties (continued)*

Note 1: The US dollar bond is guaranteed by the Company's keepwell agreement.

Note 2: The loan is pledged by the account receivables from operating property and mortgaged by investment property held by the guaranteed party.

Note 3: The loan is pledged by 50% equity of the Company and the account receivables from operating property and mortgaged by investment property held by the guaranteed party.

Note 4: The loan is mortgaged by the guaranteed party's all investment property.

Note 5: The loan is pledged by the 100% equity of the guaranteed party held by Red Star Macalline (Shanghai) Business Management Company Limited, and is mortgaged with all its investment property held by the guaranteed party.

Note 6: The loan is provided by Suzhou Kinetic Home Furnishing Co., Ltd. with joint liability guarantee, and is mortgaged by all the investment property held by the guaranteed party.

## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (4) Loans and borrowings of the related parties

2020

Related party	Opening		Closing		Other instructions
	balance of 2020	Lending amount	balance of 2020		
<b>Lending</b>					
Shanghai Red Star Macalline Home Living Design Expo Company Limited (上海紅星美凱龍家居藝術設計博覽有限公司)	1,613,404,986.91	1,100,535,385.91	2,713,940,372.82		Non fixed term
Nanjing Mingdu Home Living Plaza Company Limited (南京名都家居廣場有限公司)	990,593,286.66	(228,152,060.59)	762,441,226.07		Non fixed term
Red Star Macalline Shibo (Tianjin) Home Living Plaza Company Limited (紅星美凱龍世博(天津)家居生活廣場有限公司)	935,356,411.66	52,979,979.98	988,336,391.64		Non fixed term
Tianjin Red Star Macalline World Trade Home Living Company Limited (天津紅星美凱龍世貿家居有限公司)	913,814,821.73	461,531,749.33	1,375,346,571.06		Non fixed term
Yintai (Yongqing) New City Investment Co., Ltd. (銀泰(永清)新城投資有限公司)	750,385,131.93	(750,385,131.93)			Non fixed term
Shanghai Macalline Decoration Engineering Group Co., Ltd. (上海美凱龍裝飾工程集團有限公司)	735,393,442.26	(735,393,442.26)			Non fixed term
Shenyang Mingdu Home Furnishing Plaza Company Limited (瀋陽名都家居廣場有限公司)	719,019,505.06	65,700,000.00	784,719,505.06		Non fixed term
Urumchi Red Star Macalline Shibo Furniture Plaza Company Limited (烏魯木齊紅星美凱龍家居世博廣場有限公司)	703,594,017.06	(143,408,468.98)	560,185,548.08		Non fixed term
Wuhan Red Star Macalline Shibo Home Living Plaza Development Company Limited (武漢紅星美凱龍世博家居廣場發展有限公司)	640,259,868.06	61,115,851.13	701,375,719.19		Non fixed term

# Notes to the Financial Statements

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## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (4) Loans and borrowings of the related parties (continued)

2020 (continued)

Related party	Opening		Closing		Other instructions
	balance of 2020	Lending amount	balance of 2020		
Wuhan Red Star Macalline Global Home Living Plaza Development Company Limited (武漢紅星美凱龍環球家居廣場發展有限公司)	593,860,209.80	332,321,982.04	926,182,191.84		Non fixed term
Shanghai Yuxu Enterprise Management Company Limited (上海宇煦企業管理有限公司)	574,365,132.55	32,158,754.68	606,523,887.23		Non fixed term
Haerbin Red Star Macalline Shibo Home Living Plaza Company Limited (哈爾濱紅星美凱龍世博家居廣場有限公司)	518,742,300.91	84,127,974.32	602,870,275.23		Non fixed term
Shanghai Red Star Macalline Industrial Company Limited (上海紅星美凱龍實業有限公司)	507,850,311.05	198,386,670.94	706,236,981.99		Non fixed term
Changzhou Hongyang Home Living Plaza Company Limited (常州紅陽家居生活廣場有限公司)	478,759,400.00	45,050,000.00	523,809,400.00		Non fixed term
Tianjin Red Star Macalline Home Living and Decorating Plaza Company Limited (天津紅星美凱龍家居家飾生活廣場有限公司)	475,347,389.44	23,640,085.31	498,987,474.75		Non fixed term
Zhengzhou Red Star Macalline Shibo Home Furnishing Company Limited (鄭州紅星美凱龍世博家居有限公司)	453,072,592.40	26,099,679.78	479,172,272.18		Non fixed term
Shanghai Hongxin Oukai Home Living Company Limited (上海虹欣歐凱家居有限公司)	430,779,291.34	(49,462,938.40)	381,316,352.94		Non fixed term

## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (4) Loans and borrowings of the related parties (continued)

##### 2020 (continued)

Related party	Opening		Closing	
	balance of 2020	Lending amount	balance of 2020	Other instructions
Shanghai Jiliang Enterprise Management Partnership (Limited Partnership) (上海集量企業管理合夥企業(有限合夥))	2,202,777.77	122,000.00	2,324,777.77	Non fixed term
Guangzhou Red Star Macalline Market Management Company Limited (廣州紅星美凱龍市場經營管理有限公司)	1,921,540.06	11,304,828.34	13,226,368.40	Non fixed term
Xi'an Red Star Macalline Shibo Home Furnishing Company Limited (西安紅星美凱龍世博家居有限公司)	1,650,000.00	-	1,650,000.00	Non fixed term
Guizhou Red Star Macalline Logistics Company Limited (貴州紅星美凱龍物流有限公司)	1,484,015.31	289,955.01	1,773,970.32	Non fixed term
Chengdu Red Star Macalline Xinnan Business Management Company Limited Gaoxin Branch (成都紅星美凱龍新南商業管理有限公司高新分公司)	950,000.00	-	950,000.00	Non fixed term
Shanghai Red Star Macalline Creative Design Company Limited (上海麗浩創意設計有限公司)	910,950.00	1,931,016.66	2,841,966.66	Non fixed term
Red Star Macalline Life Aesthetics Center Management Company Limited (紅星美凱龍生活美學中心管理有限公司)	756,888.00	(736,180.33)	20,707.67	Non fixed term
Red Star Macalline Group (Shanghai) Logistics Company Limited (紅星美凱龍家居集團(上海)物流有限公司)	535,626.36	(529,546.36)	6,080.00	Non fixed term

# Notes to the Financial Statements

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## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (4) Loans and borrowings of the related parties (continued)

##### 2020 (continued)

Related party	Opening		Closing	
	balance of 2020	Lending amount	balance of 2020	Other instructions
Suzhou Industry Park Red Star Macalline Home Furnishing Company Limited (蘇州工業園區紅星美凱龍家居有限公司)	121,108.65	(121,108.65)	-	Non fixed term
Foshan Red Star Macalline Home Furnishing Plaza Company Limited (佛山紅星美凱龍家居生活廣場有限公司)	103,939.17	(103,939.17)	-	Non fixed term
Chengdu Tianfu New District Red Star Macalline World Trade Home Furnishing Company Limited (成都天府新區紅星美凱龍世貿家居有限公司)	413,993,421.77	195,243,645.46	609,237,067.23	Non fixed term
Dongguan Red Star Macalline Shibo Furniture Plaza Company Limited (東莞紅星美凱龍世博家居廣場有限公司)	411,033,777.56	27,089,598.65	438,123,376.21	Non fixed term
Shanghai Yumu Enterprise Management Company Limited (上海宇慕企業管理有限公司)	407,560,560.19	23,004,772.31	430,565,332.50	Non fixed term
Lanzhou Red Star Macalline Shibo Home Living Plaza Company Limited (蘭州紅星美凱龍世博家居廣場有限公司)	403,966,471.04	33,373,490.58	437,339,961.62	Non fixed term
Shanghai Yuxiao Enterprise Management Company Limited (上海宇霄企業管理有限公司)	393,302,559.18	60,192,035.64	453,494,594.82	Non fixed term
Chongqing Red Star Macalline International Home Furnishing Plaza Company Limited (重慶紅星美凱龍國際家居生活廣場有限責任公司)	388,919,112.50	(361,380,620.83)	27,538,491.67	Non fixed term
Shanghai Yuzhu Enterprise Management Company Limited (上海宇築企業管理有限公司)	383,689,383.82	48,281,829.63	431,971,213.45	Non fixed term

## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (4) Loans and borrowings of the related parties (continued)

##### 2020 (continued)

Related party	Opening		Closing	
	balance of 2020	Lending amount	balance of 2020	Other instructions
Ningbo Red Star Macalline Home Shopping Plaza Company Limited (寧波紅星美凱龍家居購物廣場有限公司)	372,624,084.54	(232,593,625.67)	140,030,458.87	Non fixed term
Haikou Tangong Industrial Limited (海口檀宮實業有限公司)	362,278,175.83	52,423,607.59	414,701,783.42	Non fixed term
Hangzhou Red Star Macalline Global Home Living Company Limited (杭州紅星美凱龍環球家居有限公司)	332,148,745.00	723,847,755.29	1,055,996,500.29	Non fixed term
Foshan Junda Enterprise Management Co., Ltd. (佛山郡達企業管理有限公司)	330,442,657.54	(230,962,667.54)	99,479,990.00	Non fixed term
Red Star Macalline Glory Casa (Shanghai) Home Furnishing Company Limited (紅星美凱龍凱撒至尊(上海)家居有限公司)	326,041,637.79	(74,126,910.00)	251,914,727.79	Non fixed term
Chengdu Red Star Macalline Tianfu Expo Home Furnishing Plaza Company Limited (成都紅星美凱龍天府世博家居廣場有限公司)	314,688,175.61	207,756,385.23	522,444,560.84	Non fixed term
Daqing Red Star Macalline Shibo Furniture Company Limited (大慶紅星美凱龍世博家居有限公司)	299,786,566.32	52,294,442.63	352,081,008.95	Non fixed term
Nanning Red Star Macalline Shibo Home Furnishing Exhibition Centre Company Limited (南寧紅星美凱龍世博家居展覽中心有限公司)	281,860,311.25	(243,131,655.93)	38,728,655.32	Non fixed term
Yunnan Red Star Macalline Home Furnishing Plaza Company Limited (雲南紅星美凱龍家居生活廣場有限公司)	278,461,894.33	107,526,041.67	385,987,936.00	Non fixed term



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## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (4) Loans and borrowings of the related parties (continued)

##### 2020 (continued)

Related party	Opening		Closing	
	balance of 2020	Lending amount	balance of 2020	Other instructions
Shenyang Red Star Macalline Home Living Expo Company Limited (瀋陽紅星美凱龍博覽家居有限公司)	260,876,521.64	11,057,286.90	271,933,808.54	Non fixed term
Red Star Zhongying Investment Company Limited (紅星眾盈投資有限公司)	254,516,775.00	77,301,131.67	331,817,906.67	Non fixed term
Suzhou Red Star Macalline Shibo Home Furnishing Plaza Company Limited (蘇州紅星美凱龍世博家居廣場有限公司)	245,488,622.06	30,430,000.00	275,918,622.06	Non fixed term
Hohhot Red Star Macalline Shibo Home Furnishing Plaza Company Limited (呼和浩特市紅星美凱龍世博家居廣場有限責任公司)	240,544,212.33	25,388,873.05	265,933,085.38	Non fixed term
Kunshan Red Star Macalline Decoration Materials Company Limited (昆山紅星美凱龍裝飾材料有限公司)	231,347,446.66	(137,626,535.12)	93,720,911.54	Non fixed term
Shanghai Hongmei E-Commerce Company Limited (上海紅美電子商務有限公司)	219,092,136.81	20,561,526.00	239,653,662.81	Non fixed term
Beijing Century Europe and America Business Investment Company Limited (北京世紀歐美商業投資有限公司)	210,695,591.95	12,968,981.54	223,664,573.49	Non fixed term
Khorgos Red Star Yiming Venture Capital Company Limited (霍爾果斯紅星易鳴創業投資有限公司)	194,095,333.34	162,884,800.00	356,980,133.34	Non fixed term
Khorgos Yarui Venture Capital Company Limited (霍爾果斯雅睿創業投資有限公司)	193,013,770.83	(104,824,915.83)	88,188,855.00	Non fixed term

## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (4) Loans and borrowings of the related parties (continued)

##### 2020 (continued)

Related party	Opening		Closing	
	balance of 2020	Lending amount	balance of 2020	Other instructions
Chongqing Red Star Macalline Zhongkun Home Living Plaza Company Limited (重慶紅星美凱龍中坤家居生活廣場有限責任公司)	191,059,321.67	12,921,738.33	203,981,060.00	Non fixed term
Nanchang Red Star Macalline Global Home Expo Center Co., Ltd. (南昌紅星美凱龍環球家居博覽中心有限責任公司)	186,769,430.35	(47,763,783.25)	139,005,647.10	Non fixed term
Red Star Macalline (Shanghai) Business Management Company Limited (紅星美凱龍(上海)企業管理有限公司)	171,222,332.71	45,327,115.58	216,549,448.29	Non fixed term
Shanghai Red Star Macalline Trading Company Limited (上海紅星美凱龍商貿有限公司)	170,469,629.73	(33,746,478.42)	136,723,151.31	Non fixed term
Changsha Red Star Macalline Jinxia Home Living Plaza Company Limited (長沙紅星美凱龍金霞家居生活廣場有限公司)	169,789,405.73	57,452,947.42	227,242,353.15	Non fixed term
Panjin Red Star Macalline Global Home Living Plaza Company Limited (盤錦紅星美凱龍全球家居生活廣場有限公司)	162,029,852.17	(131,122,518.71)	30,907,333.46	Non fixed term
Shanghai Xinwei Home Purchasing Company Limited (上海新偉置業有限公司)	158,908,275.34	(158,908,275.34)	–	Non fixed term
Shanghai Laicheng Enterprise Management Limited (上海賽程企業管理有限公司)	156,512,835.42	(148,218,739.21)	8,294,096.21	Non fixed term
Chongqing Red Star Macalline Logistics Company Limited (重慶紅星美凱龍物流有限公司)	151,351,139.29	41,635,795.58	192,986,934.87	Non fixed term

# Notes to the Financial Statements

For the year 2020

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## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (4) Loans and borrowings of the related parties (continued)

##### 2020 (continued)

Related party	Opening		Closing		Other instructions
	balance of 2020	Lending amount	balance of 2020		
Shanghai Jinshan Red Star Macalline Global Home Furnishing Company Limited (上海金山紅星美凱龍全球家居有限公司)	147,434,934.38	30,292,474.84	177,727,409.22		Non fixed term
Kunming Diken Trading Company Limited (昆明迪肯商貿有限公司)	137,777,834.23	73,199,971.38	210,977,805.61		Non fixed term
Wuhu Red Star Macalline World Trade Home Living Plaza Company Limited (蕪湖紅星美凱龍世貿家居廣場有限公司)	133,609,521.31	12,096,237.34	145,705,758.65		Non fixed term
Beijing Xingkai Jingzhou Furniture Plaza Company Limited (北京星凱京洲傢俱廣場有限公司)	133,507,766.22	(2,871,048.29)	130,636,717.93		Non fixed term
Zhongshan Red Star Macalline Shibo Home Living Plaza Company Limited (中山紅星美凱龍世博家居廣場有限公司)	132,397,951.90	(10,008,458.33)	122,389,493.57		Non fixed term
Changsha Yinhong Home Furnishing Company Limited (長沙市銀紅家居有限公司)	126,998,361.24	1,903,991.41	128,902,352.65		Non fixed term
Xining Red Star Macalline Shibo Home Furnishing Plaza Company Limited (西寧紅星美凱龍世博家居廣場有限公司)	124,784,638.62	43,440,025.86	168,224,664.48		Non fixed term
Anhui Shengshi Dingtong Logistics Company Limited (安徽盛世鼎通物流有限公司)	124,615,271.66	6,466,000.00	131,081,271.66		Non fixed term
Taiyuan Red Star Macalline Global Home Furnishing Plaza Company Limited (太原紅星美凱龍全球家居廣場有限公司)	122,125,970.00	23,706,475.92	145,832,445.92		Non fixed term

## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (4) Loans and borrowings of the related parties (continued)

##### 2020 (continued)

Related party	Opening		Closing	
	balance of 2020	Lending amount	balance of 2020	Other instructions
Chongqing Red Star Macalline Shibo Home Living Plaza Company Limited (重慶紅星美凱龍世博家居生活廣場有限責任公司)	121,683,010.60	(121,683,010.60)	-	Non fixed term
Chongqing Red Star Macalline Expo Home Living Plaza Company Limited (重慶紅星美凱龍博覽家居生活廣場有限責任公司)	118,511,590.16	17,301,866.32	135,813,456.48	Non fixed term
Shanghai Jingdu Investment Company Limited (上海晶都投資有限公司)	115,300,851.98	5,090,016.26	120,390,868.24	Non fixed term
Jinan Red Star Macalline Shibo Home Living Plaza Company Limited (濟南紅星美凱龍世博家居生活廣場有限公司)	107,614,589.83	(107,614,589.83)	-	Non fixed term
Yantai Red Star Macalline Home Living Company Limited (煙臺紅星美凱龍家居有限公司)	107,571,813.97	(19,627,383.92)	87,944,430.05	Non fixed term
Shanghai Red Star Macalline Exhibition Service Company Limited (上海紅星美凱龍展覽服務有限公司)	98,656,335.42	(92,330,764.49)	6,325,570.93	Non fixed term
Ganzhou Red Star Macalline Shibo Furniture Plaza Company Limited (贛州紅星美凱龍世博家居廣場有限公司)	96,985,674.08	48,720,506.60	145,706,180.68	Non fixed term
Hefei Red Star Macalline Shibo Furniture Plaza Company Limited (合肥紅星美凱龍世博家居廣場有限公司)	91,497,139.17	103,722,477.49	195,219,616.66	Non fixed term
Shanghai Red Star Macalline Yuejia Network Technology Company Limited (上海紅星美凱龍悅家互聯網科技有限公司)	87,801,308.32	126,394,133.34	214,195,441.66	Non fixed term

