



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  
2021



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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 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 95 Portfolio shopping malls, 278 Managed Shopping Malls and 10 home furnishing shopping malls through strategic cooperation. In addition, the Group opened 69 franchised home improvement material projects by way of franchising, including a total of 485 home improvement material stores/industry streets. The Company's Portfolio shopping malls and Managed Shopping Malls spread over 224 cities in 30 provinces, municipalities and autonomous regions in China, with a total operating area of 22,303,547.50 sq.m., which offer more than 34,900 brands in total. In 2021, the Group had a 17.5% market share in the chain home improvement and furnishing mall sector and a 7.4% market share in the whole home improvement and furnishing mall sector (including chain and non-chain) in terms of retail sales, owning the largest market share in China's steadily growing home improvement and furnishing 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 lower-tier markets 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 new retailing, 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. CHEN Zhaohui  
Mr. JIANG Xiangyu  
Ms. HU Xiao  
Mr. YANG Guang

### Independent Non-executive Directors

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

## SUPERVISORS

Mr. PAN Ning (*Chairman*)  
Ms. CHAO 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  
Ms. QIN Hong  
Ms. HU Xiao

## JOINT COMPANY SECRETARIES

Ms. QIU Zhe  
Ms. NG Sau Mei

## AUTHORIZED REPRESENTATIVES

Mr. CHE Jianxing  
Ms. QIU Zhe

## REGISTERED OFFICE

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

## HEADQUARTERS IN THE PRC

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





# 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

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

### As to the PRC law

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

## AUDITOR

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

## PRINCIPAL BANKS

### Industrial and Commercial Bank of China

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

### 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)



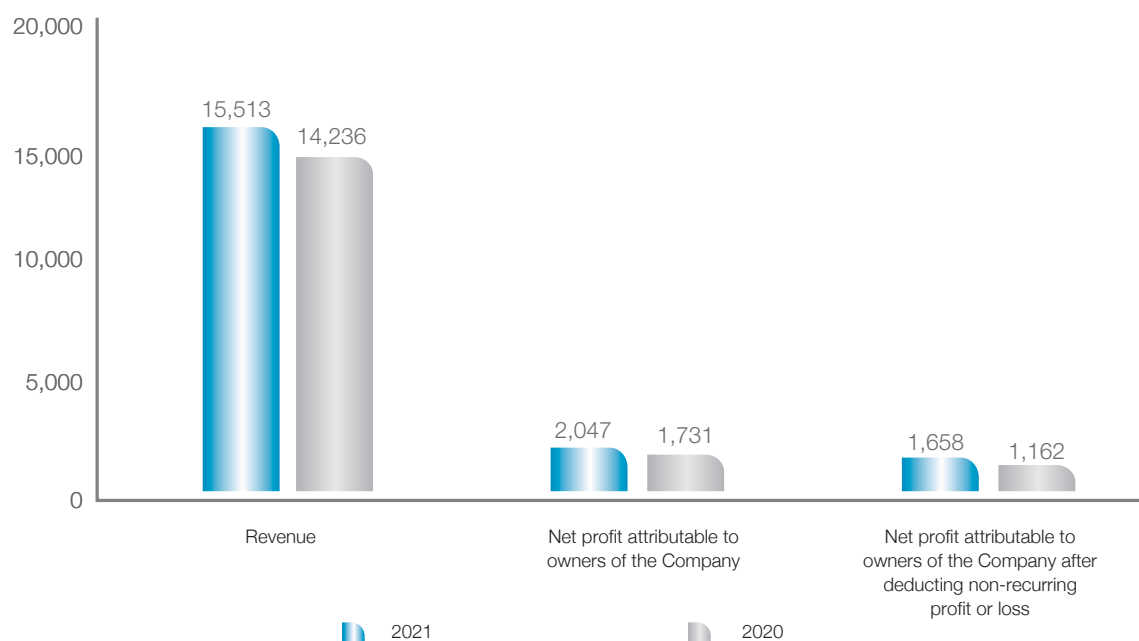
# Financial and Operational Highlights

## FINANCIAL HIGHLIGHTS

	For the year ended 31 December	
	2021 <i>(Audited)</i>	2020 <i>(Audited)</i>
	(RMB'000, except otherwise stated)	
Revenue	15,512,792	14,236,460
Gross profit	9,566,316	8,756,290
Gross profit margin	61.7%	61.5%
Net profit	2,189,000	2,064,077
Net profit attributable to owners of the Company	2,047,402	1,730,582
Net profit margin attributable to owners of the Company	13.2%	12.2%
Net profit attributable to owners of the Company after deducting non-recurring profit or loss	1,657,758	1,162,324
Net profit margin attributable to owners of the Company after deducting non-recurring profit or loss	10.7%	8.2%
Earnings per share	RMB0.51	RMB0.44

### KEY FINANCIAL PERFORMANCE INDICATORS

RMB million





## OPERATIONAL HIGHLIGHTS

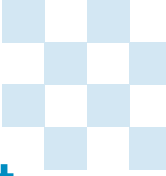
The following table sets forth certain operating statistics of Portfolio Shopping Malls<sup>(1)</sup> and Managed Shopping Malls<sup>(1)</sup> in operation as at the dates indicated:

	As at 31 December 2021	As at 31 December 2020
Number of shopping malls	373	365
Operating area of shopping malls (sq.m.)	22,303,548	22,055,668
Number of cities covered	224	223
Number of Portfolio Shopping Malls	95	92
Operating area of Portfolio Shopping Malls (sq.m.)	8,455,486	8,034,277
Average occupancy rate of Portfolio Shopping Malls	94.1%	92.1%
Number of Managed Shopping Malls	278	273
Operating area of Managed Shopping Malls (sq.m.)	13,848,062	14,021,390
Average occupancy rate of Managed Shopping Malls	91.4%	90.7%

*Note:*

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





# Chairman's Statement



Dear every shareholder:

On behalf of the Board of Directors, I am pleased to present to all of you the results of the Company and its subsidiaries (the "Group" or "we") for the year ended 31 December 2021 (the "Reporting Period"): In 2021, we achieved the operating revenue of RMB15,513 million, the net profit attributable to owners of the parent company of RMB2,047 million and the net profit attributable to owners of the parent company after non-recurring gains and losses of RMB1,658 million.

In 2021, the international political and economic structure has become increasingly complicated and severe as accompanied by the intertwining of COVID-19, so the home furnishing industry chain is facing accelerated restructuring and deep adjustments. In the meantime, China's macro-control capability and level are constantly improving, and the fundamentals of strong economic resilience and long-term improvement will remain unchanged. In the face of the opportunities and challenges brought by the external environment, the Company has always grasped the main line of high-quality development, stabilised its performance base and formed a new business situation featuring both "stability" and "progress"; and in the face of the impact of the property

market regulation on the home furnishing industry in 2021, the Company has made concerted efforts to consolidate its online and offline refinement operation capability around the management decision of the Board of Directors. The Company has put forward in a forward-looking way and practiced the "Operation-Heavy" strategy, successively landed the Super 100 MALLs and nine category halls nationwide by starting from the finer granularity of regional positioning, customer segmentation, category optimization, etc., built up a high-end traffic ecology across building materials, furniture and home appliances, and redistributed consumer traffic to brand merchants' stores through the guidance by the global traffic on the aggregation line of the nine Category Halls and the accurate traffic distribution realized by subdivided categories to achieve public and private domain linkage, ultimately achieving the reuse and in-depth operation of in-store traffic. And meanwhile, with the support of online operation capability, Red Star Macalline has created a closed loop of online and offline integrated services for new retail with the shortest link, with an eye to accelerating the marketing efficiency of brand merchants from online promotion, seeding to conversion.

The Company has always attached importance to shareholder returns and shared the growth of the Company with its shareholders. Despite many difficulties and challenges, upon comprehensively considering the Company's profitability, the shareholder returns and the demands for sustainable development in the future, the Board of Directors proposed to pay a dividend of RMB0.1 per share at the end of 2021, thus maintaining the continuity of dividends.

### **THE ASSET-LIGHT EXPANSION RESPONDS TO THE UPGRADING OF CONSUMER DURABLES IN THE LOWER-TIER MARKETS AND STRENGTHENS THE GROUP'S COMMERCIAL NETWORK MAP AND INDUSTRY LEADERSHIP POSITION**

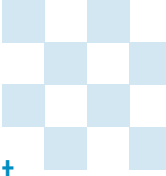
According to Frost & Sullivan, the Company is the largest national home improvement and furniture mall operator in China with the largest operating area, the largest number of malls and the widest geographical coverage. As at the end of the Reporting Period, the Company has been operating 95 self-operated malls, 278 managed malls and 10 home furnishing malls through strategic corporation. In addition, the Company has authorized the opening of 69 franchised projects of home furnishing and building materials by means of franchise, including 485 home furnishing and building materials stores/industrial streets.

By virtue of its recognized brand, mature business processes and vast brand and distributor resources, the Company has adopted an asset-light strategy to rapidly expand its footprint in third-tier and lower-tier cities through its managed mall business model and franchise model. "Red Star Macalline", as a main brand of the Company, spans three sub-stores: mid-end, mid-to-high-end and high-end. Over 80% of its self-operated stores are located in the core areas of first – and second-tier cities, while nearly 70% of its managed stores are located in third-tier cities and below, fully consolidating the brand mindset of the mid – and high-end markets and expanding its nationwide business network. In the meantime, in the face of strong demands for upgrading consumer durables and policy guidance in the lower-tier markets, the main and secondary brands are being driven by a double-wheeled approach by supplementing the "Xingyijia" sub-brand mall positioned in the mid-end. Based on the replicability of the mid-to-high-end positioning in the lower-tier markets, more than 70% of the incremental reserve projects are currently located in third-tier cities and below. In the future, we will leverage our physical network, marketing management and supply chain to help brand factories and distributors achieve the strategic goal of expansion into the lower-tier markets.

### **THE OPERATION-HEAVY STRATEGY STRENGTHENS THE FOUNDATION AND BUILDS A HIGH LEADING THRESHOLD WITH REFINED OPERATIONAL CAPABILITIES**

Under the environment of channel innovation in the home furnishing industry and the increasing fragmentation of traffic in the stock age, in 2021, the Company coordinated the positioning planning of multi-store malls in the same city and selected 100 MALLs representing the Group's strategic layout of merchandise and consumer stratification and precise operation, namely 32 No.1 stores, 9 Supreme MALLs and 59 benchmark malls. To sum up, Red Star Macalline aims to build a brand-new high-end retail domain that combines multiple avant-garde functions such as store presentation, brand upgrading, scenario-based experience and systematic sourcing. On this course, Red Star Macalline has always been emphasizing on operations, creating a harmonious and win-win ecosystem and continuously refining and deepening the home furnishing industry, with a view to bringing a complete transformation from fragmentation to concentration of home furnishing consumption. And in the meantime, it has been continuing to implement the strategy of "Category-Expansion and Operation-Heavy", optimizing the brand structure and accelerating the creation of category-themed halls, with a view to meeting the increasingly diversified needs of consumers in the stock age.



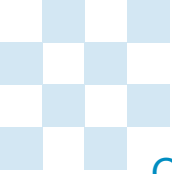


### **PRACTICING DIGITAL REFORM, DEEPENING OMNI-CHANNEL ONLINE OPERATIONS AND STRIVING TO BECOME A NEW RETAIL BENCHMARK IN THE HOME IMPROVEMENT AND FURNITURE INDUSTRY**

In line with the tenet of “focusing on user needs”, the Company continues to deepen its strategic cooperation with Alibaba and establish an integrated online and offline operation system around the “Tmall Local Station”. During the Reporting Period, the Company has always attached importance to building the self-building and operation capacities of the era of Local Station, and has completed the upgrading and innovation of product selection, product operation, traffic undertaking, content supply form and marketing mode. With the support of its online operation capability, the Company has created a closed loop of online and offline integrated services for new retail with the shortest link, with an eye to accelerating the marketing efficiency of brand merchants from online promotion, seeding to conversion. And in the meantime, through executing the multi-platform delivery matrix, optimising the layout of traffic procurement and relying on the unified customer resource distribution system, the Company tracks the post-link data while systematically standardising the traffic undertaking mode and redistributing the traffic to merchants for accurate matching, thus empowering merchants to carry out more standardized traffic undertaking and transformation and helping brand merchants realize “the just goods for the people”.

### **DEEPLY FOCUSING ON THE HOME IMPROVEMENT BUSINESS, OPENING UP THE FULL-CYCLE SERVICES OF HOME IMPROVEMENT CONSUMPTION AND STRENGTHENING THE USER MINDSET OF “CHOOSING DECORATION AND PURCHASING HOME FURNISHINGS AT RED STAR MACALLINE”**

Relying on its strong supply chain integration capability, its nationwide network of physical shopping malls and its own home improvement management system platform, the Company has accomplished the counter-trend expansion of its home improvement business while shouldering the mission of solving customers' pain points. By the end of the Reporting Period, the Company's home improvement shops had covered more than 200 cities in 25 provinces, municipalities and autonomous regions across China, with a total of 253 stores opened. Furthermore, the Company has intensified the construction of a new generation of home improvement platform system projects, has completed the development and construction of the traffic management platform (in terms of placement aggregation, marketing website, CRM and distribution), the business operation and management platform (in terms of home improvement and public improvement) and the supply chain management platform (in terms of procurement management, tendering and bidding platform, etc.), and has established the professional digital marketing capability from traffic placement, acquisition to secondary distribution.



## Chairman's Statement

### ACTIVELY EMBRACING CHANGES AND LEADING INDUSTRY TRANSFORMATION

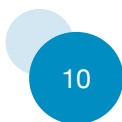
In 2022, the Company will continue to firmly implement its three-year business plan and continue to promote multi-store layout and Category Hall landing, with consumer demands as the guide. In the meantime, it will refine traditional categories, tap the new categories with market potentials on top of the nine major categories, continuously expand and extend them, and improve the regulation and iteration of in-store categories. In terms of online operations, it will continue to deepen the strategic cooperation with various online core traffic platforms, consolidate the development of "Tmall Local Station", and carry out the year-round work around the three core strategies of "making greater traffic/customer resources, accomplishing closed-loop business and strengthening core promotions", and it will continue to promote the integration of online and offline operations through in-depth online operations and precise offline traffic attraction. Moreover, the Company will continue to support traditional brand owners and distributors to build online operation positions.

Under the strategic guidance of "Asset-Light, Operation-Heavy and Reduced-Leverage", the Company will continue to promote various changes and optimisation initiatives, uphold the deep understanding of "ingenuity" and keen consumer insight, give full play to its solid operation and management experience and advantages of its nationwide commercial network, stay true to its mission and accumulate its strengths so as to create more perfect mall environments and service experience so as to actively embrace trends and changes.

**CHE Jianxing**

*Chairman*

30 March 2022





# Management Discussion and Analysis

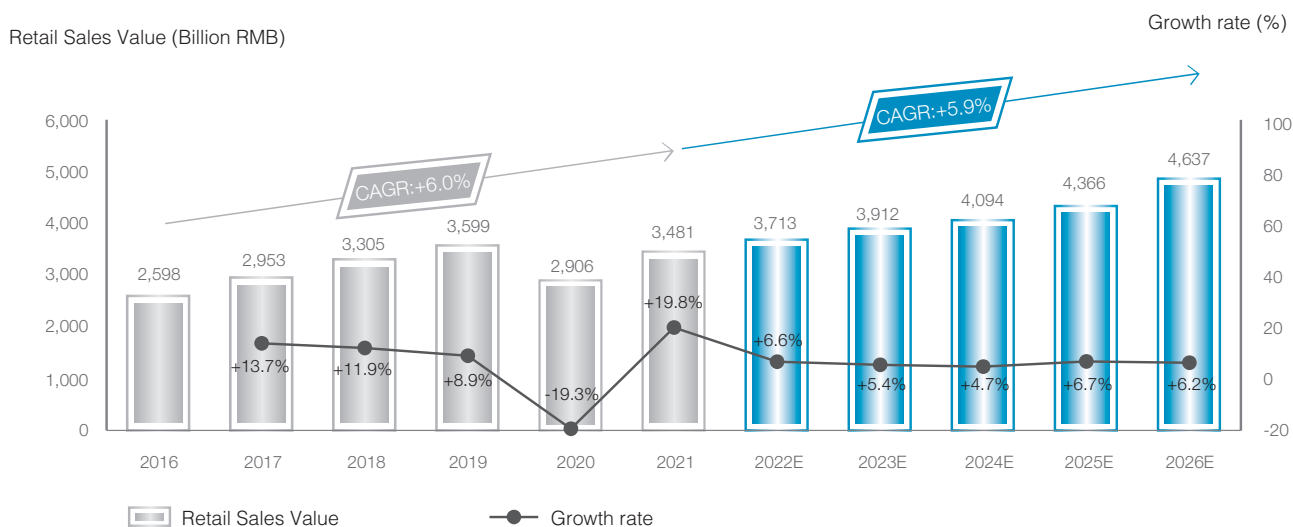
## INDUSTRY OVERVIEW

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

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

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

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



Source: Frost & Sullivan



## Management Discussion and Analysis

### INDUSTRY OVERVIEW (continued)

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

### BUSINESS REVIEW

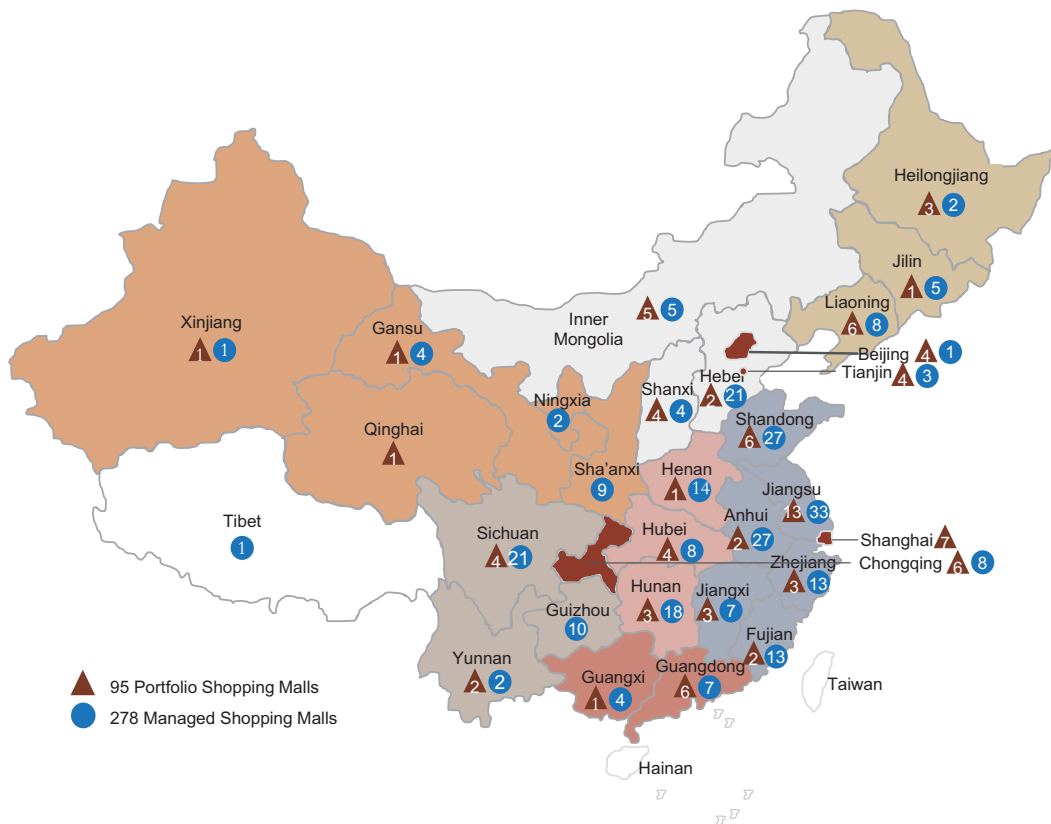
During the Reporting Period, the Group continued to focus on the strategic positioning of growing into an “omni-channel platform service provider for the pan-home improvement and furnishings industry”, actively seized market development opportunities, aiming to enhance the delivery capabilities of home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



# 1. BUSINESS DEVELOPMENT AND ARRANGEMENTS: CONTINUOUS EXPANSION OF PRESENCE IN THIRD AND LOWER-TIER CITIES, AND ESTABLISHMENT OF A NATIONWIDE OMNI-CHANNEL COMMERCIAL NETWORK

## 1.1 Business development and arrangements

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












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

## 1. BUSINESS DEVELOPMENT AND ARRANGEMENTS: CONTINUOUS EXPANSION OF PRESENCE IN THIRD AND LOWER-TIER CITIES, AND ESTABLISHMENT OF A NATIONWIDE OMNI-CHANNEL COMMERCIAL NETWORK (continued)

### 1.1 Business development and arrangements (continued)

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 <sup>(1)</sup> (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	348,635	1	112,865
	Shanghai	7	905,572	–	–
	Tianjin	4	461,429	3	177,922
	Chongqing	6	463,474	8	264,975
	Northeast China	10	1,098,917	15	714,927
	North China (excluding Beijing, Tianjin)	11	670,095	30	1,527,496
	East China (excluding Shanghai)	29	2,565,671	120	6,342,522
	Central China	8	868,167	40	1,810,626
	South China	7	316,163	11	549,441
	Western China (excluding Chongqing)	9	757,362	50	2,347,290
	<b>Total</b>	<b>95</b>	<b>8,455,486</b>	<b>278</b>	<b>13,848,062</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(excluding Chongqing) includes Shaanxi Province, Gansu Province, Qinghai Province, Ningxia Hui Autonomous Region, Xinjiang Uygur Autonomous Region, Yunnan Province, Sichuan Province, Guizhou Province, Tibet Autonomous Region; four municipalities are Beijing, Shanghai, Tianjin and Chongqing, respectively.

# 1. BUSINESS DEVELOPMENT AND ARRANGEMENTS: CONTINUOUS EXPANSION OF PRESENCE IN THIRD AND LOWER-TIER CITIES, AND ESTABLISHMENT OF A NATIONWIDE OMNI-CHANNEL COMMERCIAL NETWORK (continued)

## 1.1 Business development and arrangements (continued)

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

During the Reporting Period, the Group formulated a multi-store parallel plan, and selected 100 Malls that represent the strategic arrangements of the Group for hierarchical and targeted management of merchandise and consumers: 32 No.1 Stores, 9 Supreme Malls and 59 Benchmarking Shopping Malls. Meanwhile, the Group continuously implemented the strategy of “expansion of categories and focus on operation”, optimized the brand structure, and accelerated the construction of category theme halls, so as to quickly gain traction with consumers in the mid-and high-end markets. We have completed the construction of more than 300 theme halls.

As of the end of the Reporting Period, the Group operated 95 Portfolio Shopping Malls, 278 Managed Shopping Malls and 10 shopping malls through strategic cooperation<sup>(1)</sup>, 69 franchised home improvement material projects by way of franchising<sup>(2)</sup>, including a total of 485 home improvement material stores/industry streets<sup>(3)</sup>, covering 224 cities in 30 provinces, municipalities and autonomous regions in China, with a total operating area of 22,303,547.50 sq.m.

As of the end of the Reporting Period, the operating area of Portfolio Shopping Malls of the Group covering is 8,455,485.57 sq.m., with an average occupancy rate of 94.1%. The operating area of Portfolio Shopping Malls in first-and second-tier cities accounted for more than 80%, thus building a strong moat, with the advantages of first-mover and site selection. During the Reporting Period, the same mall growth of mature shopping malls<sup>(4)</sup> was 16.8%. The steady increase in the occupancy rate and rental income of the Portfolio Shopping Malls fully reflects the professional level and management ability of the Company as the leading home improvement and furnishings shopping mall operator, and plays a positive exemplary role in continuously attracting potential high-quality brand merchants, expanding and strengthening the cooperative relationship with partners of Managed Shopping Malls. During the Reporting Period, we opened three new Portfolio Shopping Malls. In addition, one Portfolio Shopping Mall were closed and one Managed Shopping Mall was converted into Portfolio Shopping Mall. As of the end of the Reporting Period, we had 19 pipeline Portfolio Shopping Malls.

# 1. BUSINESS DEVELOPMENT AND ARRANGEMENTS: CONTINUOUS EXPANSION OF PRESENCE IN THIRD AND LOWER-TIER CITIES, AND ESTABLISHMENT OF A NATIONWIDE OMNI-CHANNEL COMMERCIAL NETWORK (continued)

## 1.1 Business development and arrangements (continued)

As of the end of the Reporting Period, the operating area of the Managed Shopping Mall is 13,848,061.93 sq.m., with an average occupancy rate of 91.4%. Among them, the operating area of Managed Shopping Malls in third and lower-tier cities accounted for approximately 70%. Managed Shopping Malls help the Company realize the regional coverage and rapid penetration of the third and lower-tier cities under the asset-light model. During the Reporting Period, the Group opened 20 new Managed Shopping Malls and closed 14 Managed Shopping Malls. In addition, one Managed Shopping Mall was converted into Portfolio Shopping Mall. As of the end of the Reporting Period, among the pipeline Managed Shopping Malls, the Group has obtained land use rights/land parcels for 327 contractual projects. Among them, the number of pipeline Managed Shopping Malls in third and lower-tier cities accounted for over 70%. 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.

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 2021, Shandong Inzone Green Home Co., Ltd. and its controlling subsidiaries operated 10 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) "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.



# 1. BUSINESS DEVELOPMENT AND ARRANGEMENTS: CONTINUOUS EXPANSION OF PRESENCE IN THIRD AND LOWER-TIER CITIES, AND ESTABLISHMENT OF A NATIONWIDE OMNI-CHANNEL COMMERCIAL NETWORK (continued)

## 1.2 Home improvement and home furnishings integration

As of the end of the Reporting Period, there were a total of 253 home decoration stores covering more than 200 cities in 25 provinces, municipalities directly under the central government and autonomous regions in China, with the network of offline shopping malls of the Company.

The Company has enhanced the construction of a new-generation home decoration platform system project. It has completed the development and construction of a traffic management platform (placement and aggregation, marketing website, CRM, and distribution), a business operation management platform (home decoration and public decoration), and a supply chain management platform (purchase management, bidding and tendering platform, etc.), and has established a professional digital marketing capability covering placement, acquisition and redistribution of traffic.

## 1.3 Online and offline integration

The Company has actively explored a city-wide new retail model, which has begun to show results. The effective arrangements for digital upgrading and online sources of traffic based on shopping malls start to bear fruit. During the Reporting Period, the Company's core shopping malls were digitally upgraded. In addition to the digital upgrading of shopping malls, the Company successively upgraded and innovated online product selection, content supply, digital operation, traffic acceptance and marketing models. The Company will continuously promote the development of its digital infrastructure capability and realize the digital upgrade of merchandise and consumers, thus creating an internet operation platform integrating consumers, goods and markets.

# 2. CONTINUOUS UPGRADING OF OPERATION MANAGEMENT, AND IMPLEMENTATION OF THE STRATEGY OF “SHIFT OF FOCUS FROM ASSETS TO OPERATION”, WITH A FOCUS ON USER MENTALITY

## 2.1 Tenant sourcing management

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

In the face of changes of the consumption trend and market competition trend, based on regional positioning, customer group classification, quality category selection and other more specific factors, the Company has successively constructed a high-end traffic ecosystem covering building materials, furniture and home appliances, in the 100 super Malls and nine major category theme shopping malls in China. In terms of upgrading of the store form in shopping malls, in 2021, the Company promoted the implementation of the strategy of the one model shopping mall in one province. The Company developed the city-wide differentiated positioning plan for multi-store shopping malls, and selected 100 malls that represent the strategic arrangements of the Group: 32 No.1 Stores, 9 Supreme Malls and 59 Benchmark Malls. The Company accelerated the construction.

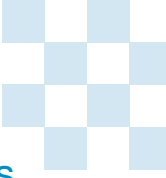
## 2. CONTINUOUS UPGRADING OF OPERATION MANAGEMENT, AND IMPLEMENTATION OF THE STRATEGY OF “SHIFT OF FOCUS FROM ASSETS TO OPERATION”, WITH A FOCUS ON USER MENTALITY (continued)

### 2.1 Tenant sourcing management (continued)

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

We continuously select mainstream categories and brands that meet the needs of consumers, optimize arrangements for categories in shopping malls and promote experiential and immersive consumption by creating shopping malls of home life experience. In 2021, the Company upgraded the strategy of nine major theme halls, covering 9 major categories, namely smart electrical appliances, international imports, living room design, high-end customization, soft decoration and furnishings, system doors and windows, boutique bathroom accessories, sleep and life, trend furniture. More and more categories were sold on the platform of Red Star Macalline, which enriched the shopping mall ecosystem and helped more home furnishing brands expand their presence in cross-regional markets. The three major store forms and nine major theme halls gather platform-wide traffic. Based on the digital and comprehensive analysis of merchandise and consumers, the Company subdivides categories and brands, and redistributes consumer traffic to stores of brand merchants precisely, thus realizing the connection and linkage between public and private traffic, achieving the acceptance, repeated use and deep operation of traffic in the shopping malls.