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## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (4) Loans and borrowings of the related parties (continued)

2020 (continued)

Related party	Opening		Closing	
	balance of 2020	Lending amount	balance of 2020	Other instructions
Shanghai Xingkai Chengpeng Business Management Company Limited (上海星凱程鵬企業管理有限公司)	73,705,860.05	196,292,058.70	269,997,918.75	Non fixed term
Shanghai Jiajinsuo Investment Holding Company Limited (上海家金所投資控股有限公司)	72,135,000.00	(72,125,000.00)	10,000.00	Non fixed term
Shaanxi Red Star Heji Home Shopping Plaza Company Limited (陝西紅星和記家居購物廣場有限公司)	74,647,386.82	21,058,352.91	95,705,739.73	Non fixed term
Shanghai Xingjia Home Decorating Material Company Limited (上海星家裝飾建材有限公司)	70,650,000.00	–	70,650,000.00	Non fixed term
Tianjin Red Star Macalline Home Fashion Plaza Company Limited (天津紅星美凱龍時尚家居廣場有限公司)	54,559,655.10	1,106,153.69	55,665,808.79	Non fixed term
Hefei Red Star Macalline Logistics Company Limited (合肥紅星美凱龍物流有限公司)	52,364,608.20	(40,571,162.91)	11,793,445.29	Non fixed term
Shanghai Red Star Macalline Assets Management Company Limited (上海紅星美凱龍資產管理有限公司)	51,116,666.66	(51,116,666.66)	–	Non fixed term
Shanghai Jisheng Wellborn Global Home Living Brand Management Company Limited (上海吉盛偉邦環球家居品牌管理有限公司)	50,772,259.43	(50,772,259.43)	–	Non fixed term

## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (4) Loans and borrowings of the related parties (continued)

##### 2020 (continued)

Related party	Opening		Closing balance of 2020	Other instructions
	balance of 2020	Lending amount		
Nantong Longmei International Home Furnishing Plaza Co., Ltd. (南通龍美國際家居生活廣場有限公司)	49,126,005.09	(13,659,795.44)	35,466,209.65	Non fixed term
Shanghai Jianliu Enterprise Management Co., Ltd (上海簡柳企業管理有限公司)	48,103,201.67	9,852,242.00	57,955,443.67	Non fixed term
Red Star Macalline Global (Beijing) Home Furnishing Plaza Company Limited (紅星美凱龍環球(北京)傢俱建材廣場有限公司)	46,484,693.28	(45,676,439.72)	808,253.56	Non fixed term
Shaanxi Red Star Macalline Logistics Company Limited (陝西紅星美凱龍物流有限公司)	45,348,755.28	1,114,629.83	46,463,385.11	Non fixed term
Shanghai Youmei Home Living Company Limited (上海悠美家居有限公司)	44,395,456.79	(44,395,456.79)		Non fixed term
Jilin Red Star Macalline Logistics Company Limited (吉林紅星美凱龍物流有限公司)	42,037,230.00	(38,519,440.00)	3,517,790.00	Non fixed term
Nantong Hongmei Shibo Home Furnishing Plaza Company Limited (南通紅美世博家居廣場有限公司)	40,348,672.70	1,066,109.96	41,414,782.66	Non fixed term
Shanghai Red Star Macalline Decorating Public Network Technology Company Limited (上海紅星美凱龍裝修公網絡技術有限公司)	40,277,111.12	2,196,000.00	42,473,111.12	Non fixed term
Beijing Red Star Macalline Shibo Home Furnishing Plaza Company Limited (北京紅星美凱龍世博傢俱建材廣場有限公司)	40,000,000.00	(25,000,000.00)	15,000,000.00	Non fixed term
Baotou Red Star Macalline Home Living Plaza Company Limited (包頭紅星美凱龍家居生活廣場有限責任公司)	38,324,779.63	10,000.00	38,334,779.63	Non fixed term

# Notes to the Financial Statements

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## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (4) Loans and borrowings of the related parties (continued)

##### 2020 (continued)

Related party	Opening		Closing	
	balance of 2020	Lending amount	balance of 2020	Other instructions
Baoxiang Red Star Macalline (Xiamen) Global Home Furnishing Plaza Company Limited (寶象紅星美凱龍(廈門)全球家居廣場有限公司)	35,500,000.00	(3,000,000.00)	32,500,000.00	Non fixed term
Shanghai Red Star Ogloria Brand Management Company Limited (上海紅星歐麗洛雅品牌管理有限公司)	32,385,216.66	19,930,922.09	52,316,138.75	Non fixed term
Shanghai enliu Enterprise Management Co., Ltd (上海慈柳企業管理有限公司)	31,580,567.33	6,887,760.34	38,468,327.67	Non fixed term
Nanchang Red Star Macalline Global Home Furnishing Plaza Company Limited (南昌紅星美凱龍全球家居廣場有限公司)	31,019,817.49	22,067,055.63	53,086,873.12	Non fixed term
Shenyang Dadong Red Star Macalline Home Furnishing Company Limited (瀋陽大東紅星美凱龍傢俱建材市場有限公司)	30,991,751.11	15,130,248.89	46,122,000.00	Non fixed term
Wuxi Red Star Macalline Home Living Plaza Company Limited (無錫紅星美凱龍家居生活廣場有限公司)	28,284,764.80	10,925,332.74	39,210,097.54	Non fixed term
Shanghai Red Star Macalline Design Cloud Information Technology Company Limited (上海紅星美凱龍設計雲信息科技有限公司)	23,448,962.79	45,812,022.00	69,260,984.79	Non fixed term
Shanghai Dingshi Enterprise Management Partnership (Limited Partnership) (上海鼎識企業管理合夥企業(有限合夥))	22,932,222.22	1,223,333.34	24,155,555.56	Non fixed term
Shanghai BetterHome Industrial Limited (上海家倍得實業有限公司)	20,208,333.33	(8,224,333.34)	11,983,999.99	Non fixed term



## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (4) Loans and borrowings of the related parties (continued)

##### 2020 (continued)

Related party	Opening		Closing	
	balance of 2020	Lending amount	balance of 2020	Other instructions
Qianzhi (Shanghai) Home Furnishing Co., Ltd. (乾智(上海)家居有限公司)	14,401,166.66	13,338,743.33	27,739,909.99	Non fixed term
Zhengzhou Juankai Enterprise Management Consultation Company Limited (鄭州雋鑑企業管理諮詢有限公司)	12,536,279.70	(1,000,000.00)	11,536,279.70	Non fixed term
Shanghai Hongmei Network Technology Company Limited (上海紅美網絡科技有限公司)	10,900,000.00	-	10,900,000.00	Non fixed term
Xi'an Red Star Macalline Home Living Plaza Company Limited (西安紅星美凱龍家居生活廣場有限公司)	10,240,642.23	-	10,240,642.23	Non fixed term
Beijing Century Kailong Business Investment Company Limited (北京世紀凱隆商業投資有限公司)	9,688,155.04	418,785.86	10,106,940.90	Non fixed term
Changchun Red Star Macalline Shibo Home Living Plaza Company Limited (長春紅星美凱龍世博家居生活廣場有限公司)	8,972,748.84	387,670,000.00	396,642,748.84	Non fixed term
Chongqing Red Star Ogloria Home Furnishing Company Limited (重慶紅星歐麗洛雅家居有限公司)	7,839,730.75	571,971,995.51	579,811,726.26	Non fixed term
Quzhou Red Star Macalline Shibo Market Management Service Company Limited (衢州紅星美凱龍世博市場管理服務有限公司)	7,422,683.33	-	7,422,683.33	Non fixed term
Chengdu Changyi Red Star Macalline Home Living Market Management Company Limited (成都長益紅星美凱龍家居市場經營管理有限公司)	6,355,215.13	10,792,660.95	17,147,876.08	Non fixed term



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## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (4) Loans and borrowings of the related parties (continued)

2020 (continued)

Related party	Opening		Closing	
	balance of 2020	Lending amount	balance of 2020	Other instructions
Changshu Red Star Macalline Global Home Living Company Limited (常熟紅星美凱龍全球家居有限公司)	5,958,075.69	(648,975.69)	5,309,100.00	Non fixed term
Shanghai Red Star Macalline International Trading Company Limited (上海紅星美凱龍國際貿易有限公司)	5,775,611.11	(5,403,590.13)	372,020.98	Non fixed term
Guangzhou Red Star Macalline Home Furnishing Building Material Co., Ltd. (廣州紅星美凱龍家居建材有限公司)	5,712,916.67	(5,712,916.67)	–	Non fixed term
Shanghai Red Star Macalline Longmei Home Furnishing Market Management Company Limited (上海紅星美凱龍龍美家居市場經營管理有限公司)	5,220,520.83	(165,541.66)	5,054,979.17	Non fixed term
Shanghai Huaixing Culture Development Co., Ltd. (上海懷星文化發展有限公司)	5,075,525.00	(5,075,525.00)	–	Non fixed term
Shanghai Hezhu Enterprise Management Partnership (Limited Partnership) (上海合祝企業管理合夥企業(有限合夥))	4,405,555.55	244,000.00	4,649,555.55	Non fixed term
Shanghai Juzun Enterprise Management Partnership (Limited Partnership) (上海聚尊企業管理合夥企業(有限合夥))	4,405,555.55	244,000.00	4,649,555.55	Non fixed term
Tibet Red Star Macalline Business Management Company Limited (西藏紅星美凱龍企業管理有限公司)	3,110,575.82	152,702,471.67	155,813,047.49	Non fixed term

## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (4) Loans and borrowings of the related parties (continued)

2020 (continued)

Related party	Opening		Closing	
	balance of 2020	Lending amount	balance of 2020	Other instructions
Shanghai Red Star Macalline Bulk Purchasing of Construction and Furnishing Materials Trading Company Limited (上海紅星美凱龍住建集採商貿有限公司)	3,240,169.43	26,475,830.57	29,716,000.00	Non fixed term
Shanghai Red Star Macalline Commercial Factoring Company Limited (上海紅星美凱龍商業保理有限公司)	2,744,509.84	(2,744,509.84)	-	Non fixed term
Shanghai Red Star Macalline Brand Management Company Limited Liu'an Yingbin Branch (上海紅星美凱龍品牌管理有限公司六安迎賓分公司)	5,482.00	(5,482.00)	-	Non fixed term
Shanghai Ersai Enterprise Management Consultation Company Limited (上海逸賽企業管理有限公司)	5,023.56	197.56	5,221.12	Non fixed term
Changsha Red Star Macalline International Home Living Art Expo Company Limited (長沙紅星美凱龍國際家居藝術博覽中心有限公司)	4,624.79	(4,624.79)	-	Non fixed term

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## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (4) Loans and borrowings of the related parties (continued)

2020 (continued)

Related party	Opening		Closing	
	balance of 2020	Lending amount	balance of 2020	Other instructions
Shanghai Red Star Macalline Home Furnishing Market Management Company Limited (上海紅星美凱龍家居市場經營管理有限公司)	-	220,663,887.66	220,663,887.66	Non fixed term
Tianjin Red Star Macalline International Home Furnishing Expo Company Limited (天津紅星美凱龍國際家居博覽有限公司)	-	473,395,861.68	473,395,861.68	Non fixed term
Red Star Macalline Home Furnishing Mall Management Company Limited (紅星美凱龍家居商場管理有限公司)	-	590,403,522.53	590,403,522.53	Non fixed term
Shanghai Anjia Network Technology Company Limited (上海安家網絡科技有限公司)	-	9,230,333.33	9,230,333.33	Non fixed term
Shanghai Xinghe Zhaipei Home Furnishing Service Company Limited (上海星和宅配家居服務有限公司)	-	14,360.13	14,360.13	Non fixed term

## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (4) Loans and borrowings of the related parties (continued)

##### 2020 (continued)

Related party	Opening		Closing		Other instructions
	balance of 2020	Lending amount	balance of 2020		
Shanghai Red Star Macalline Xinglong Home Furnish Company Limited (上海紅星美凱龍星龍家居有限公司)	-	200,330,466.47	200,330,466.47		Non fixed term
Tianjin Red Star Macalline Logistics Company Limited (天津紅星美凱龍物流有限公司)	-	10,083,346.66	10,083,346.66		Non fixed term
Changsha Red Star Macalline Shibo Home Furnishing Plaza Company Limited (長沙紅星美凱龍家居生活廣場有限公司)	-	31,508,340.56	31,508,340.56		Non fixed term
Khorgos Hongju Corporate Management Co.Ltd. (霍爾果斯紅居企業管理有限公司)	-	7,466.67	7,466.67		Non fixed term
Shanghai Ozing Digital Technology Company Limited (上海好記星數碼科技有限公司)	-	4,500,472.56	4,500,472.56		Non fixed term
Shanghai Red Star Ogloria Brand Management Company Limited Zibo Branch (上海紅星歐麗洛雅品牌管理有限公司濰博分公司)	-	6,430,000.00	6,430,000.00		Non fixed term
Shijiazhuang Bochen Industrial Company Limited (石家莊博宸實業有限公司)	-	51,924,920.58	51,924,920.58		Non fixed term
Suzhou Xingtong Enterprise Management Consultation Company Limited (宿州星通企業管理諮詢有限公司)	-	300,000.00	300,000.00		Non fixed term
Shanghai Red Star Macalline Home Furnishing Company Limited (上海紅星美凱龍星家居用品有限公司)	-	11,400,977.86	11,400,977.86		Non fixed term

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## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (4) Loans and borrowings of the related parties (continued)

##### 2020 (continued)

Related party	Opening		Closing		Other instructions
	balance of 2020	Lending amount	balance of 2020		
Hangzhou Weiliang Electromechanical Hardware Market Co., Ltd. (杭州偉量機電五金市場有限公司)	-	254,149,742.13	254,149,742.13		Non fixed term
Shanghai Macalline Wenshang Business Management Co., Ltd. (上海美凱龍文商商務企業管理有限公司)	-	3,954,391.58	3,954,391.58		Non fixed term
Wuhu Red Star Macalline Shimao Furniture Plaza Company Limited Jinghu Branch (蕪湖紅星美凱龍世貿家居廣場有限公司鏡湖分公司)	-	1,000,000.00	1,000,000.00		Non fixed term
Shanghai Rongmei Industrial Co., Ltd. (上海榮美實業有限公司)	-	2,021.51	2,021.51		Non fixed term
Huaihua Xingxin Commercial Management Co., Ltd. (懷化星欣商業管理有限公司)	-	50,265,500.00	50,265,500.00		Non fixed term
Red Star Macalline Shibo Business Management Co., Ltd. (紅星美凱龍世博商業管理有限公司)	-	200,000.00	200,000.00		Non fixed term
Red Star Macalline Management Consulting Service Co., Ltd. (紅星美凱龍管理諮詢服務有限公司)	-	50,000.00	50,000.00		Non fixed term
Shanghai Red Star Macalline Brand Management Company Limited Wuhan Zhuyeshan Branch (上海紅星美凱龍品牌管理有限公司武漢竹葉山分公司)	-	39,676,842.59	39,676,842.59		Non fixed term

## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (4) Loans and borrowings of the related parties (continued)

2020 (continued)

Related party	Opening		Closing		Other instructions
	balance of 2020	Lending amount	balance of 2020		
Shanghai Betterhome Decoration Engineering Company Limited (上海家倍得裝飾工程有限公司)	-	5,044,073.53	5,044,073.53		Non fixed term
Xiamen Baoxiang Red Star Macalline Home Furnishing Plaza Company Limited (廈門寶象紅星美凱龍家居生活廣場有限公司)	25,100,000.00	4,943,099.85	30,043,099.85		Repayable on demand and interest-free
Xiamen Baoxiang Red Star Macalline Home Furnishing Plaza Company Limited (廈門寶象紅星美凱龍家居生活廣場有限公司)	-	4,55,9000.00	4,55,9000.00		Interest rate: 8%
Xiamen Baoxiang Red Star Macalline Home Furnishing Plaza Company Limited (廈門寶象紅星美凱龍家居生活廣場有限公司)	-	94,280,000.00	94,280,000.00		Interest rate: 8%
Shanghai Mingyi Enterprise Development Co., Ltd. (上海名藝商業企業發展有限公司)	131,600,000.50	12,600,000.00	144,200,000.50		Repayable on demand and interest-free
Shanghai Mingyi Enterprise Development Co., Ltd. (上海名藝商業企業發展有限公司)	-	5,760,000.00	5,760,000.00		2020/12/29-2021/12/28, interest rate: 8%
Kunming Diken Trading Company Limited (昆明迪肯商貿有限公司)	179,565,152.35	-	179,565,152.35		2019/7/9-2020/9/26, interest rate: 6.09%

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## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (4) Loans and borrowings of the related parties (continued)

2020 (continued)

Related party	Opening		Closing		Other instructions
	balance of 2020	Lending amount	balance of 2020		
Chengdu Red Star Macalline Tianfu Expo Home Furnishing Plaza Company Limited (成都紅星美凱龍天府世博家居廣場有限公司)	331,500,000.00	-	331,500,000.00		2017/11/14-2022/8/12, interest rate: 6.00%
Chengdu Tianfu New District Red Star Macalline World Trade Home Furnishing Company Limited (成都天府新區紅星美凱龍世貿家居有限公司)	331,500,000.00	-	331,500,000.00		2017/11/14-2022/8/12, interest rate: 6.00%
Xining Red Star Macalline Shibo Home Furnishing Plaza Company Limited (西寧紅星美凱龍世博家居廣場有限公司)	138,900,000.00	-	138,900,000.00		2017/11/14-2022/8/12, interest rate: 6.00%
	25,905,624,572.45	4,038,587,908.34	29,944,212,480.79		

## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (4) Loans and borrowings of the related parties (continued)

2019

Related party	Opening balance of 2019	Lending amount	Closing balance of 2019	Other instructions
<b>Lending</b>				
Shanghai Red Star Macalline Home Living Design Expo Company Limited (上海紅星美凱龍家居藝術設計博覽有限公司)	985,216,304.45	628,188,682.46	1,613,404,986.91	Non fixed term
Nanjing Mingdu Home Living Plaza Company Limited (南京名都家居廣場有限公司)	1,445,373,131.26	(454,779,844.60)	990,593,286.66	Non fixed term
Red Star Macalline Shibo (Tianjin) Home Living Plaza Company Limited (紅星美凱龍世博(天津)家居生活廣場有限公司)	889,756,259.43	45,600,152.23	935,356,411.66	Non fixed term
Tianjin Red Star Macalline World Trade Home Living Company Limited (天津紅星美凱龍世貿家居有限公司)	751,293,593.38	162,521,228.35	913,814,821.73	Non fixed term
Yintai (Yongqing) New City Investment Co., Ltd. (銀泰(永清)新城投資有限公司)	305,935,444.44	444,449,687.49	750,385,131.93	Non fixed term
Shanghai Macalline Decoration Engineering Group Co., Ltd. (上海美凱龍裝飾工程集團有限公司)	-	735,393,442.26	735,393,442.26	Non fixed term
Shenyang Mingdu Home Furnishing Plaza Company Limited (瀋陽名都家居廣場有限公司)	638,959,505.06	80,060,000.00	719,019,505.06	Non fixed term
Urumchi Red Star Macalline Shibo Furniture Plaza Company Limited (烏魯木齊紅星美凱龍家居世博廣場有限公司)	547,339,704.61	156,254,312.45	703,594,017.06	Non fixed term
Wuhan Red Star Macalline Shibo Home Living Plaza Development Company Limited (武漢紅星美凱龍世博家居廣場發展有限公司)	871,357,784.03	(231,097,915.97)	640,259,868.06	Non fixed term



# Notes to the Financial Statements

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## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (4) Loans and borrowings of the related parties (continued)

##### 2019 (continued)

Related party	Opening balance of 2019	Lending amount	Closing balance of 2019	Other instructions
Wuhan Red Star Macalline Global Home Living Plaza Development Company Limited (武漢紅星美凱龍環球家居廣場發展有限公司)	521,347,136.01	72,513,073.79	593,860,209.80	Non fixed term
Shanghai Yuxu Enterprise Management Company Limited (上海宇煦企業管理有限公司)	271,513,761.22	302,851,371.33	574,365,132.55	Non fixed term
Haerbin Red Star Macalline Shibo Home Living Plaza Company Limited (哈爾濱紅星美凱龍世博家居廣場有限公司)	403,835,337.50	114,906,963.41	518,742,300.91	Non fixed term
Shanghai Red Star Macalline Industrial Company Limited (上海紅星美凱龍實業有限公司)	261,792,273.58	246,058,037.47	507,850,311.05	Non fixed term
Changzhou Hongyang Home Living Plaza Company Limited (常州紅陽家居生活廣場有限公司)	426,559,400.00	52,200,000.00	478,759,400.00	Non fixed term
Tianjin Red Star Macalline Home Living and Decorating Plaza Company Limited (天津紅星美凱龍家居家飾生活廣場有限公司)	456,962,310.29	18,385,079.15	475,347,389.44	Non fixed term
Zhengzhou Red Star Macalline Shibo Home Furnishing Company Limited (鄭州紅星美凱龍世博家居有限公司)	380,550,000.00	72,522,592.40	453,072,592.40	Non fixed term
Shanghai Hongxin Oukai Home Living Company Limited (上海虹欣歐凱家居有限公司)	782,329,717.28	(351,550,425.94)	430,779,291.34	Non fixed term

## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (4) Loans and borrowings of the related parties (continued)

##### 2019 (continued)

Related party	Opening balance of 2019	Lending amount	Closing balance of 2019	Other instructions
Chengdu Tianfu New District Red Star Macalline World Trade Home Furnishing Company Limited (成都天府新區紅星美凱龍世貿家居有限公司)	609,831,771.98	(195,838,350.21)	413,993,421.77	Non fixed term
Dongguan Red Star Macalline Shibo Furniture Plaza Company Limited (東莞紅星美凱龍世博家居廣場有限公司)	203,254,109.08	207,779,668.48	411,033,777.56	Non fixed term
Shanghai Yumu Enterprise Management Company Limited (上海宇慕企業管理有限公司)	282,930,625.54	124,629,934.65	407,560,560.19	Non fixed term
Lanzhou Red Star Macalline Shibo Home Living Plaza Company Limited (蘭州紅星美凱龍世博家居廣場有限公司)	384,330,312.22	19,636,158.82	403,966,471.04	Non fixed term
Shanghai Yuxiao Enterprise Management Company Limited (上海宇霄企業管理有限公司)	271,802,375.13	121,500,184.05	393,302,559.18	Non fixed term
Chongqing Red Star Macalline International Home Furnishing Plaza Company Limited (重慶紅星美凱龍國際家居生活廣場有限責任公司)	325,566,333.33	63,352,779.17	388,919,112.50	Non fixed term
Shanghai Yuzhu Enterprise Management Company Limited (上海宇築企業管理有限公司)	280,469,377.11	103,220,006.71	383,689,383.82	Non fixed term
Ningbo Red Star Macalline Home Shopping Plaza Company Limited (寧波紅星美凱龍家居購物廣場有限公司)	479,199,153.43	(106,575,068.89)	372,624,084.54	Non fixed term

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## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (4) Loans and borrowings of the related parties (continued)

##### 2019 (continued)

Related party	Opening balance of 2019	Lending amount	Closing balance of 2019	Other instructions
Haikou Tangong Industrial Limited (海口檀宮實業有限公司)	-	362,278,175.83	362,278,175.83	Non fixed term
Chengdu Red Star Macalline Tianfu Expo Home Furnishing Plaza Company Limited (成都紅星美凱龍天府世博家居廣場有限公司)	331,500,000.00	-	331,500,000.00	2017/11/14 - 2022/8/12, interest rate: 6.00%
Chengdu Tianfu New District Red Star Macalline World Trade Home Furnishing Company Limited (成都天府新區紅星美凱龍世貿家居有限公司)	331,500,000.00	-	331,500,000.00	2017/11/14 - 2022/8/12, interest rate: 6.00%
Hangzhou Red Star Macalline Global Home Living Company Limited (杭州紅星美凱龍環球家居有限公司)	222,648,745.00	109,500,000.00	332,148,745.00	Non fixed term
Foshan Junda Enterprise Management Co., Ltd. (佛山郡達企業管理有限公司)	-	330,442,657.54	330,442,657.54	Non fixed term
Red Star Macalline Glory Casa (Shanghai) Home Furnishing Company Limited (紅星美凱龍凱撒至尊(上海)家居有限公司)	150,009,284.45	176,032,353.34	326,041,637.79	Non fixed term
Chengdu Red Star Macalline Tianfu Expo Home Furnishing Plaza Company Limited (成都紅星美凱龍天府世博家居廣場有限公司)	264,866,810.26	49,821,365.35	314,688,175.61	Non fixed term
Daqing Red Star Macalline Shibo Furniture Company Limited (大慶紅星美凱龍世博家居有限公司)	243,001,172.27	56,785,394.05	299,786,566.32	Non fixed term

## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (4) Loans and borrowings of the related parties (continued)

##### 2019 (continued)

Related party	Opening		Closing		Other instructions
	balance of 2019	Lending amount	balance of 2019		
Nanning Red Star Macalline Shibo Home Furnishing Exhibition Centre Company Limited (南寧紅星美凱龍世博家居展覽中心有限公司)	-	281,860,311.25	281,860,311.25		Non fixed term
Yunnan Red Star Macalline Home Furnishing Plaza Company Limited (雲南紅星美凱龍家居生活廣場有限公司)	376,024,466.55	(97,562,572.22)	278,461,894.33		Non fixed term
Shenyang Red Star Macalline Home Living Expo Company Limited (瀋陽紅星美凱龍博覽家居有限公司)	258,650,750.54	2,225,771.10	260,876,521.64		Non fixed term
Red Star Zhongying Investment Company Limited (紅星眾盈投資有限公司)	241,684,304.56	12,832,470.44	254,516,775.00		Non fixed term
Suzhou Red Star Macalline Shibo Home Furnishing Plaza Company Limited (蘇州紅星美凱龍世博家居廣場有限公司)	226,298,622.06	19,190,000.00	245,488,622.06		Non fixed term
Hohhot Red Star Macalline Shibo Home Furnishing Plaza Company Limited (呼和浩特市紅星美凱龍世博家居廣場有限責任公司)	207,070,248.67	33,473,963.66	240,544,212.33		Non fixed term
Kunshan Red Star Macalline Decoration Materials Company Limited (昆山紅星美凱龍裝飾材料有限公司)	151,563,866.67	79,783,579.99	231,347,446.66		Non fixed term
Shanghai Hongmei E-Commerce Company Limited (上海紅美電子商務有限公司)	148,092,436.81	70,999,700.00	219,092,136.81		Non fixed term
Beijing Century Europe and America Business Investment Company Limited (北京世紀歐美商業投資有限公司)	190,546,506.81	20,149,085.14	210,695,591.95		Non fixed term

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## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (4) Loans and borrowings of the related parties (continued)

##### 2019 (continued)

Related party	Opening balance of 2019	Lending amount	Closing balance of 2019	Other instructions
Khorgos Red Star Yiming Venture Capital Company Limited (霍爾果斯紅星易鳴創業投資有限公司)	4,015,555.56	190,079,777.78	194,095,333.34	Non fixed term
Khorgos Yarui Venture Capital Company Limited (霍爾果斯雅睿創業投資有限公司)	188,015,011.67	4,998,759.16	193,013,770.83	Non fixed term
Chongqing Red Star Macalline Zhongkun Home Living Plaza Company Limited (重慶紅星美凱龍中坤家居生活廣場有限責任公司)	179,710,946.67	11,348,375.00	191,059,321.67	Non fixed term
Nanchang Red Star Macalline Global Home Expo Center Co., Ltd. (南昌紅星美凱龍環球家居博覽中心有限責任公司)	-	186,769,430.35	186,769,430.35	Non fixed term
Kunming Diken Trading Company Limited (昆明迪肯商貿有限公司)	-	179,963,188.45	179,963,188.45	2019/7/9 - 2020/9/26, interest rate: 6.09%
Red Star Macalline (Shanghai) Business Management Company Limited (紅星美凱龍(上海)企業管理有限公司)	213,891,034.44	(42,668,701.73)	171,222,332.71	Non fixed term
Shanghai Red Star Macalline Trading Company Limited (上海紅星美凱龍商貿有限公司)	123,439,885.00	47,029,744.73	170,469,629.73	Non fixed term
Changsha Red Star Macalline Jinxia Home Living Plaza Company Limited (長沙紅星美凱龍金霞家居生活廣場有限公司)	126,044,841.67	43,744,564.06	169,789,405.73	Non fixed term

## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (4) Loans and borrowings of the related parties (continued)

##### 2019 (continued)

Related party	Opening		Closing		Other instructions
	balance of 2019	Lending amount	balance of 2019		
Panjin Red Star Macalline Global Home Living Plaza Company Limited (盤錦紅星美凱龍全球家居生活廣場有限公司)	209,742,755.56	(47,712,903.39)	162,029,852.17		Non fixed term
Shanghai Xinwei Home Purchasing Company Limited (上海新偉置業有限公司)	-	158,908,275.34	158,908,275.34		Non fixed term
Shanghai Laicheng Enterprise Management Limited (上海賽程企業管理有限公司)	-	156,512,835.42	156,512,835.42		Non fixed term
Chongqing Red Star Macalline Logistics Company Limited (重慶紅星美凱龍物流有限公司)	176,804,337.78	(25,453,198.49)	151,351,139.29		Non fixed term
Shanghai Jinshan Red Star Macalline Global Home Furnishing Company Limited (上海金山紅星美凱龍全球家居有限公司)	110,242,294.44	37,192,639.94	147,434,934.38		Non fixed term
Xining Red Star Macalline Shibo Home Furnishing Plaza Company Limited (西寧紅星美凱龍世博家居廣場有限公司)	138,900,000.00	-	138,900,000.00		2017/11/14 - 2022/8/12, interest rate: 6.00%
Kunming Diken Trading Company Limited (昆明迪肯商貿有限公司)	101,716,380.81	36,061,453.42	137,777,834.23		Non fixed term
Wuhu Red Star Macalline World Trade Home Living Plaza Company Limited (蕪湖紅星美凱龍世貿家居廣場有限公司)	-	133,609,521.31	133,609,521.31		Non fixed term

# Notes to the Financial Statements

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## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (4) Loans and borrowings of the related parties (continued)

##### 2019 (continued)

Related party	Opening balance of 2019	Lending amount	Closing balance of 2019	Other instructions
Beijing Xingkai Jingzhou Furniture Plaza Company Limited (北京星凱京洲傢俱廣場有限公司)	121,554,141.92	11,953,624.30	133,507,766.22	Non fixed term
Zhongshan Red Star Macalline Shibo Home Living Plaza Company Limited (中山紅星美凱龍世博家居廣場有限公司)	42,735,740.48	89,662,211.42	132,397,951.90	Non fixed term
Shanghai Mingyi Enterprise Development Co., Ltd. (上海名藝商業企業發展有限公司)	112,200,000.50	19,400,000.00	131,600,000.50	Non fixed term
Changsha Yinhong Home Furnishing Company Limited (長沙市銀紅家居有限公司)	105,772,209.20	21,226,152.04	126,998,361.24	Non fixed term
Xining Red Star Macalline Shibo Home Furnishing Plaza Company Limited (西寧紅星美凱龍世博家居廣場有限公司)	94,022,385.28	30,762,253.34	124,784,638.62	Non fixed term
Anhui Shengshi Dingtong Logistics Company Limited (安徽盛世鼎通物流有限公司)	118,166,938.33	6,448,333.33	124,615,271.66	Non fixed term
Taiyuan Red Star Macalline Global Home Furnishing Plaza Company Limited (太原紅星美凱龍全球家居廣場有限公司)	–	122,125,970.00	122,125,970.00	Non fixed term
Chongqing Red Star Macalline Shibo Home Living Plaza Company Limited (重慶紅星美凱龍世博家居生活廣場有限責任公司)	7,864,647.54	113,818,363.06	121,683,010.60	Non fixed term
Chongqing Red Star Macalline Expo Home Living Plaza Company Limited (重慶紅星美凱龍博覽家居生活廣場有限責任公司)	87,004,157.80	31,507,432.36	118,511,590.16	Non fixed term
Shanghai Jingdu Investment Company Limited (上海晶都投資有限公司)	110,534,933.93	4,765,918.05	115,300,851.98	Non fixed term

## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (4) Loans and borrowings of the related parties (continued)

##### 2019 (continued)

Related party	Opening balance of 2019	Lending amount	Closing balance of 2019	Other instructions
Jinan Red Star Macalline Shibo Home Living Plaza Company Limited (濟南紅星美凱龍世博家居生活廣場有限公司)	65,708,191.42	41,906,398.41	107,614,589.83	Non fixed term
Yantai Red Star Macalline Home Living Company Limited (煙臺紅星美凱龍家居有限公司)	128,373,535.54	(20,801,721.57)	107,571,813.97	Non fixed term
Shanghai Red Star Macalline Exhibition Service Company Limited (上海紅星美凱龍展覽服務有限公司)	66,475,296.21	32,181,039.21	98,656,335.42	Non fixed term
Ganzhou Red Star Macalline Shibo Furniture Plaza Company Limited (贛州紅星美凱龍世博家居廣場有限公司)	–	96,985,674.08	96,985,674.08	Non fixed term
Hefei Red Star Macalline Shibo Furniture Plaza Company Limited (合肥紅星美凱龍世博家居廣場有限公司)	340,699,777.78	(249,202,638.61)	91,497,139.17	Non fixed term
Shanghai Red Star Macalline Yuejia Network Technology Company Limited (上海紅星美凱龍悅家互聯網科技有限公司)	119,189,215.65	(31,387,907.33)	87,801,308.32	Non fixed term
Shanghai Xingkai Chengpeng Business Management Company Limited (上海星凱程鵬企業管理有限公司)	–	73,705,860.05	73,705,860.05	Non fixed term



# Notes to the Financial Statements

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## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (4) Loans and borrowings of the related parties (continued)