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



## 2. CONTINUOUS UPGRADING OF OPERATION MANAGEMENT, AND IMPLEMENTATION OF THE STRATEGY OF “SHIFT OF FOCUS FROM ASSETS TO OPERATION”, WITH A FOCUS ON USER MENTALITY (continued)

### 2.1 Tenant sourcing management (continued)

#### 2.1.2 Accelerate the implementation of the strategy of three cities and five exhibitions and the exhibition and store alliance, and develop the home furnishing marketing IP

In terms of three cities and five exhibitions and the exhibition and store alliance, the Company will accelerate the height, breadth and depth of strategic cooperation with CFTE, the largest home furnishing exhibition brand in China. After exclusively hosting CBD-IBCTF (Shanghai), China (Shanghai) International Furniture Fair, CBD Fair (Guangzhou), CBD Fair (Shenzhen), and again the Company has signed a strategic cooperation agreement with CFTE to exclusively host China (Guangzhou) International Furniture Fair. By building a new development pattern for the chain exhibition platform of “seeing Guangzhou Pazhou in March and Shanghai Hongqiao in September”, it helped household brand manufacturers and distributors to outperform the new development of the regional market.

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

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

During the Reporting Period, at the service terminal of brand factories, the Company continued to optimize the key customer service system, further upgrade functions such as data visualization of key customers, precise linkage with channel promotion. Meanwhile, it optimized and further opened the service platform for online communication between brands and customers, establish exclusive service accounts, and improve the service efficiency and cooperation stickiness of key customers. A total of 3,787 brands have been sourced, including 123 new brands, which continued to enhance the vitality of the brands on our platform. At the dealer service terminal, the Company continued to strengthen the research on the core dealers’ information in shopping malls nationwide with the help of Longyi system, and form into data precipitation, so as to further improve the service ability of dealers, thereby improving the business efficiency of merchants and reducing operating costs.

The tenant sourcing business middle-office established by the Company integrates shopping malls, brand factories and dealers, and launched a new model of online road shows, namely, strictly selecting merchant sourcing, to integrate online and offline tenant sourcing. During the Reporting Period, the Company has provided a total of more than 100 commercial cooperation and new hot-selling potential brands with carefully selected investment promotion services. The Company’s team for carefully selected investment promotion helps commercial cooperative brands and new hot-selling brands to increase their ability to connect with distributors, and helps brands enhance the effect of investment promotion, thereby filling the gap in the market.

## 2. CONTINUOUS UPGRADING OF OPERATION MANAGEMENT, AND IMPLEMENTATION OF THE STRATEGY OF “SHIFT OF FOCUS FROM ASSETS TO OPERATION”, WITH A FOCUS ON USER MENTALITY (continued)

### 2.1 Tenant sourcing management (continued)

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

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

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

### 2.2 Marketing management

#### 2.2.1 “Super category Festival” helps realize category refined marketing

The home furnishing industry has gradually entered the era of delicacy operation. With the completion of the theme pavilion, “Super Category Festival” has been created and has become an influential category marketing activity both inside and outside the industry. During the Reporting Period, we successfully held twelve super product category carnivals, including “Super Sofa Category Carnival”, “Super All-House Furniture Category Carnival”, “Super Cabinet Category Carnival”, “Super Floor Category Carnival”, “Borderless Sofa Category Carnival” and “Super Children’s Furniture Category Carnival”. Through refined operation such as program review in core cities and core venues, upgrade of customer storage tools, and setting of sub-venues for brand categories, it has achieved a total global exposure of over 2.1 billion times, and successfully built a consuming IP in national single-category. Based on the orderly completion of the nine category pavilions in China, the “Super Category Festival” activity normalizes category marketing. Intensive and deep engagement in various vertical categories contributes to supplementing daily traffic operation other than promotion activities of shopping malls, and further enhances consumers’ stickiness to the brand of Red Star Macalline.

Meanwhile, the Company integrates and strengthens industry resources, further focuses on precision marketing of categories, and expands marketing differentiation. A total of five nation-wide promotion activities, namely Super Home Decoration Festival, 51HOME Party Festival, 618 Ideal Life Carnival Season, October Global Home Decoration Carnival Season and Tmall double 11 Global Carnival Season were created during the year, to gain attention, with a total of 3 billion impressions for marketing activities during the year.



## 2. CONTINUOUS UPGRADING OF OPERATION MANAGEMENT, AND IMPLEMENTATION OF THE STRATEGY OF “SHIFT OF FOCUS FROM ASSETS TO OPERATION”, WITH A FOCUS ON USER MENTALITY (continued)

### 2.2 Marketing management (continued)

#### 2.2.2 Diversified marketing channels help increase stores traffic

During the Reporting Period, by focusing on 8 traffic operation channels, including community-based marketing, digital precision marketing, live streaming, membership marketing and property marketing, we explored traffic operation SOP, so as to enable planning and marketing personnel of shopping malls in marketing and create private traffic pools of shopping malls. Meanwhile, with online operation capabilities, the Company built an online and offline integrated service close-loop with the shortest chain to accelerate and promote the marketing efficiency of brand merchants in the process covering online marketing, offline acceptance and conversion.

In terms of national marketing, the platform has achieved a steady increase in the base of marketing opinion leaders, with more than 100,000 active opinion leaders per month. They were engaged in continuous dissemination and customer attraction and retention for home furnishing promotions, category carnival activities and top brands to achieve extremely low-cost social communication and precise customer retention.

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

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

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

## 2. CONTINUOUS UPGRADING OF OPERATION MANAGEMENT, AND IMPLEMENTATION OF THE STRATEGY OF “SHIFT OF FOCUS FROM ASSETS TO OPERATION”, WITH A FOCUS ON USER MENTALITY (continued)

### 2.2 Marketing management (continued)

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

The joint marketing model is a new attempt of the Company for joint construction of a win-win ecosystem in the industry, based on the targeted placement platform built by the Company, with the aim of cooperating with stakeholders in the household industry chain to create value for the ecosystem partners, with an open and inclusive attitude. Based on enablement by the IMP platform, the Company is continuously deepening the new joint marketing model of working with brand factories and distributors in online interactive traffic driving and offline experience and transaction in the home decoration industry, so as to enable the fast construction of digital, full-domain, scenario, chain and cycle user management consortium in the industry, thus gradually and fundamentally addressing pain points in marketing, including difficulties in gaining targeted traffic, high traffic costs, and low utilization rate of traffic. During the Reporting Period, the Company fully integrated the marketing resources of brand factories and merchants. Based on the city-wide marketing scenario for brands with the nationwide promotion, the “Super Category Festival”, “Super Elected Ace” and “Super City-wide Shopping” as the core, the Company further improved the traffic operation ability, realized the cross-category and cross-brand combined and repeated purchase, and efficiently and quickly integrated the resources of the home decoration industry, thus achieving resource sharing and reducing marketing costs.



## 2. CONTINUOUS UPGRADING OF OPERATION MANAGEMENT, AND IMPLEMENTATION OF THE STRATEGY OF “SHIFT OF FOCUS FROM ASSETS TO OPERATION”, WITH A FOCUS ON USER MENTALITY (continued)

### 2.3 Operational management

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

In terms of the product quality management system, the Company has fully upgraded the product quality management system and strictly controlled the quality risks of products sold in shopping malls. During the Reporting Period, it has cooperated with 14 authoritative third-party inspection agencies to coordinate the detection of mysterious buyers in shopping malls nationwide, monitor key category brands, remove the unqualified products from the shelves, suspend sales, conduct secondary inspection and send letters to the factories to ensure that the sold products meet the national environmental protection quality standards.

In terms of environmental protection, the Company cooperates with China Quality Certification Center to conducted production inspections and product sampling inspections of factories. Meanwhile, completion of green exhibition upgrading of terminal booths for nation-wide core shopping malls helps promote brands and educate consumers about how to select greener and environmentally friendly household products.

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

## 2. CONTINUOUS UPGRADING OF OPERATION MANAGEMENT, AND IMPLEMENTATION OF THE STRATEGY OF “SHIFT OF FOCUS FROM ASSETS TO OPERATION”, WITH A FOCUS ON USER MENTALITY (continued)

### 2.3 Operational management (continued)

With regard to the customer service system, we promote the service upgrade with home-based services as the core. While upgrading the service capability of the shopping malls and improving the service standard of the alliance member merchants, we create the theme month/season activities in full consideration of the category festival. Up to now, the segment of home-based services has incorporated nine theme pavilions including sleep and life pavilion, soft decoration and furnishings pavilion and smart electrical appliances pavilion, to provide customers with professional and high-quality home-based services, including mattress mite removal, sofa maintenance, household appliance cleaning and curtain cleaning. Taking soft decoration category as an example, we have successively cooperated with 15 major soft decoration brands in creating the “soft decoration renewal service season” activity. We achieve comprehensive traffic driving by providing maintenance services, soft decoration design solutions, etc. During the Reporting Period, “Home-based Services” served a total of 420,000 households for the year, with a customer satisfaction rate of 100%.

As of the end of the Reporting Period, the net customer recommendation value was 67.35%, the service satisfaction rate was 95.96%, the delivery and installation satisfaction rate was 95.27%, the commodity satisfaction rate was 95.42%, and the environmental satisfaction rate was 97.06%.



### 3. STEADY DEVELOPMENT OF SCALABLE BUSINESS: CONTINUOUS UPGRADING OF THE “HOME IMPROVEMENT AND HOME FURNISHINGS INTEGRATION, ONLINE AND OFFLINE INTEGRATION” STRATEGY

#### 3.1 Home improvement and home furnishings integration

Facing the market pattern of “big industry, small companies” in the home improvement industry, the Company has been committed to solving customers’ problems by relying on its strong supply chain integration capabilities and its nationwide physical shopping mall network. The Company has been dedicated to creating a national home improvement brand integrating design, materials selection, construction, intelligence, environmental protection and service, and providing one-stop and individualized high-quality services characterized by “choosing decoration and buying furniture all in Red Star Macalline”. In addition, while maintaining the sustainable development of its businesses, the Company has continued to consolidate its core advantages, focusing on platform capabilities and refined management. Through the construction of the traffic operation and management platform and the home improvement/public decoration system platform, the Company has achieved the data-based and scientific management process and ensured the construction period and quality of home improvement and public decoration projects.

##### 3.1.1 Diversified channel arrangements for promoting business growth

The Company has developed models including the opening of direct-operated stores in home decoration shopping malls, implementation of a partnership system to expand franchise stores, whole-house decoration, and cooperation with real estate developers in batch refined decoration business, which helps drive traffic and secure orders for brand factories and distributors, thus forming a synergy, and effectively reducing the overall customer acquisition cost for home decoration business and home furnishings of shopping malls.

##### 3.1.2 Full coverage of brands for supporting arrangements for differentiated markets

With regard to the differentiated arrangements for home decoration brands, with the full-category operation capability, supply chain integration capability, and the nationwide network of physical shopping malls, we have created home decoration brands oriented towards different terminal consumer markets, including “Betterhome”, “Better Home” and “Zhenyang.” “Betterhome” is positioned as a mid-and high-end home decoration brand offering full customization. Its stores are located in core areas of shopping malls, which enables it to acquire and identify customers early, while all main and auxiliary materials specified in home decoration contracts can be purchased in the shopping malls, thus effectively driving traffic and securing orders for merchants in the shopping malls and contributing to incremental sales. “Better Home” is oriented towards the mid-end overall decoration market. Under the supply chain model, it achieves direct purchase from the source, thus reducing the intermediate processes of circulation of products and purchase costs, and benefiting consumers. “Zhenyang” serves high-end consumers including luxury property buyers, and provides one-stop high-end customized solutions.

### 3. STEADY DEVELOPMENT OF SCALABLE BUSINESS: CONTINUOUS UPGRADING OF THE “HOME IMPROVEMENT AND HOME FURNISHINGS INTEGRATION, ONLINE AND OFFLINE INTEGRATION” STRATEGY (continued)

#### 3.1 Home improvement and home furnishings integration (continued)

##### 3.1.3 Establishment of a technical middle platform to improve operation efficiency

In terms of digital construction, the Company has independently developed a full-chain ERP system of full-house decoration, digital marketing tools and a CRM system, and has developed the digital capability of the home decoration business. In terms of process technology research and development, the Company has made technological breakthroughs in anti-mildew, anti-seepage, anti-cracking, moisture-proof, villa noise reduction, etc., and obtained relevant utility model patents. During the Reporting Period, the Company has completed the launch of multiple applications/products, including home improvement ERP, employee end, project manager end, supply chain end, recruitment platform, etc. Through these product lines, the Company has completed development of a traffic management platform (placement and aggregation, marketing website, CRM and distribution), a business operation management platform (home improvement and public decoration), and a supply chain management platform (purchase management, bidding and tendering platform, etc.), and has established professional digital marketing capabilities covering advertising placement, acquisition of consumer clues and redistribution of traffic. In terms of construction of the home decoration system platform, through the core business flow management system of home decoration, the customer mini program and the supplier order management system, the Company establishes online processes of the core business of home decoration, supporting mobile management of construction site, thus improving the business management efficiency.

#### 3.2 Online and offline integration

##### 3.2.1 City-wide retail

As a leading home furnishing retail company in China, in its new retail business layout, Red Star Macalline has fully considered the characteristics of “low-frequency but high-value customer orders, and emphasizing on both services and experience” in the home furnishing industry, and pioneered an online and offline city-wide retail model in the industry to promote digital transformation of the industry. In 2019, the Company signed a strategic cooperation agreement with Alibaba to jointly expand business layout in the new retail sector, aiming to introduce Alibaba’s advanced business philosophy and technical support in the new retail sector to further promote the digital upgrading of the Company’s pan-home furnishings consumption industry chain. The “Home Furnishings Tongcheng New Retail” Project between the Company and Tmall is a core part in the above-mentioned strategic cooperation between the Company and Alibaba, aiming at providing better home furnishings shopping experience for users with the help of Tmall online empowerment and in combination with the offline shopping malls and services of Red Star Macalline. As the online main front of Home Furnishings Tongcheng New Retail, “Red Star Macalline Official Flagship Store” on Tmall platform (“Tmall Tongcheng Station”) adopts LBS (Location Based Services) technology to display localized products and undertake localized services and can push the localized digital store interface to users according to their geological location. After a user enters the interface of “Tmall Tongcheng Station”, the back-office system will automatically generate information about the products and services of the Macalline offline shopping malls in the city where the user is located. Then the user can consult about or purchase the home furnishing products in the Red Star Macalline shopping malls without leaving home, and learn details of the products through pictures, videos, 3D scenes and other means. After selecting specific products, the user can directly purchase them online or make an appointment to experience and purchase at a nearby store, realizing an integrated closed-loop process of “online display and customer attraction, offline experience and consumption” for home furnishing products.

### 3. STEADY DEVELOPMENT OF SCALABLE BUSINESS: CONTINUOUS UPGRADING OF THE “HOME IMPROVEMENT AND HOME FURNISHINGS INTEGRATION, ONLINE AND OFFLINE INTEGRATION” STRATEGY (continued)

#### 3.2 Online and offline integration (continued)

##### 3.2.1 City-wide retail (continued)

During the Reporting Period, the Company always attached importance to the construction of the city-wide station operation capacity, and successively upgraded and innovated the product selection, merchandise operation, traffic acceptance, content supply forms and marketing models. In terms of product selection, the Company implemented the “271” merchandise hierarchy strategy, namely, 20% for traffic driving, 70% for hot sales and 10% for image building. The Company formulated a supply strategy covering 30 core secondary categories to improve the details of merchandise operation. In terms of traffic acceptance, the Company established a mechanism for repeated use of traffic and customer resources. Through the optimization of the recommendation algorithm of the merchandise details page and the incentive mechanism for shopping guides to secure orders, the purchase of a category may result in the purchase of other categories, thus improving the traffic driving and customer resource efficiency. In terms of innovation of content supply form, the Company launched panoramic videos and completed the pilot projects in 5 cities. For each merchandise (or each explanation point for a piece of merchandise), users can enjoy a 720-degree view and make anchor points in the video. Users can not only watch the objects explained in the video at a panoramic view, but also re-enter panoramic videos to listen to the explanation of the shopping guide by clicking on the spatial anchor points, thus forming a closed-loop experience of “looking for merchandise, visiting stores, requesting an explanation by the shopping guide, making an appointment and providing contact information, and arriving at stores”, and the presentation form of the merchandise will also significantly improve the click-through rate of the merchandise. In terms of marketing model innovation, the Company created the “Tmall Group New Home (天貓團新家)” operation model. Under the model, the Company provided high-quality online and offline integrated marketing tools, and the marketing activities can reach consumers on Tmall and WeChat, in consideration of spending characteristics in the home decoration industry, through attracting customers online from Monday to Friday and carrying out offline targeted activities at weekends. After users provide contact information in the private domain, the service account will automatically send invitations to them for joining a group purchase group. Meanwhile, the model supports the connection with WeChat groups of enterprises and enables the targeted marketing and longterm management of users in the group, thus achieving the interconnection between the public domain and private domain.

### 3. STEADY DEVELOPMENT OF SCALABLE BUSINESS: CONTINUOUS UPGRADING OF THE “HOME IMPROVEMENT AND HOME FURNISHINGS INTEGRATION, ONLINE AND OFFLINE INTEGRATION” STRATEGY (continued)

#### 3.2 Online and offline integration (continued)

##### 3.2.2 Online targeted traffic driving for enablement of merchants

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

During the Reporting Period, the Company optimized its online traffic purchase arrangements by optimizing the placement matrix of multiple platforms including WeChat, Tik Tok and Xiaohongshu, and tracked the post-click data through a unified customer resource distribution system. Meanwhile, Red Star Macalline systematically standardized the traffic acceptance method. Red Star Macalline re-distributed the traffic to merchants for accurate matching through marketing tools such as customer information sorting and hidden number call, thus enabling merchants to carry out more standardized traffic acceptance and conversion.

In terms of the underlying marketing tools, with the underlying capabilities such as full-parameterization and physically-based real-time rendering, RTX real-time ray tracing, and growth animation built by 3D cloud design, the Company has developed the “Yinghuo Engine (萤火引擎)”, a content marketing solution tool for terminal merchants and shopping guides. Through the tool, users can select one or more models in the content library, which automatically generate contents in three forms, namely video/scenario pictures/white-background pictures. Meanwhile, users can quickly convert satisfactory contents into model details pages, and complete one-click distribution to major short video or community platforms. At present, the Yinghuo Engine supports 6 functional spaces and more than 10 categories of multi-style designs, reducing the threshold of use of the original 3D cloud design software and saving the cost of production of high-quality contents; meanwhile, it provides value-added services of short video marketing and is connected to major mainstream platform engines, thus solving the problem of how to reach more consumers after generating high-quality contents; subsequently, it directs product research and development, production and launch through the generation of visual data analysis, and supports and optimizes ROI of video marketing.



## 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 page 29 and page 32, respectively.

### 1. Revenue

During the Reporting Period, the Group’s revenue amounted to RMB15,512.8 million, representing an increase of 9.0% from RMB14,236.5 million in 2020. The increase in our revenue was primarily due to the increase in the occupancy rate of Portfolio Shopping Malls in 2021 resulting in the increase of revenue from Owned/Leased Portfolio Shopping Malls. During the Reporting Period, the rental and related income of our Owned/Leased Portfolio Shopping Malls increased by 21.1%, mainly due to the rent-free policy implemented by the Group in 2020 and the increase in the rental income and occupancy rate as a result of category adjustment with the orientation towards the strategy of focus on operation during the Reporting Period. The related income from our Managed Shopping Malls decreased by 9.1% during the Reporting Period, mainly due to the decrease in the number of projects for the revenue recognition of construction project and business consultation services for the year. The revenue from construction and design decreased by 10.2% as compared with 2020. Meanwhile, the revenue from home decoration related services and sales of merchandise and other revenue have increased by different degrees as compared with 2020.

The following table sets forth our revenue by segments:

	For the year ended 31 December			
	2021 (Audited)		2020 (Audited)	
	Amount	%	Amount	%
Owned/Leased Portfolio Shopping Malls	<b>8,094,818,286.35</b>	<b>52.1</b>	6,682,413,448.77	46.9
Managed Shopping Malls	<b>3,256,244,786.68</b>	<b>21.0</b>	3,580,465,132.95	25.2
Construction and design	<b>1,498,607,716.09</b>	<b>9.7</b>	1,668,238,075.14	11.7
Related home decoration and sales of merchandise	<b>1,395,546,601.53</b>	<b>9.0</b>	1,224,005,416.99	8.6
Others	<b>1,267,574,825.19</b>	<b>8.2</b>	1,081,338,025.13	7.6
<b>Total</b>	<b>15,512,792,215.84</b>	<b>100.00</b>	14,236,460,098.98	100.0

## 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 related home decoration and sales of merchandise. The cost of sales of the Group increased from RMB5,480.2 million in 2020 to RMB5,946.5 million in 2021, representing an increase of 8.5%, mainly due to the increase in the Company's revenue for the year and the rise in costs incurred in normal business operations.

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

	For the year ended 31 December			
	2021 (Audited)		2020 (Audited)	
	Amount	%	Amount	%
Owned/Leased Portfolio Shopping Malls	<b>1,853,279,832.71</b>	<b>31.2</b>	1,566,523,960.01	28.7
Managed Shopping Malls	<b>1,551,333,485.38</b>	<b>26.1</b>	1,437,893,251.23	26.2
Construction and design	<b>1,089,089,511.78</b>	<b>18.3</b>	1,123,349,218.85	20.5
Related home decoration and sales of merchandise	<b>1,108,772,190.30</b>	<b>18.6</b>	956,135,495.38	17.4
Others	<b>344,001,354.12</b>	<b>5.8</b>	396,268,099.39	7.2
<b>Total</b>	<b>5,946,476,374.29</b>	<b>100.0</b>	5,480,170,024.86	100.0

## FINANCIAL REVIEW (continued)

### 3. Gross Profit and Gross Profit Margin

During the Reporting Period, the Group's gross profit was RMB9,566.3 million, representing an increase of 9.3% from RMB8,756.3 million in 2020; the Group's integrated gross profit margin was 61.7%, which remained basically stable as compared with 61.5% in 2020.

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

	For the year ended 31 December	
	2021 (Audited)	2020 (Audited)
Owned/Leased Portfolio Shopping Malls	77.1%	76.6%
Managed Shopping Malls	52.4%	59.8%
Construction and design	27.3%	32.7%
Related home decoration and sales of merchandise	20.5%	21.9%
Others	72.9%	63.4%
<b>Total</b>	<b>61.7%</b>	<b>61.5%</b>

### 4. Sale expenses

During the Reporting Period, the Group's sale expenses amounted to RMB2,063.5 million (accounting for 13.3% of the revenue), representing an increase of 21.8% from RMB1,693.8 million (accounting for 11.9% of the revenue) in 2020, which was primarily due to the year-on-year increase in advertising expenses and promotional expenses as a result of the Group's control of brand promotion in response to the epidemic in 2020 and the resumption of normal promotional activities during the Reporting Period.

### 5. Management expenses

During the Reporting Period, the Group's management expenses amounted to RMB2,004.1 million (accounting for 12.9% of the revenue), representing an increase of 19.2% from RMB1,680.9 million (accounting for 11.8% of the revenue) in 2020, which was primarily due to the Group's reduction of various expenses such as office and administrative expenses in 2020 in response to the impact of the epidemic and the resumption of normal office and business activities in the Reporting Period, which led to the year-on-year increase.

## FINANCIAL REVIEW (continued)

### 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 decreased to RMB2,461.0 million in 2021, which was almost the same as those of RMB2,464.4 million in 2020.

Interest expenses were mainly comprised of interest of bank and other borrowings, interest of financial lease and bond interests, etc.. Interest expenses increased from RMB2,914.5 million in 2020 to RMB3,076.8 million in 2021, representing an increase of 5.6%.

### 7. Treasury Policies and Objectives

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

### 8. Income Tax Expenses

During the Reporting Period, the income tax expenses of the Group amounted to RMB613.0 million, representing a decrease of 18.3% from RMB750.1 million in 2020, which was mainly due to the reasonable planning during the Reporting Period.

### 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 RMB2,047.4 million, representing an increase of 18.3% from RMB1,730.6 million in 2020; the net profit attributable to owners of the Company after deducting non-recurring profit or loss amounted to RMB1,657.8 million, representing an increase of 42.6% from RMB1,162.3 million in 2020.

	For the year ended 31 December		Increase/ Decrease
	2021 (Audited)	2020 (Audited)	
Net profit attributable to owners of the Company	<b>2,047,401,906.98</b>	1,730,581,791.56	18.3%
Net profit margin attributable to owners of the Company	<b>13.2%</b>	12.2%	1.0 ppts
Net profit attributable to owners of the Company after deducting non-recurring profit or loss	<b>1,657,757,700.57</b>	1,162,324,473.64	42.6%
Net profit margin attributable to owners of the Company after deducting non-recurring profit or loss	<b>10.7%</b>	8.2%	2.5 ppts

During the Reporting Period, the Group's earnings per share was RMB0.51, as compared to RMB0.44 in the same period of 2020.

## FINANCIAL REVIEW (continued)

### 10. Accounts Receivable

As of the end of the Reporting Period, the book value of accounts receivable of the Group amounted to RMB1,957.7 million (including the book balance of accounts receivable of RMB3,367.4 million and the bad debt allowance of RMB1,409.8 million), representing an increase of RMB22.9 million from RMB1,934.8 million as at the end of 2020.

### 11. Other Receivables

As of the end of the Reporting Period, the book value of other receivables of the Group was RMB935.7 million, representing a decrease of RMB589.0 million from RMB1,524.7 million as at the end of 2020, which was mainly due to the decrease in sales proceeds collected on behalf of the tenants and amounts during the Reporting Period.

### 12. Other Equity Instrument Investments

As of the end of the Reporting Period, the book value of other equity instruments investments of the Group was RMB4,170.0 million, which was mainly due to the Group's investment in the equity of upstream and downstream enterprises in the household industry and home furnishing products manufacturer related to artificial intelligence, for strategic purposes, and the plan to hold such equity investments for a long time.

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

As of the end of the Reporting Period, the book value of the Group's investment properties amounted to RMB95,575.0 million, representing an increase of 2.6% from RMB93,150.0 million as at the end of 2020. During the Reporting Period, the investment properties of the Group realized a gain on fair value changes of RMB374.4 million. It was mainly due to advancement in construction progress of Owned Portfolio Shopping Malls project under construction during the Reporting Period and the disposal of certain properties in the logistics sector in the period.

### 14. Capital Expenditure

During the Reporting Period, the Group's capital expenditure amounted to RMB2,388.2 million (2020: RMB2,897.0 million), which mainly includes purchase expenditure of investment properties and construction development expenditure. The expenditure in 2021 decreased by 17.6% as compared with 2020, 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.



## FINANCIAL REVIEW (continued)

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

As of the end of the Reporting Period, the cash and bank balances of the Group amounted to RMB6,903.7 million (of which, the balance of cash and cash equivalents amounted to RMB6,098.0 million), representing an increase of RMB392.6 million from RMB6,511.1 million (of which, the balance of cash and cash equivalents amounted to RMB5,901.1 million) as at the end of 2020.

	For the year ended 31 December	
	2021 (Audited)	2020 (Audited)
Net cash flow from operating activities	<b>5,380,669,282.08</b>	4,159,732,441.59
Net cash flow from investment activities	<b>(126,813,546.19)</b>	(4,851,801,126.36)
Net cash flow from financing activities	<b>(5,053,632,975.99)</b>	(181,898,109.56)
Impact of exchange rate changes on cash and cash equivalents	<b>(3,297,946.51)</b>	(1,064,656.34)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>196,924,813.39</b>	(875,031,450.67)

During the Reporting Period, the Group's net cash inflow from operating activities amounted to RMB5,380.7 million, representing an increase of RMB1,221.0 million from a net cash inflow of RMB4,159.7 million in 2020, mainly due to the relief and delayed collection of rental and management fees under the impact of the COVID-19 pandemic in 2020.

During the Reporting Period, the Group's net cash outflow from investment activities amounted to RMB126.8 million, representing a decrease in outflow of RMB4,725.0 million from a net cash outflow of RMB4,851.8 million in 2020. It was primarily due to recovery of investment fund, increase in dividend for investment projects and disposal of subsidiaries during the Reporting Period.

During the Reporting Period, the Group's net cash outflow from financing activities amounted to RMB5,053.6 million, representing an increase in outflow of RMB4,871.7 million from a net cash outflow of RMB181.9 million in 2020, mainly due to the increase in repayment of debts during the Reporting Period as compared with the same period last year.

## FINANCIAL REVIEW (continued)

### 16. Debt Profile and Debt Ratio

As of the end of the Reporting Period, the total amount of debt of the Group was RMB39,511.6 million, of which banks and other borrowings were RMB28,737.8 million, bonds payable were RMB4,436.3 million and commercial mortgage-backed securities payables were RMB5,442.3 million.