##### 2019 (continued)

Related party	Opening balance of 2019	Lending amount	Closing balance of 2019	Other instructions
Shanghai Jiajinsuo Investment Holding Company Limited (上海家金所投資控股有限公司)	80,909,000.00	(8,774,000.00)	72,135,000.00	Non fixed term
Shanghai Xingjia Home Decorating Material Company Limited (上海星家裝飾建材有限公司)	70,650,000.00	–	70,650,000.00	Non fixed term
Tianjin Red Star Macalline Home Fashion Plaza Company Limited (天津紅星美凱龍時尚家居廣場有限公司)	54,559,655.10	–	54,559,655.10	Non fixed term
Hefei Red Star Macalline Logistics Company Limited (合肥紅星美凱龍物流有限公司)	49,468,941.53	2,895,666.67	52,364,608.20	Non fixed term
Shanghai Red Star Macalline Assets Management Company Limited (上海紅星美凱龍資產管理有限公司)	91,296,000.00	(40,179,333.34)	51,116,666.66	Non fixed term
Shanghai Jisheng Wellborn Global Home Living Brand Management Company Limited (上海吉盛偉邦環球家居品牌管理有限公司)	167,482,869.94	(116,710,610.51)	50,772,259.43	Non fixed term
Nantong Longmei International Home Furnishing Plaza Co., Ltd. (南通龍美國際家居生活廣場有限公司)	–	49,126,005.09	49,126,005.09	Non fixed term
Shanghai Jianliu Enterprise Management Co., Ltd (上海簡柳企業管理有限公司)	–	48,103,201.67	48,103,201.67	Non fixed term
Red Star Macalline Global (Beijing) Home Furnishing Plaza Company Limited (紅星美凱龍環球(北京)傢俱建材廣場有限公司)	48,790,963.64	(2,306,270.36)	46,484,693.28	Non fixed term

## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (4) Loans and borrowings of the related parties (continued)

##### 2019 (continued)

Related party	Opening balance of 2019	Lending amount	Closing balance of 2019	Other instructions
Shaanxi Red Star Macalline Logistics Company Limited (陝西紅星美凱龍物流有限公司)	1,002,444.44	44,346,310.84	45,348,755.28	Non fixed term
Shanghai Youmei Home Living Company Limited (上海悠美家居有限公司)	45,395,456.79	(1,000,000.00)	44,395,456.79	Non fixed term
Jilin Red Star Macalline Logistics Company Limited (吉林紅星美凱龍物流有限公司)	-	42,037,230.00	42,037,230.00	Non fixed term
Nantong Hongmei Shibo Home Furnishing Plaza Company Limited (南通紅美世博家居廣場有限公司)	157,562,222.22	(117,213,549.52)	40,348,672.70	Non fixed term
Shanghai Red Star Macalline Decorating Public Network Technology Company Limited (上海紅星美凱龍裝修公網絡技術有限公司)	38,087,111.12	2,190,000.00	40,277,111.12	Non fixed term
Beijing Red Star Macalline Shibo Home Furnishing Plaza Company Limited (北京紅星美凱龍世博傢俱建材廣場有限公司)	80,000,000.00	(40,000,000.00)	40,000,000.00	Non fixed term
Baotou Red Star Macalline Home Living Plaza Company Limited (包頭紅星美凱龍家居生活廣場有限責任公司)	38,189,779.63	135,000.00	38,324,779.63	Non fixed term
Shaanxi Red Star Heji Home Shopping Plaza Company Limited (陝西紅星和記家居購物廣場有限公司)	-	36,339,041.62	36,339,041.62	2019/6/27 - 2022/9/5, interest rate: 10%
Baoxiang Red Star Macalline (Xiamen) Global Home Furnishing Plaza Company Limited (寶象紅星美凱龍(廈門)全球家居廣場有限公司)	-	35,500,000.00	35,500,000.00	Non fixed term

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## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (4) Loans and borrowings of the related parties (continued)

##### 2019 (continued)

Related party	Opening balance of 2019	Lending amount	Closing balance of 2019	Other instructions
Shaanxi Red Star Heji Home Shopping Plaza Company Limited (陝西紅星和記家居購物廣場有限公司)	31,340,000.00	3,168,345.20	34,508,345.20	Non fixed term
Shanghai Red Star Ogloria Brand Management Company Limited (上海紅星歐麗洛雅品牌管理有限公司)	-	32,385,216.66	32,385,216.66	Non fixed term
Shanghai enliu Enterprise Management Co., Ltd (上海慈柳企業管理有限公司)	-	31,580,567.33	31,580,567.33	Non fixed term
Nanchang Red Star Macalline Global Home Furnishing Plaza Company Limited (南昌紅星美凱龍全球家居廣場有限公司)	10,165,138.89	20,854,678.60	31,019,817.49	Non fixed term
Shenyang Dadong Red Star Macalline Home Furnishing Company Limited (瀋陽大東紅星美凱龍傢俱建材市場有限公司)	11,618,364.12	19,373,386.99	30,991,751.11	Non fixed term
Wuxi Red Star Macalline Home Living Plaza Company Limited (無錫紅星美凱龍家居生活廣場有限公司)	-	28,284,764.80	28,284,764.80	Non fixed term
Xiamen Baoxiang Red Star Macalline Home Furnishing Plaza Company Limited (廈門寶象紅星美凱龍家居生活廣場有限公司)	27,500,000.00	(2,400,000.00)	25,100,000.00	Non fixed term
Shanghai Red Star Macalline Design Cloud Information Technology Company Limited (上海紅星美凱龍設計雲信息科技有限公司)	-	23,448,962.79	23,448,962.79	Non fixed term
Shanghai Dingshi Enterprise Management Partnership (Limited Partnership) (上海鼎識企業管理合夥企業(有限合夥))	41,622,222.22	(18,690,000.00)	22,932,222.22	Non fixed term

## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (4) Loans and borrowings of the related parties (continued)

##### 2019 (continued)

Related party	Opening		Closing		Other instructions
	balance of 2019	Lending amount	balance of 2019		
Shanghai BetterHome Industrial Limited (上海家倍得實業有限公司)	-	20,208,333.33	20,208,333.33		Non fixed term
Qianzhi (Shanghai) Home Furnishing Co., Ltd. (乾智(上海)家居有限公司)	-	14,401,166.66	14,401,166.66		Non fixed term
Zhengzhou Juankai Enterprise Management Consultation Company Limited (鄭州雋鑑企業管理諮詢有限公司)	12,536,279.70	-	12,536,279.70		Non fixed term
Shanghai Hongmei Network Technology Company Limited (上海紅美網絡科技有限公司)	4,500,000.00	6,400,000.00	10,900,000.00		Non fixed term
Xi'an Red Star Macalline Home Living Plaza Company Limited (西安紅星美凱龍家居生活廣場有限公司)	10,240,642.23	-	10,240,642.23		Non fixed term
Beijing Century Kailong Business Investment Company Limited (北京世紀凱隆商業投資有限公司)	9,213,457.81	474,697.23	9,688,155.04		Non fixed term
Changchun Red Star Macalline Shibo Home Living Plaza Company Limited (長春紅星美凱龍世博家居生活廣場有限公司)	423,972,748.84	(415,000,000.00)	8,972,748.84		Non fixed term
Chongqing Red Star Ogloria Home Furnishing Company Limited (重慶紅星歐麗洛雅家居有限公司)	909,800.00	6,929,930.75	7,839,730.75		Non fixed term
Quzhou Red Star Macalline Shibo Market Management Service Company Limited (衢州紅星美凱龍世博市場管理服務有限公司)	7,422,683.33	-	7,422,683.33		Non fixed term

# Notes to the Financial Statements

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## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (4) Loans and borrowings of the related parties (continued)

##### 2019 (continued)

Related party	Opening balance of 2019	Lending amount	Closing balance of 2019	Other instructions
Chengdu Changyi Red Star Macalline Home Living Market Management Company Limited (成都長益紅星美凱龍家居市場經營管理有限公司)	–	6,355,215.13	6,355,215.13	Non fixed term
Changshu Red Star Macalline Global Home Living Company Limited (常熟紅星美凱龍全球家居有限公司)	5,723,922.25	234,153.44	5,958,075.69	Non fixed term
Shanghai Red Star Macalline International Trading Company Limited (上海紅星美凱龍國際貿易有限公司)	5,552,555.56	223,055.55	5,775,611.11	Non fixed term
Guangzhou Red Star Macalline Home Furnishing Building Material Co., Ltd. (廣州紅星美凱龍家居建材有限公司)	500,000.00	5,212,916.67	5,712,916.67	Non fixed term
Shanghai Red Star Macalline Longmei Hong Living Company Limited (上海紅星美凱龍美家居市場經營管理有限公司)	5,050,555.56	169,965.27	5,220,520.83	Non fixed term
Shanghai Huaixing Culture Development Co., Ltd. (上海懷星文化發展有限公司)	1,605,433.33	3,470,091.67	5,075,525.00	Non fixed term
Shanghai Hezhu Enterprise Management Partnership (Limited Partnership) (上海合祝企業管理合夥企業(有限合夥))	4,162,222.22	243,333.33	4,405,555.55	Non fixed term
Shanghai Juzun Enterprise Management Partnership (Limited Partnership) (上海聚尊企業管理合夥企業(有限合夥))	4,162,222.22	243,333.33	4,405,555.55	Non fixed term
Shaanxi Red Star Heji Home Shopping Plaza Company Limited (陝西紅星和記家居購物廣場有限公司)	–	3,800,000.00	3,800,000.00	Non fixed term

## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (4) Loans and borrowings of the related parties (continued)

##### 2019 (continued)

Related party	Opening		Closing	
	balance of 2019	Lending amount	balance of 2019	Other instructions
Tibet Red Star Macalline Business Management Company Limited (西藏紅星美凱龍企業管理有限公司)	65,021.67	3,045,554.15	3,110,575.82	Non fixed term
Shanghai Red Star Macalline Bulk Purchasing of Construction and Furnishing Materials Trading Company Limited (上海紅星美凱龍住建集採商貿有限公司)	-	2,842,133.33	2,842,133.33	Non fixed term
Shanghai Red Star Macalline Commercial Factoring Company Limited (上海紅星美凱龍商業保理有限公司)	471,938,861.10	(469,194,351.26)	2,744,509.84	Non fixed term
Shanghai Jiliang Enterprise Management Partnership (Limited Partnership) (上海集量企業管理合夥企業(有限合夥))	2,081,111.10	121,666.67	2,202,777.77	Non fixed term
Guangzhou Red Star Macalline Market Management Company Limited (廣州紅星美凱龍市場經營管理有限公司)	-	1,921,540.06	1,921,540.06	Non fixed term
Xi'an Red Star Macalline Shibo Home Furnishing Company Limited (西安紅星美凱龍世博家居有限公司)	1,650,000.00	-	1,650,000.00	Non fixed term
Guizhou Red Star Macalline Logistics Company Limited (貴州紅星美凱龍物流有限公司)	160,142.22	1,323,873.09	1,484,015.31	Non fixed term
Chengdu Red Star Macalline Xinnan Business Management Company Limited Gaoxin Branch (成都紅星美凱龍新南商業管理有限公司高新分公司)	950,000.00	-	950,000.00	Non fixed term

# Notes to the Financial Statements

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## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (4) Loans and borrowings of the related parties (continued)

##### 2019 (continued)

Related party	Opening		Closing	
	balance of 2019	Lending amount	balance of 2019	Other instructions
Shanghai Lihao Creative Design Co., Ltd. (上海麗浩創意設計有限公司)	-	910,950.00	910,950.00	Non fixed term
Red Star Macalline Life Aesthetics Center Management Co., Ltd. (紅星美凱龍生活美學中心管理有限公司)	-	756,888.00	756,888.00	Non fixed term
Red Star Macalline Group (Shanghai) Logistics Company Limited (紅星美凱龍家居集團(上海)物流有限公司)	93,666.67	441,959.69	535,626.36	Non fixed term
Suzhou Industry Park Red Star Macalline Home Furnishing Company Limited (蘇州工業園區紅星美凱龍家居有限公司)	42,455,971.05	(42,334,862.40)	121,108.65	Non fixed term
Foshan Red Star Macalline Home Furnishing Plaza Company Limited (佛山紅星美凱龍家居生活廣場有限公司)	-	103,939.17	103,939.17	Non fixed term
Shanghai Red Star Macalline Brand Management Company Limited Liu'an Yingbin Branch (上海紅星美凱龍品牌管理有限公司六安迎賓分公司)	-	5,482.00	5,482.00	Non fixed term
Shanghai Ersai Enterprise Management Consultation Company Limited (上海邇賽企業管理有限公司)	-	5,023.56	5,023.56	Non fixed term
Changsha Red Star Macalline International Home Living Art Expo Company Limited (長沙紅星美凱龍國際家居藝術博覽中心有限公司)	-	4,624.79	4,624.79	Non fixed term
Shanghai Red Star Macalline Financial Leasing Company Limited (上海紅星美凱龍融資租賃有限公司)	247,695,777.77	(247,695,777.77)	-	Non fixed term

## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (4) Loans and borrowings of the related parties (continued)

##### 2019 (continued)

Related party	Opening		Closing	
	balance of 2019	Lending amount	balance of 2019	Other instructions
Nanjing Red Star International Home Living Company Limited (南京紅星美凱龍國際家居有限責任公司)	224,031,406.70	(224,031,406.70)	-	Non fixed term
Urumchi Red Star Macalline Shibo Furniture Plaza Company Limited (烏魯木齊紅星美凱龍家居世博廣場有限公司)	198,900,000.00	(198,900,000.00)	-	2017/11/14 - 2022/8/12, interest rate: 6.00%
Beijing Red Star Macalline International Home Furnishing Plaza Company Limited (北京紅星美凱龍國際傢俱建材廣場有限公司)	193,398,918.16	(193,398,918.16)	-	Non fixed term
Red Star Macalline Home Furnishing Mall Management Company Limited (紅星美凱龍家居商場管理有限公司)	148,743,448.48	(148,743,448.48)	-	Non fixed term
Shanghai Mengsheng Industrial Co., Ltd. (上海夢晟實業有限公司)	100,278,780.56	(100,278,780.56)	-	Non fixed term
Changsha Red Star Macalline Shibo Home Furnishing Plaza Company Limited (長沙紅星美凱龍世博家居生活廣場有限公司)	59,873,611.11	(59,873,611.11)	-	Non fixed term
Shanghai Red Star Macalline Xinglong Home Furnish Company Limited (上海紅星美凱龍星龍家居有限公司)	56,777,347.19	(56,777,347.19)	-	Non fixed term
Wuhu Meihe Asset Management Company Limited (蕪湖美和資產管理有限公司)	10,000,000.00	(10,000,000.00)	-	2018/8/28 - 2019/2/27, interest free
Langfang Kaihong Home Living Plaza Company Limited (廊坊市凱宏家居廣場有限公司)	4,708,471.96	(4,708,471.96)	-	Non fixed term



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## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (4) Loans and borrowings of the related parties (continued)

##### 2019 (continued)

Related party	Opening balance of 2019	Lending amount	Closing balance of 2019	Other instructions
Shanghai Juqin Enterprise Management Partnership (Limited Partnership) (上海聚欽企業管理合夥企業(有限合夥))	3,737,300.00	(3,737,300.00)	-	Non fixed term
Shanghai Jici Enterprise Management Partnership (Limited Partnership) (上海集慈企業管理合夥企業(有限合夥))	3,737,300.00	(3,737,300.00)	-	Non fixed term
Shanghai Fanju Network Technology Company Limited (上海泛居網絡科技有限公司)	2,111,433.33	(2,111,433.33)	-	Non fixed term
Shanghai Anjia Network Technology Company Limited (上海安家網絡科技有限公司)	422,820.65	(422,820.65)	-	Non fixed term
Shanghai Red Star Macalline Brand Management Company Limited Handan Branch (上海紅星美凱龍品牌管理有限公司邯鄲分公司)	11,909.65	(11,909.65)	-	Non fixed term
<b>Total</b>	<b>22,528,803,142.25</b>	<b>3,376,821,430.20</b>	<b>25,905,624,572.45</b>	

## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (4) Loans and borrowings of the related parties (continued)

##### 2019 (continued)

Related party	Opening balance of		Closing balance of		Other instructions
	2019	Lending amount	2019		
<b>Borrowing</b>					
Red Star Macalline Chengdu Enterprise Management Consulting Company Limited (紅星美凱龍成都企業管理諮詢有限公司)	1,205,380,616.68	542,238,929.48	1,747,619,546.16		Non fixed term
Beijing Red Star Macalline International Home Furnishing Plaza Company Limited (北京紅星美凱龍國際傢俱建材廣場有限公司)	-	1,736,539,571.12	1,736,539,571.12		Non fixed term
Beijing Red Star Macalline Shibo Furniture Plaza Company Limited (北京紅星美凱龍世博傢俱廣場有限公司)	2,219,783,553.03	(1,197,131,218.15)	1,022,652,334.88		Non fixed term
Hong Kong Red Star Macalline Global Home Furnishing Company Limited (香港紅星美凱龍全球家居有限公司)	1,037,147,609.46	(16,877,271.88)	1,020,270,337.58		Non fixed term
Shenyang Red Star Macalline Home Living Company Limited (瀋陽紅星美凱龍家居有限公司)	1,290,208,708.90	(273,651,221.06)	1,016,557,487.84		Non fixed term
Shanghai Red Star Macalline Financial Leasing Company Limited (上海紅星美凱龍融資租賃有限公司)	-	899,855,883.33	899,855,883.33		Non fixed term
Changzhou Worldwide Home Living and Furnishing Plaza Company Limited (常州世界傢俱家居廣場有限公司)	897,833,743.56	(81,645,759.06)	816,187,984.50		Non fixed term
Jiangsu SuNan Construction and Installation Engineering Co., Ltd (江蘇蘇南建築安裝工程有限公司)	190,744,239.64	625,297,408.31	816,041,647.95		Non fixed term

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## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (4) Loans and borrowings of the related parties (continued)