The following table sets out our profile debt:

	As at 31 December 2021 (Audited) (RMB'000)	As at 31 December 2020 (Audited) (RMB'000)
<b>Bank and other borrowings</b>		
Secured	28,071,850	29,569,793
Unsecured	665,970	349,563
<b>Total</b>	<b>28,737,820</b>	29,919,356
Fixed-rate borrowings	8,023,149	7,256,420
Floating-rate borrowings	20,714,671	22,662,936
<b>Total</b>	<b>28,737,820</b>	29,919,356
<b>The borrowings are repayable</b>		
Within one year or on demand	7,131,503	7,706,927
More than one year, but not exceeding two years	3,577,115	3,143,196
More than two years, but not exceeding five years	8,987,156	8,377,401
More than five years	9,042,046	10,691,832
<b>Total</b>	<b>28,737,820</b>	29,919,356
<b>Actual interest rate range</b>		
Fixed-rate borrowings	3.40-15.40	3.00-11.00
Floating-rate borrowings	4.25-8.00	4.25-5.96

## FINANCIAL REVIEW (continued)

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

Name of Bonds	Par Value	Issue Date	Maturity	31 December 2021 (Audited) (RMB'000)	31 December 2020 (Audited) (RMB'000)
Public offering of Corporate Bonds of 2016 of Red Star Macalline Group Corporation Ltd. (First tranche) (7-year)	RMB1,500 million	2016	7 years	32,533	1,495,683
Medium-term notes of 2018 of Red Star Macalline Group Corporation Ltd. (First tranche)	RMB500 million	2018	3 years	–	498,471
Medium-term notes of 2019 of Red Star Macalline Group Corporation Ltd. (First tranche)	RMB500 million	2019	3 years	499,927	499,052
Public offering of Corporate Bonds of 2019 of Red Star Macalline Group Corporation Ltd. (First tranche) (Type 2)	RMB2,000 million	2019	4 years	829	1,992,310
Public offering of Corporate Bonds of 2016 of Red Star Macalline Group Corporation Ltd. (First tranche) (5-year)	RMB1,500 million	2016	5 years	–	46,800
Medium-term notes of 2020 of Red Star Macalline Group Corporation Ltd. (First tranche)	RMB500 million	2020	3 years	499,258	498,227
Public offering of Corporate Bonds of 2020 of Red Star Macalline Group Corporation Ltd. (First tranche)	RMB500 million	2020	3 years	499,740	498,109
Public offering of Corporate Bonds of 2020 of Red Star Macalline Group Corporation Ltd. (Second tranche)	RMB500 million	2020	3 years	499,300	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	498,122	496,371
USD Bonds of 2017 of Hong Kong Red Star Macalline (5-year)	USD300 million	2017	5 years	1,906,609	1,943,220
<b>Total</b>				<b>4,436,318</b>	<b>8,465,899</b>

## FINANCIAL REVIEW (continued)

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

	As at 31 December 2021 (Audited) (RMB'000)	As at 31 December 2020 (Audited) (RMB'000)
<b>Commercial mortgage-backed securities payables</b>		
Securities due in 2021	–	2,451,754
Securities due in 2022	2,151,308	3,319,722
Securities due in 2023	512,201	513,376
Securities due in 2024	2,778,808	–
<b>Total</b>	<b>5,442,317</b>	<b>6,284,852</b>

Among the total debts of the Group, the portion repayable within one year or on demand amounted to RMB13,538.5 million, the portion repayable over one year but less than two years amounted to RMB4,821.9 million, the portion repayable over two years but less than five years amounted to RMB11,816.9 million and the portion repayable over five years amounted to RMB9,374.3 million. The Group will promptly repay the above borrowings at maturity.

The following table sets out our major debt ratios:

	As at 31 December 2021 (Audited)	As at 31 December 2020 (Audited)
Asset-liability ratio <sup>(1)</sup>	57.4%	61.2%
Net gearing ratio <sup>(2)</sup>	56.7%	76.9%

	For the year ended 31 December	
	2021 (Audited)	2020 (Audited)
Interest expenses coverage ratio <sup>(3)</sup>	1.94	2.01

Notes:

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

### FINANCIAL REVIEW (continued)

#### 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 RMB87,626.0 million, and other equity instrument investments and restricted cash and bank balances with a total book balance of RMB403.6 million for obtaining loans, the balance of such loans is RMB33,856.8 million; the Group holds restricted cash and bank balances with a balance of RMB517.0 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

During the Reporting Period, the Company entered into agreements to transfer to Beijing Yuanhong Enterprise Management Consultancy Co., Ltd., all equity interests held by it in logistics companies including Tibet Red Star Macalline Business Management Company Limited, Red Star Macalline (Shanghai) Business Management Company Limited, Tianjin Red Star Macalline Logistics Company Limited, Shanghai Beibo Logistics Company Limited, Shanghai Beizheng Logistics Company Limited, Shanghai Beiyue Logistics Company Limited, Shanghai Beimao Logistics Company Limited. The above equity transfer was completed during the Reporting Period, with the proceeds of approximately RMB448 million, accounting for approximately 16.0% of pre-tax profit of the Group for 2021.

#### 21. Capital commitment

As of the end of the Reporting Period, the amount of capital expenditure in respect of the acquisition and development of investment properties which the Group has contracted for but not recognized in the financial statements was RMB1,479.2 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 RMB348.2 million.



## FINANCIAL REVIEW (continued)

### 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 RMB1,479.3 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 RMB348.2 million. Such agreements are disclosed in Note XI.1 Significant Commitments of the Consolidated Financial Statements on page 474. 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.

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

### 24. Human resources

As of the end of the Reporting Period, the Group had 21,514 employees (31 December 2020: 25,201 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 2021, the Group paid a total of RMB3,792.9 million for salary expenditure (2020: RMB3,245.5 million). Meanwhile, the Group also kept investing resources to provide various education and training opportunities for its employees, aiming to standardize the management work and improve the operation performance, and continuously improved the knowledge and technical competence as well as professional practice competence of the employees.

## RISK FACTORS

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

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

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

After experiencing the sluggish performance during the COVID-19 pandemic in 2020, China's home furnishing market is gradually releasing the lagging demand for residential decoration and renovation as affected by the pandemic. According to the statistics of Frost & Sullivan, the sales amount achieved in China's home improvement and furnishing industry in 2021 was RMB5.2 trillion, representing an increase of 15.1% on a year-on-year basis.

The national real estate policy of advocating "housing for living in, not for speculation" and deleveraging to moderately control the real estate development pace will promote the sound and steady development of the real estate industry. The growth in the residents' income level, the continuous progress in urbanization, the continuous increase in the demand for renovation of existing houses, the consumption upgrading of household products and other factors will contribute to sustained development space of the home improvement and furnishing industry.

According to the statistics of Frost & Sullivan, the sales of China's home furnishing market is expected to grow to RMB6.7 trillion at a compound annual growth rate (CAGR) of 5.2% from 2021 to 2026.

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

### 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.

### RISK FACTORS (continued)

#### 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.

#### 4. Other Risks

As of the end of 2021, the Company operated 95 portfolio shopping malls, including 61 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 RMB95.57 billion, accounting for 70.7% of total assets. The proportion has decreased year by year. As the Company's future expansion focuses on the asset-light model, there will be limited investment in the construction of self-owned properties reserved, and the scale of investment real estate will be stable in the future. During the Reporting Period, the investment properties of the Company realized a gain on fair value changes of RMB374 million, accounting for 13.36% of the Company's total profit, which was decreased 4.29% comparing to 2020. 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 2022 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, 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.

The Company will continue to promote the expansion of categories and the construction of theme pavilions, and continue to tap the categories with market potential. By targeting the segment consumption circles, the Company will accurately operate the traffic to the store, thereby guiding connected sales between categories and extending the consumption chain of consumers in shopping malls. Gathering consumers by category can also realize the flow of consumers across brands, thereby enhancing the operation efficiency of shopping malls. The Company will continue to upgrade the operation capabilities, categories and brands, consumer services and reputation, marketing and other aspects of shopping malls, create more and better shopping malls, and deliver value samples of in-depth operations to consumers and the industry.

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

### OUTLOOK AND PROSPECTS (continued)

#### 2. To Deeply Focus on Home Decoration Business, Make a Breakthrough in Full-Cycle Services of Home Furnishings Consumption

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”, practice the strategic goal of “one-stop service for high-end home improvement”, and provide consumers with one-stop solutions for design, home improvement, goods and services. The Company will continue to operate the home improvement brands on specific floors targeting different consumer groups, improve the service quality, standardize the construction process, enhance the construction technology and strengthen the monitoring and management by relying on the full-category operation capability, the supply chain integration capability and the nationwide network of more than 400 physical shopping malls. The Company will acquire customers and lock orders in advance for home furnishing consumption in shopping malls through the customized refurbishment business, so as to drive the increment of home furnishing consumption in shopping malls. The Company will cooperate with more leading brands to accumulate its supply chain capabilities through the standard refurbishment business, serve consumers with lower prices by means of direct and centralized purchases, and help brands diversify their channels and increase market share. In addition, the Company will continue to strengthen its digital capability and promote the construction of digital platform infrastructure.

#### 3. To Implement the Digital Reform, Deeply Penetrate in New Retail

The Company will strengthen digital operation of shopping malls, and explore more online new retail channels to reach consumers while consolidating the development of “Tmall Tongcheng Station”, so as to achieve omni-channel customer acquisition and omni-channel marketing.

The Company will continue to support traditional brands and distributors and empower them to have the ability of online operation. Meanwhile, we will keep upgrading and innovating in many aspects such as product selection, commodity operation, and traffic acceptance. The Company will further conduct online and offline integrated operations, deepen consumers’ mentality of “online pre-selection, offline transaction”, and achieve precise online traffic directing and offline conversion and transaction by carrying out in-depth online operations, improving consumer portraits and helping consumers clarify their consumption needs.

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

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

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

**Mr. GUO Binghe**, aged 48, joined the Company in June 2007 and was a vice general manager of the Company from October 2011 to December 2021. He served as the Secretary to the Board from December 2013 to December 2021, and has also been serving as Vice Chairman of the Company since November 2018. He is primarily responsible for the Company's legal compliance and internal control 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 53, 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 the Central Enterprise Committee of the China National Democratic Construction Association (中國民主建國會中央企業委員會), 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市委員會企業委員會), the chairman of the Red Star Macalline Branch of the China National Democratic Construction Association (中國民主建國會紅星美凱龍支部), 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 "National Outstanding Achievement Award for Excellent Entrepreneurial Women", the "Excellent Entrepreneur" in the National Building Decoration Materials Industry, the "Glory Star of Shanghai in 2017", "The March 8th Red Banner Pacesetter in Shanghai in 2017-2018", the "Top Ten Outstanding Entrepreneurs" by Shanghai Committee of China National Democratic Construction Association", the "Advanced Individual in Prevention and Control of COVID-19 Pandemic" by Shanghai Committee of China National Democratic Construction Association and other awards.

**Mr. JIANG Xiaozhong**, aged 52, 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.

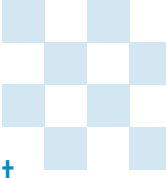
### NON-EXECUTIVE DIRECTORS

**Ms. CHEN Shuhong**, aged 49, 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. CHEN Zhaohui**, aged 43, joined Zhongrong Life Insurance Co., Ltd. in July 2017, served as the chief actuary from July 2017 to December 2018, the deputy general manager since December 2018 and the deputy general manager and person in charge of finance since January 2019. He successively worked at Minsheng Life Insurance Co., Ltd., Sun Life Everbright Life Insurance Co., Ltd., BOB-Cardif Life Insurance Co., Ltd., Bohai Life Insurance Co., Ltd. and Asia Pacific Actuarial Department of PricewaterhouseCoopers from July 2003 to July 2017, during which he was in charge of product development, actuarial evaluation, asset and liability management, solvency management and other related work and corresponding team management.

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

**Mr. JIANG Xiangyu**, aged 36, has served as General Manager of the Equity Investment Department of AEON Insurance Asset Management Co., Ltd. since January 2017. Prior to this, Mr. JIANG served as a consultant of Deloitte Touche Tohmatsu Certified Public Accountants from August 2008 to August 2010, and as an investment manager of SINALIS from September 2011 to December 2013. From June 2014 to September 2016, he served as Senior Investment Manager of the Asset Management Center of AEON Life Insurance Co., Ltd., and from September 2016 to December 2016, he served as Assistant to the General Manager of the Equity Investment Department of AEON Insurance Asset Management Co., Ltd. Currently, he is also a director of Beijing Capital Development Co., Ltd., a company listed on the Shanghai Stock Exchange (stock code: 600376). Mr. JIANG graduated from the Chinese University of Hong Kong with a master's degree in Business Administration.



## Directors, Supervisors and Senior Management

**Ms. Hu Xiao**, aged 42, serves as a director and managing director of the strategic investment department of Alibaba Group Holding Ltd. (阿里巴巴集團控股有限公司) (a company listed on the New York Stock Exchange under the stock code of BABA, and on the Stock Exchange under the stock code of 9988) consecutively since March 2017. Ms. Hu served as an accountant of KPMG Huazhen LLP (畢馬威華振會計師事務所) from September 2002 to July 2003, a research assistant of the stock research department of China International Capital Corporation Limited (中國國際金融股份有限公司) (a company listed on Shanghai Stock Exchange under the stock code of 601995, and on the Stock Exchange under the stock code of 3908) from July 2003 to July 2006, an associate and vice president of Citigroup Global Markets Asia Limited consecutively from July 2008 to July 2012, a vice president and director of Merrill Lynch (Asia Pacific) Limited consecutively from July 2012 to March 2017. She has served as a non-executive director of Huatai Securities Co., Ltd. (華泰證券股份有限公司) (a company listed on Shanghai Stock Exchange under the stock code of 601688, and on the Stock Exchange under the stock code of 6886) since October 2018 and a non-independent director of YTO Express Group Co., Ltd. (圓通速遞股份有限公司) (a company listed on Shanghai Stock Exchange under the stock code of 600233) since February 2021. Ms. Hu graduated from The Hong Kong University of Science and Technology with a master degree in business administration in April 2008.

**Mr. Yang Guang**, aged 45, joined Alibaba Group Holding Ltd. (阿里巴巴集團控股有限公司) (a company listed on the New York Stock Exchange under the stock code of BABA, and on the Stock Exchange under the stock code of 9988, the "Alibaba Group") in September 2007, and currently serves as the president of Tmall industry development and operation centre of Alibaba Group, being responsible for the operation of Tmall and Taobao. Before his current position in Alibaba Group, Mr. Yang led the operation team of consumer electronics product in Taobao.com and served as vice president of Tmall Business Segment. Mr. Yang was also one of the core members of the team responsible for the establishment of Tmall.com and Taobao Travel. From 2012 to 2015, Mr. Yang was responsible for Taobao.com's innovative business. Mr. Yang previously served as a non-executive director of Haier Electronics Group Co., Ltd., and a director of Suning.com Co., Ltd. (蘇寧易購集團股份有限公司 · a company listed on the Shenzhen Stock Exchange under the stock code of 002024). Mr. Yang has also served as a non-executive director of AGTech Holdings Limited (亞博科技控股有限公司 · a company listed on the Stock Exchange under the stock code of 8279) since August 2016. Mr. Yang graduated from Jilin University (吉林大學), China, majoring in biological pharmacy in June 1999.

### INDEPENDENT NON-EXECUTIVE DIRECTORS

**Mr. LEE Kwan Hung, Eddie**, aged 56, has been appointed as our independent non-executive Director since February 2015. He is primarily responsible for participating in the decision making for our Company's significant events and advising on issues relating to the nomination of our Directors and senior management. From December 1992 to April 1994, Mr. LEE worked in the Listing Division of the Stock Exchange, where he served as a manager and later a senior manager, and was a partner of Woo Kwan Lee & Lo from April 2001 to February 2011. Mr. LEE is currently a consultant at Howse Williams law firm. He has been an independent non-executive director of several companies listed on the Stock Exchange, including Embry Holdings Limited (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, 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 was an independent non-executive director of China BlueChemical Ltd. (stock code: 3983) (until May 2021).

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



## Directors, Supervisors and Senior Management

**Mr. QIAN Shizheng**, aged 69, 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 Chengtuo 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 47, currently is a partner in the capital markets practice of Hillhouse investment. During April 2000 and March 2001, he served as manager in the head office of Bank of China. During March 2001 and March 2011, he served as senior manager in the Shanghai Stock Exchange. From March 2011 to April 2015, he served as an investigator of the CSRC. From April 2015 to December 2015, he served as a member of the executive committee of Shanghai Lujiazui International Financial Assets Commodity Exchange Co., Ltd. (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 47, served as the general manager of Chateau Medicis (France), Asia regional partner and deputy president of Barnes International (France), and director and president of Barnes Asia Limited (Hong Kong), and currently is the deputy chairman and senior executive vice president of Grand Parc Du Puy Du Fou (France) in Asia region, the co-founder and director of Tandem Partners Limited (Hong Kong), and the founder and director of Chinaccessory Manufactory Co. Limited (Hong Kong).

Ms. ZHAO obtained a master's degree in business administration in the Open University of Hong Kong, (now known as Hong Kong Metropolitan University (香港都會大學)), 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 58, 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.



### SUPERVISORS

**Mr. PAN Ning**, aged 55, has been the chairman of the Supervisory Committee of the Company since February 2012. He was previously a vice general manager of the Company from June 2007 to December 2011, mainly responsible for overseeing the audit and evaluating investment decisions of the Company. Prior to joining the Company, Mr. PAN worked as an officer at the Changzhou branch of the People's Bank of China, the Changzhou branch of Industrial and Commercial Bank of China and Changzhou Commercial Bank from November 1983 to March 2002. Mr. PAN served as a vice president of Red Star Furniture Group from 2002 to 2007, mainly responsible for corporate finance work.

Mr. PAN completed a part-time course in finance at Jiangsu Radio and Television University (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 51, has been the employee representative Supervisor of the Company since December 2010. Ms. CHAO has been serving as a general manager of the Company's first business 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 55, 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), 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 45, 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 serves as an independent director of HONSUN, Honghui Optics Communication, Etone Information, Shanghai Shengnong and Chinanets, a master tutor of the School of Economics at Fudan University, a master tutor of the Fanhai International Finance School at Fudan University, the director of the Art Finance Institution of Asian Humanity and Nature Research (Macao), and the deputy director of the Shanghai Financial Committee of China National Democratic Construction Association. Mr. CHEN was accredited as a Chinese Certified Public Accountant by Shanghai Institute of Certified Public Accountants (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

**Ms. QIU Zhe**, aged 44, has been the Executive President since joining our Company in July 2021, and she has also served as the Secretary to the Board since December 2021, mainly responsible for the Company's legal compliance, corporate governance, internal control, investor relations and information disclosure. Ms. QIU has the practicing qualification of Chinese certified public accountant and was accredited as the Secretary to the Board by the Shanghai Stock Exchange in September 2021. Prior to joining our Company, Ms. QIU worked at Ernst & Young Hua Ming LLP Shanghai Branch from September 1999 to May 2018; she then worked at the Investor Relations Department of Alibaba Group and served as Director of Investor Relations from June 2018 to June 2021. Ms. QIU has obtained a master's degree in accounting from the Chinese University of Hong Kong, and was accredited as the certified public accountant by the Chinese Institute of Certified Public Accountants.

**Mr. LIU Yuanjin**, aged 67, 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 Jujian 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.



## Directors, Supervisors and Senior Management



**Mr. XI Shichang**, aged 47, 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.

**Mr. LI Jianhong**, aged 48, 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 340 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 11. Also, the risk management objectives and policies of the Group can be found in the section headed "Corporate Governance Report" on page 112. Particulars of important events affecting the Group that have occurred since the end of the financial year ended 31 December 2021 are provided in Note XII to the Consolidated Financial Statements on page 474 and the section headed "Report of Directors" on page 56. 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》.





## Report of Directors

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

We have taken and will continue to take specific measures to ensure our compliance with applicable environmental laws and regulations, including (i) strictly selecting construction contractors and supervising the process of construction; (ii) applying for review by the relevant government authorities in a timely manner after the project is completed; and (iii) actively adopting environmentally friendly equipment and designs. We also undertake voluntary environmental protection actions and make energy conservation and emission reduction our top considerations when designing our property projects. In 2021, we incurred environmental compliance costs of approximately RMB92.47 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 2021. 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 five months after the financial year.

## 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 40 in the section headed "Management Discussion and Analysis".

### BANK LOANS AND OTHER BORROWINGS

Please refer to Note V.26, 34, 35, 36, 37, 41 to the Consolidated Financial Statements on pages 283, 290-296, 299-300 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.

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).

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. The mid-term notes were still outstanding on 31 December 2021.

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. The mid-term notes were still outstanding on 31 December 2021.

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.37 to the Consolidated Financial Statements on page 293 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.41 to the Consolidated Financial Statements on page 299 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

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.16 to the Consolidated Financial Statements on page 262 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 RMB7,225.06 million.

Please refer to the statement of changes in equity on page 150 and the Company's balance sheet on page 145 for the change in reserves of the Group and information about the statement of financial position of the Company for the end of the Reporting Period.

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

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

### FINAL DIVIDEND

The Board has proposed the distribution of an ordinary final dividend of RMB0.1 per share for the year ended 31 December 2021. Based on the total share capital of 4,354,732,673 shares as of 31 December 2021, a total of RMB435,473,267.30 of final dividend will be paid, of which the cash dividend of RMB361,344,703.90 will be paid to holders of A Shares and the cash dividend of RMB74,128,563.40 will be paid to holders of H Shares respectively, which are subject to approval at the AGM. The dividend is expected to be distributed on or around 20 July 2022.

### 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.



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 284 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 654 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 RMB702.46 million, accounting for 4.53% of the total annual sales.

Purchases from the top five suppliers were RMB354.84 million, accounting for 5.97% of the total annual purchases.

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

## CHARITABLE DONATIONS

The donations by the Group for the end of the Reporting Period amounted to approximately RMB31.04 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) Contract Management Agreements with Xuzhou RSHFC, Xuzhou RSHFP, Yangzhou RSHFP, Jining Hongrui Real Estate Co., Ltd. and Shaanxi Hongrui

The Company and each of Xuzhou RSHFC, Xuzhou RSHFP, Yangzhou RSHFP, Jining Hongrui Real Estate Co., Ltd. (currently known as “Jining Hongrui Market Management Company Limited”) and Shaanxi Hongrui Home Furnishings Plaza Co., Ltd. (“Associated Business Partners”) entered into the contract management agreement and the supplementary agreement (the “Contract Management Agreements”), as the case may be, 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 who become connected persons of the Company under Rule 14A.07 of the Listing Rules by virtue of being the Associates of Mr. CHE Jianxing and Ms. CHE Jianfang, both of whom are executive Directors of the Company, 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 Market Management Company Limited, 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.

For each of the years ended 31 December 2019, 2020 and 2021, the Company received management fees in the total amount of RMB16.1 million, RMB13.7 million and RMB15.7 million under the five contract management agreements with the Associated Business Partners. Each of the contract management agreements is for a term ranging from 3 to 10 years commencing from its respective signing date, while the contract management agreements with Yangzhou RSHFP and Jining Hongrui Market Management Company Limited respectively were valid until 31 December 2021 and 28 September 2021. On 17 September 2021, the Company entered into a new contract management agreement with Yangzhou RSHFP and Jining Hongrui Market Management Company Limited 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 Yangzhou RSHFP and Jining Hongrui Market Management Company Limited which in turn also lead to changes to the overall annual caps for the contract management transactions for the years ended 31 December 2021, 2022 and 2023. The annual caps for the management fees for each of the years ended 31 December 2021, 2022 and 2023 is expected to be RMB17.55 million, RMB16.66 million and RMB7.5 million, respectively. For further details, please refer to the announcement of the Company dated 17 September 2021.

For the Reporting Period, the management fees received and receivable by the Company pursuant to these agreements and these supplemental agreements amounted to RMB15.7 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.

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

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. The engineering design services provided by Macalline Design included all design consultation services for projects such as civil engineering design and secondary design.

On 30 March 2021, 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 2021. Pursuant to which, Shanghai Macalline Building Design provided design services to RSM Holding or its subsidiaries for a consideration of not more than RMB120,000,000 with a term of one year which expired on 16 April 2022. For further details, please refer to the announcement of the Company dated 30 March 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 17 April 2020 and 30 March 2021.

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 RMB52.7 million.

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

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.

On 30 March 2021, the Company and RSM Holding entered into the Service Framework Agreement in respect of Decoration and Renovation Engineering and Construction with effect from 1 April 2021, pursuant to which the Company or its subsidiaries will provide renovation engineering and construction services to RSM Holding or its subsidiaries for a consideration of up to RMB700,000,000, for a term of one year expiring on 31 March 2022. For further details, please refer to the announcement of the Company dated 30 March 2021.

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 Service Framework Agreement in respect of Decoration and Renovation Engineering and Construction with RSM Holding constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

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

During the Reporting Period, according to the Service Framework Agreement in respect of Decoration and Renovation Engineering and Construction with RSM Holding, the engineering construction fees actually incurred by RSM Holding was RMB340.2 million.

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

On 30 March 2021, 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. Pursuant to the Procurement Framework Agreement, Betterhome Construction and its subsidiaries will provide products for RSM Holding and its subsidiaries from 1 April 2021 to 31 March 2022. The procurement amount is up to RMB160,000,000.

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 RMB40.1 million.

**(v) Framework Agreement for Software and Computer Information System Integration Services with Shanghai Red Star Win-Win Cloud**

On 30 March 2021, the Company and Shanghai Red Star Win-Win Cloud Computing Technology Co., Ltd. (“Shanghai Red Star Win-Win Cloud”, currently known as “Shanghai Hongxing Cloud Computing Technology Co., Ltd.”), an indirect subsidiary of RSM Holding, entered into a framework agreement for computer information system integration services, pursuant to which RSM Holding will provide computer information system integration services to the Company and its subsidiaries at a consideration of up to RMB92,000,000, for a term from 17 April 2021 to 16 April 2022.

RSM Holding is the controlling shareholder of the Company, 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 framework agreement for computer information system integration services constitute continuing connected transactions of the Company pursuant to Chapter 14A of the Listing Rules.

The Directors believe that through the computer information system integration services provided by Shanghai Red Star Win-Win Cloud, the Company will be able to better communicate and understand project requirements, manage the project progress and quality, while in order to ensure the safety and stability of the system project, Shanghai Red Star Win-Win Cloud can provide follow-up irregular services. For further details, please refer to the announcement of the Company dated 30 March 2021.



During the Reporting Period, according to the framework agreement for computer information system integration services, the real amount of computer information system integration services provided to the Company was RMB34.5 million.

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

On 13 January 2020, the Company and Shanghai Xingzhiyu Commercial Operation and 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 property service fee and other fees 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 parking space rental were RMB0.624 million and RMB0.624 million, respectively.

On 30 December 2021, the Company and 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 January 2021 to 31 December 2022, and the rental is RMB7.8 per square meter per day. For the year ended 2022, the annual cap for the rental was RMB59 million.

Furthermore, on the same day, the Company entered into the Property Service Contract with Shanghai Xingzhiyu in relation to the property management matters of the commercial office building of the Company. Pursuant to the Property Service Contract, Shanghai Xingzhiyu will provide property management services for the commercial office building of the Company from 1 January 2022 to 31 December 2022, with the property service fee of RMB28 per square meter per month. For the year ended 2022, the annual cap for the property service fee and other fees was RMB14.5 million.

On the same day, 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 the year ended 2020, the annual cap for the parking space rental was RMB0.29 million.

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 30 December 2021.

During the Reporting Period, the housing rental and parking space rental paid and payable by Shanghai Xingzhiyu were RMB51.2 million and RMB0.37 million, respectively. During the Reporting Period, the property service fee and other fees paid and payable by the Company to Shanghai Xingzhiyu was RMB12.6 million.

### (vii) 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 executive 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.

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

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

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

Macalline Commercial Factoring has provided and will continue to provide Sunan Construction with accounts receivable financing services (“Factoring”). Immediately following the completion of the agreed transfer of a 100% equity interest in Red Star Commercial Factoring by the Company to RSM Holding (for details, refer to “Connected Transactions” - “(ii) Equity Transfer Agreement with Red Star Financial Leasing and Equity Transfer Agreement with Red Star Commercial Factoring” in this section), Red Star Commercial Factoring will become a wholly-owned subsidiary of RSM Holding, the controlling shareholder of the Company. Therefore, pursuant to Chapter 14A of the Listing Rules, Red Star Commercial Factoring will become a connected person of the Company, and the Factoring Contract and the transactions thereunder will become continuing connected transactions of the Company.

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

During the Reporting Period, the amount of accounts receivable financing of Sunan Construction was RMB47.7 million in accordance with the Factoring Contract.



## Report of Directors

### 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 2021 were entered into by the Group: (i) in the ordinary course of business; (ii) on normal commercial terms or better; and (iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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

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

### Confirmation of Auditor

The auditor of the Company has issued its unqualified letter containing its findings and conclusions in respect of the abovementioned continuing connected transactions in accordance with Rule 14A.56 of the Listing Rules, confirming that (i) nothing has come to their attention that causes the auditor to believe that the abovementioned continuing connected transactions have not been approved by the Board of Directors, (ii) for transactions involving the provision of goods or services by the Group, nothing has come to their attention that causes the auditor to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Group, (iii) nothing has come to their attention that causes the auditor to believe that the transactions were not carried out, in all material respects, in accordance with the terms of the relevant agreements governing such transactions; and (iv) with respect to the aggregate amount of each of the transactions, nothing has come to their attention that causes the auditor to believe that the amounts have exceeded the related annual caps for the year ended 31 December 2021. A copy of the auditor's letter has been provided by the auditor to the Stock Exchange.

## Connected Transactions

### (i) Changzhou RSHFC Lease Agreement

On 30 March 2021, Changzhou Macalline, a wholly-owned subsidiary of the Company, entered into the Changzhou RSHFC Lease Agreement with Changzhou RSHFC, pursuant to which, Changzhou RSHFC will lease its premises located at No.70, Feilong East Road, Changzhou to Changzhou Macalline for operation of home furnishing shopping malls for the lease term from 1 April 2021 to 31 March 2024. The lease payment (including rent and management fee) shall be RMB23,130,000 per year for the first year, and shall be increased by 3% from the second year on the basis of the rent and management fee of the previous year. Mr. CHE Jianxing, the executive director of the Company, controls 100% of the equity of Changzhou RSHFC. Therefore, Changzhou RSHFC is a connected person of the Company. The lease constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As Changzhou RSHFC is a sole proprietorship enterprise established by Mr. CHE Jianxing in his personal capacity, in accordance with applicable laws of China, the transfer of the properties to the Group through the transfer of assets will have a tax impact on Changzhou RSHFC, which will be ultimately reflected in the purchase price of relevant properties. Therefore, we decided to lease the properties from Changzhou RSHFC, for the operation and management of Changzhou Decoration Mall. Continuing the lease of these properties will save considerable time and cost. It is commercially necessary and advantageous to enter into the Changzhou Lease Agreement, which will help avoid any disruption to business operations and have a positive impact on current and future results.