##### 2019 (continued)

Related party	Opening		Closing	
	balance of	Lending amount	balance of	Other instructions
	2019		2019	
Shanghai Shanhai Art Furniture Company Limited (上海山海藝術家俱有限公司)	749,116,925.74	(13,260,797.37)	735,856,128.37	Non fixed term
Red Star Macalline Enterprise Management Consulting Co., Ltd. (紅星美凱龍企業管理諮詢有限公司)	360,650,449.30	358,342,170.54	718,992,619.84	Non fixed term
Red Star Macalline Chengdu Business Management Company Limited (紅星美凱龍成都商業管理有限公司)	574,471,917.50	143,666,992.98	718,138,910.48	Non fixed term
Chongqing Red Star Macalline Global Home Furnishing Plaza Company Limited (重慶紅星美凱龍環球家居生活廣場有限責任公司)	120,526,351.49	519,084,509.53	639,610,861.02	Non fixed term
Zhengzhou Red Star Macalline International Home Furnishing Company Limited (鄭州紅星美凱龍國際家居有限公司)	54,782,326.95	554,134,535.43	608,916,862.38	Non fixed term
Shanghai Red Star Macalline Decorative Furniture Mall Co., Ltd (上海紅星美凱龍裝飾傢俱城有限公司)	397,709,750.01	185,882,333.33	583,592,083.34	Non fixed term
Khorgos Red Star Macalline Business Management Company Limited (霍爾果斯紅星美凱龍商業管理有限公司)	382,751,234.12	158,763,965.42	541,515,199.54	Non fixed term
Changzhou Macalline International Computer and Home Appliance City Company Limited (常州美凱龍國際電腦家電裝飾城有限公司)	447,755,085.43	(13,728,428.04)	434,026,657.39	Non fixed term
Shenyang Red Star Macalline Shibo Home Furnishing Company Limited (瀋陽紅星美凱龍世博家居有限公司)	551,058,761.83	(160,560,695.93)	390,498,065.90	Non fixed term

## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (4) Loans and borrowings of the related parties (continued)

##### 2019 (continued)

Related party	Opening	Lending amount	Closing	Other instructions
	balance of 2019		balance of 2019	
Chengdu Red Star Macalline Shibo Home Living Plaza Company Limited (成都紅星美凱龍世博家居生活廣場有限責任公司)	275,161,009.31	50,553,052.01	325,714,061.32	Non fixed term
Wuxi Red Star Macalline International Home Furnishing Company Limited (無錫紅星美凱龍國際傢俱裝飾有限公司)	128,067,091.57	151,683,043.77	279,750,135.34	Non fixed term
Shanghai Red Star Macalline Brand Management Company Limited (上海紅星美凱龍品牌管理有限公司)	320,493,773.62	(49,440,585.34)	271,053,188.28	Non fixed term
Red Star Xizhao Investment Company Limited (紅星喜兆投資有限公司)	163,531,591.14	103,140,089.41	266,671,680.55	Non fixed term
Tianjin Red Star Macalline International Home Living Expo Company Limited (天津紅星美凱龍國際家居博覽有限公司)	159,739,329.84	20,604,394.25	180,343,724.09	Non fixed term
Shanghai Xingyi Tonghui Business Service Company Limited (上海星易通匯商務服務有限公司)	33,082,325.05	110,924,328.17	144,006,653.22	Non fixed term
Shanghai Red Star Macalline Global Home Living Company Limited (上海紅星美凱龍全球家居有限公司)	190,814,366.67	(59,388,925.00)	131,425,441.67	Non fixed term
Shanghai Red Star Macalline Construction Management and Design Company Limited (上海紅星美凱龍建築設計有限公司)	121,396,018.67	1,107,390.45	122,503,409.12	Non fixed term
Harbin Red Star Macalline International Home Furnishing Company Limited (哈爾濱紅星美凱龍國際家居有限公司)	117,714,113.89	3,639,791.67	121,353,905.56	Non fixed term

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## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (4) Loans and borrowings of the related parties (continued)

##### 2019 (continued)

Related party	Opening		Closing	
	balance of 2019	Lending amount	balance of 2019	Other instructions
Shanghai Red Star Macalline Home Living Market Management Company Limited (上海紅星美凱龍家居市場經營管理有限公司)	263,699,647.72	(147,232,224.43)	116,467,423.29	Non fixed term
Shanghai Red Star Macalline Global Home Design Expo Company Limited (上海紅星美凱龍環球家居設計博覽有限公司)	147,481,769.44	(44,909,376.44)	102,572,393.00	Non fixed term
Dalian Red Star Macalline Shibo Home Furnishing Plaza Company Limited (大連紅星美凱龍世博家居廣場有限公司)	243,552,021.94	(145,888,597.79)	97,663,424.15	Non fixed term
Nanjing Red Star International Home Living Company Limited (南京紅星美凱龍國際家居有限責任公司)	-	91,122,868.72	91,122,868.72	Non fixed term
Chengdu Red Star Ogloria Brand Management Company Limited (成都紅星歐麗洛雅品牌管理有限公司)	73,581,256.11	5,412,719.88	78,993,975.99	Non fixed term
Kunming Red Star Macalline Shibo Furniture Plaza Company Limited (昆明紅星美凱龍世博家居廣場有限公司)	20,055,000.00	34,226,538.89	54,281,538.89	Non fixed term
Red Star Ogloria Enterprise Management Company Limited (紅星歐麗洛雅企業管理有限公司)	63,355,322.62	(12,701,861.48)	50,653,461.14	Non fixed term

## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (4) Loans and borrowings of the related parties (continued)

##### 2019 (continued)

Related party	Opening		Closing	
	balance of 2019	Lending amount	balance of 2019	Other instructions
Chongqing Xingkaik Home Furnishing Company Limited (重慶星凱科家居有限公司)	25,472,399.65	22,332,030.21	47,804,429.86	Non fixed term
Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司)	-	41,437,944.45	41,437,944.45	2019/5/21 - 2020/12/31
Hangzhou Red Star Macalline Shibo Home Living Company Limited (杭州紅星美凱龍世博家居有限公司)	30,099,061.11	8,347,416.67	38,446,477.78	Non fixed term
Red Star Macalline Home Living Mall Management Company Limited (紅星美凱龍家居商場管理有限公司)	-	34,584,620.88	34,584,620.88	Non fixed term
Nanjing Red Star International Home Furnishing Company Limited (南京紅星國際傢俱裝飾城有限公司)	15,041,708.33	11,958,291.67	27,000,000.00	Non fixed term
Shenyudao Cultural Tourism Holding Co., Ltd. (神玉島文化旅遊控股股份有限公司)	35,000,000.00	(9,400,000.00)	25,600,000.00	2018/11/5 - 2018/12/31
Shanghai Red Star Macalline Business Consulting Company Limited (上海紅星美凱龍商務諮詢有限公司)	129,738,399.72	(104,435,660.43)	25,302,739.29	Non fixed term
Shanghai Xingyijia Business Management Co., Ltd. (上海星藝佳商業管理有限公司)	-	20,609,777.78	20,609,777.78	Non fixed term
Shanghai Red Star Macalline Kaiheng Household Company Limited (上海紅星美凱龍楷恒家居有限公司)	20,055,611.11	167,383.33	20,222,994.44	Non fixed term

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## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (4) Loans and borrowings of the related parties (continued)

##### 2019 (continued)

Related party	Opening	Lending amount	Closing	Other instructions
	balance of		balance of	
	2019		2019	
Chengdu Red Star Macalline Xinnan Business Management Company Limited (成都紅星美凱龍新南商業管理有限公司)	17,859,900.00	190,850.00	18,050,750.00	Non fixed term
Yangzhou Red Star Macalline International Home Living Plaza Company Limited (揚州紅星美凱龍國際家居廣場有限公司)	27,075,075.00	(9,513,501.11)	17,561,573.89	Non fixed term
Shanghai Anjia Network Technology Company Limited (上海安家網絡科技有限公司)	–	15,263,079.24	15,263,079.24	Non fixed term
Shanghai Macalline Xinghe Asset Management Company Limited (上海美凱龍星荷資產管理有限公司)	15,041,708.33	133,500.01	15,175,208.34	Non fixed term
Lianyungang Red Star Macalline International Home Living Plaza Company Limited (連雲港紅星美凱龍國際家居廣場有限公司)	13,579,225.55	113,373.04	13,692,598.59	Non fixed term
Shanghai Red Star Macalline Home Furnishing and Decorating Market Management Company Limited (上海紅星美凱龍傢俱裝飾市場經營管理有限公司)	15,000,000.00	(5,000,000.00)	10,000,000.00	Non fixed term
Beijing Macalline Home Furnishing Market Company Limited (北京美凱龍傢俱建材市場有限公司)	20,000,000.00	(10,000,000.00)	10,000,000.00	Non fixed term
Langfang Kaihong Home Living Plaza Company Limited (廊坊市凱宏家居廣場有限公司)	–	3,933,575.71	3,933,575.71	Non fixed term
Shanghai Mengsheng Industrial Co., Ltd. (上海夢晟實業有限公司)	–	2,406,885.89	2,406,885.89	Non fixed term

## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (4) Loans and borrowings of the related parties (continued)

##### 2019 (continued)

Related party	Opening balance of		Closing balance of	
	2019	Lending amount	2019	Other instructions
Shanghai Red Star Macalline Brand Management Company Limited Kunming Branch (上海紅星美凱龍品牌管理有限公司昆明分公司)	2,005,561.11	16,744.44	2,022,305.55	Non fixed term
Shanghai Interface Marketing Planning Co., Ltd (上海英太翡思營銷策劃有限公司)	2,005,561.11	15,737.54	2,021,298.65	Non fixed term
Changsha Red Star Macalline Home Living Plaza Company Limited (長沙紅星美凱龍家居生活廣場有限公司)	42,141,004.20	(40,662,755.82)	1,478,248.38	Non fixed term
Shanghai Red Star Macalline Brand Management Company Limited Baotou Branch (上海紅星美凱龍品牌管理有限公司包頭分公司)	-	500,000.00	500,000.00	Non fixed term
Shanghai Red Star Macalline Xinglong Home Furnish Company Limited (上海紅星美凱龍星龍家居有限公司)	-	45,818.99	45,818.99	Non fixed term
Shanghai Betterhome Decoration Engineering Co., Ltd. (上海家倍得裝飾工程有限公司)	53,300.00	(8,392.55)	44,907.45	Non fixed term
Shanghai Xingyijia Business Management Co., Ltd Yunyan Branch (上海星藝佳商業管理有限公司雲岩分公司)	-	3,972.22	3,972.22	Non fixed term
Shanghai Xinwei Property Company Limited (上海新偉置業有限公司)	472,135,485.79	(472,135,485.79)	-	Non fixed term
Chengdu Changyi Red Star Macalline Home Living Market Management Company Limited (成都長益紅星美凱龍家居市場經營管理有限公司)	102,829,503.43	(102,829,503.43)	-	Non fixed term



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## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (4) Loans and borrowings of the related parties (continued)

##### 2019 (continued)

Related party	Opening		Closing	
	balance of	Lending amount	balance of	Other instructions
	2019		2019	
Shanghai Red Star Macalline Design Cloud Information Technology Company Limited (上海紅星美凱龍設計雲信息科技有限公司)	41,085,494.44	(41,085,494.44)	-	Non fixed term
Shanghai Xingkai Chengpeng Business Management Company Limited (上海星凱程鵬企業管理有限公司)	40,078,750.74	(40,078,750.74)	-	Non fixed term
Beijing Red Star Macalline Business Management Company Limited (北京紅星美凱龍企業經營管理有限公司)	20,000,000.00	(20,000,000.00)	-	Non fixed term
Wuxi Red Star Macalline Home Living Plaza Company Limited (無錫紅星美凱龍家居生活廣場有限公司)	5,535,675.68	(5,535,675.68)	-	Non fixed term
Shanghai Red Star Macalline Bulk Purchasing of Construction and Furnishing Materials Trading Company Limited (上海紅星美凱龍住建集採商貿有限公司)	2,005,561.11	(2,005,561.11)	-	Non fixed term
Changsha Red Star Macalline International Home Living Art Expo Company Limited (長沙紅星美凱龍國際家居藝術博覽中心有限公司)	195,375.21	(195,375.21)	-	Non fixed term
<b>Total</b>	<b>13,895,680,272.85</b>	<b>3,378,978,400.48</b>	<b>17,274,658,673.33</b>	

#### (5) Equity transfer to related parties

None

## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 3. Amounts due from/to related parties

	2020		2019	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
<b>Accounts receivables</b>				
Shanghai Jiazhan Construction Engineering Company Limited (上海嘉展建築裝潢工程有限公司)	13,000,000.00	13,000,000.00	13,000,000.00	13,000,000.00
Shenzhen Huasheng Home Furnishing Group Co., Ltd. (深圳華生大家居集團有限公司)	3,999,999.99	3,999,999.99	3,166,666.66	142,500.00
Wuhu Minghui Business Management Co.,Ltd. (蕪湖明輝商業管理有限公司)	1,632,453.42	548,014.61	2,315,753.42	318,647.67
Zhejiang Zhongguang Electric Appliances Co., Ltd. (浙江中廣電器股份有限公司)	3,499,999.97	3,499,999.97	1,749,997.71	78,749.90
Xuzhou Red Star Macalline International Home Furnishings City Co., Ltd. (徐州紅星美凱龍國際傢俱裝飾城有限公司)	112,292.13	37,696.47	–	–
	<b>22,244,745.51</b>	<b>21,085,711.04</b>	20,232,417.79	13,539,897.57

Note: Amounts due to or from related companies are interest-free, unsecured and have no fixed repayment terms.

# Notes to the Financial Statements

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## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 3. Amounts due from/to related parties (continued)

	2020		2019	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
<b>Other receivables</b>				
Shanghai Red Star Macalline Home Furnishing Design Expo Company Limited (上海紅星美凱龍家居藝術設計博覽有限公司)	2,713,940,372.82	129,552,550.73	1,613,404,986.91	129,552,550.73
Tianjin Red Star Macalline World Trade Home Furnishing Company Limited (天津紅星美凱龍世貿家居有限公司)	1,375,346,571.06	-	913,814,821.73	-
Hangzhou Red Star Macalline Global Furniture Co., Ltd. (杭州紅星美凱龍環球家居有限公司)	1,055,996,500.29	-	-	-
Red Star Macalline Shibo (Tianjin) Home Furnishing Plaza Company Limited (紅星美凱龍世博(天津)家居生活廣場有限公司)	988,336,391.64	80,000,000.00	935,356,411.66	80,000,000.00
Wuhan Red Star Macalline Global Home Furnishing Plaza Development Company Limited (武漢紅星美凱龍環球家居廣場發展有限公司)	926,182,191.84	-	593,860,209.80	-
Shenyang Mingdu Home Furnishing Plaza Company Limited (瀋陽名都家居廣場有限公司)	784,719,505.06	-	719,019,505.06	-
Nanjing Mingdu Home Furnishing Plaza Company Limited (南京名都家居廣場有限公司)	780,017,872.29	-	991,660,970.93	-
Shanghai Red Star Macalline Industrial Company Limited (上海紅星美凱龍實業有限公司)	706,236,981.99	-	507,850,311.05	-
Wuhan Red Star Macalline Shibo Home Furnishing Plaza Development Company Limited (武漢紅星美凱龍世博家居廣場發展有限公司)	701,375,719.19	100,000,000.00	640,259,868.06	100,000,000.00

## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 3. Amounts due from/to related parties (continued)

	2020		2019	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
Chengdu Tianfu New District Red Star Macalline World Trade Home Furnishing Company Limited (成都天府新區紅星美凱龍世貿家居有限公司)	609,237,067.23	-	413,993,421.77	-
Shanghai Yuxv Enterprise Management Company Limited (上海宇煦企業管理有限公司)	606,523,887.23	-	574,365,132.55	-
Harbin Red Star Macalline Shibo Furniture Plaza Company Limited (哈爾濱紅星美凱龍世博家居廣場有限公司)	602,870,275.23	-	518,742,300.91	-
Red Star Macalline Home Furnishing Mall Management Company Limited (紅星美凱龍家居商場管理有限公司)	590,403,522.53	-	3,406,379.12	-
Chongqing Red Star Ogloria Home Furnishing Company Limited (重慶紅星歐麗洛雅家居有限公司)	579,811,726.26	-	7,839,730.75	-
Urumchi Red Star Macalline Shibo Furniture Plaza Company Limited (烏魯木齊紅星美凱龍家居世博廣場有限公司)	560,185,548.08	-	703,594,017.06	-
Changzhou Hongyang Home Furnishing Plaza Company Limited (常州紅陽家居生活廣場有限公司)	523,809,400.00	-	478,759,400.00	-
Chengdu Red Star Macalline Tianfu Expo Home Furnishing Plaza Company Limited (成都紅星美凱龍天府世博家居廣場有限公司)	522,444,560.84	-	314,688,175.61	-
Tianjin Red Star Macalline Home Furnishings Plaza Company Limited (天津紅星美凱龍家居傢飾生活廣場有限公司)	498,987,474.75	-	475,347,389.44	-
Zhengzhou Red Star Macalline Shibo Home Living Company Limited (鄭州紅星美凱龍世博家居有限公司)	479,172,272.18	-	453,072,592.40	-

# Notes to the Financial Statements

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## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 3. Amounts due from/to related parties (continued)