Under Hong Kong Financial Reporting Standards No.16 "Lease", the Company will recognize the value of relevant right-of-use assets under the Changzhou Lease Contract, and the transactions thereunder will be treated as the acquisition of assets by the Company under the Listing Rules and constitute one-off connected transactions of the Company under Chapter 14A of the Listing Rules. The total value of the right-of-use assets to be recognized by the Company under the Changzhou Lease Contract is estimated at approximately RMB64.8 million (unaudited, subject to further adjustment if necessary), which is the present value of the total rent and management fee payable to Changzhou RSHFC according to the Changzhou Lease Contract, based on the annual discount rate of 4.65%. For further details, please refer to the announcement of the Company dated 30 March 2021.

### (ii) Equity Transfer Agreement with Red Star Financial Leasing and Equity Transfer Agreement with Red Star Commercial Factoring

Reference is made to the overseas regulatory announcements issued by the Company on 5 and 24 February 2021 in relation to the undertakings of the Company as to its quasi-financial business and the undertakings of RSM Holding as to support for the arrangement to dispose of the quasi-financial business of the Company. On 14 May 2021, the Company and RSM Holding entered into an equity transfer agreement in relation to Red Star Financial Leasing (“**Transaction Agreement I**”), pursuant to which the Company agreed to dispose of, and RSM Holding agreed to acquire a 100% equity interest in Red Star Financial Leasing (“**Disposal I**”); on the same date, the Company and RSM Holding entered into an equity transfer agreement in relation to Red Star Commercial Factoring (“**Transaction Agreement II**”), pursuant to which the Company agreed to dispose of, and RSM Holding agreed to acquire a 100% equity interest in Red Star Commercial Factoring (“**Disposal II**”, and together with Disposal I, “**Disposals**”).

The consideration for Disposal I is RMB1,005,574,100 (“**Consideration I**”), which is arrived at after arm’s length negotiations between the parties with reference to the appraised value of all interests of shareholders of Red Star Financial Leasing as of Valuation Reference date being RMB1,005,574,100. The evaluation results above have been evaluated and determined by an independent valuer based on the asset-based method. The consideration for Disposal II is RMB203,534,800 (“**Consideration II**”), which is arrived at after arm’s length negotiations between the parties with reference to the appraised value of all interests of shareholders of Red Star Commercial Factoring as of Valuation Reference Date being RMB203,534,800. The evaluation results above have been evaluated and determined by an independent valuer based on the asset-based method.

RSM Holding is the controlling shareholder of the Company, therefore, RSM Holding and its associates are connected persons of the Company, and the Disposals by the Company to RSM Holding constitute connected transactions of the Company in accordance with Chapter 14A of the Listing Rules.

The Directors (including the independent non-executive Directors) believe that although the entering into the Disposals is not in the ordinary and usual course of business of the Group, the terms of the Transaction Agreement I and the Transaction Agreement II and the Disposals are on normal commercial terms, fair and reasonable, and in the interests of the Group and the shareholders of the Company as a whole. For further details, please refer to the announcement of the Company dated 14 May 2021.



### (iii) Yangzhou Lease Contract

On 15 October 2021, the Company and Yangzhou Xinglong Real Estate Development Co., Ltd. (“**Yangzhou Xinglong**”) entered into a lease contract (the “**Yangzhou Lease Contract**”), pursuant to which, Yangzhou Xinglong will lease to the Company for operation of a home furnishing shopping mall, its commercial property located in Hanjiang District, Yangzhou which extends to Yangzijiang North Road in the East, Shuangtang Road in the South, Hanjiang North Road in the West and Weisan Road in the North, for a lease term of ten years from the lease commencement date. The initial rental rate for the Leased Property is RMB15 million per annum (tax inclusive). After friendly negotiation between both parties, for the first Rental Year from the opening date of the Leased Property, Yangzhou Xinglong will give a 6-month rental discount. In the second Rental Year from the opening date of the Leased Property, Yangzhou Xinglong will give a 4-month rental discount, and then the rent will increase by 5% every two years. Except for the rent agreed under the Yangzhou Lease Contract, the Company is not required to pay any other fees to Yangzhou Xinglong for using the Leased Property.

The Group entered into the Yangzhou Lease Contract to satisfy the need of continuous implementation of “asset-light and operation-heavy” business model by the Group, thereby reducing the Group’s capital expenditure, which will create positive effect on the future operation of the Group and is in line with the interests of all shareholders and the long-term development strategy needs of the Company.

RSM Holding is the controlling shareholder of the Company, and Yangzhou Xinglong, a 30%-controlled company of RSM Holding, is an associate of RSM Holding. As a result, Yangzhou Xinglong is a connected person of the Company.

Under Hong Kong Financial Reporting Standards No.16 “Lease”, the Company will recognize the value of relevant right-of-use assets under the Yangzhou Lease Contract, and the transactions contemplated thereunder will be treated as the acquisition of assets by the Company under the Listing Rules and constitute one-off connected transactions of the Company under Chapter 14A of the Listing Rules. The unaudited total value of the right-of-use assets to be recognized by the Company under the Yangzhou Lease Contract is estimated at approximately RMB114 million, which is the present value of the total rent payable for the Leased Property according to the Yangzhou Lease Contract, based on the annual discount rate of 4.75%. For further details, please refer to the announcement of the Company dated 15 October 2021.

## SHARE CAPITAL

Please refer to Note V.40 to the Consolidated Financial Statements on page 301 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 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. 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 (the “Share Options”) granted under the First Grant of the A Share Option Incentive Scheme, the twenty-ninth extraordinary meeting of the fourth session of the Board on 11 August 2021 to adjust the number of Share Options granted and exercise price, and cancelled certain Share Options. For details, please refer to the relevant announcements of the Company dated 23 February 2020, 21 April 2020, 14 May 2020 and 11 August 2021, and the relevant circular dated 27 March 2020.

As at 31 December 2021, a total of 12,811,700 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	Outstanding as of 31 December 2020	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 2021	Exercised during the year	Cancelled during the year	Lapsed during the year
Employees	25,236,000	-	-	-	-	-	12,811,700 <sup>(1)</sup>	-	14,947,900 <sup>(1)</sup>	-

*Note:*

- (1) As a result of the bonus issue, the total number of share options (the “Share Options”) could be granted by the Company under the 2020 Share Option Incentive Scheme as approved by the shareholders on 21 April 2020 increased from 30,850,000 Share Options to 33,935,000 Share Options, number of Share Options under the first grant of the Share Options increased from 25,236,000 to 27,759,600, and the exercise price of Share Options decreased from RMB11.02 per share to RMB9.79 per share.



## Report of Directors

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).

In view of the fact that under such Scheme, 108 original participants resigned or voluntarily waived the exercise of their rights, on 11 August 2021, the Board of the Company considered and approved to cancel a total of 2,136,200 share options granted to such participants but not yet exercised (including the Shares obtained upon conversion of capital reserve into share capital for the profit distribution for 2019), and the number of the participants was reduced to 874.

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.

#### (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%

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.

In view of the implementation and completion of the profit distribution plan for 2019, the Company distributed a cash dividend of RMB0.253 (tax inclusive) per share, based on the Company's total share capital of 3,550,000,000 shares, and issued 0.1 share per share by way of conversion of capital reserve to all of its shareholders, on 11 August 2021, the Board considered and approved to adjust the number and exercise price of the Scheme pursuant to the relevant provisions under the A Share Option Incentive Scheme. The adjusted exercise price under the first grant of the Share Options is RMB9.79 per share.



**(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.

## USE OF PROCEEDS FROM GLOBAL OFFERING

The net proceeds from the Company's global offering amounted to approximately RMB5,573.3 million. As disclosed in the interim report of the Company dated 28 September 2021, as of 30 June 2021, the Group has used all the abovementioned proceeds for the purposes agreed in the Prospectus and the announcement on the change of use of proceeds dated 31 July 2015 and 16 January 2018.

## Report of Directors

Analysis of utilized/intended use of net proceeds from the Global Offering as of 30 June 2021 is as follows:

Utilized/Intended use	Planned use (RMB million)	Actual use of proceeds for the year ended 30 June 2021 (RMB million)	Unutilized net proceeds for the year ended 30 June 2021 (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>2,436.0</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 89% of the net proceeds in total for fund-raising investment projects and replenishing working capital as required.

Analysis of the use of proceeds from issuance of A share as of 31 December 2021 is as follows:

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

Proposed investment projects		Total investment planned (RMB'000)	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	146,231	Expected to be invested by May 2023
	Xining Expo Shopping Mall Project	110,000	110,012	Fully invested
	Sub-total	1,750,000	1,703,893 <sup>(1)</sup>	
New intelligent home furnishing shopping mall project	400,000	109,307		
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	2,713,209		

*Note:*

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

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

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

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

An analysis of the use of the proceeds from the non-public issuance of A shares as of 31 December 2021 is set out below:

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

Proposed Investment Project	Total Planned Investment	Total Investment as of the end of the Reporting Period		Explanation
		Total Planned Investment	Total Investment as of the end of the Reporting Period	
Tmall "Home Decoration Tongcheng Station" Project	220,000.0	-	-	
3D Shejiyun Platform Construction Project	283,944.7	4,303.9	-	
Construction Project for New Generation Home Improvement Platform System	350,000.0	1,529.6	-	
Home Furnishing Mall Construction Project				
	Foshan Lecong Shopping Mall Project	1,000,000.0	200,000.0	It is expected to be completed and put into operation by December 2023
	Nanning Dingqiu Shopping Mall Project	560,000.0	360,348.6	It is expected to be completed and put into operation by December 2022
	Nanchang Chaoyang Xincheng Shopping Mall Project	160,910.0	160,910.0	It was completely put into operation
	Sub-total	1,720,910.0	721,258.6	-
Repayment of Interest-bearing Debts of the Company	1,103,509.1	1,103,509.1	-	
Total	3,678,363.8	1,830,601.2	-	

## 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 (resigned on 19 January 2022)  
Mr. JING Jie (resigned on 9 March 2022)  
Mr. LIU Jin (resigned on 5 August 2021)  
Mr. CHEN Zhaohui (appointed on 19 March 2021)  
Mr. JIANG Xiangyu (appointed on 29 September 2021)

### Independent Non-executive Directors

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

Each of our Directors entered into a contract with the Company in December 2019, except that Mr. CHEN Zhaohui and Mr. JIANG Xiangyu signed the contracts in March 2021 and September 2021, respectively. 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 the Directors, Supervisors and chief executive in the shares, underlying shares or debentures of the Company or any of our associated corporations (within the meaning of Part XV of the SFO), which were required (a) to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code, were as follows:

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

### (i) The Company

Name of Shareholder	Title	Class of Shares	Nature of Interest	Number of Underlying Shares Held	Approximate Percentage of the Relevant Class of Shares <sup>(1)</sup>	Approximate Percentage of Total Shares <sup>(1)</sup>
CHE Jianxing (車建興) <sup>(2)</sup>	Chairman, Chief Executive Officer and Executive Director	A Shares	Interest of controlled corporation	2,636,081,007 (Long position)	72.95%	60.53%
				384,480,735 (Short position)	10.64%	8.83%
			Beneficial owner	435,600 (Long position)	0.01%	0.01%
				Interest of spouse	48,620 (Long position)	0.00%
GUO Binghe (郭丙合)	Executive Director	A Shares	Beneficial owner	288,420 (Long position)	0.01%	0.01%
CHE Jianfang (車建芳)	Executive Director	A Shares	Beneficial owner	123,420 (Long position)	0.00%	0.00%
JIANG Xiaozhong (蔣小忠)	Executive Director	A Shares	Beneficial owner	1,607,880 (Long position)	0.04%	0.04%
CHEN Shuhong (陳淑紅) <sup>(3)</sup>	Non-executive Director	A Shares	Interest of spouse	2,636,516,607 (Long position)	72.96%	60.54%
				384,480,735 (Short position)	10.64%	8.83%
			Beneficial owner	48,620 (Long position)	0.00%	0.00%
XU Guofeng (徐國峰) <sup>(4)</sup>	Non-executive Director	A Shares	Interest of spouse	123,420 (Long position)	0.00%	0.00%

*Notes:*

- (1) As at 31 December 2021, the Company had a total of 4,354,732,673 issued shares, including 3,613,447,039 A Shares and 741,285,634 H Shares.
- (2) Mr. CHE Jianxing indirectly holds 60.53% of the total issued Shares of the Company through his 92.00% direct interest in Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) ("RSM Holding"), a limited liability company incorporated in the PRC, and is deemed to be interested in the 2,636,081,007 A Shares held by RSM Holding for the purpose of the SFO.
- (3) Ms. CHEN Shuhong is the spouse of Mr. CHE Jianxing. Under the SFO, Ms. CHEN Shuhong is deemed to be interested in the same number of Shares in which Mr. CHE Jianxing is interested.
- (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 Held	Approximate Percentage of the Relevant Class of Shares <sup>(1)</sup>
CHE Jianxing	RSM Holding <sup>(1)</sup>	Beneficial interest	184,000,000 (Long position)	92%
CHE Jianfang	RSM Holding <sup>(1)</sup>	Beneficial interest	16,000,000 (Long position)	8%

*Notes:*

- (1) RSM Holding is the investment holding company of the Company, which is held as to 92% by Mr. CHE Jianxing and as to 8% by Mr. CHE Jianxing's sister, Ms. CHE Jianfang and therefore an "associated corporation" of the Company within the meaning of Part XV of the SFO. As at 31 December 2021, RSM Holding held 2,636,081,007 A Shares of the Company which accounted for approximately 60.53% of the total issued Shares of the Company.

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

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

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

Name of Shareholders	Class of Shares	Capacity/nature of Interest	Number of Shares held	Approximate percentage in relevant class of Shares <sup>(1)</sup>	Approximate percentage in total share capital <sup>(1)</sup>
RSM Holding	A Shares	Beneficial owner	2,636,081,007	72.95%	60.53%
			(Long position)		
Alibaba Group Holding Limited <sup>(2)</sup>	A Shares	Interest of controlled corporation	384,480,735	10.64%	8.83%
			(Short position)		
Alibaba Group Holding Limited <sup>(2)</sup>	A Shares	Interest of controlled corporation	355,000,000	9.82%	8.15%
			(Long position)		
Alibaba Group Holding Limited <sup>(2)</sup>	H Shares	Interest of controlled corporation	131,475,421	17.74%	3.02%
			(Long position)		
Taobao China Holding Limited <sup>(2)</sup>	A Shares	Interest of controlled corporation	355,000,000	9.82%	8.15%
			(Long position)		
Taobao China Holding Limited <sup>(2)</sup>	H Shares	Beneficial owner	65,737,711	8.87%	1.51%
			(Long position)		
Taobao Holding Limited <sup>(2)</sup>	A Shares	Interest of controlled corporation	355,000,000	9.82%	8.15%
			(Long position)		
Taobao Holding Limited <sup>(2)</sup>	H Shares	Interest of controlled corporation	65,737,711	8.87%	1.51%
			(Long position)		
Zhejiang Tmall Technology Co., Ltd. (浙江天貓技術有限公司) <sup>(3)</sup>	A Shares	Interest of controlled corporation	355,000,000	9.82%	8.15%
Tao Bao (China) Software Co., Ltd. (淘寶(中國)軟件有限公司) <sup>(3)</sup>	A Shares	Interest of controlled corporation	355,000,000	9.82%	8.15%
Alibaba (China) Technology Co., Ltd. (阿里巴巴(中國)網絡技術有限公司) <sup>(3)</sup>	A Shares	Beneficial owner	355,000,000	9.82%	8.15%
Alibaba Investment Limited <sup>(2)</sup>	H Shares	Interest of controlled corporation	65,737,710	8.87%	1.51%
			(Long position)		
New Retail Strategic Opportunities Fund GP, L.P. <sup>(2)</sup>	H Shares	Interest of controlled corporation	65,737,710	8.87%	1.51%
			(Long position)		
New Retail Strategic Opportunities Fund, L.P. <sup>(2)</sup>	H Shares	Interest of controlled corporation	65,737,710	8.87%	1.51%
			(Long position)		
New Retail Strategic Opportunities GP Limited <sup>(2)</sup>	H Shares	Interest of controlled corporation	65,737,710	8.87%	1.51%
			(Long position)		
New Retail Strategic Opportunities Investments 4 Limited <sup>(2)</sup>	H Shares	Beneficial owner	65,737,710	8.87%	1.51%
			(Long position)		



Name of Shareholders	Class of Shares	Capacity/nature of Interest	Number of Shares held	Approximate percentage in relevant class of Shares <sup>(1)</sup>	Approximate percentage in total share capital <sup>(1)</sup>
WONG Man Li <sup>(4)</sup>	H Shares	Interest of controlled corporation	47,904,600 (Long position)	6.46%	1.10%
Man Wah Investments Limited <sup>(4)</sup>	H Shares	Beneficial owner	47,904,600 (Long position)	6.46%	1.10%
HUI Wai Hing <sup>(4)</sup>	H Shares	Interest of the spouse	47,904,600 (Long position)	6.46%	1.10%
WONG Luen Hei <sup>(5)</sup>	H Shares	Interest of controlled corporation	60,442,281 (Long position)	8.15%	1.39%
UBS Trustees (B.V.I.) Limited <sup>(5)</sup>	H Shares	Interest of controlled corporation	60,442,281 (Long position)	8.15%	1.39%
New Fortune Star Limited <sup>(5)</sup>	H Shares	Interest of controlled corporation	60,442,281 (Long position)	8.15%	1.39%
Fuhui Capital Investment Limited <sup>(5)</sup>	H Shares	Interest of controlled corporation	60,442,281 (Long position)	8.15%	1.39%
China Lesso Group Holdings Limited <sup>(5)</sup>	H Shares	Interest of controlled corporation	60,442,281 (Long position)	8.15%	1.39%
UBS Group AG	H Shares	Interest of controlled corporation	23,587,462	3.18%	0.54%
			13,848,830 (Short position)	1.87%	0.32%



## Report of Directors

### Notes:

(1) As at 31 December 2021, the Company had 4,354,732,673 issued Shares in total, comprised of 3,613,447,039 A Shares and 741,285,634 H Shares.

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

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

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

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

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

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

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

(3) On 14 May 2019, RSM Holding completed the 2019 Non-public Issuance of Exchangeable Corporate Bonds (First Tranche) (the "Exchangeable Bonds"), which had been fully subscribed by Alibaba (China) Technology Co., Ltd.. The Exchangeable Bonds are exchangeable into fully-paid A shares of the Company. Based on the initial conversion price of RMB12.28 per share upon the completion of issuance on 14 May 2019, the underlying shares of the Exchangeable Bonds were 355,000,000 A shares of the Company, which had still been held by RSM Holding as at 31 December 2021.

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

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

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

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

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

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

## 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, except that Mr. CHEN Zhaohui and Mr. JIANG Xiangyu signed in March and September 2021, respectively. 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 2021, 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 2021 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 480 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)	2021 (members of senior management)	2020 (members of senior management)
1-1,000,000	1	–
1,000,001-1,500,000	–	1
1,500,001-2,000,000	1	3
2,000,001-2,500,000	2	3
2,500,001-3,000,000	1	–
3,000,001-3,500,000	2	–
3,500,001-4,000,000	1	–
4,000,001-4,500,000	1	–
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.



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 480 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 C.2.1 (previous 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 112 for details.

### AUDITOR

The Board announced that on 30 March 2021, the Board resolved to appoint Ernst & Young Hua Ming LLP as the auditor of the Company for 2021 and BDO China Shu Lun Pan CPAs (LLP) as the internal control consultant of the Company for 2021, 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 2020 annual general meeting. For details, please refer to the circular dated 19 April 2021 and the announcement dated 18 May 2021 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.

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 Tuesday, 17 May 2022 to Friday, 20 May 2022 (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 Monday, 16 May 2022.

### CHANGES IN INFORMATION OF DIRECTORS AND SUPERVISORS

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

Name	Position	Details of Change	Reasons of Change
Mr. XU Guofeng	Non-executive Director	Resigned on February 2021	Personal work commitment and time arrangement
Mr. CHEN Zhaohui	Non-executive Director	Appointed on March 2021	–
Mr. LIU Jin	Non-executive Director	Resigned on August 2021	Job change
Mr. JIANG Xiangyu	Non-executive Director	Appointed on September 2021	–

### FUTURE DEVELOPMENT

Please refer to the section headed “Outlook and Prospects” on page 42 for future development of the Company.

### IMPORTANT EVENTS AFTER THE REPORTING PERIOD

#### 1. Change of Non-executive Directors

On 19 January 2022, the Company received a written resignation from Mr. XU Hong (徐宏), a non-executive Director. Due to personal work adjustment, Mr. XU Hong proposed to the fourth session of the Board of the Company to resign as a non-executive Director as well as a member of the strategy and investment committee of the Board and ceased to hold any other positions in the Company. Considering the above, the Company is required to appoint one non-executive Director to fill up the vacancy in accordance with the Company Law of the People’s Republic of China and the Articles of Association. As the recommendation of Taobao China Holding Limited, a shareholder of the Company, and reviewed and nominated by the nomination committee, the relevant resolution has been considered and approved at the 38th meeting of the fourth session of the Board held by the Company on 15 February 2022 on appointment of Ms. HU Xiao (胡曉) as a non-executive Director of the fourth Session of the Board, and agreed Ms. HU Xiao would serve as a member of the strategy and investment committee of the Board upon her appointment as a non-executive Director.

## IMPORTANT EVENTS AFTER THE REPORTING PERIOD (continued)

### 1. Change of Non-executive Directors (continued)

On 9 March 2022, the Company received a written resignation from Mr. JING Jie (靖捷), a non-executive Director. Due to personal work adjustment, Mr. JING Jie proposed to the fourth session of the Board of the Company to resign as a non-executive Director and ceased to hold any other positions in the Company. Considering the above, the Company is required to appoint 1 nonexecutive Director to fill up the vacancy in accordance with the Company Law of the People's Republic of China and the Articles of Association. As the recommendation of Taobao China Holding Limited, a shareholder of the Company, and reviewed and nominated by the nomination committee, the relevant resolution has been considered an approved at the 40th extraordinary meeting of the fourth session of the Board held by the Company on 10 March 2022 on appointment of Mr. YANG Guang as a non-executive Director of the fourth Session of the Board.

The appointments of Ms. HU Xiao and Mr. YANG Guang were considered and approved by the 1st extraordinary general meeting of the Company for 2022. For details, please refer to the announcements of the Company dated 16 February, 11 March and 30 March 2022 which were published on the designated media in China and the announcements of the Company dated 15 February, 10 March and 29 March 2022 which were published on the website of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>).

By Order of the Board

**CHE Jianxing**

*Chairman*

Shanghai, 30 March 2022



# Report of Supervisors

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

The Supervisory Committee convened a total of nine meetings in 2021, and details of the relevant meetings and the resolutions are as follows:

- (1) On 6 February 2021, the sixth extraordinary meeting of the fourth session of the Supervisory Committee was convened, at which the Resolution in respect of the third phase of the Employee Stock Ownership Plan (draft) of Red Star Macalline Group Corporation Ltd. and its extracts, and the resolution in respect of measures for management of the third phase of the Employee Stock Ownership Plan of Red Star Macalline Group Corporation Ltd. were considered and approved.
- (2) On 5 March 2021, the seventh 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 30 March 2021, the fifth meeting of the fourth session of the Supervisory Committee was convened, at which the Work Report of the Supervisory Committee of the Company for 2020, the Final Account Report of the Company for 2020, the Financial Budget Report of the Company for 2021, the Financial Statements of the Company for the Year Ended 31 December 2020, the Annual Report and Annual Results of the Company for the Year Ended 31 December 2020, the Profit Distribution Plan of the Company for 2020, the Corporate Environment and Social Responsibility Report of the Company for 2020, the Exclusive Report on the Depositary and Actual Use of Funds Raised by the Company in 2020, the Resolution on the Remuneration of Supervisors of the Company for 2020, the Resolution in Respect of Re-Appointment of Auditor for the Financial Report and the Internal Control Auditor of the Company for 2021 and the Resolution in Respect of the Provision of Asset Impairment Allowances for 2020 were considered and approved.
- (4) On 19 April 2021, the eighth extraordinary meeting of the fourth session of the Supervisory Committee was convened, at which the Resolution concerning the Extension of the Validity Period of the Resolution relating to the Non-public Issuance of A Shares of the Company was considered and approved.
- (5) On 29 April 2021, the sixth meeting of the fourth session of the Supervisory Committee was convened, at which the First Quarterly Report of the Company for 2021 was considered and approved.

- (6) On 11 August 2021, the ninth extraordinary meeting of the fourth session of the Supervisory Committee was convened, at which the Resolution in relation to Adjustments to the Number and Exercise Price of the Share Option Incentive Scheme of the Company for 2020, the Resolution in relation to the Cancellation of Part of the Share Options, and the Resolution in relation to Adjustment to Certain Performance Assessment Targets under the Share Option Incentive Scheme of the Company for 2020.
- (7) On 25 August 2021, the seventh meeting of the fourth session of the Supervisory Committee was convened, at which the Interim Financial Statements of the Company as of 30 June 2021, the Interim Report and Interim Results as of 30 June 2021 and the Exclusive Report on the Depositary and Actual Use of Funds Raised by the Company in the First Half of 2021 were considered and approved.
- (8) On 22 October 2021, the 10th extraordinary meeting of the fourth session of the Supervisory Committee was convened, at which the Resolution in relation to Adjustment of the Amount of the Investment of the Proceeds Raised by Non-public Issuance of Shares, the Resolution in respect of the use of Fund Raised to Substitute Self-owned Funds Contributed to Investment Projects, the Resolution on the Use of Certain Idle Proceeds for Temporary Replenishment of Working Capital and the Resolution in respect of the Use of Proceeds to Provide Loan to Wholly Owned Subsidiary for Investment Projects were considered and passed.
- (9) On 29 October 2021, the eighth meeting of the fourth session of the Supervisory Committee was convened, at which the Third Quarterly Report of the Company for 2021 was considered and approved.

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

- (1) Legal operations: During the year of 2021, 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 for the year 2021, 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.

### (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. As of the end of the Reporting Period, the Company has used all the net proceeds in the abovementioned fund-raising investment projects.

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

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

As of the end of the Reporting Period, the Company cumulatively used 89% of the A Share Offering Proceeds in the abovementioned fund-raising investment projects.

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

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

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

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



- (5) Major asset acquisitions and disposals: During the Reporting Period, the Supervisory Committee paid attention to the significant acquisitions and disposals of assets occurred to the Company during the year, including: (i) Red Star Macalline Home Furnishing Group (Shanghai) Logistics Co., Ltd. (the “Macalline Logistics”, in which the Company holds 60% equity interest and Suzhou Kinetic Home Furnishing Co., Ltd. holds 40% equity interest, and collectively, the Company and Macalline Logistics are referred to as the “Sellers”) transferred all of its equity interests in Tibet Red Star Macalline Enterprise Management Co., Ltd., Red Star Macalline (Shanghai) Enterprise Management Co., Ltd., Tianjin Red Star Macalline Logistics Co., Ltd., Shanghai Beibo Logistics Co., Ltd., Shanghai Beizheng Logistics Co., Ltd., Shanghai Beiyue Logistics Co., Ltd., Shanghai Beimao Logistics Co., Ltd. and all the loan claims enjoyed by the Sellers against the Target Company to Tianjin Yuanchuan Investment Co., Ltd. or its party designated under the Cooperation Framework Agreement. And the transaction price includes the equity transfer price and the debt transfer price; and (ii) Harbin Red Star Macalline Expo Home Plaza Co., Ltd. (the “Party A1”), Shanghai Red Star Macalline Yuejia Internet Technology Co., Ltd. (“Party A2”), Red Star Macalline Expo (Tianjin) Home Life Plaza Co., Ltd. (“Party A3”), Shanghai Red Star Macalline Home Art & Design Expo Co., Ltd. (“Party A4”), Panjin Red Star Macalline Global Home Life Plaza Co., Ltd. (“Party A5”), Shanghai Hongmei E-commerce Co., Ltd. (“Party A6”), Shanghai Xingkai Chengpeng Enterprise Management Co., Ltd. (“Party A7”, Party A1 to Party A7 collectively referred to as the “Transferors”), the Company (“Party A8”, Party A1 to Party A8 collectively referred to as “Party A”), Che Jianxing (“Party A9”) and Wuhan Red Star Macalline Expo Home Plaza Development Co., Ltd. (“Party A10”) entered into the “Equity Transfer Agreement” in respect of Shanghai Macalline Property Management Services Co., Ltd. (the “Target Company” or “Macalline Property”) with Sunrise Yongsheng (Hainan) Investment Co., Ltd. (“Party B” or the “Transferee”) on 15 October 2021. Subject to the terms and conditions set out in the “Equity Transfer Agreement”, Party A agrees that the Transferor shall transfer to Party B 80% of its aggregate equity interests in the Target Company and Party B agrees to be transferred the said equity interests.
- (6) Connected and continuing connected transactions: During the Reporting Period, the Supervisory Committee paid attention to the continuing connected transactions of the Company during the year, including: (i) renewal of the entrustment agreement with Yangzhou Red Star Macalline Global Home Furnishing & Lifestyle Plaza Real Estate Co., Ltd. and Jining Hongrui Market Management Co., Ltd.; (ii) renewal of the building lease agreement, property management service contract and car parking space lease agreement with Shanghai Xingzhiyu Commercial Operation and Management Service Co., Ltd.; (iii) signing of the equity transfer agreement with Red Star Macalline Holdings Group Co., Ltd. and Shanghai Red Star Macalline Finance Leasing Co., Ltd. and Shanghai Red Star Macalline Commercial Factoring Co., Ltd., respectively; (iv) entry into a framework agreement for decoration and construction works and building construction services, a framework agreement for decoration and decoration materials and household supplies and a framework agreement for design services with Red Star Macalline Holdings Group Co., Ltd.; and (v) entry into a framework agreement for computer information system integration services with Shanghai Red Star Cloud Computing Technology Co., Ltd. In addition, the Supervisory Committee has also considered and reviewed the proposed new annual caps for the above continuing connected transactions.

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 2022



# Corporate Governance Report

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

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

## COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Other than deviation from code provision C.2.1 of the Corporate Governance Code, 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 C.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 C.2.1 of the Corporate Governance Code, the Board believes that this structure will not impair the balance of power and authority between the Board and the management of the Company, given that: (i) any decision to be made by our Board requires approval by at least a majority of our Directors and that the Board comprises five independent non-executive Directors out of the 14 Directors as at the date of this report, which is in compliance with the Listing Rules requirement of one-third, and we believe that there are sufficient checks and balances in the Board; (ii) Mr. CHE and the other Directors are aware of and undertake to fulfill their fiduciary duties as Directors, which require, among other things, that he acts for the benefit and in the best interests of the Company and will make decisions for the Group accordingly; and (iii) the balance of power and authority is ensured by the operations of the Board, which comprises of experienced and high caliber individuals who meet regularly to discuss issues affecting the operations of the Company. Moreover, the overall strategic and other key business, financial and operational policies of the Group are made collectively after thorough discussion at both Board and senior management levels.

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. LIU Jin <sup>(3)</sup>	Non-executive Director	16 November 2020
Mr. JING Jie <sup>(4)</sup>	Non-executive Director	30 December 2019
Mr. XU Hong <sup>(5)</sup>	Non-executive Director	30 December 2019
Mr. CHEN Zhaohui <sup>(6)</sup>	Non-executive Director	19 March 2021
Mr. JIANG Xiangyu <sup>(7)</sup>	Non-executive Director	28 September 2021
Ms. HU Xiao <sup>(8)</sup>	Non-executive Director	29 March 2022
Mr. YANG Guang <sup>(9)</sup>	Non-executive Director	29 March 2022
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 was resigned as a non-executive Director with effect on 5 August 2021.
- (4) Mr. JING Jie was resigned as a non-executive Director with effect on 9 March 2022.
- (5) Mr. XU Hong was resigned as a non-executive Director with effect on 19 January 2022.
- (6) Mr. CHEN Zhaohui was appointed as a non-executive Director on 19 March 2021.
- (7) Mr. JIANG Xiangyu was appointed as a non-executive Director with effect on 28 September 2021.
- (8) Ms. HU Xiao was appointed as a non-executive Director with effect on 29 March 2022.
- (9) Mr. YANG Guang was appointed as a non-executive Director with effect on 29 March 2022.

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. The Directors may seek independent professional opinions when fulfilling their duties, and the cost will be borne by the Company.

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

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

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



# 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
JIANG Xiangyu	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 provisions C.3 and 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:

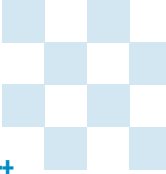
- proposing the appointment or change of external auditors;
- overseeing the internal audit system of the Company and its implementation;
- maintaining close communication between the internal auditors and external auditors;
- examining the financial information of the Company and its disclosure, and 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 four 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 2021	<ol style="list-style-type: none"><li>(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 2020;</li><li>(2) The internal control evaluation report of the Company for the year 2020;</li><li>(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 2020;</li><li>(4) The financial statements of the Company for the year ended 31 December 2020;</li><li>(5) The annual report and annual results of the Company for the year ended 31 December 2020;</li><li>(6) The profit distribution plan of the Company for 2020;</li></ol>	QIAN Shizheng, LEE Kwan Hung, Eddie and WANG Xiao attended the meeting



## Corporate Governance Report

Name of Meeting	Date of Meeting	Contents of Meeting	Attendance at the Meeting
		(7) The exclusive report on the depositary and actual use of funds raised by the Company in 2020;	
		(8) The resolution concerning the provision for assets impairment of the Company for the year 2020;	
		(9) The resolution in respect of re-appointment of auditor for the financial report and the internal control auditor of the Company for 2021;	
		(10) The resolution concerning the expected ordinary related party transactions of the Company for the year 2021;	
		(11) The report on the performance of duties of the Audit Committee of the Board of the Company for the year 2020;	
		(12) The summary of internal audit works for the year 2020 and working plan for the year 2021 of the Company;	
		(13) The report on corporate environmental and social responsibility of the Company for the year 2020;	
		(14) The Corporate Governance Report of the Company as of 31 December 2020.	



## Corporate Governance Report

Name of Meeting	Date of Meeting	Contents of Meeting	Attendance at the Meeting
	29 April 2021	(1) The first quarterly report of the Company for 2021.	QIAN Shizheng, LEE Kwan Hung, Eddie and WANG Xiao attended the meeting
	25 August 2021	(1) The interim financial statements of the Company as of 30 June 2021; (2) The interim report and interim results as of 30 June 2021; (3) The exclusive report on the depositary and actual use of funds raised by the Company in the first half of 2021.	QIAN Shizheng, LEE Kwan Hung, Eddie and WANG Xiao attended the meeting
	29 October 2021	(1) The third quarterly report of the Company for 2021.	QIAN Shizheng, LEE Kwan Hung, Eddie and 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 E.1 of the Corporate Governance Code.

As at the end of the Reporting Period, the Remuneration and Evaluation Committee consists of three Directors, including one 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 two 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	30 March 2021	(1) The resolution on the remuneration of directors and senior management of the Company in 2020;	CHE Jianxing, QIAN Shizheng and WANG Xiao attended the meeting
		(2) Regarding the evaluation mechanism for senior management, the establishment and implementation of the incentive mechanism in 2020.	
	11 August 2021	(1) The resolution on reviewing the remuneration of Mr. JIANG Xiangyu, the candidate for non-executive director of the fourth session of the Board.	CHE Jianxing, QIAN Shizheng and WANG Xiao attended the meeting

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### NOMINATION COMMITTEE

The Company has established a Nomination Committee with written terms of reference in compliance with code provision B.3 of the Corporate Governance Code. The Nomination Committee may seek independent professional opinions when fulfilling its duties, and the cost will be borne by the Company. As at the end of the Reporting Period, the Nomination Committee consists of 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	24 February 2021	(1) The resolution on the addition of Mr. CHEN Zhaohui as a non-executive Director of the fourth session of the Board of the Company.	CHE Jianxing, LEE Kwan Hung, Eddie and ZHAO Chongyi attended the meeting
	30 March 2021	(1) Regarding the structure, number, composition and diversity of the Board of Company for 2020.	CHE Jianxing, LEE Kwan Hung, Eddie and ZHAO Chongyi attended the meeting
	11 August 2021	(1) The resolution on the addition of Mr. JIANG Xiangyu as a non-executive Director of the fourth session of the Board of the Company.	CHE Jianxing, LEE Kwan Hung, Eddie and 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 Directors: 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	30 March 2021	(1) The resolution on the development strategy and business plan of the Company for 2021.	CHE Jianxing, GUO Binghe, JIANG Xiaozhong, XU Hong, and 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	-	2/2	3/3	1/1	8/8
GUO Binghe	22/22	-	-	-	1/1	8/8
CHE Jianfang	22/22	-	-	-	-	8/8
JIANG Xiaozhong	22/22	-	-	-	1/1	8/8
CHEN Shuhong	22/22	-	-	-	-	8/8
CHEN Zhaohui <sup>(1)</sup>	19/22	-	-	-	-	8/8
JIANG Xiangyu <sup>(2)</sup>	7/22	-	-	-	-	4/8
XU Guofeng <sup>(3)</sup>	2/22	-	-	-	-	0/8
JING Jie	22/22	-	-	-	-	8/8
XU Hong	22/22	-	-	-	1/1	8/8
LIU Jin <sup>(4)</sup>	11/22	-	-	-	-	4/8
QIAN Shizheng	22/22	4/4	2/2	-	-	8/8
LEE Kwan Hung, Eddie	22/22	4/4	-	3/3	-	8/8
WANG Xiao	22/22	4/4	2/2	-	-	8/8
ZHAO Chongyi	22/22	-	-	3/3	1/1	8/8
QING Hong	22/22	-	-	-	1/1	8/8

*Notes:*

- (1) Mr. CHEN Zhaohui was appointed as a non-executive Director with effect from 19 March 2021. Nineteen Board meetings and eight general meetings were attended after his appointment.
- (2) Mr. JIANG Xiangyu was appointed as a non-executive Director with effect from 28 September 2021. Seven Board meetings and four general meetings were attended after his appointment.
- (3) Mr. XU Guofeng resigned as a non-executive Director on 8 February 2021. Two Board meetings were attended before his resign.
- (4) Mr. LIU Jin resigned as a non-executive Director on 5 August 2021. Eleven Board meetings and four general meetings were attended before his resign.



### 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 2021 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 136 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 code provision D.2 of the Corporate Governance Code. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

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

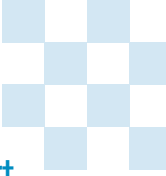
# RISK MANAGEMENT AND INTERNAL CONTROL ORGANISATIONAL SYSTEM

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

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

## CARRYING OUT RISK MANAGEMENT WORK

In order to better cope with the changing market environment and ensure the realization of the Company's business objectives, in 2021 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.



## Corporate Governance Report

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 2021, 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 2021. 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 136 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 2021 was RMB7.8 million for audit services, RMB2.7 million for interim report review services and other expenses of RMB0.65 million. 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 2021 was RMB0.8 million.

### COMPANY SECRETARY

Due to internal work adjustment, Mr. GUO Binghe has resigned as the company secretary of the Company on 6 December 2021. On the same day, Ms. QIU Zhe was appointed as a joint company secretary. For details, please refer to the Company's announcement dated 6 December 2021.

Ms. QIU Zhe 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.

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

For the year ended 31 December 2021, Mr. GUO Binghe, Ms. QIU Zhe and Ms. NG Sau Mei have completed professional training of no less than 15 hours in accordance with Rule 3.29 of the Listing Rules.

### 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.

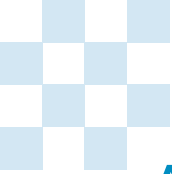
The Shareholder(s) holding, separately or jointly, 3% or more of the total shares of our Company may put forward extempore proposals to the Company 10 days prior to the convening of the general meeting by submitting the proposals in writing to the convener. The convener shall issue a supplementary notice 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 2021, there had been various alternations to the Articles of Association. The existing Articles of Association are published on the websites of the Hong Kong Stock Exchange and the Company respectively. For further details, please refer to Company's announcements dated on 20 October 2021.



# Auditor's Report

Ernst & Young Hua Ming (2022) Shen Zi No. 60954737\_B01  
Red Star Macalline Group Corporation Ltd.

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

## 1. OPINION

We have audited the financial statements of Red Star Macalline Group Corporation Ltd., which comprise the consolidated and the Company's balance sheets as at 31 December 2021, the consolidated and the Company's income statements, the consolidated and the Company's statements of changes in shareholders' equity and the consolidated and the Company's cash flow statements for 2021, and notes to the financial statements.

In our opinion, the accompanying financial statements of the Company are prepared in all material respects in accordance with Accounting Standards for Business Enterprises ("ASBEs") and fairly present the consolidated and the Company's financial position as at 31 December 2021, and the consolidated and the Company's operating results and cash flows for 2021.

## 2. BASIS FOR OPINION

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

## 3. KEY AUDIT MATTERS

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

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

Ernst & Young Hua Ming (2022) Shen Zi No. 60954737\_B01  
Red Star Macalline Group Corporation Ltd.

### 3. KEY AUDIT MATTERS (continued)

Key audit matter:	How our audit addressed the key audit matter:
<p><b>Measurement of investment properties at fair value</b></p> <p>As of 31 December 2021, the Group's investment properties at fair value were RMB95,575 million, accounting for about 71% of the Group's total book assets. Investment properties of the Group are subsequently measured using a fair value model.</p> <p>Due to the facts that the amount of investment properties is significant, and the assessment of the fair value of investment properties involves significant estimates, assumptions and judgments of the management, including estimated rental income, discount rate, vacancy rate, the economic environment in the region where the investment properties were located and the analysis of future trend etc., the uncertainty was relatively high. Therefore, we considered the measurement of investment properties at fair value as a key audit matter.</p> <p>For disclosure on the matter in the notes to the financial statements, please refer to Note III — 12. Investment Property, Note III — 32. Significant Accounting Judgments and Estimates, Note V — 16. Investment Property and Note V — 55. Gain on Fair Value Changes.</p>	<p>We performed the following audit procedures:</p> <ol style="list-style-type: none"> <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 data and public market information;</li> <li>(3) Reviewing the adequacy of disclosures related to the investment properties at fair value in the financial statements.</li> </ol>

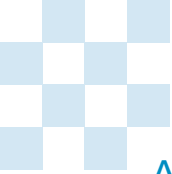
### 3. KEY AUDIT MATTERS (continued)

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 2021, revenue from the brand consulting and management service for the early stage of the project and revenue from construction and design service recognized by the Group were RMB6,67 million and RMB1,499 million, respectively. The Group recognized the above two revenues based on the progress of project performance and the progress of construction, respectively.</p> <p>The amount of revenue from the brand consulting and management service for the early stage of the project was relatively large, and the splitting of contract performance obligations, the allocation of transaction considerations, and the progress of project performance all involved major estimates and judgments of the management. The Group recognized the performance obligations included in the contract for revenue from the brand consulting and management service for the early stage of the project, and recognized the revenue based on the progress of the performance.</p> <p>In addition, the amount of revenue from construction and design service is relatively large too, the total budget cost of projects, and the progress of project performance all involved major estimates and judgments of the management. Therefore, we considered the recognition of the above two revenues as key audit matters.</p> <p>For disclosure on the matter in the notes to the financial statements, please refer to Note III — 24. Revenue from contracts with customers, Note III — 32. Significant Accounting Judgments and Estimates, Note V — 47. Revenue and Cost.</p>	<p>We performed the following audit procedures:</p> <ol style="list-style-type: none"> <li>(1) Understanding and performing cross – testing on the revenue for the early stage of the project and construction revenue, as well as the internal controls related to the receivables cycle, and performing control tests on important control points; reviewing the rationality of the revenue recognition method adopted by management for revenue for the early stage of the project and construction revenue;</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>

Ernst & Young Hua Ming (2022) Shen Zi No. 60954737\_B01  
Red Star Macalline Group Corporation Ltd.

### 3. KEY AUDIT MATTERS (continued)

Key audit matter:	How our audit addressed the key audit matter:
<p><b>Estimation of impairment allowance of accounts receivable, contract assets and other financial assets measured at amortized cost</b></p> <p>As of 31 December 2021, the original values of accounts receivable, other receivables, entrusted loans and lending in other current assets, long-term receivables, non-current assets due within one year, entrusted loans and lending in other non-current assets, and contract assets were RMB3,367 million, RMB1,265 million, RMB1,387 million, RMB479 million, RMB148 million, RMB1,051 million, and RMB2,034 million. The balance of impairment provision was RMB1,410 million, RMB371 million, RMB146 million, RMB46 million, RMB7 million, RMB11 million, and RMB328 million, respectively.</p> <p>According to the requirements of Accounting Standards for Business Enterprises No. 22 — Recognition and Measurement of Financial Instruments, when assessing the impairment allowance for receivables and contract assets, the Group made a judgment based on its expected credit losses.</p> <p>The management divided the receivables and contract assets into different credit risk characteristic combination categories based on the composition of receivables and contract assets and the different types of customer returns and credit in recent years. In terms of each credit risk characteristic combination category, the management estimated the expected credit loss rate of receivables and contract assets based on the actual loss rate of receivables and contract assets with similar credit risk characteristics in previous years and combined with prospective consideration. Different proportion of impairment allowance shall be made for different levels of risk, and impairment allowance shall be made accordingly.</p>	<p>We performed the following audit procedures:</p> <ol style="list-style-type: none"> <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>



### 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 – 4. Accounts Receivable, Note V – 7. Other Receivables, Note V – 9. Contract Assets, Note V – 10. Noncurrent assets due within one year, Note V – 11. Other current assets, Note V – 12. Long-term Receivables, Note V – 25. Other non-current assets, Note V – 56. Impairment loss of credit, Note V – 57. Impairment losses of assets, Note VIII – 3. Risks of Financial Instruments.</p>	

Ernst & Young Hua Ming (2022) Shen Zi No. 60954737\_B01  
Red Star Macalline Group Corporation Ltd.

## 4. OTHER INFORMATION

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

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

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

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

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

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

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

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

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

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

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

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



Ernst & Young Hua Ming (2022) Shen Zi No. 60954737\_B01

Red Star Macalline Group Corporation Ltd.

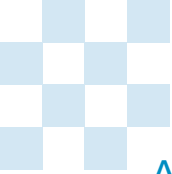
## 6. AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (continued)

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

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

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

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



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

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

Ernst & Young Hua Ming (LLP)

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

Chinese Certified Public Accountants: Xiao Xiao

Beijing, China

30 March 2022

# Consolidated Balance Sheet

As at 31 December 2021

RMB

Assets	Note V	31 December 2021	31 December 2020
<b>Current Assets</b>			
Cash and bank balances	1	6,903,715,249.53	6,511,092,198.09
Financial assets held for trading	2	1,018,692,853.25	247,611,072.73
Derivative financial assets	69	–	2,160,732.11
Notes receivable	3	86,554,182.13	–
Accounts receivable	4	1,957,650,342.07	1,934,826,113.43
Receivables financing	5	–	5,872,800.00
Prepayments	6	305,043,459.08	323,626,340.62
Other receivables	7	935,666,616.98	1,524,654,743.28
Inventories	8	329,087,511.33	328,295,668.02
Contract assets	9	1,705,475,178.70	1,375,364,101.48
Non-current assets due within one year	10	140,144,400.00	248,704,377.99
Other current assets	11	2,270,860,332.29	2,634,575,271.37
<b>Total current assets</b>		<b>15,652,890,125.36</b>	15,136,783,419.12
<b>Non-current assets</b>			
Long-term receivables	12	433,325,229.21	532,498,896.89
Long-term equity investments	13	3,929,090,179.77	3,703,895,492.49
Other equity instrument investments	14	4,169,970,944.17	4,206,678,046.54
Other non-current financial assets	15	370,774,540.60	396,924,540.60
Investment properties	16	95,575,000,000.00	93,150,000,000.00
Fixed assets	17	2,655,001,955.04	2,737,965,196.94
Construction in progress	18	88,911,088.97	80,629,155.83
Right-of-use assets	19	3,899,861,973.84	3,852,597,418.85
Intangible assets	20	125,191,951.03	343,768,582.72
Development expenditure	21	12,238,146.01	30,837,675.61
Goodwill	22	97,597,047.85	97,597,047.85
Long-term prepaid expenses	23	504,900,607.96	454,054,803.22
Deferred tax assets	24	2,670,232,754.70	1,541,067,156.39
Other non-current assets	25	5,002,555,455.51	5,282,621,202.44
<b>Total non-current assets</b>		<b>119,534,651,874.66</b>	116,411,135,216.37
<b>Total assets</b>		<b>135,187,542,000.02</b>	131,547,918,635.49

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

# Consolidated Balance Sheet

As at 31 December 2021

RMB

Liabilities and equity	Note V	31 December 2021	31 December 2020
<b>Current liabilities</b>			
Short-term loans	26	2,957,088,415.02	3,448,371,909.45
Derivative financial liabilities	69	18,167,670.06	–
Notes payable	27	9,000,000.00	–
Accounts payable	28	2,400,880,410.78	2,085,329,223.24
Advance from customers	29	1,692,678,416.28	960,787,153.16
Contract liabilities	30	1,925,076,587.06	2,287,548,874.89
Payroll payable	31	609,186,211.11	563,788,624.24
Taxes payable	32	828,853,545.05	671,338,917.19
Other payables	33	9,770,693,294.55	8,987,388,645.49
Non-current liabilities due within one year	34	11,699,289,233.98	11,897,443,643.72
Other current liabilities	35	220,624,831.48	736,850,395.29
<b>Total current liabilities</b>		<b>32,131,538,615.37</b>	31,638,847,386.67
<b>Non-current liabilities</b>			
Long-term loans	36	21,606,316,908.01	22,212,429,627.44
Bonds payable	37	532,619,987.37	4,432,634,711.35
Lease liabilities	38	3,957,786,655.49	4,082,933,276.21
Long-term payables	39	730,548,821.82	712,856,318.61
Deferred income	40	213,857,300.87	224,943,229.90
Deferred tax liabilities	24	13,401,316,273.63	12,517,571,618.93
Other non-current liabilities	41	5,082,339,292.35	4,627,859,670.75
<b>Total non-current liabilities</b>		<b>45,524,785,239.54</b>	48,811,228,453.19
<b>Total liabilities</b>		<b>77,656,323,854.91</b>	80,450,075,839.86

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

# Consolidated Balance Sheet

As at 31 December 2021

RMB

Liabilities and equity	Note V	31 December 2021	31 December 2020
<b>Equity</b>			
Share capital	42	4,354,732,673.00	3,905,000,000.00
Capital reserve	43	6,880,495,088.02	3,648,120,125.82
Other comprehensive income	44	1,877,732,755.94	1,720,585,961.74
Surplus reserve	45	2,206,429,308.76	2,076,486,432.95
Retained earnings	46	38,662,409,591.69	36,213,026,423.36
<b>Total equity attributable to shareholders of the Company</b>		<b>53,981,799,417.41</b>	47,563,218,943.87
Non-controlling interests		3,549,418,727.70	3,534,623,851.76
<b>Total equity</b>		<b>57,531,218,145.11</b>	51,097,842,795.63
<b>Total liabilities and equity</b>		<b>135,187,542,000.02</b>	131,547,918,635.49

This financial statement is signed by the following persons:

Legal representative:

CHE Jianxing

Person in charge of accounting:

XI Shichang

Person in charge  
of the accounting department:

CAI Weichun

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

# Consolidated Income Statement

For the year 2021

RMB

	Note V	2021	2020
<b>Revenue</b>	47	<b>15,512,792,215.84</b>	14,236,460,098.98
Less: Cost of sales	47	<b>5,946,476,374.29</b>	5,480,170,024.86
Taxes and surcharges	48	<b>444,213,449.40</b>	377,414,782.27
Sale expenses	49	<b>2,063,508,529.45</b>	1,693,772,759.64
Management expenses	50	<b>2,004,068,303.50</b>	1,680,856,568.05
Research and development expenses	51	<b>60,662,404.01</b>	36,035,643.66
Financial expenses	52	<b>2,461,030,413.09</b>	2,464,418,667.68
Including: Interest expenses		<b>2,694,541,165.59</b>	2,548,719,302.83
Interest income		<b>227,196,077.05</b>	194,886,018.04
Add: Other income	53	<b>157,986,045.42</b>	184,249,900.19
Investment income	54	<b>539,056,113.92</b>	222,015,867.89
Including: Investment income from associates and joint ventures		<b>45,193,914.37</b>	44,959,080.07
Gain on fair value changes	55	<b>371,721,560.94</b>	494,132,525.69
Impairment loss of credit	56	<b>(482,324,412.32)</b>	(126,335,204.00)
Impairment losses of assets	57	<b>(270,517,522.20)</b>	(333,165,778.40)
Gain from disposal of assets	58	<b>13,583,009.15</b>	1,368,758.55
<b>Operating profit</b>		<b>2,862,337,537.01</b>	2,946,057,722.74
Add: Non-operating income	59	<b>43,461,098.33</b>	57,938,296.96
Less: Non-operating expenses	60	<b>103,823,054.44</b>	189,847,568.12
<b>Total profit</b>		<b>2,801,975,580.90</b>	2,814,148,451.58
Less: Income tax expenses	63	<b>612,975,607.73</b>	750,071,048.61
<b>Net profit</b>		<b>2,188,999,973.17</b>	2,064,077,402.97
<b>According to the classification of ownership</b>			
Net profit attributable to owners of the Company		<b>2,047,401,906.98</b>	1,730,581,791.56
Non-controlling interests		<b>141,598,066.19</b>	333,495,611.41

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

# Consolidated Income Statement

For the year 2021

RMB

	Note V	2021	2020
<b>Net other comprehensive income (after tax)</b>		<b>688,050,541.49</b>	1,261,871,486.11
Net other comprehensive income (after tax) attributable to owners of the Company	44	<b>689,070,931.36</b>	1,253,005,655.52
Other comprehensive income that will not be reclassified to profit or loss			
Changes in fair value of other equity instrument investments		<b>671,394,288.08</b>	1,081,989,482.82
Other comprehensive income/(loss) that will be reclassified to profit or loss			
Fair value hedge reserve (Effective part of fair value hedging)		<b>18,917,420.31</b>	92,080,050.37
Transfer from owner-occupied properties to investment properties measured at fair value		<b>3,734,825.31</b>	77,663,553.12
Exchange differences from translation of financial statements		<b>(4,975,602.34)</b>	1,272,569.21
Net other comprehensive income (after tax) attributable to non-controlling interests		<b>(1,020,389.87)</b>	8,865,830.59
<b>Total comprehensive income</b>		<b>2,877,050,514.66</b>	3,325,948,889.08
Include:			
Total comprehensive income attributable to shareholders of the Company		<b>2,736,472,838.34</b>	2,983,587,447.08
Total comprehensive income attributable to non-controlling interests		<b>140,577,676.32</b>	342,361,442.00
<b>Earnings per share</b>	64		
Basic earnings per share		<b>0.51</b>	0.44
Diluted earnings per share		<b>N/A</b>	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 2021

RMB

2021

	Attributable to shareholders of the Company							Non-controlling interest	Total equity
	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	Retained earnings	Sub-total			
I. Prior year's closing balance	3,905,000,000.00	3,648,120,125.82	1,720,585,961.74	2,076,486,432.95	36,213,026,423.36	47,563,218,943.87	3,534,623,851.76	51,097,842,795.63	
II. Changes in the current year	449,732,673.00	3,232,374,962.20	157,146,794.20	129,942,875.81	2,449,383,168.33	6,418,580,473.54	14,794,875.94	6,433,375,349.48	
(I) Total comprehensive income	-	-	689,070,931.36	-	2,047,401,906.98	2,736,472,838.34	140,577,676.32	2,877,050,514.66	
(II) Shareholders' contributions and reduction in capital									
1. A Shares offering	449,732,673.00	3,228,631,126.29	-	-	-	3,678,363,799.29	-	3,678,363,799.29	
2. Minority shareholders' increase in capital	-	-	-	-	-	-	92,945,917.44	92,945,917.44	
3. Acquisition of non-controlling interest	-	(4,311,113.53)	-	-	-	(4,311,113.53)	(1,723,857.46)	(6,034,970.99)	
4. Disposal of subsidiaries	-	-	-	-	-	-	(3,290,020.40)	(3,290,020.40)	
5. Amount of share payment included in equity	-	8,054,949.44	-	-	-	8,054,949.44	-	8,054,949.44	
(III) Profit distribution									
1. Surplus reserve	-	-	-	129,942,875.81	(129,942,875.81)	-	-	-	
2. Distributions to shareholders	-	-	-	-	-	-	(213,714,839.96)	(213,714,839.96)	
(IV) Transfers within shareholders' equity									
1. Other comprehensive income converted to retained earnings	-	-	(531,924,137.16)	-	531,924,137.16	-	-	-	
III. Balance at the end of the year	4,354,732,673.00	6,880,495,088.02	1,877,732,755.94	2,206,429,308.76	38,662,409,591.69	53,981,799,417.41	3,549,418,727.70	57,531,218,145.11	

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



# Consolidated Statement of Changes in Equity

For the year 2021  
RMB

2020

	Attributable to shareholders of the Company							Non-controlling interest	Total equity
	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	Retained earnings	Sub-total			
<b>I. Prior year's closing balance</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	
<b>II. Changes in the current year</b>	355,000,000.00	(591,856,445.22)	237,458,920.57	121,667,865.72	1,726,310,660.79	1,848,581,001.86	264,411,399.04	2,112,992,400.90	
(I) Total comprehensive income	-	-	1,253,005,655.52	-	1,730,581,791.56	2,983,587,447.08	342,361,442.00	3,325,948,889.08	
(II) Shareholders' contributions and reduction in capital									
1. Minority shareholders' increase in capital	-	-	-	-	-	-	32,757,233.76	32,757,233.76	
2. Non-controlling interest arising from acquisition of subsidiaries	-	-	-	-	-	-	60,306,451.61	60,306,451.61	
3. Acquisition of non-controlling interest	-	(254,276,569.03)	-	-	-	(254,276,569.03)	(4,874,823.20)	(259,151,392.23)	
4. Disposal of subsidiaries	-	-	-	-	-	-	3,391,278.37	3,391,278.37	
5. Amount of share payment included in equity	-	17,420,123.81	-	-	-	17,420,123.81	-	17,420,123.81	
(III) Profit distribution									
1. Surplus reserve	-	-	-	121,667,865.72	(121,667,865.72)	-	-	-	
2. Distributions to shareholders	-	-	-	-	(898,150,000.00)	(898,150,000.00)	(169,530,183.50)	(1,067,680,183.50)	
(IV) Transfers within shareholders' equity									
1. Capitalization of capital reserves	355,000,000.00	(355,000,000.00)	-	-	-	-	-	-	
2. Other comprehensive income converted to retained earnings	-	-	(1,015,546,734.95)	-	1,015,546,734.95	-	-	-	
<b>III. Balance at the end of the year</b>	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