	2020		2019	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
Tianjin Red Star Macalline International Home Furnishing Expo Company Limited (天津紅星美凱龍國際家居博覽有限公司)	473,395,861.68	-	11,556,000.00	-
Shanghai Yuxiao Enterprise Management Company Limited (上海宇霄企業管理有限公司)	453,494,594.82	-	393,302,559.18	-
Dongguan Red Star Macalline Shibo Furniture Plaza Company Limited (東莞紅星美凱龍世博家居廣場有限公司)	438,123,376.21	-	411,033,777.56	-
Lanzhou Red Star Macalline Shibo Furniture Plaza Company Limited (蘭州紅星美凱龍世博家居廣場有限公司)	437,339,961.62	-	403,966,471.04	-
Shanghai Yuzhu Enterprise Management Company Limited (上海宇築企業管理有限公司)	431,971,213.45	-	383,689,383.82	-
Shanghai Yumu Enterprise Management Company Limited (上海宇慕企業管理有限公司)	430,565,332.50	-	407,560,560.19	-
Haikou Tangong Industrial Company Limited (海口檀宮實業有限公司)	414,701,783.42	-	362,278,175.83	-
Changchun Red Star Macalline Shibo Home Living Plaza Company Limited (長春紅星美凱龍世博家居生活廣場有限公司)	396,642,748.84	-	8,972,748.84	-
Yunnan Red Star Macalline Home Furnishing Plaza Company Limited (雲南紅星美凱龍家居生活廣場有限公司)	386,407,097.11	-	279,207,097.11	-
Shanghai Hongxin Oukai Home Living Company Limited (上海虹欣歐凱家居有限公司)	381,316,352.94	-	430,779,291.34	-
Khorgos Red Star Yiming Venture Capital Company Limited (霍爾果斯紅星易鳴創業投資有限公司)	356,980,133.34	-	194,095,333.34	-

## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 3. Amounts due from/to related parties (continued)

	2020		2019	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
Daqing Red Star Macalline Shibo Furniture Plaza Company Limited (大慶紅星美凱龍世博家居有限公司)	352,081,008.95	-	299,786,566.32	-
Red Star Zhongying Investment Company Limited (紅星眾盈投資有限公司)	331,817,906.67	-	254,516,775.00	-
Suzhou Red Star Macalline Shibo Home Furnishing Plaza Company Limited (蘇州紅星美凱龍世博家居廣場有限公司)	275,918,622.06	-	245,488,622.06	-
Shenyang Red Star Macalline Home Living Expo Company Limited (瀋陽紅星美凱龍博覽家居有限公司)	271,933,808.54	-	260,876,521.64	-
Shanghai Xingkai Chengpeng Business Management Company Limited (上海星凱程鵬企業管理有限公司)	269,997,918.75	-	74,000,000.00	-
Hohhot Red Star Macalline Shibo Home Furnishing Plaza Company Limited (呼和浩特市紅星美凱龍世博家居廣場有限責任公司)	265,933,085.38	-	240,544,212.33	-
Hangzhou Weiliang Electromechanical Hardware Market Co., Ltd. (杭州偉量機電五金市場有限公司)	254,149,742.13	-	-	-
Red Star Macalline Glory Casa (Shanghai) Home Furnishing Company Limited (紅星美凱龍凱撒至尊(上海)家居有限公司)	251,914,727.79	-	326,041,637.79	-
Shanghai Hongmei E-Commerce Company Limited (上海紅美電子商務有限公司)	239,653,662.81	-	219,092,136.81	-
Changsha Red Star Macalline Jinxia Home Living Plaza Company Limited (長沙紅星美凱龍金霞家居生活廣場有限公司)	227,242,353.15	-	169,789,405.73	-

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## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 3. Amounts due from/to related parties (continued)

	2020		2019	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
Beijing Century Europe and America Business Investment Company Limited (北京世紀歐美商業投資有限公司)	223,664,573.49	-	210,695,591.95	-
Shanghai Red Star Macalline Home Furnishing Market Management Company Limited (上海紅星美凱龍家居市場經營管理有限公司)	220,663,887.66	-	-	-
Red Star Macalline (Shanghai) Business Management Company Limited (紅星美凱龍(上海)企業管理有限公司)	216,549,448.29	-	171,222,332.71	-
Shanghai Red Star Macalline Yuejia Network Technology Company Limited (上海紅星美凱龍悅家互聯網科技有限公司)	214,195,441.66	-	87,801,308.32	-
Kunming Diken Trading Company Limited (昆明迪肯商貿有限公司)	210,977,805.61	-	137,777,834.23	-
Chongqing Red Star Macalline Zhongkun Home Living Plaza Company Limited (重慶紅星美凱龍中坤家居生活廣場有限責任公司)	203,981,060.00	-	191,059,321.67	-
Shanghai Red Star Macalline Xinglong Home Furnish Company Limited (上海紅星美凱龍星龍家居有限公司)	200,330,466.47	-	-	-
Hefei Red Star Macalline Shibo Furniture Plaza Company Limited (合肥紅星美凱龍世博家居廣場有限公司)	195,219,616.66	-	91,497,139.17	-
Chongqing Red Star Macalline Logistics Company Limited (重慶紅星美凱龍物流有限公司)	192,986,934.87	-	151,351,139.29	-
Shanghai Jinshan Red Star Macalline Global Home Furnishing Company Limited (上海金山紅星美凱龍全球家居有限公司)	177,727,409.22	-	147,434,934.38	-

## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 3. Amounts due from/to related parties (continued)

	2020		2019	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
Xining Red Star Macalline Shibo Home Furnishing Plaza Company Limited (西寧紅星美凱龍世博家居廣場有限公司)	168,224,664.48	-	124,784,638.62	-
Tibet Red Star Macalline Business Management Company Limited (西藏紅星美凱龍企業管理有限公司)	155,813,047.49	-	3,110,575.82	-
Shanghai Mingyi Enterprise Development Co., Ltd. (上海名藝商業企業發展有限公司)	149,960,000.50	7,498,000.03	131,600,000.50	6,580,000.03
Taiyuan Red Star Macalline Global Home Furnishing Plaza Company Limited (太原紅星美凱龍全球家居廣場有限公司)	145,832,445.92	-	122,125,970.00	-
Ganzhou Red Star Macalline Shibo Home Furnishing Plaza Company Limited (贛州紅星美凱龍世博家居廣場有限公司)	145,706,180.68	-	96,985,674.08	-
Wuhu Red Star Macalline Shimao Furniture Plaza Company Limited (蕪湖紅星美凱龍世貿家居廣場有限公司)	145,705,758.65	-	133,609,521.31	-
Ningbo Red Star Macalline Home Shopping Plaza Company Limited (寧波紅星美凱龍家居購物廣場有限公司)	140,228,264.54	-	372,624,084.54	-
Nanchang Red Star Macalline Global Home Expo Center Company Limited (南昌紅星美凱龍環球家居博覽中心有限責任公司)	139,005,647.10	-	186,769,430.35	-
Shanghai Red Star Macalline Trading Company Limited (上海紅星美凱龍商貿有限公司)	136,723,151.31	-	170,469,629.73	-



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## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 3. Amounts due from/to related parties (continued)

	2020		2019	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
Chongqing Red Star Macalline Expo Home Furnishing Plaza Company Limited (重慶紅星美凱龍博覽家居生活廣場有限責任公司)	135,813,456.48	30,772,151.83	118,511,590.16	30,772,151.83
Anhui Shengshi Dingtong Logistics Company Limited (安徽盛世鼎通物流有限公司)	131,081,271.66	-	124,615,271.66	-
Beijing Xingkai Jingzhou Furniture Plaza Company Limited (北京星凱京洲傢俱廣場有限公司)	130,636,717.93	17,874,886.21	133,507,766.22	17,874,886.21
Changsha Yinhong Home Furnishing Company Limited (長沙市銀紅家居有限公司)	128,902,352.65	-	126,998,361.24	-
Zhongshan Red Star Macalline Shibo Furniture Plaza Company Limited (中山紅星美凱龍世博家居廣場有限公司)	122,389,493.57	-	132,397,951.90	-
Shanghai Jingdu Investment Company Limited (上海晶都投資有限公司)	120,390,868.24	-	115,300,851.98	-
Red Star Xizhao Investment Company Limited (紅星喜兆投資有限公司)	100,000,000.00	-	1,828,319.45	-
Foshan Junda Enterprise Management Co., Ltd. (佛山郡達企業管理有限公司)	99,479,990.00	-	330,442,657.54	-
Shanghai Red Star Macalline Brand Management Company Limited (上海紅星美凱龍品牌管理有限公司)	97,372,096.01	-	-	-
Shaanxi Red Star Heji Home Shopping Plaza Company Limited (陝西紅星和記家居購物廣場有限公司)	95,705,739.73	-	-	-
Kunshan Red Star Macalline Decoration Materials Company Limited (昆山紅星美凱龍裝飾材料有限公司)	93,720,911.54	-	231,347,446.66	-

## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 3. Amounts due from/to related parties (continued)

	2020		2019	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
Shanghai Xinwei Home Purchasing Company Limited (上海新偉置業有限公司)	91,000,000.00	-	164,501,978.31	-
Khorgos Yarui Venture Capital Company Limited (霍爾果斯雅睿創業投資有限公司)	88,188,855.00	-	193,013,770.83	-
Yantai Red Star Macalline Home Furnishing Company Limited (煙台紅星美凱龍家居有限公司)	87,944,430.05	-	107,571,813.97	-
Red Star Macalline Enterprise Management and Consultancy Company Limited (紅星美凱龍企業管理諮詢有限公司)	75,500,000.00	-	-	-
Shanghai Xingjia Decoration and Building Materials Company Limited (上海星家裝飾建材有限公司)	70,650,000.00	61,811,558.73	70,650,000.00	61,811,558.73
Shanghai Red Star Macalline Design Cloud Information Technology Company Limited (上海紅星美凱龍設計雲信息科技有限公司)	69,260,984.79	-	23,448,962.79	-
Shanghai Jianliu Enterprise Management Company Limited (上海簡柳企業管理有限公司)	57,955,443.67	-	48,103,201.67	-
Tianjin Red Star Macalline Home Fashion Plaza Company Limited (天津紅星美凱龍時尚家居廣場有限公司)	55,665,808.79	50,219,635.10	54,559,655.10	50,219,635.10
Wuxi Red Star International Home Furnishing Company Limited (無錫紅星美凱龍國際傢俱裝飾有限公司)	55,500,000.00	-	203,000,000.00	-
Nanchang Red Star Macalline Global Home Furnishing Plaza Company Limited (南昌紅星美凱龍全球家居廣場有限公司)	53,086,873.12	-	31,019,817.49	-

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## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 3. Amounts due from/to related parties (continued)

	2020		2019	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
Shanghai Red Star Ogloria Brand Management Company Limited (上海紅星歐麗洛雅品牌管理有限公司)	52,316,138.75	-	32,385,216.66	-
Shijiazhuang Bochen Industrial Company Limited (石家莊博宸實業有限公司)	51,924,920.58	-	-	-
Huaihua Xingxin Commercial Management Co., Ltd. (懷化星欣商業管理有限公司)	50,265,500.00	-	-	-
Shaanxi Red Star Macalline Logistics Company Limited (陝西紅星美凱龍物流有限公司)	46,463,385.11	-	45,348,755.28	-
Shenyang Dadong Red Star Macalline Home Furnishing Company Limited (瀋陽大東紅星美凱龍傢俱建材市場有限公司)	46,122,000.00	20,000,000.00	30,991,751.11	20,000,000.00
Shanghai Red Star Macalline Decorating Public Network Technology Company Limited (上海紅星美凱龍裝修公網絡技術有限公司)	42,473,111.12	-	40,277,111.12	-
Shanghai Red Star Macalline Business Consulting Company Limited (上海紅星美凱龍商務諮詢有限公司)	41,467,084.46	-	36,322,971.00	-
Nantong Hongmei Shibo Furniture Plaza Company Limited (南通紅美世博家居廣場有限公司)	41,414,782.66	-	40,348,672.70	-
Shanghai Red Star Macalline Brand Management Company Limited Wuhan Zhuyeshan Branch (上海紅星美凱龍品牌管理有限公司武漢竹葉山分公司)	39,676,842.59	-	-	-
Wuxi Red Star Macalline Home Living Plaza Company Limited (無錫紅星美凱龍家居生活廣場有限公司)	39,210,097.54	-	28,284,764.80	-

## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 3. Amounts due from/to related parties (continued)

	2020		2019	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
Zhengzhou Red Star Macalline International Home Furnishing Company Limited (鄭州紅星美凱龍國際家居有限公司)	39,000,000.00	-	-	-
Nanning Red Star Macalline Shibo Home Furnishing Exhibition Centre Company Limited (南寧紅星美凱龍世博家居展覽中心有限公司)	38,728,655.32	-	281,860,311.25	-
Shanghai Enliu Enterprise Management Company Limited (上海蔥柳企業管理有限公司)	38,468,327.67	-	31,580,567.33	-
Baotou Red Star Macalline Home Furnishing Plaza Company Limited (包頭紅星美凱龍家居生活廣場有限責任公司)	38,334,779.63	20,674,970.00	38,324,779.63	20,674,970.00
Nantong Longmei International Home Furnishing Company Limited (南通龍美國際家居生活廣場有限公司)	35,466,209.65	-	49,126,005.09	-
Baoxiang Red Star Macalline (Xiamen) Global Home Plaza Co., Ltd. (寶象紅星美凱龍(廈門)全球家居廣場有限公司)	32,500,000.00	7,772,631.31	35,500,000.00	2,683,603.06
Changsha Red Star Macalline Shibo Home Furnishing Plaza Company Limited (長沙紅星美凱龍家居生活廣場有限公司)	31,530,261.91	-	-	-
Panjin Red Star Macalline Global Home Furnishings Plaza Co., Ltd. (盤錦紅星美凱龍全球家居生活廣場有限公司)	30,907,333.46	-	162,029,852.17	-
Shanghai Red Star Macalline Bulk Purchasing of Construction and Furnishing Materials Trading Company Limited (上海紅星美凱龍住建集採商貿有限公司)	29,716,000.00	-	3,000,000.00	-

# Notes to the Financial Statements

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## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 3. Amounts due from/to related parties (continued)

	2020		2019	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
Qianzhi (Shanghai) Home Living Company Limited (乾智(上海)家居有限公司)	27,739,909.99	-	14,401,166.66	-
Chongqing Red Star Macalline International Home Furnishing Plaza Company Limited (重慶紅星美凱龍國際家居生活廣場有限責任公司)	27,600,000.00	-	388,919,112.50	-
Red Star Macalline Chengdu Enterprise Management Consulting Company Limited (紅星美凱龍成都企業管理諮詢有限公司)	24,500,000.00	-	-	-
Shanghai Dingshi Enterprise Management Partnership (Limited Partnership) (上海鼎識企業管理合夥企業(有限合夥))	24,155,555.56	-	22,932,222.22	-
Jinan Red Star Macalline Shibo Home Living Plaza Company Limited (濟南紅星美凱龍世博家居生活廣場有限公司)	23,583,791.24	-	107,614,589.83	-
Shanghai Red Star Macalline Global Home Furnishing Company Limited (上海紅星美凱龍全球家居有限公司)	21,236,976.09	-	-	-
Dalian Red Star Macalline Shibo Home Furnishing Plaza Company Limited (大連紅星美凱龍世博家居廣場有限公司)	17,644,796.76	-	9,665,437.90	-
Chengdu Changyi Red Star Macalline Home Living Market Management Company Limited (成都長益紅星美凱龍家居市場經營管理有限公司)	17,147,876.08	-	7,071,678.68	-
Beijing Red Star Macalline Shibo Home Furnishing Plaza Company Limited (北京紅星美凱龍世博傢俱建材廣場有限公司)	15,000,000.00	-	40,000,000.00	-
Red Star Macalline Global (Beijing) Home Furnishing Plaza Company Limited (紅星美凱龍環球(北京)傢俱建材廣場有限公司)	14,576,526.01	-	46,484,693.28	-

## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 3. Amounts due from/to related parties (continued)

	2020		2019	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
Guangzhou Red Star Macalline Market Management Company Limited (廣州紅星美凱龍市場經營管理有限公司)	13,226,368.40	-	1,921,540.06	-
Shanghai Red Star Macalline Decorative Furniture Mall Company Limited (上海紅星美凱龍裝飾傢俱城有限公司)	12,478,125.00	-	-	-
Shanghai Betterhome Industrial Company Limited (上海家倍得實業有限公司)	11,983,999.99	-	20,208,333.33	-
Hefei Red Star Macalline Logistics Company Limited (合肥紅星美凱龍物流有限公司)	11,793,445.29	-	52,364,608.20	-
Zhengzhou Juankai Enterprise Management Consultation Company Limited (鄭州雋鑑企業管理諮詢有限公司)	11,536,279.70	-	12,536,279.70	-
Shanghai Red Star Macalline Home Furnishing Company Limited (上海紅星美凱龍星家居用品有限公司)	11,400,977.86	-	-	-
Shanghai Jisheng Wellborn Global Home Furnishing Brand Management Company Limited (上海吉盛偉邦環球家居品牌管理有限公司)	11,276,350.00	-	50,772,259.43	-
Shanghai Hongmei Network Technology Company Limited (上海紅美網絡科技有限公司)	10,900,000.00	-	10,900,000.00	-
Xi'an Red Star Macalline Home Furnishing Plaza Company Limited (西安紅星美凱龍家居生活廣場有限公司)	10,240,642.23	-	10,240,642.23	-
Beijing Century Kailong Business Investment Company Limited (北京世紀凱隆商業投資有限公司)	10,106,940.90	-	9,688,155.04	-

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## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 3. Amounts due from/to related parties (continued)