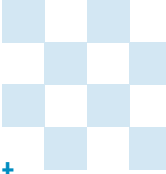
# Consolidated Cash Flow Statement

For the year 2021

RMB

	Note V	2021	2020
<b>I. Cash Flows from Operating Activities:</b>			
Cash received from the sales of goods and rendering of services		<b>15,922,286,472.68</b>	13,689,086,481.94
Other cash received relating to operating activities	65	<b>745,080,836.48</b>	1,103,050,559.56
<b>Sub-total of cash inflow from operating activities</b>		<b>16,667,367,309.16</b>	14,792,137,041.50
Cash payments for goods purchased and services received		<b>2,556,631,015.20</b>	2,526,024,923.73
Cash payments to and on behalf of employees		<b>3,747,555,692.55</b>	3,512,090,114.51
Payments of various types of taxes		<b>2,025,343,655.66</b>	2,056,853,550.87
Other cash payments relating to operating activities	65	<b>2,957,167,663.67</b>	2,537,436,010.80
<b>Sub-total of cash outflow from operating activities</b>		<b>11,286,698,027.08</b>	10,632,404,599.91
<b>Net cash flows from operating activities</b>	66	<b>5,380,669,282.08</b>	4,159,732,441.59
<b>II. Cash Flows from Investing Activities:</b>			
Cash received from disposal of investments		<b>1,322,781,883.99</b>	1,664,085,777.48
Cash received from investment income		<b>45,055,548.66</b>	58,257,357.43
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		<b>22,567,628.53</b>	12,293,793.12
Net cash paid for disposal of subsidiaries and other business units	66	<b>1,228,752,943.29</b>	1.00
Other cash received relating to investing activities	66	<b>5,205,335,622.37</b>	2,958,669,428.19
<b>Sub-total of cash inflow from investing activities</b>		<b>7,824,493,626.84</b>	4,693,306,357.22
Cash paid to purchase and construct fixed assets, intangible assets and other long-term assets		<b>2,388,177,808.52</b>	2,897,045,105.81
Cash paid for investments		<b>395,601,717.34</b>	821,691,902.94
Net cash paid for acquisition of subsidiaries and other business units	66	<b>10,401,590.16</b>	1,601,155,020.77
Other cash paid relating to investing activities	65	<b>5,157,126,057.01</b>	4,225,215,454.06
<b>Sub-total of cash outflow from investing activities</b>		<b>7,951,307,173.03</b>	9,545,107,483.58
<b>Net cash flow used in investing activities</b>		<b>(126,813,546.19)</b>	(4,851,801,126.36)

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



## Consolidated Cash Flow Statement

For the year 2021

RMB

	Note V	2021	2020
<b>III. Cash Flows from Financing Activities:</b>			
Cash receipts from capital contributions		3,756,407,429.29	19,851,620.02
Including: Cash receipts from capital contributions from minority shareholders of subsidiaries		78,043,630.00	19,851,620.02
Cash received from borrowings		9,646,415,073.31	18,606,921,576.10
Other cash received relating to financing activities	65	2,771,139,059.49	1,027,475,244.93
<b>Sub-total of cash inflow from financing activities</b>		<b>16,173,961,562.09</b>	19,654,248,441.05
Cash repayments of borrowings		15,781,495,700.99	14,605,037,153.80
Cash payments for distribution of dividends or profits or settlement of interest expenses		2,818,662,075.98	3,790,180,349.49
Including: Payments for distribution of dividends or profits to minority shareholders of subsidiaries		224,794,448.23	206,450,575.50
Other cash paid relating to financing activities	65	2,627,436,761.11	1,440,929,047.32
<b>Sub-total of cash outflow from financing activities</b>		<b>21,227,594,538.08</b>	19,836,146,550.61
<b>Net cash flow used in financing activities</b>		<b>(5,053,632,975.99)</b>	(181,898,109.56)
<b>IV. Effect of Exchange Rate Changes on Cash and Cash Equivalents</b>		<b>(3,297,946.51)</b>	(1,064,656.34)
<b>V. Net Increase/(Decrease) in Cash and Cash Equivalents</b>		<b>196,924,813.39</b>	(875,031,450.67)
Add: Opening balance of cash and cash equivalents		5,901,061,909.81	6,776,093,360.48
<b>VI. Closing Balance of Cash and Cash Equivalents</b>	66	<b>6,097,986,723.20</b>	5,901,061,909.81

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

# Company's Balance Sheet

31 December 2021

RMB

Assets	Note XIV	31 December 2021	31 December 2020
<b>Current Assets</b>			
Cash and bank balances		1,233,562,517.05	1,299,963,274.29
Financial assets held for trading		2,000,000.00	–
Accounts receivable	1	257,521,066.44	359,697,091.95
Receivables financing		–	1,000,000.00
Prepayments		11,006,551.03	36,345,965.67
Other receivables	2	29,364,073,537.36	32,459,976,718.24
Inventories		2,040,824.23	1,851,919.04
Contract assets		61,971,407.50	63,508,968.26
Non-current assets due within one year		121,095,664.22	47,074,500.00
Other current assets		560,236,376.95	184,119,809.78
<b>Total current assets</b>		<b>31,613,507,944.78</b>	<b>34,453,538,247.23</b>
<b>Non-current assets</b>			
Long-term receivables		1,102,171,612.39	261,383,468.63
Long-term equity investments	3	20,575,617,082.41	20,540,883,665.40
Other equity instrument investment		2,434,914,911.35	2,342,809,849.82
Other non-current financial assets		10,100,000.00	20,100,000.00
Fixed assets		22,799,667.34	28,332,687.63
Construction in progress		57,489,241.90	46,854,205.04
Intangible assets		52,281,703.75	276,668,672.03
Long-term prepaid expenses		20,225,578.99	21,338,386.32
Right-of-use assets		1,852,722.70	–
Deferred tax assets		570,245,925.04	483,196,562.20
Other non-current assets		2,440,002,186.56	2,300,721,882.18
<b>Total non-current assets</b>		<b>27,287,700,632.43</b>	<b>26,322,289,379.25</b>
<b>Total assets</b>		<b>58,901,208,577.21</b>	<b>60,775,827,626.48</b>

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

# Company's Balance Sheet

31 December 2021

RMB

Liabilities and equity	31 December 2021	31 December 2020
<b>Current liabilities</b>		
Short-term loans	4,013,080,706.29	5,012,438,306.13
Notes payable	300,000,000.00	–
Accounts payable	88,061,036.18	83,576,930.85
Advance from customers	110,519,917.12	41,012,002.24
Contract liabilities	707,694,264.58	848,611,175.36
Payroll payable	133,682,565.41	95,905,952.50
Taxes payable	18,161,897.37	–
Other payables	21,860,315,249.86	24,924,966,658.16
Non-current liabilities due within one year	3,548,699,740.29	6,223,833,969.14
Other current liabilities	92,888,660.23	114,419,192.48
<b>Total current liabilities</b>	<b>30,873,104,037.33</b>	<b>37,344,764,186.86</b>
<b>Non-current liabilities</b>		
Long-term loans	2,564,143,400.80	2,784,000,770.48
Bonds payable	532,619,987.37	2,489,414,936.19
Lease liabilities	62,402.08	–
Long-term payables	83,936,885.48	156,770,759.24
Deferred income	76,385.89	71,800.18
Other non-current liabilities	1,721,782,171.80	363,303,705.22
<b>Total non-current liabilities</b>	<b>4,902,621,233.42</b>	<b>5,793,561,971.31</b>
<b>Total liabilities</b>	<b>35,775,725,270.75</b>	<b>43,138,326,158.17</b>
<b>Equity</b>		
Share capital	4,354,732,673.00	3,905,000,000.00
Capital reserve	8,162,137,697.40	4,825,621,385.84
Other comprehensive income	921,462,032.09	789,631,598.82
Surplus reserve	2,026,610,741.53	1,896,667,865.72
Retained earnings	7,660,540,162.44	6,220,580,617.93
<b>Total equity</b>	<b>23,125,483,306.46</b>	<b>17,637,501,468.31</b>
<b>Total liabilities and equity</b>	<b>58,901,208,577.21</b>	<b>60,775,827,626.48</b>

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

# Company's Income Statement

For the year 2021

RMB

	Note XIV	2021	2020
<b>Revenue</b>	4	<b>1,613,113,750.55</b>	1,551,920,353.44
Less: Cost of sales	4	<b>309,437,779.17</b>	268,533,477.13
Taxes and surcharges		<b>15,287,209.02</b>	10,399,473.73
Sale expenses		<b>225,726,996.51</b>	119,579,492.09
Management expenses		<b>845,451,034.19</b>	766,337,863.48
Financial expenses		<b>525,088,499.79</b>	786,516,523.63
Including: Interest expenses		<b>1,669,082,106.54</b>	1,684,980,624.11
Interest income		<b>1,091,708,890.81</b>	917,075,966.42
Add: Other income		<b>25,507,114.27</b>	40,131,571.94
Investment income	5	<b>1,975,146,159.85</b>	1,653,505,575.18
Including: Investment income from associates and joint ventures		<b>34,589,222.16</b>	46,570,464.70
Credit impairment (losses)/gains		<b>(213,770,675.22)</b>	69,224,323.43
Impairment losses of assets		<b>(211,507,348.79)</b>	(195,174,790.28)
Gains/(losses) from disposal of assets		<b>67,478.87</b>	(1,575,513.62)
<b>Operating profit</b>		<b>1,267,564,960.85</b>	1,166,664,690.03
Add: Non-operating income		<b>2,080,773.67</b>	627,636.33
Less: Non-operating expenses		<b>67,544,671.25</b>	79,319,670.53
<b>Total profit</b>		<b>1,202,101,063.27</b>	1,087,972,655.83
Less: income tax expenses		<b>(97,327,694.85)</b>	(128,706,001.39)
<b>Net profit</b>		<b>1,299,428,758.12</b>	1,216,678,657.22
<b>Net other comprehensive income (after tax)</b>		<b>402,304,095.47</b>	431,741,779.79
Other comprehensive income that will not be reclassified to profit or loss			
Changes in fair value of other equity instrument investments		<b>402,304,095.47</b>	431,741,779.79
<b>Total comprehensive income</b>		<b>1,701,732,853.59</b>	1,648,420,437.01

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

# Company's Statement of Changes in Equity

For the year 2021

RMB

2021

	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	Retained earnings	Total equity
<b>I. Opening balance in the current 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
<b>II. Changes in the current year</b>						
(I) Total comprehensive income	-	-	402,304,095.47	-	1,299,428,758.12	1,701,732,853.59
(II) Shareholders' contributions and reduction in capital						
1. Ordinary shares from shareholders	449,732,673.00	3,228,631,126.29	-	-	-	3,678,363,799.29
2. Amount of share payment included in equity	-	8,054,949.44	-	-	-	8,054,949.44
3. Business combinations involving enterprises under common control	-	99,830,235.83	-	-	-	99,830,235.83
(III) Profit distribution						
1. Surplus reserve	-	-	-	129,942,875.81	(129,942,875.81)	-
(IV) Transfers within shareholders' equity						
1. Other comprehensive income carried forward to retained earnings	-	-	(270,473,662.20)	-	270,473,662.20	-
<b>III. Balance at the end of the year</b>	<b>4,354,732,673.00</b>	<b>8,162,137,697.40</b>	<b>921,462,032.09</b>	<b>2,026,610,741.53</b>	<b>7,660,540,162.44</b>	<b>23,125,483,306.46</b>

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

# Company's Statement of Changes in Equity

For the year 2021

RMB

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>	<b>3,905,000,000.00</b>	<b>4,825,621,385.84</b>	<b>789,631,598.82</b>	<b>1,896,667,865.72</b>	<b>6,220,580,617.93</b>	<b>17,637,501,468.31</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 2021  
RMB

	2021	2020
<b>I. Cash Flows from Operating Activities:</b>		
Cash received from the sales of goods and rendering of services	1,637,015,904.13	1,765,783,013.30
Other cash received relating to operating activities	45,728,206.84	345,713,306.42
<b>Sub-total of cash inflow from operating activities</b>	<b>1,682,744,110.97</b>	<b>2,111,496,319.72</b>
Cash payments for goods purchased and services received	259,436,718.30	246,700,509.80
Cash payments to and on behalf of employees	618,774,610.79	634,080,637.15
Payments of various types of taxes	270,005,748.16	139,670,750.64
Other cash payments relating to operating activities	795,531,097.64	644,284,091.49
<b>Sub-total of cash outflow from operating activities</b>	<b>1,943,748,174.89</b>	<b>1,664,735,989.08</b>
<b>Net cash flows from operating activities</b>	<b>(261,004,063.92)</b>	<b>446,760,330.64</b>
<b>II. Cash Flows from Investing Activities:</b>		
Cash received from disposal of investments	464,900,717.83	55,781,394.59
Cash received from investment income	2,305,397,883.38	2,125,578,892.76
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	68,341.36	3,591,259.12
Net cash paid for disposal of subsidiaries and other business units	1,203,728,961.91	735,498,158.86
Other cash received relating to investing activities	7,758,105,355.55	4,468,886,284.65
<b>Sub-total of cash inflow from investing activities</b>	<b>11,732,201,260.03</b>	<b>7,389,335,989.98</b>
Cash paid to purchase and construct fixed assets, intangible assets and other long-term assets	45,476,955.58	376,599,623.89
Cash paid for investments	526,350,000.00	1,420,955,929.00
Net cash paid for acquisition of subsidiaries and other business units	255,225,000.00	1,732,409,618.94
Other cash paid relating to investing activities	8,024,852,787.29	7,563,026,900.00
<b>Sub-total of cash outflow from investing activities</b>	<b>8,851,904,742.87</b>	<b>11,092,992,071.83</b>
<b>Net cash flows from/(used in) investing activities</b>	<b>2,880,296,517.16</b>	<b>(3,703,656,081.85)</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 2021

RMB

	2021	2020
<b>III. Cash Flows from Financing Activities:</b>		
Cash receipts from capital contributions	3,678,363,799.29	–
Cash received from borrowings	12,565,006,780.00	9,776,509,225.00
Other cash received relating to financing activities	5,948,630,334.46	8,247,222,081.70
<b>Sub-total of cash inflow from financing activities</b>	<b>22,192,000,913.75</b>	<b>18,023,731,306.70</b>
Cash repayments of borrowings	18,600,963,110.00	9,926,772,458.44
Cash payments for distribution of dividends or profits or settlement of interest expenses	816,358,809.08	1,819,770,909.25
Other cash paid relating to financing activities	5,530,912,372.82	3,460,879,184.09
<b>Sub-total of cash outflow from financing activities</b>	<b>24,948,234,291.90</b>	<b>15,207,422,551.78</b>
<b>Net cash flows from financing activities</b>	<b>(2,756,233,378.15)</b>	<b>2,816,308,754.92</b>
<b>IV. Effect of Exchange Rate Changes on Cash and Cash Equivalents</b>	<b>40,167.67</b>	<b>16,469,767.04</b>
<b>V. Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(136,900,757.24)</b>	<b>(424,117,229.25)</b>
Add: Opening balance of cash and cash equivalents	1,070,463,274.29	1,494,580,503.54
<b>VI. Closing Balance of Cash and Cash Equivalents</b>	<b>933,562,517.05</b>	<b>1,070,463,274.29</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 2021  
RMB

## I. GENERAL INFORMATION OF THE COMPANY

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

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

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



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

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

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



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

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

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

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



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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) issued by the China Securities Regulatory Commission, the Company carried out public offering of no more than 315,000,000 RMB-denominated ordinary shares (A shares), which were listed and traded at the Shanghai Stock Exchange. As of 17 January 2018, the Company completed the public offering of RMB-denominated ordinary shares (A shares) totaling 315,000,000 shares with a nominal value of RMB1.00 per share, and the issue price per share amounted to RMB10.23. Upon completion of the offering, the paid-in capital (share capital) of the Company amounted to RMB3,938,917,038.00, among which, the amount of RMB-denominated shares (A shares) subject to trading moratorium was 2,561,103,969 shares; the amount of RMB-denominated shares (A shares) not subject to trading moratorium was 315,000,000 shares, and the amount of overseas listed foreign shares (H shares) not subject to trading moratorium was 1,062,813,069 shares. The Company completed the business registration in respect of such change on 20 March 2018.

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

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

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

At the 2019 Annual General Meeting, the A Share Shareholders' Class Meeting and H Share Shareholders' Class Meeting held by the Company in 2020, resolutions in relation to non-public issuance including the Resolution on the Fulfilment of Conditions for the Non-public Issuance of A Shares by the Company, the Resolution on the 2020 Non-public Issuance of A Shares of the Company, and the Resolution on the 2020 Plan for the Non – public Issuance of A Shares of the Company, were considered and approved. On 19 April 2021, the Company received the Reply as to Approval for Non-Public Issuance of Shares by Red Star Macalline Group Corporation Ltd. (Zheng Jian Xu Ke [2021] No.1361) issued by the CSRC. In October 2021, the actual number of shares issued by the Company at an issue price of RMB8.23 per share was 449,732,673, and as verified by the Capital Verification Report for Red Star Macalline Group Corporation Ltd. (Ernst & Young Hua Ming (2021) YZ No.60954737\_B01) issued by Ernst & Young Hua Ming (LLP), the total subscription payment of subscribers for the non – public issuance of shares was RMB3,701,299,898.79. The net proceeds after deduction of the issuance expense (exclusive of tax) were RMB3,678,363,799.29, which increased the share capital by RMB449,732,673.00 and the capital reserve by RMB3,228,631,126.29. The Company completed the industrial and commercial change registration on 2 December 2021.

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

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

These financial statements have been approved by the Board of the Company by resolutions on 30 March 2022. Pursuant to the Articles of Association of the Company, these financial statements will be proposed to the general meeting for consideration and approval.

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



## Notes to the Financial Statements

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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 2021, the Group’s current liabilities in aggregate exceeded its current assets in aggregate with an amount of RMB16.479 billion. The management of the Group had assessed its ongoing operation for the 12 months starting from 1 January 2022, and after taking into account unutilized bank facilities held by the Group and the Group’s expected operating cash inflows and financing arrangements as of 31 December 2021, believed that the Group can obtain sufficient working capital to ensure its continuing operations during the year from 1 January 2022 to 31 December 2022. Therefore, these financial statements have been prepared on a going concern basis.

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

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

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

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

The financial statements have been prepared in accordance with ASBEs, and presented truly and completely the Company’s and the Group’s financial position as at 31 December 2021, and the operating results and cash flows for 2021.

### 2. Accounting Period

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





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

### 3. Functional Currency

The Group adopts Renminbi (“RMB”) as its functional currency and to prepare its financial statements. Unless otherwise stated, the financial statements are all presented in RMB.

The subsidiaries, Joint ventures, Associates of the Group determine their functional currencies according to the main economic environment where they operate and convert to RMB when preparing financial statements.

### 4. Business Combination

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

#### Business combinations involving enterprises under common control

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

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

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

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

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



# Notes to the Financial Statements

For the year 2021

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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 year and accounting policies as those of the Company. All intra-group assets, liabilities, interests, income, expenses and cash flows are eliminated in full on consolidation.

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

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

#### 5. Consolidated Financial Statement (continued)

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

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

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

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

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

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

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

#### 7. Cash and Cash Equivalents

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



# Notes to the Financial Statements

For the year 2021

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

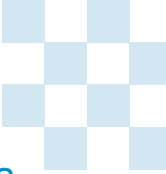
### 8. Translation of Transactions and Financial Statements Denominated in Foreign Currencies

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.

For the purpose of preparing the consolidated financial statements, financial statements of a foreign operation are translated from the foreign currency into RMB using the following method: assets and liabilities on the statement of financial position are translated at the spot exchange rate at the end of the reporting period; shareholders' equity items except for retained earnings are translated at the spot exchange rates at the dates on which such items arose; income and expenses in profit or loss are translated at the average exchange rates during the transaction period. The exchange differences arising on translation of financial statements denominated in foreign currencies are recognized as other comprehensive income. For disposals of equity interests in foreign operations, the proportionate share of the accumulated exchange differences arising on translation of financial statements in other comprehensive income of foreign operations is transferred to profit or loss. For partial disposals, the reclassification is determined in proportion to the disposal.

Foreign currency cash flows and cash flows of overseas subsidiaries are translated using the average exchange rate of the period when the cash flow occurs (unless the exchange rate fluctuations make it inappropriate to convert at such exchange rate, the spot exchange rate on the date at the date when the cash flows occur is used for translation). The effect of exchange rate changes on cash is separately presented as an adjustment item in the cash flow statement.



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

#### 9. Financial Instrument

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

##### Recognition and derecognition of financial instruments

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

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

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

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

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



# Notes to the Financial Statements

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

### 9. Financial Instrument (continued)

#### Classification and measurement of financial assets

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

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

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

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

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

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

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

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

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

#### 9. Financial Instrument (continued)

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

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

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

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

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

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

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

##### Classification and measurement of financial liabilities

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



# 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 financial instruments is taken to retained earnings in full under cost method. For a long-term equity investment acquired by means other than business combination, the initial investment cost is determined as follows: for a long-term equity investment acquired by paying cash, the initial investment cost is the actual purchase price paid and those costs, taxes and other necessary expenditures directly attributable to the acquisition of the long-term equity investment; for a long-term equity investment acquired by the issue of equity securities, the initial investment cost is the fair value of the equity securities issued; for a long-term equity investment acquired by the swap of non-monetary assets, the initial investment cost is determined based on Accounting Standard for Business Enterprises No. 7 – Swap of Non-monetary Assets.

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



## Notes to the Financial Statements

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

#### 11. Long-term Equity Investments (continued)

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

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

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

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

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

#### 11. Long-term Equity Investments (continued)

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

#### 12. Investment Property

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

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

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

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

#### 13. Fixed Assets

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

# Notes to the Financial Statements

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

### 13. Fixed Assets (continued)

Fixed assets are initially measured at cost. The cost of a purchased fixed asset consists of the acquisition price, relevant taxes, and other expenditure directly attributable the fixed asset incurred before the asset is ready for intended use.

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

	Useful life	Estimated net residual value rate	Annual depreciation rate
Houses and buildings	40 years	5%	2.38%
Special equipment	10 years	5%	9.50%
Electronic equipment, appliances and furniture	3-5 years	5%	19.00-31.67%
Transportation equipment	5 years	5%	19.00%

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

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

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

#### 14. Construction in Progress

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

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

#### 15. Borrowing Costs

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

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

Borrowing costs may be capitalised only when:

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

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



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

#### 16. Right-of-use assets

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

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

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



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

#### 17. Intangible Assets

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

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

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

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

An intangible asset with finite useful life is amortised over its useful life by using the straight-line method. The Group reviews the useful life and amortization method of an intangible asset with finite useful life at least once at each year-end, and adjusts when necessary.

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



## 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, contract assets, investment property measured at fair value model, deferred income taxes and financial assets by below method:

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

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

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

For the purpose of impairment test of goodwill, the book value of goodwill arising from business combination is reasonably allocated to the related assets group since the purchasing date, and those difficulty allocated to the related assets group will be allocated to the related sets of assets groups. The related assets group or sets of assets groups are those expected to benefit from the synergies of the business combination and not larger than the reportable segment determined by the Group.

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

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

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

#### 19. Long-term Prepaid Expenses

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

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

#### 20. Employee Remuneration

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

##### Short-term remuneration

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

##### Post-employment benefits (Defined contribution plans)

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

##### Termination benefits

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



## 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 implicit in the lease as the discount rate; if the interest rate implicit in the lease cannot be determined, the lessee's incremental borrowing rate is used as the discount rate. The Group calculates the interest expense of the lease liability for each period of the lease term based on the fixed periodic interest rate and recognizes it in profit or loss for the current period, unless otherwise required to be included in relevant costs of assets. The variable lease payments that are not included in the measurement of the lease liabilities are recognized in profit or loss for the current period when actually incurred, unless otherwise required to be included in relevant costs of assets.

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

#### 22. Provisions

Except for contingent consideration and contingent liability assumed in a business combination not under common control, the Group recognizes an obligation related to a contingency as a provision when the following conditions are satisfied simultaneously:

- (1) the obligation is a present obligation assumed by the Group;
- (2) it is probable that an outflow of economic benefits from the Group will be required to settle the obligation;
- (3) the amount of the obligation can be measured reliably.

A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation, with comprehensive consideration of factors such as the risks, uncertainty and time value of money relating to a contingency. The carrying amount of a provision is reviewed at each balance sheet date. If there is clear evidence that the carrying amount does not reflect the current best estimate, the carrying amount is adjusted according to the current best estimate.

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

#### 23. Share-based payment

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

Where equity-settled share-based payments are exchanged for services provided by employees, they are measured at the fair value of the equity instruments granted to employees. If the right is exercised immediately after the grant, it is included in the relevant costs or expenses at fair value on the grant date, and the capital reserve is increased accordingly; if the right can be exercised only after the service within the waiting period is completed, on every balance sheet date during the waiting period, the services acquired in the current period are included into the relevant costs or expenses according to the fair value at the grant date, and the capital reserve is increased accordingly. Fair value of equity instruments is determined using a binomial model.

No costs or expenses will be recognized for the share-based payment that ultimately fail to exercise due to failing to meet non-market conditions and/or service period conditions. If market conditions or non-exercisable rights conditions are stipulated in the share-based payment agreement, regardless of whether market conditions or non-exercisable rights conditions are met, as long as all other performance conditions and/or service period conditions are met, they are regarded as exercisable rights.



# 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. Obtaining control over relevant goods or services refers to the ability to direct the use of goods or the provision of services and obtain substantially all of the economic benefits from them.

#### Revenue relating to Managed Shopping Malls

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

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

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

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

*Revenue from tenant sourcing commissions*

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

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

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

##### Revenue relating to Managed Shopping Malls (continued)

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

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

###### *Revenue from commercial consultation fees*

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

##### Revenue from construction and design service

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



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

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

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

Revenue from home decoration refers to the revenue received by the Group from the provision of home design and decoration engineering services. The revenue arising therefrom is recognized by the Group based on the performance schedule in the period that the relevant services are provided.

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

#### Other revenues

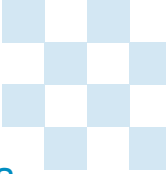
##### *Revenue from strategic consultation fees*

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

##### *Joint marketing revenue*

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





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

#### 25. Contract Assets and Contract Liabilities

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

##### Contract assets

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

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

##### Contract liabilities

A contract liability is the obligation to transfer goods or services to customers in connection with customer consideration received or receivable, for example, amounts received by an enterprise prior to the transfer of the promised goods or services.

#### 26. Government Grants

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

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



## 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 used to recover related costs or losses in the subsequent period are recognized as deferred income, and are recognized in profit or loss for the current period or used to offset related costs of the period in which the related costs or losses are recognized; those used to recover related costs or losses incurred are directly recognized in profit or loss for the current period or used to offset related costs.

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

#### 27. Income Tax

Income tax comprises current income tax and deferred income tax. Except that the adjusted goodwill arising from business combination, or the income tax relating to the transaction or item which is directly included in the shareholders' equity is included in the shareholders' equity, all income taxes shall be included in the profit or loss for the current period as income tax expenses or incomes.

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

The Group shall provide the deferred income taxes at the temporary difference between the book value of the assets and liabilities on the balance sheet date and the tax base, and the temporary difference between the book value of the items that have not been recognized as the assets and liabilities but whose tax base may be determined according to the requirements of tax laws, and the tax base, using the balance sheet liability method.

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

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

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

#### 27. Income Tax (continued)

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

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

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

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

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



# Notes to the Financial Statements

For the year 2021

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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 a lease or contain a lease. In order to determine whether the contract has transferred the right to control the use of the identified assets within a certain period of time, the Group assesses whether the customers in the contract are entitled to substantially all of the economic benefits arising from the use of the identified assets during the period of use and have the right to lead the use of identified assets during this period of use.

#### Identification of separate leases

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

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

#### Assessment of lease term

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



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

#### 28. Lease (continued)

##### As a lessee

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

##### Lease modifications

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

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

- (1) The lease modifications expand the scope of the lease by adding the rights of use of one or more leased assets;
- (2) The increased consideration is equivalent to the amount after adjustment of the stand-alone price of the enlarged portion of the lease scope based on the circumstances of the contract.

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

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

- (1) If the lease modifications result in a narrower lease scope or a shorter lease term, the Group decreases the book value of the right-of-use asset to reflect the partial or full termination of the lease. Any gain or loss relating to the partial or full termination of the lease shall be recognized in profit or loss for the current period;
- (2) For other lease modifications, the Group makes a corresponding adjustment to the book value of right-of-use asset.



# Notes to the Financial Statements

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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 recognizes the lease which has a term of no more than 12 months and does not include the purchase option on the commencement date of the lease term as a short-term lease; the lease with a value of no more than RMB40,000 when the single leased asset is a new asset is recognized as a low-value asset lease. If the Group subleases or expects to sublease the leased assets, the original lease is not recognized as a low-value asset lease. The Group choose not to recognize the right-of-use assets and lease liabilities for short-term leases and low-value asset leases. During each period of the lease term, the related asset costs or profit or loss for the current period are included by using the straight-line method.

#### As a lessor

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

##### *As a lessor under finance leases*

At the commencement date of the lease term, the Group recognizes finance lease receivables for finance leases and derecognizes the finance lease assets. When the finance lease receivables are initially measured, the Group shall account for the net lease investment as the value of the finance lease receivables. Net lease investment is the sum of the unguaranteed residual value and the present value of the lease receivables that are not received at the commencement date of the lease term, discounted at the interest rate implicit in the lease.

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

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

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

#### 28. Lease (continued)

##### As a lessor (continued)

###### *As a lessor under finance leases (continued)*

If the finance leases modifies and meets the following conditions simultaneously, the Group will account for the modification as a separate lease:

- (1) The modifications expand the scope of the lease by adding the rights of use of one or more leased assets;
- (2) The increased consideration is equivalent to the amount after adjustment of the stand-alone price of the enlarged portion of the lease scope based on the circumstances of the contract.

For the modifications in finance leases which are not accounted as a separate lease, the Group will account for the modified lease by distinguishing between the following:

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

###### *As a lessor under operating leases*

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

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

###### *Sale-Leaseback Transactions*

The Group evaluates and determines whether the transfer of assets in the sale-leaseback transaction is a sale in accordance with Note III. 24.



# Notes to the Financial Statements

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

### 28. Lease (continued)

#### As a lessee

If the asset transfer in a sale-leaseback transaction is a sale, the Group, as a lessee, measures the right-of-use asset formed by the sale-leaseback based on the portion of the original asset's book value related to the right of use obtained from the leaseback, and only recognizes the relevant gains or losses on the right transferred to the lessor; if the asset transfer in a sale-leaseback transaction is not part of the sale, the Group, as a lessee, continues to recognize the transferred asset and at the same time recognizes a financial liability equal to the transfer income, and accounts for the financial liabilities in accordance with Note III. 9.

#### As a lessor

If the asset transfer in a sale-leaseback transaction is a sale, the Group act as a lessor to account for asset purchases and account for asset leases in accordance with the foregoing provisions; if the asset transfer in a sale-leaseback transaction is not part of the sale, the Group, as a lessor, does not recognize the transferred assets, but recognizes a financial asset equal to the transfer income, and accounts for the financial assets in accordance with Note III. 9.

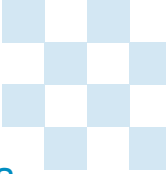
### 29. Hedge Accounting

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

- (1) Fair value hedges refer to the hedging against the risk of fair value change in respect of definite commitments which are not yet recognized (other than exchange rate risks) of assets or liabilities already recognized.

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





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

#### 29. Hedge Accounting (continued)

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

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

For details of the Group's assessment method of hedging effectiveness, risk management strategy and how to apply the strategy to manage risks, please refer to Note V. 69.

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

#### Fair value hedging

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

For fair value hedging relating to debt instruments carried at amortized cost, the adjustments to the book value of the hedged items are amortized to profit or loss for the current period over the remaining term of the hedge using the effective interest rate method. Amortization at effective interest rate may begin upon the adjustment of the book value but no later than the time when the hedged item ceases to be adjusted for changes in its fair value attributable to the hedge risk. If the hedged item is derecognized, the unamortized fair value is recognized in profit or loss for the current period.



## Notes to the Financial Statements

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

#### 29. Hedge Accounting (continued)

##### Cost of hedging

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

#### 30. Profit Distribution

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

#### 31. Fair Value Measurement

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

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING

#### 31. Fair Value Measurement (continued)

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

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

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

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

#### 32. Significant Accounting Judgments and Estimates

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

##### Judgments

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

##### *Operating lease – as a lessor*

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



# Notes to the Financial Statements

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

### 32. Significant Accounting Judgments and Estimates (continued)

#### Judgments (continued)

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

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

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

##### *Methods for determining the performance schedule of construction contracts*

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

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

#### 32. Significant Accounting Judgments and Estimates (continued)

##### Judgments (continued)

###### *Business models*

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

###### *Contractual cash flow characteristics*

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

###### *Division of investment properties and fixed assets*

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

###### *Pending litigation*

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



# Notes to the Financial Statements

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

### 32. Significant Accounting Judgments and Estimates (continued)

#### Judgments (continued)

##### *Judgment of significant influence on invested company*

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

##### *Hedging validity judgment*

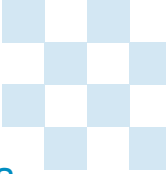
The Group believes that there is an economic relationship between the hedged item and the hedging instrument. This economic relationship causes the value of the hedged instrument and the hedged item to change in opposite directions due to the same hedged risk; among the changes in the value arising from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

#### Estimation uncertainty

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

##### *Impairment of financial instruments and contract assets*

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



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

#### 32. Significant Accounting Judgments and Estimates (continued)

##### Estimation uncertainty (continued)

###### *Fair value of unlisted equity investments*

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

###### *Investment property fair value measurement*

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

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

The Group assesses whether there are any indications of impairment for all non-current assets other than financial assets at the balance sheet date. For non-current assets other than financial assets, which are tested for impairment when there are indicators that the carrying amount may not be recoverable. Impairment exists when the carrying amount of an asset or asset group exceeds its recoverable amount, which is the higher of its fair value less disposal costs and the present value of the future cash flows. The calculation of the fair value less disposal costs is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs that would be directly attributable to the disposal of the asset. When present value of future cash flows calculations are undertaken, the management must estimate the expected future cash flows from the asset or asset group and choose a suitable discount rate in order to calculate the present value of those cash flows. For details, please refer to Note V. 19.



# Notes to the Financial Statements

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

### 32. Significant Accounting Judgments and Estimates (continued)

#### Estimation uncertainty (continued)

##### *Impairment of goodwill*

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

##### *Deferred tax assets*

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

##### *Lessee's incremental borrowing rate*

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



## IV. TAXATION

### 1. Major Categories of Tax and Tax Rate

Value-added tax (VAT)	<ul style="list-style-type: none"> <li>Rental income: output VAT was calculated as per 5% (simple taxation conditions should be met) or 9% of the taxable income;</li> <li>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;</li> <li>Income from construction services: output VAT was calculated as per 9% of the taxable income;</li> <li>Revenue from sales of goods: output VAT was calculated as per 13% of the taxable income;</li> </ul> <p>For the output VAT calculated above, the Group may pay VAT after deducting deductible input VAT for the current period apart from simple calculation and payment.</p> <p>Small-scale taxpayers should pay VAT as per 3% of the taxable income.</p>
Urban maintenance and construction tax	<ul style="list-style-type: none"> <li>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%.</li> </ul>
Enterprise income tax	<ul style="list-style-type: none"> <li>It is levied at 25% of the taxable income, except for the subsidiaries subject to tax preference.</li> </ul>
Property tax	<ul style="list-style-type: none"> <li>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.</li> </ul>
Land use tax	<ul style="list-style-type: none"> <li>Paid as actual tax rate.</li> </ul>
Stamp duty	<ul style="list-style-type: none"> <li>Paid as actual tax rate.</li> </ul>

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.



# Notes to the Financial Statements

For the year 2021

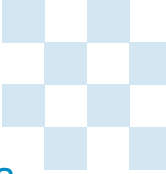
RMB

## IV. TAXATION (continued)

### 2. Tax Preference

Pursuant to Cai Shui [2011] No. 58 Notice on the Taxation Policies for Deepening the Implementation of the Western Development Strategy 《(關於深入實施西部大開發戰略有關稅收政策問題的通知)》 and Announcement of Taxation on Issues concerning Enterprise Income Tax in Deepening the Implementation of the Western Development Strategy 《(關於深入實施西部大開發戰略有關企業所得稅問題的公告)》 (SAT [2012] No. 12), Chengdu Red Star Macalline Xinnan Business Management Company Limited (成都紅星美凱龍新南商業管理有限公司), Chongqing Liangjiang New Area Red Star Macalline Business Management Co., Ltd. (重慶兩江新區紅星美凱龍商業管理有限公司), Chengdu Red Star Ogloria Brand Management Company Limited, Red Star Macalline Chengdu Business Management Company Limited, and Red Star Macalline Chengdu Enterprise Management and Consultancy Company Limited under the Company are entitled to the enterprise income tax preference policy, and the above companies, were subject to a tax rate of 15% for the year upon approval by competent tax authorities as they met relevant conditions.

Red Star Xizhao Investment Company Limited, Red Star Macalline Home Furnishing Mall Management Company Limited, Red Star Zhongying Investment Company Limited (紅星眾盈投資有限公司) and Tibet Red Star Macalline Business Management Company Limited (西藏紅星美凱龍企業管理有限公司) under the Company are entitled to enterprise income tax preference policy and are subject to a tax rate of 15% for the year pursuant to Zangzhengfa [2014] No. 51 Notice Issued by the People's Government of the Tibet Autonomous Region Regarding the Publication of Implementation Rules of Enterprise Income Tax Policy of the Tibet Autonomous Region 《(西藏自治區人民政府關於印發<西藏自治區企業所得稅政策實施辦法>的通知)》.



## Notes to the Financial Statements

For the year 2021

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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.

# Notes to the Financial Statements

For the year 2021

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## V. NOTES TO THE MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

### 1. Cash and Bank Balances

	2021	2020
Cash on hand	7,523,570.17	8,615,723.97
Bank deposits	6,094,644,142.41	5,918,419,429.26
Other cash and bank balances	801,547,536.95	584,057,044.86
	<b>6,903,715,249.53</b>	6,511,092,198.09

As at 31 December 2021, the Group's cash and bank balances deposited overseas was equivalent to RMB142,400,776.53 (31 December 2020: equivalent to RMB42,686,514.22).

As at 31 December 2021, the Group's time deposits with maturity of more than three months amounted to RMB21,925,853.01 (31 December 2020: RMB25,973,243.42).

Interest income earned on the Bank's current deposits is calculated by using its current deposit interest rate. The deposit periods for term time deposits vary from 1 month to 40 months depending on the cash requirements of the Group and the Group earned interest income according to the respective time deposit rates of the Bank.

As at 31 December 2021, in the Group's other cash and bank balances, RMB266,797,879.55 was used as deposits and certificates of deposit for borrowings (31 December 2020: RMB320,515,556.83 was used as deposits and certificates of deposit for borrowing); RMB33,184,807.81 (31 December 2020: RMB30,343,913.91) was frozen; RMB91,794,170.10 (31 December 2020: RMB119,156,554.03) was deposit reserve placed with the People's Bank of China by the Group; RMB5,950,178.56 (31 December 2020: RMB20,273,548.18) was deposited investment fund placed with securities accounts; and RMB386,075,637.30 (31 December 2020: RMB93,767,471.91) was deposits. RMB17,744,863.63 (31 December 2020: Nil) was the monetary funds deposited on the third-party platform.

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

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

### 2. Financial Assets Held for Trading

	2021	2020
Financial assets at fair value through profit or loss		
Equity instrument investments	26,804,549.59	175,575,264.98
Funds	353,477,750.00	–
Debt instrument investments	638,410,553.66	72,035,807.75
	<b>1,018,692,853.25</b>	<b>247,611,072.73</b>

### 3. Notes Receivable

	2021	2020
Commercial acceptance bill	59,509,521.93	–
Bank acceptance bill	27,044,660.20	–
	<b>86,554,182.13</b>	<b>–</b>

The notes receivable that have been endorsed or discounted but have not yet expired on the balance sheet date are as follows:

	2021		2020	
	Terminated recognition	Untermated recognition	Closing balance Terminated recognition	Untermated recognition
Commercial acceptance bill	–	59,509,521.93	–	–
Bank acceptance bill	–	27,044,660.20	–	–
	<b>–</b>	<b>86,554,182.13</b>	<b>–</b>	<b>–</b>

# Notes to the Financial Statements

For the year 2021

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

### 4. Accounts Receivable

Aging analysis of the accounts receivable is as follows:

	2021	2020
Within 1 year	1,206,127,898.92	1,268,780,662.38
1 to 2 years	486,544,298.40	500,460,774.30
2 to 3 years	450,663,470.90	382,305,782.14
Over 3 years	1,224,067,682.78	944,105,876.69
	<b>3,367,403,351.00</b>	3,095,653,095.51
Less: Allowance for bad debts in relation to accounts receivable	1,409,753,008.93	1,160,826,982.08
	<b>1,957,650,342.07</b>	1,934,826,113.43

	2021		Bad debt allowance	
	Book balance Amount	Percentage (%)	Amount	Proportion (%)
Accounts receivable for which bad debt allowance is provided individually	852,768,282.65	25.32	835,725,727.04	98.00
Accounts receivable for which bad debt allowance is provided by portfolio of credit risk characteristics	2,514,635,068.35	74.68	574,027,281.89	22.83
	<b>3,367,403,351.00</b>	<b>100.00</b>	<b>1,409,753,008.93</b>	<b>41.86</b>

	2020		Bad debt allowance	
	Book balance 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
	<b>3,095,653,095.51</b>	<b>100.00</b>	<b>1,160,826,982.08</b>	<b>37.50</b>

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

### 4. Accounts Receivable (continued)

As at 31 December 2021, the top five amount of accounts receivable collected by debtors for which bad debt allowance is provided individually are as follows:

	Book balance	Bad debt allowance	Expected credit loss rate (%)	Reason for provision
Changzhou Wujin Construction Engineering Co., Ltd. (常州市武進建設工程有限公司)	55,000,000.00	55,000,000.00	100.00	Accounts receivable are expected to be unrecoverable
Jiangsu Provincial Construction Group Co., Ltd. (江蘇省建築工程集團有限公司)	31,000,000.00	31,000,000.00	100.00	Accounts receivable are expected to be unrecoverable
Beijing Haiyu Apartment Management Co., Ltd. (北京海寓公寓管理有限公司)	28,089,136.34	28,089,136.34	100.00	Accounts receivable are expected to be unrecoverable
Shenzhen Tianyi Hengye Investment Development Co., Ltd. (深圳市天意恒業投資發展有限公司)	23,600,000.00	23,600,000.00	100.00	Accounts receivable are expected to be unrecoverable
Xuanwei Xintiandi Real Estate Development Co., Ltd. (宣威市新天地房地產開發有限公司)	20,000,000.00	20,000,000.00	100.00	Accounts receivable are expected to be unrecoverable

# Notes to the Financial Statements

For the year 2021

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

### 4. Accounts Receivable (continued)

As at 31 December 2020, the top five amount of accounts receivable collected by debtors for which bad debt allowance is provided individually are as follows:

	Book balance	Bad debt allowance	Expected credit loss rate (%)	Reason for provision
Changzhou Wujin Construction Engineering Co., Ltd. (常州市武進建設工程有限公司)	55,000,000.00	55,000,000.00	100.00	Accounts receivable are expected to be unrecoverable
Jiangsu Provincial Construction Group Co., Ltd. (江蘇省建築工程集團有限公司)	31,000,000.00	31,000,000.00	100.00	Accounts receivable are expected to be unrecoverable
Beijing Haiyu Apartment Management Co., Ltd. (北京海寓公寓管理有限公司)	28,089,136.34	28,089,136.34	100.00	Accounts receivable are expected to be unrecoverable
Guangxi Shengli Decoration Engineering Co. Ltd. (廣西晟力裝飾工程有限公司)	24,000,000.00	24,000,000.00	100.00	Accounts receivable are expected to be unrecoverable
Shenzhen Tianyi Hengye Investment Development Co., Ltd. (深圳市天意恒業投資發展有限公司)	23,600,000.00	23,600,000.00	100.00	Accounts receivable are expected to be unrecoverable



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

### 4. Accounts Receivable (continued)

The accounts receivable for which bad debt allowance is provided by portfolio of credit risk characteristics are as follows:

	Book balance expected to incur credit loss	2021 Expected credit loss rates (%)	Lifetime expected credit loss
Portfolio One: Brand consulting and management services for the early stage of project			
Within 1 year	104,200,000.00	15.59	16,244,780.00
1 to 2 years	154,270,000.00	22.23	34,294,221.00
2 to 3 years	239,698,621.63	26.96	64,622,748.39
3 to 4 years	224,450,000.00	33.50	75,190,750.00
4 to 5 years	137,800,000.00	57.95	79,855,100.00
5 to 6 years	64,290,000.00	64.69	41,589,201.00
Over 6 years	41,750,000.00	100.00	41,750,000.00
	966,458,621.63		353,546,800.39
Portfolio Two: Construction and design services			
Within 1 year	811,195,069.80	6.11	49,564,018.76
1 to 2 years	183,513,124.75	19.30	35,418,033.08
2 to 3 years	40,427,087.51	35.49	14,347,573.36
	1,035,135,282.06		99,329,625.20

# Notes to the Financial Statements

For the year 2021

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

### 4. Accounts Receivable (continued)

The accounts receivable for which bad debt allowance is provided by portfolio of credit risk characteristics are as follows: (continued)

	Book balance expected to incur credit loss	2021 Expected credit loss rates (%)	Lifetime expected credit loss
Portfolio Three: Other consulting services			
Within 1 year	123,938,974.99	16.18	20,053,326.15
1 to 2 years	70,838,105.31	33.53	23,752,016.71
2 to 3 years	54,163,606.69	57.08	30,916,586.70
Over 3 years	36,172,152.09	100.00	36,172,152.09
	<b>285,112,839.08</b>		<b>110,894,081.65</b>

	Book balance expected to incur credit loss	2021 Expected credit loss rates (%)	Lifetime expected credit loss
Portfolio Four: Rental and related income	101,838,129.65	4.50	4,582,715.83

	Book balance expected to incur credit loss	2021 Expected credit loss rates (%)	Lifetime expected credit loss
Portfolio Five: Others	126,090,195.93	4.50	5,674,058.82

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

### 4. Accounts Receivable (continued)

The accounts receivable for which bad debt allowance is provided by portfolio of credit risk characteristics are as follows: (continued)

	Book balance expected to incur credit loss	2020 Expected credit loss rates (%)	Lifetime expected credit loss
Portfolio One: Brand consulting and management services for the early stage of project			
Within 1 year	214,405,555.56	10.15	21,762,163.87
1 to 2 years	273,303,986.37	15.59	42,608,091.48
2 to 3 years	236,200,000.00	21.24	50,168,880.00
3 to 4 years	155,266,619.10	29.52	45,834,705.96
4 to 5 years	73,290,000.00	51.72	37,905,588.00
5 to 6 years	22,500,000.00	63.07	14,190,750.00
Over 6 years	19,250,000.00	100.00	19,250,000.00
	994,216,161.03		231,720,179.31

	Book balance expected to incur credit loss	2020 Expected credit loss rates (%)	Lifetime expected credit loss
Portfolio Two: Construction and design services			
Within 1 year	633,420,008.67	4.75	30,087,450.41
1 to 2 years	73,615,966.48	9.00	6,625,436.98
2 to 3 years	22,915,575.84	15.00	3,437,336.38
	729,951,550.99		40,150,223.77

# Notes to the Financial Statements

For the year 2021

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

### 4. Accounts Receivable (continued)

The accounts receivable for which bad debt allowance is provided by portfolio of credit risk characteristics are as follows: (continued)

	Book balance expected to incur credit loss	2020 Expected credit loss rates (%)	Lifetime expected credit loss
Portfolio Three: Other consulting services			
Within 1 year	136,386,293.79	15.82	21,576,311.68
1 to 2 years	68,536,760.53	33.57	23,007,790.51
2 to 3 years	9,132,590.94	56.89	5,195,530.99
Over 3 years	30,519,178.08	100.00	30,519,178.08
	244,574,823.34		80,298,811.26

	Book balance expected to incur credit loss	2020 Expected credit loss rates (%)	Lifetime expected credit loss
Portfolio Four: Rental and related income			
	110,899,863.74	4.50	4,990,493.87

	Book balance expected to incur credit loss	2020 Expected credit loss rates (%)	Lifetime expected credit loss
Portfolio Five: Others			
	201,956,463.40	4.50	9,088,040.86

The movements on the allowance for bad debts in relation to accounts receivable are as follows:

	Opening balance	Provision for the current year	Reversal for the current year	Write-off for the current year	Other changes (Note)	Closing balance
2021	1,160,826,982.08	334,367,599.25	(23,209,118.00)	(60,359,512.73)	(1,872,941.67)	1,409,753,008.93
2020	1,168,987,516.74	212,041,980.32	(144,180,630.64)	(76,021,884.34)	–	1,160,826,982.08

Note: Other changes are the movements on the allowance for bad debts in relation to accounts receivable due to disposal of subsidiaries.

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

### 4. Accounts Receivable (continued)

In 2021, the actual write-off account receivables is RMB60,359,512.73, of which, the important written-off account includes receivables from Shaanxi Haixing Real Estate Development Co., Ltd. (陝西海興房地產開發有限責任公司) amounting to RMB18,750,000.00 for brand consulting and management services for the early stage of project, receivables from Shanxi Xinghe Real Estate Development Co., Ltd. (山西星河房地產開發有限公司) amounting to RMB8,000,000.00 for brand consulting and management services for the early stage of project, receivables from Wensu County Zhongtian Commercial Service Co., Ltd. (溫宿縣中天商業服務有限責任公司) amounting to RMB5,000,000.00 for brand consulting and management services for the early stage of project and receivables from Yong'an Haoyuan Real Estate Co., Ltd. (永安市昊元置業有限公司) amounting to RMB4,075,000.00 for brand consulting and management services for the early stage of project. The above accounts receivable were written off after management's approval because they could not be recovered.

As at 31 December 2021, the top five amount of accounts receivable are as follows:

	Closing balance	Proportion to total balance of accounts receivable (%)	Bad debt allowance closing balance
Beijing Urban Construction Chengdu Properties Co., Ltd. (北京城建成都置業有限公司)	108,969,000.09	3.24	6,658,005.91
Shenyang Hongxing Real Estate Co., Ltd. (瀋陽紅興置業有限公司)	63,934,957.47	1.90	5,172,665.90
Zhanjiang Haixin Meikai Investment Co., Ltd. (湛江市海新美凱投資有限公司)	60,736,394.59	1.80	3,639,391.50
Nanchang Hengrun Industrial Co., Ltd. (南昌市恒潤實業有限公司)	58,484,463.43	1.74	4,480,576.58
Changzhou Wujin Construction Engineering Co., Ltd. (常州市武進建設工程有限公司)	55,000,000.00	1.63	55,000,000.00

# Notes to the Financial Statements

For the year 2021

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

### 4. Accounts Receivable (continued)

As at 31 December 2020, the top five amount of accounts receivable are as follows:

	Closing balance	Proportion to total balance of accounts receivable (%)	Bad debt allowance closing balance
Changzhou Wujin Construction Engineering Co., Ltd. (常州市武進建設工程有限公司)	55,000,000.00	1.78	55,000,000.00
Fengyang Zhongzhi Construction Development Co., Ltd. (鳳陽中置建設發展有限公司)	42,000,000.00	1.36	8,626,200.00
Jiangsu Provincial Construction Group Co., Ltd. (江蘇省建築工程集團有限公司)	34,152,855.60	1.10	28,816,603.65
Tai'an Hengdi Yudou Real Estate Development Co., Ltd. (泰安恒地玉都房地產開發有限公司)	33,415,154.88	1.08	1,587,063.61
China Construction Eighth Engineering Division Corp., Ltd. (中國建築第八工程局有限公司)	31,759,312.59	1.03	1,508,567.35

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

### 5. Receivables Financing

	2021	2020
Bank acceptance bill	–	5,872,800.00

The notes receivable that have been endorsed or discounted but have not yet expired on the balance sheet date are as follows:

	2021 Terminated recognition	2020 Terminated recognition
Bank acceptance bill	24,490,000.00	26,500,000.00

### 6. Prepayments

Aging analysis of prepayments is as follows:

	2021		2020 Closing balance	
	Book balance	Percentage (%)	Book balance	Percentage (%)
Within 1 year	275,928,392.87	90.45	287,698,948.69	88.90
1 to 2 years	16,189,813.04	5.31	22,432,541.88	6.93
2 to 3 years	8,485,785.78	2.78	9,850,680.60	3.04
Over 3 years	4,439,467.39	1.46	3,644,169.45	1.13
	305,043,459.08	100.00	323,626,340.62	100.00

As at 31 December 2021, none of the Group's significant prepayments aged more than one year.

# Notes to the Financial Statements

For the year 2021

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

### 6. Prepayments (continued)

As at 31 December 2021, top five prepayments are as follows:

	Closing balance	Percentage to the total amount of prepayments (%)
IPE S.R.L	12,343,025.94	4.05
Schindler (China) Elevator Co., Ltd. (迅達(中國)電梯有限公司)	9,081,100.00	2.98
Suzhou Diya Furniture Co., Ltd. (蘇州迪雅傢俱有限公司)	4,982,807.61	1.63
Shaanxi Qinmincheng Construction Engineering Co., Ltd. (陝西秦民誠建設工程有限公司)	4,562,764.00	1.50
Nanshufang Culture Development Co., Ltd. (楠書房文化發展有限公司)	4,424,778.64	1.45

As at 31 December 2020, top five prepayments are as follows:

	Closing balance	Percentage to the total amount of prepayments (%)
Eastern Charm Limited	16,171,250.00	5.00
Beijing Zhongzhan Weihong Investment Management Company (北京中展偉宏投資管理公司)	10,000,000.00	3.09
Nanchang Wuse Metal Products Co., Ltd. (南昌五色金屬製品有限公司)	7,348,516.12	2.27
Wanhe Bauhinia Group Co., Ltd. (萬和紫荊集團有限公司)	5,000,000.00	1.54
Gozcso Limited	4,979,285.55	1.54

### 7. Other Receivables

	2021	2020
Interests receivable	10,680,396.48	44,648,521.46
Dividends receivable	31,000,000.00	31,000,000.00
Other receivables	893,986,220.50	1,449,006,221.82
	<b>935,666,616.98</b>	1,524,654,743.28



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

### 7. Other Receivables (continued)

#### Interests receivable

	2021	2020
Interests receivable	10,680,396.48	44,648,521.46

#### Dividends receivable

	2021	2020
Chengdu Dongtai Mall Co., Ltd.	31,000,000.00	31,000,000.00

#### Other receivables

Aging analysis of other receivables is as follows:

	2021	2020
Within 1 year	644,428,457.84	1,217,275,281.24
1 to 2 years	132,651,819.03	93,885,092.39
2 to 3 years	85,067,024.84	107,751,690.89
Over 3 years	402,871,055.91	318,618,495.53
	1,265,018,357.62	1,737,530,560.05
Less: Bad debt allowance for other receivables	371,032,137.12	288,524,338.23
	893,986,220.50	1,449,006,221.82

# Notes to the Financial Statements

For the year 2021

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

### 7. Other Receivables (continued)

#### Other receivables (continued)

Other receivables classified by nature are as follows:

	2021	2020
Loan and advances	<b>408,880,022.33</b>	871,981,239.12
Sales proceeds collected and paid on behalf of the tenants	<b>303,122,173.95</b>	395,455,585.15
Deposits	<b>134,813,513.39</b>	107,860,274.61
Others	<b>47,170,510.83</b>	73,709,122.94
	<b>893,986,220.50</b>	1,449,006,221.82

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

### 7. Other Receivables (continued)

#### Other receivables (continued)

The movement of bad debt provision for other receivables based on 12-month expected credit losses and the lifetime expected credit losses is as follows:

2021

	Stage 1 Expected credit losses in the next 12 months	Stage 2 Lifetime expected credit losses	Stage 3 Credit-impaired financial assets (Lifetime expected credit losses)	Total
Opening balance	118,845,867.20	-	169,678,471.03	288,524,338.23
Opening balance in current year				
- Transfer to stage 2	-	-	-	-
- Transfer to stage 3	-	-	-	-
- Reverse to stage 2	-	-	-	-
- Reverse to stage 1	-	-	-	-
Provision for the current year	73,546,778.32	-	18,000,000.00	91,546,778.32
Reversal for the current year	(5,022,544.61)	-	-	(5,022,544.61)
Write-off for the current year	(4,016,434.82)	-	-	(4,016,434.82)
Closing balance	183,353,666.09	-	187,678,471.03	371,032,137.12

# Notes to the Financial Statements

For the year 2021

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

### 7. Other Receivables (continued)

#### Other receivables (continued)

The movement of bad debt provision for other receivables based on 12-month expected credit losses and the lifetime expected credit losses is as follows: (continued)

2020

	Stage 1 Expected credit losses in the next 12 months	Stage 2 Lifetime expected credit losses	Stage 3 Credit-impaired financial assets (Lifetime expected credit losses)	Total
Opening balance	101,184,008.04	–	154,888,749.02	256,072,757.06
Opening balance in current year				
– Transfer to stage 2	–	–	–	–
– Transfer to stage 3	(24,260,000.00)	–	24,260,000.00	–
– Reverse to stage 2	–	–	–	–
– Reverse to stage 1	–	–	–	–
Provision for the current year	41,976,398.51	–	1,394,490.00	43,370,888.51
Reversal for the current year	–	–	–	–
Write-off for the current year	(54,539.35)	–	(10,864,767.99)	(10,919,307.34)
Closing balance	118,845,867.20	–	169,678,471.03	288,524,338.23