	2020		2019	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
Tianjin Red Star Macalline Logistics Company Limited (天津紅星美凱龍物流有限公司)	10,083,346.66	-	-	-
Harbin Red Star Macalline International Home Furnishing Company Limited (哈爾濱紅星美凱龍國際家居有限公司)	10,000,000.00	-	-	-
Beijing Red Star Macalline Shibo Furniture Plaza Company Limited (北京紅星美凱龍世博傢俱廣場有限公司)	9,529,332.69	-	353.64	-
Chengdu Red Star Ogloria Brand Management Company Limited (成都紅星歐麗洛雅品牌管理有限公司)	9,500,000.00	-	-	-
Langfang Kaihong Home Living Plaza Company Limited (廊坊市凱宏家居廣場有限公司)	9,327,529.51	-	1,337.50	-
Shanghai Anjia Network Technology Company Limited (上海安家網絡科技有限公司)	9,230,333.33	-	-	-
Shanghai Bencheng Enterprise Management Company Limited (上海賽程企業管理有限公司)	8,294,096.21	-	156,512,835.42	-
Nanjing Red Star Macalline International Home Furnishing Company Limited (南京紅星美凱龍國際家居有限責任公司)	7,611,975.66	-	8,104,435.28	-
Shenyang Red Star Macalline Home Furnishing Company Limited (瀋陽紅星美凱龍家居有限公司)	7,519,147.06	-	-	-
Quzhou Red Star Macalline Shibo Market Management Service Company Limited (衢州紅星美凱龍世博市場管理服務有限公司)	7,422,683.33	7,350,000.00	7,422,683.33	7,350,000.00

## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 3. Amounts due from/to related parties (continued)

	2020		2019	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
Shanghai Red Star Ogloria Brand Management Company Limited Zibo Branch (上海紅星歐麗洛雅品牌管理有限公司淄博分公司)	6,430,000.00	-	-	-
Shanghai Red Star Macalline Exhibition service Company Limited (上海紅星美凱龍展覽服務有限公司)	6,325,570.93	-	98,656,335.42	-
Beijing Red Star Macalline International Home Furnishing Plaza Company Limited (北京紅星美凱龍國際傢俱建材廣場有限公司)	5,589,173.99	-	-	-
Changshu Red Star Macalline Global Home Furnishing Company Limited (常熟紅星美凱龍全球家居有限公司)	5,309,100.00	-	5,958,075.69	-
Shenzhen Red Star Macalline Century Center Home Furnishing Plaza Company Limited (深圳紅星美凱龍世紀中心家居生活廣場有限公司)	5,265,234.65	2,029,406.27	5,265,234.65	1,378,169.01
Shanghai Betterhome Decoration Engineering Company Limited (上海家倍得裝飾工程有限公司)	5,097,373.53	-	8,392.55	-
Shanghai Red Star Macalline Longmei Home Furnishing Market Management Company Limited (上海紅星美凱龍龍美家居市場經營管理有限公司)	5,054,979.17	-	5,220,520.83	-
Red Star Macalline Chengdu Business Management Company Limited (紅星美凱龍成都商業管理有限公司)	5,000,000.00	-	5,160,341.09	-
Shanghai Hezhu Enterprise Management Partnership (Limited Partnership) (上海合祝企業管理合夥企業(有限合夥))	4,649,555.55	-	4,405,555.55	-



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## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 3. Amounts due from/to related parties (continued)

	2020		2019	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
Shanghai Juzun Enterprise Management Partnership (Limited Partnership) (上海聚尊企業管理合夥企業(有限合夥))	4,649,555.55	-	4,405,555.55	-
Jiangsu Sunan Construction Company Limited (江蘇蘇南建築安裝工程有限公司)	4,601,242.80	-	-	-
Shanghai Ozing Digital Technology Company Limited (上海好記星數碼科技有限公司)	4,500,472.56	-	-	-
Shanghai Macalline Wenshang Business Management Co., Ltd. (上海美凱龍文商商業管理有限公司)	3,954,391.58	-	-	-
Jilin Red Star Macalline Logistics Company Limited (吉林紅星美凱龍物流有限公司)	3,517,790.00	-	42,037,230.00	-
Chongqing Red Star Macalline Shibo Home Living Plaza Company Limited (重慶紅星美凱龍世博家居生活廣場有限責任公司)	3,064,187.44	-	121,683,010.60	-
Shanghai Lihao Creative Design Co., Ltd. (上海麗浩創意設計有限公司)	2,841,966.66	-	910,950.00	-
Shanghai Jiliang Enterprise Management Partnership (Limited Partnership) (上海集量企業管理合夥企業(有限合夥))	2,324,777.77	-	2,202,777.77	-
Guizhou Red Star Macalline Logistics Company Limited (貴州紅星美凱龍物流有限公司)	1,773,970.32	-	1,484,015.31	-
Xi'an Red Star Macalline Shibo Home Furnishing Company Limited (西安紅星美凱龍世博家居有限公司)	1,667,228.30	-	1,650,000.00	-

## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 3. Amounts due from/to related parties (continued)

	2020		2019	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
Shanghai Xingyi Tonghui Business Service Company Limited (上海星易通匯商務服務有限公司)	1,652,519.60	-	1,600,000.00	-
Wuhu Red Star Macalline Shimao Furniture Plaza Company Limited Jinghu Branch (蕪湖紅星美凱龍世貿家居廣場有限公司鏡湖分公司)	1,000,000.00	-	-	-
Chengdu Red Star Macalline Xinnan Business Management Company Limited Gaoxin Branch (成都紅星美凱龍新南商業管理有限公司高新分公司)	950,000.00	-	950,000.00	-
Shanghai Red Star Macalline Building Design Company Limited (上海紅星美凱龍建築設計有限公司)	854,635.32	-	-	-
Anhui Tenghui Investment Group Hefei Co., Ltd. (安徽騰輝投資集團合肥有限公司)	500,000.00	34,255.38	-	-
Shanghai Red Star Macalline International Trading Company Limited (上海紅星美凱龍國際貿易有限公司)	372,020.98	-	5,775,611.11	-
Suzhou Xingtong Enterprise Management Consultation Company Limited (宿州星通企業管理諮詢有限公司)	300,000.00	-	-	-
Red Star Macalline Shibo Business Management Co., Ltd. (紅星美凱龍世博商業管理有限公司)	200,000.00	-	-	-
Shanghai Huojing Business Management Company Limited (上海或京商業管理有限公司)	169,870.23	169.87	-	-

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## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 3. Amounts due from/to related parties (continued)

	2020		2019	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
Red Star Macalline Business Management Company Limited (紅星美凱龍商業管理有限公司)	138,861.67	-	-	-
Red Star Macalline Management Consulting Service Co., Ltd. (紅星美凱龍管理諮詢服務有限公司)	50,000.00	-	-	-
Red Star Macalline Life Aesthetics Center Management Company Limited (紅星美凱龍生活美學中心管理有限公司)	20,707.67	-	756,888.00	-
Shanghai Xinghe Zhaipei Home Furnishing Service Company Limited (上海星和宅配家居服務有限公司)	14,360.13	-	-	-
Shanghai Red Star Macalline Brand Management Company Limited Anhui Branch (上海紅星美凱龍品牌管理有限公司安徽分公司)	11,423.01	-	-	-
Shanghai Jiajinsuo Investment Holding Company Limited (上海家金所投資控股有限公司)	10,000.00	-	72,135,000.00	-
Khorgos Hongju Corporate Management Co.Ltd. (霍爾果斯紅居企業管理有限公司)	7,466.67	-	-	-
Yangzhou Red Star Macalline International Home Furnishing Plaza Company Limited (揚州紅星美凱龍國際家居廣場有限公司)	6,536.30	-	-	-
Red Star Macalline Group (Shanghai) Logistics Company Limited (紅星美凱龍家居集團(上海)物流有限公司)	6,080.00	-	535,626.36	-
Shanghai Ersai Enterprise Management Company Limited (上海灑賽企業管理有限公司)	5,221.12	-	5,023.56	-

## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 3. Amounts due from/to related parties (continued)

	2020		2019	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
Shanghai Rongmei Industrial Co., Ltd. (上海榮美實業有限公司)	2,021.51	-	-	-
Yintai (Yongqing) New City Investment Co., Ltd. (銀泰(永清)新城投資有限公司)	-	-	750,385,131.93	-
Shanghai Red Star Macalline Home Decorating Company Limited (上海美凱龍裝飾工程集團有限公司)	-	-	735,393,442.26	-
Suzhou Industry Park Red Star Macalline Home Furnishing Company Limited (蘇州工業園區紅星美凱龍家居有限公司)	-	-	350,121,108.65	-
Shanghai Red Star Macalline Assets Management Company Limited (上海紅星美凱龍資產管理有限公司)	-	-	51,116,666.66	-
Shanghai Youmei Home Furnishing Company Limited (上海悠美家居有限公司)	-	-	44,395,456.79	-
Khorgos Red Star Macalline Business Management Company Limited (霍爾果斯紅星美凱龍商業管理有限公司)	-	-	25,000,000.00	-
Shanghai Shanhai Art Furniture Company Limited (上海山海藝術傢俱有限公司)	-	-	21,574,680.63	-
Guangzhou Red Star Macalline Home Furnishing Building Material Company Limited (廣州紅星美凱龍家居建材有限公司)	-	-	5,712,916.67	-
Shanghai Huaixing Culture Company Limited (上海懷星文化發展有限公司)	-	-	5,075,525.00	-
Shanghai Red Star Macalline Commercial Factoring Company Limited (上海紅星美凱龍商業保理有限公司)	-	-	2,744,509.84	-

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## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 3. Amounts due from/to related parties (continued)

	2020		2019	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
Shanghai Red Star Macalline Global Home Furnishing Design Expo Company Limited (上海紅星美凱龍環球家居設計博覽有限公司)	-	-	1,127,607.00	-
Shanghai Mengsheng Industrial Company Limited (上海夢晟實業有限公司)	-	-	672,114.11	-
Foshan Red Star Macalline Home Furnishing Plaza Company Limited (佛山紅星美凱龍家居生活廣場有限公司)	-	-	103,939.17	-
Shanghai Red Star Macalline Brand Management Company Limited Liu'an Yingbin Branch (上海紅星美凱龍品牌管理有限公司六安迎賓分公司)	-	-	5,482.00	-
Changsha Red Star Macalline International Home Furnishing Art Expo Company Limited (長沙紅星美凱龍國際家居藝術博覽中心有限公司)	-	-	4,624.79	-
<b>Total</b>	<b>29,561,440,961.51</b>	<b>535,590,215.46</b>	<b>25,184,733,916.29</b>	<b>528,897,524.70</b>

## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 3. Amounts due from/to related parties (continued)

	2020		2019	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
<b>Dividend receivables</b>				
Red Star Macalline Home Living Mall Management Company Limited (紅星美凱龍家居商場管理有限公司)	1,137,000,000.00	-	1,037,000,000.00	-
Shanghai Xingkai Chengpeng Business Management Company Limited (上海星凱程鵬企業管理有限公司)	1,188,856,949.26	-	608,856,949.26	-
Red Star Macalline Enterprise Management Consulting Co., Ltd. (紅星美凱龍企業管理諮詢有限公司)	150,000,000.00	-	570,000,000.00	-
Red Star Xizhao Investment Company Limited (紅星喜兆投資有限公司)	-	-	360,000,000.00	-
Shanghai Red Star Macalline Global Home Living Company Limited (上海紅星美凱龍全球家居有限公司)	352,000,000.00	-	352,000,000.00	-
Shibo Home Living Plaza Company Limited (重慶紅星美凱龍世博家居生活廣場有限責任公司)	-	-	246,000,000.00	-
Shanghai Red Star Macalline Home Furnishing City Company Limited (上海紅星美凱龍裝飾傢俱城有限公司)	-	-	121,440,000.00	-
Nanjing Mingdu Home Living Plaza Company Limited (南京名都家居廣場有限公司)	62,400,000.00	-	62,400,000.00	-

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## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 3. Amounts due from/to related parties (continued)

	2020		2019	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
Changzhou Macalline International Computer and Electronics Furnishing Plaza Company Limited (常州美凱龍國際電腦家電裝飾城有限公司)	-	-	36,000,000.00	-
Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司)	31,000,000.00	-	31,000,000.00	-
Jinan Red Star Macalline Shibo Home Living Plaza Company Limited (濟南紅星美凱龍世博家居生活廣場有限公司)	8,000,000.00	-	8,000,000.00	-
Shanghai Jisheng Wellborn Global Home Living Brand Management Company Limited (上海吉盛偉邦環球家居品牌管理有限公司)	6,000,000.00	-	6,000,000.00	-
Changsha Red Star Macalline International Home Living Art Expo Company Limited (長沙紅星美凱龍國際家居藝術博覽中心有限公司)	3,000,000.00	-	3,000,000.00	-
	<b>2,938,256,949.26</b>	-	<b>3,441,696,949.26</b>	-

	2020		2019	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
<b>Long-term receivables</b>				
Xiamen Baoxiang Red Star Macalline Home Furnishing Plaza Company Limited (廈門寶象紅星美凱龍家居生活廣場有限公司)	30,043,099.85	300,431.00	25,100,000.00	251,000.00
Hangzhou Red Star Macalline Global Home Living Company Limited (杭州紅星美凱龍環球家居有限公司)	-	-	332,148,745.00	3,321,487.45
	<b>30,043,099.85</b>	<b>300,431.00</b>	<b>357,248,745.00</b>	<b>3,572,487.45</b>

## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 3. Amounts due from/to related parties (continued)

	2020		2019	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
<b>Other non-current assets</b>				
Chengdu Red Star Macalline Real Estate Co., Ltd. (成都紅星美凱龍置業有限公司)	247,705,000.00	-	247,705,000.00	-
Shenzhen Red Star Macalline Business Management Company Limited (深圳紅星美凱龍商業管理有限公司)	4,205,600.00	-	-	-
Chengdu Red Star Macalline Tianfu Expo Home Furnishing Plaza Company Limited (成都紅星美凱龍天府世博家居廣場有限公司)	-	-	331,500,000.00	-
Chengdu Tianfu New District Red Star Macalline World Trade Home Furnishing Company Limited (成都天府新區紅星美凱龍世貿家居有限公司)	-	-	331,500,000.00	-
Kunming Diken Trading Company Limited (昆明迪肯商貿有限公司)	-	-	179,565,152.35	-
Xining Red Star Macalline Shibo Home Furnishing Plaza Company Limited (西寧紅星美凱龍世博家居廣場有限公司)	-	-	138,900,000.00	-
Shaanxi Red Star Heji Home Shopping Plaza Company Limited (陝西紅星和記家居購物廣場有限公司)	-	-	71,236,187.86	712,361.88
	<b>251,910,600.00</b>	<b>-</b>	<b>1,300,406,340.21</b>	<b>712,361.88</b>



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## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 3. Amounts due from/to related parties (continued)

	2020		2019	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
<b>Other current assets</b>				
Xiamen Baoxiang Red Star Macalline Home Furnishing Plaza Company Limited (廈門寶象紅星美凱龍家居生活廣場有限公司)	98,839,000.00	-	-	-
	98,839,000.00	-	-	-

	2020		2019	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
<b>Prepayments</b>				
Shanghai Xingzhiyu Commercial Management Co., Ltd. (上海星之域商業經營管理有限公司)	3,351,717.60	-	-	-
	3,351,717.60	-	-	-

## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 3. Amounts due from/to related parties (continued)

	2020	2019
<b>Other payables</b>		
Beijing Red Star Macalline International Home Furnishing Plaza Company Limited (北京紅星美凱龍國際傢俱建材廣場有限公司)	1,719,183,666.66	1,736,539,571.12
Red Star Macalline Chengdu Enterprise Management Consulting Company Limited (紅星美凱龍成都企業管理諮詢有限公司)	1,634,446,624.60	1,747,619,546.16
Shanghai Shanhai Art Furniture Co., Ltd. (上海山海藝術傢俱有限公司)	1,614,470,508.38	757,430,809.00
Beijing Red Star Macalline Shibo Furniture Plaza Company Limited (北京紅星美凱龍世博傢俱廣場有限公司)	1,514,993,353.48	1,022,652,688.52
Shanghai Xinwei Home Purchasing Company Limited (上海新偉置業有限公司)	1,373,963,096.18	5,593,702.97
Jiangsu Sunan Construction Company Limited (江蘇蘇南建築安裝工程有限公司)	1,263,005,303.19	816,041,647.95
Khorgos Red Star Macalline Business Management Company Limited (霍爾果斯紅星美凱龍商業管理有限公司)	1,164,858,681.17	566,515,199.54
Shenyang Red Star Macalline Home Furnishing Company Limited (瀋陽紅星美凱龍家居有限公司)	1,102,856,627.85	1,016,557,487.84
Hong Kong Red Star Macalline Global Home Furnishing Company Limited (香港紅星美凱龍全球家居有限公司)	987,883,139.57	1,020,270,337.58
Changzhou World Furniture and Home Plaza Co., Ltd. (常州世界傢俱家居廣場有限公司)	915,939,313.02	816,187,984.50
Shanghai Red Star Macalline Global Home Furnishing Company Limited (上海紅星美凱龍全球家居有限公司)	880,414,803.91	131,425,441.67
Wuxi Red Star International Home Furnishing Company Limited (無錫紅星美凱龍國際傢俱裝飾有限公司)	833,209,811.79	482,750,135.34
Shanghai Red Star Macalline Decorative Furniture Mall Company Limited (上海紅星美凱龍裝飾傢俱城有限公司)	770,453,180.73	583,592,083.34

# Notes to the Financial Statements

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## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 3. Amounts due from/to related parties (continued)

	2020	2019
Zhengzhou Red Star Macalline International Home Furnishing Company Limited (鄭州紅星美凱龍國際家居有限公司)	685,300,000.00	608,916,862.38
Red Star Xizhao Investment Company Limited (紅星喜兆投資有限公司)	606,315,826.11	268,500,000.00
Shanghai Red Star Macalline Financial Leasing Company Limited (上海紅星美凱龍融資租賃有限公司)	591,808,583.33	899,855,883.33
Chongqing Red Star Macalline Global Home Furnishing Plaza Company Limited (重慶紅星美凱龍環球家居生活廣場有限責任公司)	573,193,559.98	639,610,861.02
Red Star Macalline Chengdu Business Management Company Limited (紅星美凱龍成都商業管理有限公司)	538,584,774.56	723,299,251.57
Red Star Macalline Enterprise Management and Consultancy Company Limited (紅星美凱龍企業管理諮詢有限公司)	511,057,121.47	718,992,619.84
Changzhou Macalline International Computer and Electronics Furnishing Plaza Company Limited (常州美凱龍國際電腦家電裝飾城有限公司)	460,259,801.59	434,026,657.39
Suzhou Industry Park Red Star Macalline Home Furnishing Company Limited (蘇州工業園區紅星美凱龍家居有限公司)	404,802,386.11	350,000,000.00
Shenyang Red Star Macalline Shibo Home Furnishing Company Limited (瀋陽紅星美凱龍世博家居有限公司)	373,992,415.78	390,498,065.90
Chengdu Red Star Macalline Shibo Home Living Plaza Company Limited (成都紅星美凱龍世博家居生活廣場有限責任公司)	344,325,031.53	325,714,061.32
Shanghai Red Star Macalline Brand Management Company Limited (上海紅星美凱龍品牌管理有限公司)	229,534,770.35	271,053,188.28
Shanghai Red Star Macalline Global Home Furnishing Design Expo Company Limited (上海紅星美凱龍環球家居設計博覽有限公司)	224,707,633.57	103,700,000.00

## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 3. Amounts due from/to related parties (continued)

	2020	2019
Harbin Red Star Macalline International Home Furnishing Company Limited (哈爾濱紅星美凱龍國際家居有限公司)	184,808,673.33	121,353,905.56
Shanghai Xingyi Tonghui Business Service Company Limited (上海星易通匯商務服務有限公司)	155,900,889.18	145,606,653.22
Chongqing Red Star Macalline Shibo Home Living Plaza Company Limited (重慶紅星美凱龍世博家居生活廣場有限責任公司)	145,185,344.24	–
Shanghai Jisheng Wellborn Global Home Furnishing Brand Management Company Limited (上海吉盛偉邦環球家居品牌管理有限公司)	91,937,213.85	–
Hangzhou Red Star Macalline Shibo Furniture Plaza Company Limited (杭州紅星美凱龍世博家居有限公司)	88,211,566.67	38,446,477.78
Kunming Red Star Macalline Shibo Home Furnishing Plaza Company Limited (昆明紅星美凱龍世博家居廣場有限公司)	86,297,366.67	54,281,538.89
Red Star Ogloria Enterprise Management Company Limited (紅星歐麗洛雅企業管理有限公司)	82,197,792.32	50,653,461.14
Chongqing Liangjiang New Area Red Star Macalline Business Management Co., Ltd. (重慶兩江新區紅星美凱龍商業管理有限公司)	80,173,861.11	–
Shanghai Red Star Macalline Business Consulting Company Limited (上海紅星美凱龍商務諮詢有限公司)	76,277,142.54	61,625,710.29
Jinan Red Star Macalline Shibo Home Living Plaza Company Limited (濟南紅星美凱龍世博家居生活廣場有限公司)	64,561,265.16	–
Dalian Red Star Macalline Shibo Home Furnishing Plaza Company Limited (大連紅星美凱龍世博家居廣場有限公司)	64,324,065.29	107,328,862.05
Chengdu Red Star Ogloria Brand Management Company Limited (成都紅星歐麗洛雅品牌管理有限公司)	63,464,031.79	78,993,975.99

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## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 3. Amounts due from/to related parties (continued)

	2020	2019
Red Star Macalline Business Management Company Limited (紅星美凱龍商業管理有限公司)	60,361,138.33	–
Shanghai Xingyijia Business Management Company Limited (上海星藝佳商業管理有限公司)	55,693,041.67	–
Shanghai Jiajinsuo Financial Technology Information Services Company Limited (上海家金所金融科技信息服務有限公司)	50,139,027.78	–
Yangzhou Red Star Macalline International Home Furnishing Plaza Company Limited (揚州紅星美凱龍國際家居廣場有限公司)	43,390,761.76	17,561,573.89
Chengdu Red Star Macalline Xinnan Business Management Company Limited (成都紅星美凱龍新南商業管理有限公司)	42,937,022.22	18,050,750.00
Xinsheng Property Management (Shanghai) Co., Ltd. (鑫笙物業管理(上海)有限公司)	30,167,750.00	–
Shanghai Red Star Macalline Commercial Factoring Company Limited (上海紅星美凱龍商業保理有限公司)	29,970,463.89	–
Nanjing Red Star International Home Furnishing Mall Company Limited (南京紅星國際傢俱裝飾城有限公司)	27,000,000.00	27,000,000.00
Nanjing Red Star Macalline International Home Furnishing Company Limited (南京紅星美凱龍國際家居有限責任公司)	21,116,372.67	99,227,304.00
Shanghai Red Star Macalline Assets Management Company Limited (上海紅星美凱龍資產管理有限公司)	20,007,333.33	–
Shanghai Red Star Macalline Home Furnishing and Decorating Market Management Company Limited (上海紅星美凱龍傢俱裝飾市場經營管理有限公司)	16,000,000.00	10,000,000.00
Shanghai Macalline Xinghe Asset Management Company Limited (上海美凱龍星荷資產管理有限公司)	15,049,625.00	15,175,208.34

## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 3. Amounts due from/to related parties (continued)

	2020	2019
Lianyungang Red Star International Home Furnishing Plaza Company Limited (連雲港紅星美凱龍國際家居廣場有限公司)	13,579,225.55	13,692,598.59
Shanghai Hongmei E-commerce Company Limited (上海紅星美凱龍家品會電子商務有限公司)	12,037,338.89	–
Shanghai Red Star Macalline Kaiheng Household Company Limited (上海紅星美凱龍楷恒家居有限公司)	9,626,693.33	20,222,994.44
Beijing Red Star Macalline Furnishing Market Company Limited (北京紅星美凱龍家居市場有限公司)	8,009,319.44	–
Longzhahui (Shanghai) Facility Management Services Company Limited (龍之惠(上海)設施管理服務有限公司)	7,013,963.89	–
Shanghai Red Star Macalline Global Home Furnishing Market Management Company Limited (上海紅星美凱龍全球家居市場經營管理有限公司)	7,000,000.00	–
Beijing Red Star Macalline Business Management Company Limited (北京紅星美凱龍企業經營管理有限公司)	4,773,404.66	–
Langfang Kaihong Home Living Plaza Company Limited (廊坊市凱宏家居廣場有限公司)	4,132,133.70	3,934,913.21
Shanghai Red Star Macalline Brand Management Company Limited Kunming Branch (上海紅星美凱龍品牌管理有限公司包頭分公司)	2,011,183.33	2,022,305.55
Shanghai Mengsheng Industrial Company Limited (上海夢晟實業有限公司)	1,984,502.72	3,079,000.00
Changsha Red Star Macalline International Home Furnishing Art Expo Company Limited (長沙紅星美凱龍國際家居藝術博覽中心有限公司)	773,404.66	–
Shanghai Red Star Macalline Brand Management Company Limited Baotou Branch (上海紅星美凱龍品牌管理有限公司包頭分公司)	500,000.00	500,000.00
Tianjin Red Star Macalline International Home Furnishing Expo Company Limited (天津紅星美凱龍國際家居博覽有限公司)	–	191,899,724.09

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## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 3. Amounts due from/to related parties (continued)

	2020	2019
Shanghai Red Star Macalline Building Design Company Limited (上海紅星美凱龍建築設計有限公司)	-	122,503,409.12
Shanghai Red Star Macalline Home Furnishing Market Management Company Limited (上海紅星美凱龍家居市場經營管理有限公司)	-	116,467,423.29
Chongqing Xingkaike Home Furnishing Company Limited (重慶星凱科家居有限公司)	-	47,804,429.86
Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司)	-	41,437,944.45
Red Star Macalline Home Furnishing Mall Management Company Limited (紅星美凱龍家居商場管理有限公司)	-	37,991,000.00
Shenyudao Cultural Tourism Holding Co., Ltd. (神玉島文化旅遊控股股份有限公司)	-	25,600,000.00
Shanghai Xingyijia Business Management Company Limited (上海星藝佳商業管理有限公司) and its branches	-	20,613,750.00
Shanghai Anjia Network Technology Company Limited (上海安家網絡科技有限公司)	-	15,263,079.24
Beijing Macalline Home Furnishing Material Market Company Limited (北京美凱龍傢俱建材市場有限公司)	-	10,000,000.00
Shanghai Interface Marketing Planning Co., Ltd. (上海英太翡思營銷策劃有限公司)	-	2,021,298.65
Changsha Red Star Macalline Shibo Home Furnishing Plaza Company Limited (長沙紅星美凱龍家居生活廣場有限公司)	-	1,478,248.38
Nanjing Mingdu Home Furnishing Plaza Company Limited (南京名都家居廣場有限公司)	-	1,067,684.27
Yunnan Red Star Macalline Home Furnishing Plaza Company Limited (雲南紅星美凱龍家居生活廣場有限公司)	-	745,202.78



## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 3. Amounts due from/to related parties (continued)

	2020	2019
Chengdu Changyi Red Star Macalline Home Living Market Management Company Limited (成都長益紅星美凱龍家居市場經營管理有限公司)	–	716,463.55
Shanghai Xingkai Chengpeng Business Management Company Limited (上海星凱程鵬企業管理有限公司)	–	294,139.95
Shanghai Red Star Macalline Bulk Purchasing of Construction and Furnishing Materials Trading Company Limited (上海紅星美凱龍住建集採商貿有限公司)	–	157,866.67
Shanghai Betterhome Decoration Engineering Company Limited (上海家倍得裝飾工程有限公司)	–	53,300.00
Shanghai Red Star Macalline Xinglong Home Furnish Company Limited (上海紅星美凱龍星龍家居有限公司)	–	45,818.99
	<b>22,986,172,933.88</b>	17,962,262,102.79



# Supplementary Information

For the year ended 31 December 2019

(RMB)

## 1. Statement of Non-Recurring Profit or Loss

	Amount in 2020
Gain or loss on disposal of non-current assets, Including the written off part of the asset impairment provision	(20,127,259.23)
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)	184,249,900.19
Funds-use income received from non-financial enterprises and credited to the profit or loss for the current period	260,502,445.46
Gains derived from the excess of the attributable fair value of net identifiable assets of the investee upon acquisition of the investment over the cost of investment of acquisition of subsidiaries, associates and joint ventures	–
Gains or losses on changes in fair values derived from financial assets held for trading and financial liabilities held for trading and investment income from disposal of financial assets held for trading, financial liabilities held for trading and available-for-sale financial assets, except for effective hedging operations related to the normal operations of the Company	23,901,848.89
Reverse of the impairment allowance for accounts receivables and contract assets tested for impairment individually	74,180,630.64
Gain or loss arising from changes in fair value of investment properties measured subsequently at fair value	496,702,935.69
Non-operating income and expenses other than the above items	(131,909,271.16)
The value-added portion of investment gains from investment properties valuation of associates and joint ventures attributable to the enterprise	7,374,824.07
Investment gain on disposal of subsidiaries	(529,358.18)
Investment gain on disposal of associates	24,917,078.30
Investment gain derived from converting associates and joint ventures to other equity instrument investments	–
Investment gain derived from acquiring associates and joint ventures to subsidiaries	126,196,808.81
Impact on income tax	(242,029,398.64)
Impact on non-controlling interests (after tax)	(235,173,866.92)
	568,257,317.92

**1. Statement of Non-Recurring Profit or Loss (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****2020**

	Weighted average return on net assets (%)	Earnings per Basic share	Diluted
Net profit attributable to shareholders of ordinary shares of the Company	3.72	0.44	N/A
Net profit attributable to shareholders of ordinary shares of the Company, after deducting non-recurring gains and losses	2.51	0.30	N/A

**2019**

	Weighted average return on net assets (%)	Earnings per Basic share	Diluted
Net profit attributable to shareholders of ordinary shares of the Company	10.25	1.15	N/A
Net profit attributable to shareholders of ordinary shares of the Company, after deducting non-recurring gains and losses	6.11	0.67	N/A

The Group has no diluted potential ordinary shares. Due to conversion of capital reserve into shares during the year, the earnings per share for each reporting period shall be recalculated with the adjusted number of shares.

# Five-Year Financial Summary

	For the year ended 31 December				
	2020 RMB'000	2019 RMB'000	2018 RMB'000	2017 RMB'000	2016 RMB'000
Revenue	<b>14,236,460</b>	16,469,238	14,239,793	10,959,513	9,436,082
Net profits	<b>2,064,077</b>	4,686,242	4,705,447	4,278,014	3,673,442
– Owners of the Company	<b>1,730,582</b>	4,479,682	4,477,411	4,077,898	3,397,183
– Non-controlling interests	<b>333,495</b>	206,560	228,036	200,116	276,259
Earnings per share					
– Basic (RMB)	<b>0.44</b>	1.15	1.20	1.13	0.94
– Diluted (RMB)	<b>N/A</b>	N/A	N/A	N/A	N/A

	As at 31 December				
	2020 RMB'000	2019 RMB'000	2018 RMB'000	2017 RMB'000	2016 RMB'000
– Non-current assets	<b>116,411,135</b>	108,339,973	95,142,125	82,447,132	72,739,319
– Current assets	<b>15,136,784</b>	13,954,445	15,718,593	14,567,492	8,796,085
Total Assets	<b>131,547,919</b>	122,294,418	110,860,718	97,014,624	81,535,404
– Current liabilities	<b>31,638,847</b>	27,767,945	25,313,807	22,716,747	13,542,202
– Non-current liabilities	<b>48,811,229</b>	45,541,623	40,251,085	30,365,903	28,072,429
Total liabilities	<b>80,450,076</b>	73,309,568	65,564,892	53,082,651	41,614,631
Net assets	<b>51,097,843</b>	48,984,850	45,295,826	43,931,973	39,920,773
Total Equity	<b>51,097,843</b>	48,984,850	45,295,826	43,931,973	39,920,773
– Equity attributable to owners of the Company	<b>47,563,219</b>	45,714,638	41,714,061	40,426,772	36,565,852
– Non-controlling interests	<b>3,534,624</b>	3,270,212	3,581,765	3,505,201	3,354,921

The financial summary is extracted from the consolidated financial statements prepared in accordance with the Chinese Accounting Standards for Business Enterprises.

# Definitions

Actual Controller	Che Jianxing
Articles of Association	articles of association of Red Star Macalline Group Corporation Ltd.
Board or Board of Directors	the board of directors of the Company
China Accounting Standards for Business Enterprises	the latest Accounting Standards for Business Enterprises issued by the Ministry of Finance of the People's Republic of China and the related application guidance, interpretations and other related requirements
Corporate Governance Code	the Corporate Governance Code and Corporate Governance Report of Appendix 14 to Stock Exchange Listing Rules
CSRC	the China Securities Regulatory Commission
Director(s)	director(s) of the Company
H Share(s)	RMB-denominated overseas listed foreign ordinary share(s) issued outside mainland China by a company registered in China, listed for trading on the Hong Kong Stock Exchange, subscribed and traded in Hong Kong dollars
Managed Shopping Mall(s)	shopping mall(s) managed under contract management agreements
Nanjing Mingdu	Nanjing Mingdu Home Furnishing Plaza Company Limited (南京名都家居廣場有限公司)
pipeline Portfolio Shopping Mall(s)	including the Portfolio Shopping Malls for which we have entered into definitive agreements with local government authorities, including land acquisition agreements with local government authorities and investment or cooperation agreements with partners
Portfolio Shopping Mall(s)	all of the following shopping malls: (1) shopping malls which are owned by the Company's holding subsidiaries; (2) the repurchased shopping malls; (3) shopping malls leased by the Company; (iv) shopping malls for which the Company operate and consolidate their results of operation and pay the relevant property owners a fixed amount of annual fees("fixed-fee Portfolio Shopping Malls"); (5) shopping malls held by the Company and associates or joint venture partners and operated by the Company. For the purpose of this report, we categorize the abovementioned (1) and (2) as "Self-owned Portfolio Shopping Malls" and the abovementioned (3), (4) and (5) as "Non-self-owned Portfolio Shopping Malls"

## Definitions

Red Star Macalline, Stock Company, Company or Our Company, Group	Red Star Macalline Group Corporation Ltd. and its holding subsidiaries
Red Star Furniture Group	Red Star Furniture Group Limited (紅星家具集團有限公司)
Reporting Period	the period from 1 January 2020 to 31 December 2020
RMB	RMB (unless under special circumstances)
RMB-denominated ordinary shares, A Share(s)	ordinary shares listed on stock exchanges in the PRC, subscribed for and traded in Renminbi, with a nominal value of RMB1.00 each
RSM Holding or Controlling Shareholder	Red Star Macalline Holding Group Company Limited
Supervisory Committee	the Supervisory Committee of the Company
Supervisor(s)	supervisor(s) of the Company
SSE Listing Rules	the Shanghai Stock Exchange Listing Rules
Stock Exchange	the Stock Exchange of Hong Kong Limited
Stock Exchange Listing Rules	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
Xinghe Zhaipei	Shanghai Xinghe Zhaipei Home Furnishing Service Company Limited (上海星和宅配家居服務有限公司), a wholly-owned subsidiary of the Company
Zhengzhou Red Star	Zhengzhou Red Star Macalline International Home Furnishing Company Limited (鄭州紅星美凱龍國際家居有限公司)

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