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

### 7. Other Receivables (continued)

#### Other receivables (continued)

2021

Significant changes on book balance of other receivables that affected the change in bad debt allowance this year are as follow:

#### Original balance of 2021

	Stage 1 Expected credit losses in the next 12 months	Stage 2 Lifetime expected credit losses	Stage 3 Credit-impaired financial assets (Lifetime expected credit losses)	Total
Opening balance	1,564,976,666.09	-	172,553,893.96	1,737,530,560.05
Opening balance in current year				
- Transfer to stage 2	-	-	-	-
- Transfer to stage 3	-	-	-	-
- Reverse to stage 2	-	-	-	-
- Reverse to stage 1	-	-	-	-
Increase during this year	626,428,457.82	-	18,000,000.00	644,428,457.82
Decrease during this year	(1,112,924,225.43)	-	-	(1,112,924,225.43)
Write-off for the current year	(4,016,434.82)	-	-	(4,016,434.82)
Closing balance	1,074,464,463.66	-	190,553,893.96	1,265,018,357.62

# Notes to the Financial Statements

For the year 2021

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

### 7. Other Receivables (continued)

#### Other receivables (continued)

Original balance of 2020

	Stage 1 Expected credit losses in the next 12 months	Stage 2 Lifetime expected credit losses	Stage 3 Credit-impaired financial assets (Lifetime expected credit losses)	Total
Opening balance	744,208,423.38	–	159,158,661.95	903,367,085.33
Opening balance in current year				
– Transfer to stage 2	–	–	–	–
– Transfer to stage 3	(24,260,000.00)	–	24,260,000.00	–
– Reverse to stage 2	–	–	–	–
– Reverse to stage 1	–	–	–	–
Increase during this year	845,082,782.06	–	–	845,082,782.06
Reversal for the current year	–	–	–	–
Write-off for the current year	(54,539.35)	–	(10,864,767.99)	(10,919,307.34)
Closing balance	1,564,976,666.09	–	172,553,893.96	1,737,530,560.05

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

### 7. Other Receivables (continued)

#### Other receivables (continued)

The movements on the allowance for bad debts in relation to other receivables are as follows:

	Opening balance	Provision for the current year	Recovery or reversal for the current year	Write-off for the current year	Closing balance
2021	288,524,338.23	91,546,778.32	(5,022,544.61)	(4,016,434.82)	371,032,137.12
2020	256,072,757.06	43,370,888.51	–	(10,919,307.34)	288,524,338.23

As at 31 December 2021, the top five entities with the largest amounts of other receivables are as follows:

	Closing balance	Proportion to the total amount of other receivables (%)	Nature	Aging	Bad debt allowance closing balance
Shanghai Mingyi Enterprise Development Co., Ltd. (上海名藝商業企業發展有限公司)	163,000,000.50	12.89	Loan and advances	Over 5 years	8,150,000.03
Baoxiang Red Star Macalline (Xiamen) Global Home Plaza Co., Ltd. (寶象紅星美凱龍(廈門)全球家居廣場有限公司)	46,449,866.41	3.67	Loan and advances	Within 1 year and 2 to 3 years	25,370,394.94
Liu Peng (劉鵬)	41,000,000.00	3.24	Loan and advances	Over 5 years	41,000,000.00
Jiangsu Provincial Construction Engineering Group Second Engineering Co., Ltd. (江蘇省建築工程集團第二工程有限公司)	40,000,000.00	3.16	Deposits	Within 1 year	40,000.00
Beijing Yuanhong Enterprise Management Consultancy Co., Ltd. (北京遠紅企業管理諮詢有限公司)	39,125,455.19	3.09	Loan and advances	Within 1 year	3,190,585.07
	329,575,322.10	26.05			77,750,980.04

# Notes to the Financial Statements

For the year 2021

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

### 7. Other Receivables (continued)

#### Other receivables (continued)

As at 31 December 2020, the top five entities with the largest amounts of other receivables are as follows:

	Closing balance	Proportion to the total amount of other receivables (%)	Nature	Aging	Bad debt allowance closing balance
Liuzhou Red Star Macalline Home Furnishing Company Limited (柳州紅星美凱龍家居有限公司)	349,165,000.00	20.10	Loan and advances	Within 1 year	–
Shanghai Mingyi Enterprise Development Co., Ltd. (上海名藝商業企業發展有限公司)	149,960,000.50	8.63	Loan and advances	Over 5 years	7,498,000.03
Baoxiang Red Star Macalline (Xiamen) Global Home Plaza Co., Ltd. (寶象紅星美凱龍(廈門)全球家居廣場有限公司)	42,827,237.50	2.46	Loan and advances	1 to 2 years	10,511,344.89
Liu Peng (劉鵬)	41,000,000.00	2.36	Loan and advances	Over 5 years	41,000,000.00
Shanghai Nikai Property Development Co., Ltd. (上海尼凱置業發展有限公司)	40,000,000.00	2.30	Loan and advances	Within 1 year	40,000.00
	622,952,238.00	35.85			59,049,344.92



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

### 8. Inventories

	2021			2020		
	Book balance	Impairment allowance	Book value	Book balance	Impairment allowance	Book value
Commodities in inventory	290,921,505.43	-	290,921,505.43	273,469,402.96	-	273,469,402.96
Low-value consumables	38,166,005.90	-	38,166,005.90	54,826,265.06	-	54,826,265.06
	<b>329,087,511.33</b>	<b>-</b>	<b>329,087,511.33</b>	<b>328,295,668.02</b>	<b>-</b>	<b>328,295,668.02</b>

As at the current year and the previous year, the Group has made no provision for inventory impairment.

### 9. Contract Assets

	2021			2020		
	Book balance	Impairment allowance	Book value	Book balance	Impairment allowance	Book value
Construction and design services	1,192,252,138.30	(7,084,511.01)	1,185,167,627.29	953,234,676.14	(5,431,765.55)	947,802,910.59
The brand consulting and management service for the early stage of the project	841,352,487.07	(321,044,935.66)	520,307,551.41	699,327,038.00	(271,765,847.11)	427,561,190.89
	<b>2,033,604,625.37</b>	<b>(328,129,446.67)</b>	<b>1,705,475,178.70</b>	<b>1,652,561,714.14</b>	<b>(277,197,612.66)</b>	<b>1,375,364,101.48</b>

# Notes to the Financial Statements

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

### 9. Contract Assets (continued)

The amount and reason for the significant change in the book value of contract assets in 2021:

	Change amount	Change reason
Construction and design services	237,364,716.70	New projects and the further progress of original projects
The brand consulting and management service for the early stage of the project	92,746,360.52	New projects and the further progress of original projects
	330,111,077.22	

The Group provides construction and design services/the brand consulting and management service for the early stage of the project to customers, and recognizes revenue within a period of time, to form contract assets. The contract asset formed an unconditional collection right at the time of settlement and was transferred to receivables.

Change in impairment allowance of contract asset is as follows:

	Opening balance	Provision for the current year	Reversal for the current year	Written-off for the current year	Closing balance
2021	277,197,612.66	50,931,834.01	-	-	328,129,446.67
2020	72,893,135.02	224,769,471.13	-	(20,464,993.49)	277,197,612.66

Significant changes in the book balance of contract asset that affected changes in impairment allowance during the year include: (1) New projects led to increase in book balance and correspondingly led to increase in expected credit losses throughout the duration; (2) Longer aging of contract asset causes expected credit losses increase.

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

### 9. Contract Assets (continued)

Contract asset for which impairment allowance is made are as follows:

	2021			2020		
	Book balance expected to incur credit loss	Expected credit loss rates (%)	Lifetime expected credit loss	Book balance expected to incur credit loss	Expected credit loss rates (%)	Lifetime expected credit loss
Construction and design	1,192,252,138.30	0.59	7,084,511.01	953,234,676.14	0.57	5,431,765.55
The brand consulting and management service for the early stage of the project	841,352,487.07	38.16	321,044,935.66	699,327,038.00	38.86	271,765,847.11
	<b>2,033,604,625.37</b>	<b>16.14</b>	<b>328,129,446.67</b>	<b>1,652,561,714.14</b>	<b>16.77</b>	<b>277,197,612.66</b>

### 10. Non-current Assets Due within One Year

	2021	2020
Entrusted loans and lending	147,560,000.00	235,375,000.00
Financial lease receivables	–	15,841,543.42
Less: bad debt allowance for non-current assets due within one year	7,415,600.00	2,512,165.43
	<b>140,144,400.00</b>	<b>248,704,377.99</b>

# Notes to the Financial Statements

For the year 2021

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

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

As at 31 December 2021, the top three amounts of other non-current assets due within one year are as follows:

	Closing balance	Proportion of non-current assets due within one year (%)	Expiry date
Hancheng Xinding Real Estate Development Co., Ltd. (韓城市鑫鼎房地產開發有限責任公司)	79,437,600.00	56.68	March 2022
Henan Zhongheng Construction Development Co., Ltd. (河南中亨建設開發有限公司) (Note 1)	47,074,500.00	33.59	Overdue
Zhejiang Mingdu Investment Company Limited (浙江名都投資有限公司)	13,632,300.00	9.73	July 2022
	140,144,400.00	100.00	

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

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

As at 31 December 2020, the top five amounts of other non-current assets due within one year are as follows:

	Closing balance	Proportion of non-current assets due within one year (%)	Expiry date
Hancheng Xinding Real Estate Development Co., Ltd. (韓城市鑫鼎房地產開發有限責任公司)	89,367,300.00	35.93	May 2021
Anhui Tenghui Investment Group Co., Ltd. (安徽騰輝投資集團有限公司)	64,350,000.00	25.87	Overdue
Henan Zhongheng Construction Development Co., Ltd. (河南中亨建設開發有限公司)	47,074,500.00	18.93	Overdue
Zhejiang Mingdu Investment Company Limited (浙江名都投資有限公司)	20,448,450.00	8.22	January 2021
Yibin Huahope Real Estate Co., Ltd. (宜賓華泓置業有限公司)	8,140,797.07	3.27	September 2021
	229,381,047.07	92.22	

*Note 1:* As of 31 December 2021, the Group's entrusted loan of RMB47,550,000.00 to Henan Zhongheng Construction Development Co., Ltd. (河南中亨建設開發有限公司) (hereinafter referred to as "Henan Zhongheng") was expired. The entrusted loan was a result of the entrusted loan contract signed between the Group and Henan Zhongheng in November 2018. The loan maturity date is 24 August 2020, and the land of Henan Derun Real Estate Company Limited (河南德潤置業有限公司) is used as collateral. The management believes that there is no special impairment risk for this loan.

# Notes to the Financial Statements

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

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

The movement of impairment allowance for non-current assets due within one year is as follows:

	Opening balance	Provision for the current year	Reversal for the current year	Other changes (Note)	Write-off for the current year	Closing balance
2021	2,512,165.43	5,940,000.00	(878,150.00)	(158,415.43)	–	7,415,600.00
2020	5,606,729.75	1,282,765.43	(4,377,329.75)	–	–	2,512,165.43

Note: Other changes are the movement of impairment allowance non-current asset due within one year due to disposal of subsidiaries.

The movement of bad debt provision for non-current assets due within one year based on 12-month expected credit losses and the lifetime expected credit losses is as follows:

#### 2021

	Stage 1 Expected credit losses in the next 12 months	Stage 2 Lifetime expected credit losses	Stage 3 Credit-impaired financial assets (Lifetime expected credit losses)	Total
Opening balance	1,386,665.43	1,125,500.00	–	2,512,165.43
– Transfer to stage 2	–	–	–	–
Provision for the current year	5,940,000.00	–	–	5,940,000.00
Reversal for the current year	(878,150.00)	–	–	(878,150.00)
Other changes	(158,415.43)	–	–	(158,415.43)
Closing balance	6,290,100.00	1,125,500.00	–	7,415,600.00

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

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

The movement of impairment allowance for non-current assets due within one year is as follows: (continued)

2020

	Stage 1 Expected credit losses in the next 12 months	Stage 2 Lifetime expected credit losses	Stage 3 Credit-impaired financial assets (Lifetime expected credit losses)	Total
Opening balance	4,956,729.75	650,000.00	-	5,606,729.75
- Transfer to stage 2	(475,500.00)	475,500.00	-	-
Provision for the current year	1,282,765.43	-	-	1,282,765.43
Reversal for the current year	(4,377,329.75)	-	-	(4,377,329.75)
Closing balance	1,386,665.43	1,125,500.00	-	2,512,165.43

# Notes to the Financial Statements

For the year 2021

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

### 11. Other Current Assets

	2021	2020
Tax prepaid (Note 1)	<b>1,029,620,294.04</b>	967,502,970.87
Factoring receivables	–	181,117,083.33
Financial lease receivables	–	1,028,387.00
Entrusted loans and lending	<b>1,387,185,617.94</b>	1,589,735,767.27
	<b>2,416,805,911.98</b>	2,739,384,208.47
Less: impairment allowance of other current assets	<b>145,945,579.69</b>	104,808,937.10
	<b>2,270,860,332.29</b>	2,634,575,271.37

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



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

### 11. Other Current Assets (continued)

The movement of impairment allowance for other current assets is as follows:

	Opening balance	Provision for the current year	Reversal for the current year	Other changes (Note)	Closing balance
2021	104,808,937.10	62,572,468.64	(21,107,602.35)	(328,223.70)	145,945,579.69
2020	91,969,292.84	55,978,432.20	(43,138,787.94)	–	104,808,937.10

Note: Other changes are the movement of impairment allowance of other current asset due to disposal of subsidiaries.

The movement of bad debt provision for other current assets based on 12-month expected credit losses and the lifetime expected credit losses is as follows:

#### 2021

	Stage 1 Expected credit losses in the next 12 months	Stage 2 Lifetime expected credit losses	Stage 3 Credit-impaired financial assets (Lifetime expected credit losses)	Total
Opening balance	64,107,661.55	–	40,701,275.55	104,808,937.10
– Transfer to stage 3	(12,821,286.41)	–	12,821,286.41	–
Provision for the current year	30,132,656.30	–	32,439,812.34	62,572,468.64
Reversal for the current year	(21,107,602.35)	–	–	(21,107,602.35)
Other changes	(328,223.70)	–	–	(328,223.70)
Closing balance	59,983,205.39	–	85,962,374.30	145,945,579.69

# Notes to the Financial Statements

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

### 11. Other Current Assets (continued)

The movement of bad debt provision for other current assets based on 12-month expected credit losses and the lifetime expected credit losses is as follows: (continued)

2020

	Stage 1 Expected credit losses in the next 12 months	Stage 2 Lifetime expected credit losses	Stage 3 Credit-impaired financial assets (Lifetime expected credit losses)	Total
Opening balance	82,275,767.44	9,693,525.40	–	91,969,292.84
– Transfer to stage 3	(25,140,645.13)	–	25,140,645.13	–
Provision for the current year	40,417,801.78	–	15,560,630.42	55,978,432.20
Reversal for the current year	(33,445,262.54)	(9,693,525.40)	–	(43,138,787.94)
Closing balance	64,107,661.55	–	40,701,275.55	104,808,937.10

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

### 11. Other Current Assets (continued)

As at 31 December 2021, the top five amounts of other current assets are as follows:

	Closing balance	Percentage of other current assets (%)	Nature	Closing balance of bad debt	Expiry date
Shanxi Chongkang Real Estate Development Co., Ltd. (山西崇康房地產開發有限公司)	444,307,310.19	18.38	Lending	4,443,073.10	March 2022
Dezhou Dexin Tangong Real Estate Co., Ltd. (德州德鑫檀宮置業有限公司)	405,260,273.97	16.77	Lending	4,052,602.74	December 2022
Handan Xingtanhui Real Estate Development Co., Ltd. (邯鄲市星檀惠房地產開發有限公司)	125,965,446.92	5.21	Lending	1,259,654.47	March 2022
Tangshan Feikai Real Estate Development Co., Ltd. (唐山斐凱房地產開發有限公司) (Note 1)	60,000,000.00	2.48	Lending	600,000.00	December 2021
Suzhou Kinetic Home Furnishing Co., Ltd. (蘇州康耐登家居有限公司)	58,000,000.00	2.40	Lending	580,000.00	May 2022
	1,093,533,031.08	45.24		10,935,330.31	

*Note 1:* As of 31 December 2021, the Group's loan of RMB60,000,000.00 to Tangshan Feikai Real Estate Development Co., Ltd. (唐山斐凱房地產開發有限公司, hereinafter referred to as "Tangshan Feikai") was overdue. The capital lending was generated by the capital lending contract signed between the Group and Tangshan Feikai in June 2021, and the loan maturity date was 25 December 2021. According to the assessment of the Company's management, there was no impairment.

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

### 11. Other Current Assets (continued)

As at 31 December 2020, the top five amounts of other current assets are as follows:

	Closing balance	Percentage of other current assets (%)	Nature	Closing balance of bad debt	Expiry date
Dezhou Dexin Tangong Real Estate Co., Ltd. (德州德鑫檀宮置業有限公司)	284,047,945.21	10.37	Lending	4,025,479.45	December 2021
Dezhou Wanxing Real Estate Development Co., Ltd. (德州萬星房地產開發有限公司)	215,907,123.30	7.88	Lending	2,159,071.23	May 2021
Jinan Dexin Tangong Real Estate Co., Ltd. (濟南德鑫檀宮置業有限公司)	202,909,589.04	7.41	Lending	2,029,095.89	November 2021
Handan Xingtanhui Real Estate Development Co., Ltd. (邯鄲市星檀惠房地產開發有限公 司)	202,547,945.21	7.39	Lending	2,025,479.45	May 2021
Jiangsu Chengdong Construction Engineering Co., Ltd. (江蘇城東建設工程有限公司)	145,389,083.33	5.31	Factoring	1,453,890.83	June 2021
	1,050,801,686.09	38.36		11,693,016.85	

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

### 12. Long-term Receivables

	31 December 2021		
	Book balance	Bad debt allowance	Book value
Deposits	236,632,000.00	(36,200,632.00)	200,431,368.00
Project loan	180,230,201.39	(9,722,302.02)	170,507,899.37
Lease deposit	62,448,410.26	(62,448.42)	62,385,961.84
	<b>479,310,611.65</b>	<b>(45,985,382.44)</b>	<b>433,325,229.21</b>

	31 December 2020		
	Book balance	Bad debt allowance	Book value
Deposits	215,110,000.00	(215,110.00)	214,894,890.00
Project loan	229,949,719.40	(10,219,497.19)	219,730,222.21
Lease deposit	85,787,990.26	(85,788.00)	85,702,202.26
Finance lease payment	12,294,527.69	(122,945.27)	12,171,582.42
	<b>543,142,237.35</b>	<b>(10,643,340.46)</b>	<b>532,498,896.89</b>

# Notes to the Financial Statements

For the year 2021

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

### 12. Long-term Receivables (continued)

As at 31 December 2021, the top five amounts of long-term receivables are as follows:

	Closing balance	Percentage of long-term receivables (%)	Nature	Aging	Closing balance of bad debt
Huaihua Xingqi Real Estate Development Construction Co., Ltd. (懷化星旗房地產開發建設有限公司)	55,312,899.96	11.54	Project loan	Over 3 years	553,129.00
Nanjing City Public Resource Trading Centre (南京市公共資源交易中心)	53,352,000.00	11.13	Deposits	Within 1 year	53,352.00
Chongqing Gezhouba Rongchuang Shenda Real Estate Co., Ltd. (重慶葛洲壩融創深達置業有限公司)	50,000,000.00	10.43	Deposits	2 to 3 years	50,000.00
Ningbo Kaichuang Real Estate Co., Ltd. (寧波凱創置業有限公司)	39,557,675.00	8.25	Project loan	Within 1 year, 1 to 2 years	395,576.75
Shenzhen Renheng Star City Investment Management Co., Ltd. (深圳仁恒星城投資管理有限公司)	36,000,000.00	7.51	Deposits	Over 3 years	36,000,000.00
	234,222,574.96	48.86			37,052,057.75

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

### 12. Long-term Receivables (continued)

As at 31 December 2020, the top five amounts of long-term receivables are as follows:

	Closing balance	Percentage of long-term receivables (%)	Nature	Aging	Closing balance of bad debt
Huaihua Xingqi Real Estate Development Construction Co., Ltd. (懷化星旗房地 產開發建設有限公司)	110,200,500.00	20.29	Project loan	Over 3 years	1,102,005.00
Chongqing Gezhouba Rongchuang Shenda Real Estate Co., Ltd. (重慶葛 洲壩融創深達置業有限公司)	50,000,000.00	9.21	Deposits	1 to 2 years	50,000.00
Beijing Urban Construction Chengdu Properties Co., Ltd. (北京城建成都置業 有限公司)	40,000,000.00	7.36	Deposits	1 to 2 years	40,000.00
Shenzhen Renheng Star City Investment Management Co., Ltd. (深圳仁恒星城 投資管理有限公司)	36,000,000.00	6.63	Deposits	Over 3 years	36,000.00
Fujian Shengshi Federal Property Development Co., Ltd. (福建盛世聯邦 置業發展有限公司)	32,760,000.00	6.03	Deposits	1 to 2 years	32,760.00
	268,960,500.00	49.52			1,260,765.00

# Notes to the Financial Statements

For the year 2021

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

### 12. Long-term Receivables (continued)

The movement of bad debt provision for long-term receivables based on 12-month expected credit losses and the lifetime expected credit losses is as follows:

2021

	Stage 1 Expected credit losses in the next 12 months	Stage 2 Lifetime expected credit losses	Stage 3 Credit-impaired financial assets (Lifetime expected credit losses)	Total
Opening balance	1,541,335.46	1,102,005.00	8,000,000.00	10,643,340.46
Opening balance in current year				
– Transfer to stage 3	(36,000.00)	–	36,000.00	–
Provision for the current year	984,363.35	–	35,964,000.00	36,948,363.35
Reversal for the current year	(934,500.10)	(548,876.00)	–	(1,483,376.10)
Movement for the current year	(122,945.27)	–	–	(122,945.27)
Closing balance	1,432,253.44	553,129.00	44,000,000.00	45,985,382.44



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

### 12. Long-term Receivables (continued)

2020

	Stage 1 Expected credit losses in the next 12 months	Stage 2 Lifetime expected credit losses	Stage 3 Credit-impaired financial assets (Lifetime expected credit losses)	Total
Opening balance	4,899,737.50	–	–	4,899,737.50
Opening balance in current year				
– Transfer to stage 3	(80,000.00)	–	80,000.00	–
Provision for the current year	482,716.28	1,102,005.00	7,920,000.00	9,504,721.28
Reversal for the current year	(3,761,118.32)	–	–	(3,761,118.32)
Closing balance	1,541,335.46	1,102,005.00	8,000,000.00	10,643,340.46

# Notes to the Financial Statements

For the year 2021

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

### 13. Long-term Equity Investments

2021

	Movement during the year								Closing balance of impairment allowance
	Opening balance	Increase in investment	Decrease in investment	Investment gain/loss under equity method	Other comprehensive income	Other changes	Cash dividend declared	Closing balance	
<b>Joint ventures</b>									
Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司)	808,261,211.75	-	-	24,841,179.83	-	-	-	833,102,391.58	-
Shanghai CTME Economy & Trade Development Co., Ltd. (上海中貿美凱龍經貿發展有限公司)	98,368,060.93	-	-	(154,265.23)	-	-	(2,000,000.00)	96,213,795.70	-
Shanghai Mingyi Enterprise Development Co., Ltd. (上海名藝商業企業發展有限公司)	64,873,166.27	-	-	26,785,607.25	-	-	-	91,658,773.52	-
Wuhu Red Star Macalline Equity Investment Fund Management Company Limited (蕪湖紅星美凱龍股權投資基金管理有限公司)	11,013,309.88	-	-	-	-	-	-	11,013,309.88	-
Baoxiang Red Star Macalline (Xiamen) Global Home Furnishing Plaza Company Limited (寶象紅星美凱龍(廈門)全球家居廣場有限公司)	9,399,204.16	-	-	(9,399,204.16)	-	-	-	-	-
SLEEP MAKER (HONG KONG) COMPANY LIMITED	5,129,850.55	-	(5,129,850.55)	-	-	-	-	-	-
Shenzhen Red Star Macalline Expo Home Plaza Co., Ltd. (深圳紅星美凱龍世博家居廣場有限公司)	546,496.83	-	-	274,052.27	-	-	-	820,549.10	-
Shenzhen Red Star Macalline Business Management Company Limited (深圳紅星美凱龍商業管理有限公司)	3,111,638.02	-	-	(3,111,638.02)	-	-	-	-	-
Guangzhou Red Star Macalline Expo Home Plaza Co., Ltd. (廣州紅星美凱龍世博家居廣場有限公司)	8,087,286.69	3,000,000.00	-	(2,258,529.79)	-	-	-	8,828,756.90	-
Wuhu Minghui Business Management Co., Ltd. (蕪湖明輝商業管理有限公司)	-	37,920,000.00	-	4,931,535.77	-	-	-	42,851,535.77	-
Xiamen Baoxiang Red Star Macalline Home Furnishing Plaza Company Limited (廈門寶象紅星美凱龍家居生活廣場有限公司)	-	-	-	-	-	-	-	-	-
Xiamen Xiazhe Investment Partnership (Limited Partnership) (廈門廈拓投資合夥企業(有限合夥))	-	75,000,000.00	-	2,139,092.40	-	-	-	77,139,092.40	-

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

### 13. Long-term Equity Investments (continued)

2021 (continued)

	Movement during the year							Closing balance	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		
<b>Associates</b>									
Haier Consume Financing Company Limited (海爾消費金融有限公司)	389,616,197.62	-	-	44,719,839.84	-	-	-	434,336,037.46	-
Shandong Inzone Green Home Co., Ltd. (山東銀座家居有限公司)	379,110,565.50	-	-	47,516,427.66	-	-	-	426,626,993.16	-
Shenyudao Cultural Tourism Holding Co., Ltd. (神玉島文化旅遊控股股份有限公司)	180,995,432.77	-	-	(6,574,089.56)	-	-	-	174,421,343.21	-
Yaxiya New Materials Technology Co., Ltd. (亞細亞新材料科技股份有限公司)*	324,674,334.64	-	-	(107,119.89)	-	-	-	324,567,214.75	-
Guangdong Sanweijia Information Technology Co., Ltd. (廣東三維家信息科技有限公司)	118,686,872.62	-	-	(33,645,843.02)	-	-	-	85,041,029.60	-
SUNSEAPARKING INC	138,035,841.47	-	(41,890,589.34)	(1,171,111.93)	-	-	-	94,974,140.20	-
Wuhan Zhengkai Logistics Co., Ltd. (武漢市正凱物流有限公司)	127,075,701.74	-	-	(44,009,792.48)	-	-	-	83,065,909.26	-
Guangdong VIFA Customized Home Furnishings Co., Ltd. (廣東威法定制家居股份有限公司)	54,359,002.04	-	-	6,721,597.25	-	-	(3,656,251.25)	57,424,348.04	-
Weifang Binxing Properties Co., Ltd. (濰坊濱星置業有限公司)	89,521,772.09	-	-	(112,994.33)	-	-	-	89,408,777.76	-
Zhejiang Zhongguang Electric Appliances Group Co., Ltd. (浙江中廣電器集團股份有限公司)*	92,010,059.10	-	-	3,871,201.75	-	-	-	95,881,260.85	-
Shanghai Xincheng'an Construction Co., Ltd. (上海鑫誠安建設有限公司)	76,606,908.60	-	-	(3,662,759.83)	-	-	(56,801.76)	72,887,347.01	-
Shanghai Tianhe Smart Home Technology Company Ltd. (上海天合智能科技股份有限公司)	67,444,407.66	-	-	2,160,787.15	-	-	-	69,605,194.81	-
LEAWOD Door and Window Group Co., Ltd. (良木道門窗集團有限公司)*	64,874,425.92	-	-	6,836,195.03	-	-	-	71,710,620.95	-
Suzhou Supin Home Culture Co., Ltd. (蘇州市蘇品宅配文化有限公司)	59,878,038.22	-	-	(671,691.05)	-	-	-	59,206,347.17	-
Shenzhen Red Star Macalline Home Furnishing Plaza Company Limited (深圳紅星美凱龍家居生活廣場有限公司)	45,323,673.02	-	-	(264,329.29)	-	-	-	45,059,343.73	-
Ant live (Tianjin) Network Technology Co., Ltd. (鐵安居(天津)網絡技術有限公司)	41,930,233.66	-	-	(3,206,229.18)	-	-	-	38,724,004.48	-
Beijing Bilin Hongke Technology Co., Ltd. (北京比鄰弘科科技有限公司)	40,111,533.04	-	-	(745,764.66)	-	-	-	39,365,768.38	-

# Notes to the Financial Statements

For the year 2021

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

### 13. Long-term Equity Investments (continued)

2021 (continued)

	Movement during the year								Closing balance of impairment allowance
	Opening balance	Increase in investment	Decrease in investment	Investment gain/loss under equity method	Other comprehensive income	Other changes	Cash dividend declared	Closing balance	
<b>Associates (continued)</b>									
Shanghai Qiangshang Environmental Technology Company Limited (上海强尚环保科技有限公司)	38,283,147.95	-	-	(8,760,329.46)	-	-	-	29,522,818.49	-
Shanghai CONJOINT Construction Technology Co., Ltd. (上海开装建筑科技有限公司)	35,203,824.18	-	-	(149,497.59)	-	-	-	35,054,326.59	-
ICOLOR PRIVATE LIMITED	39,357,920.70	-	-	(3,899,715.08)	-	-	-	35,458,205.62	-
Super Smart Home (Shanghai) Internet of Things Technology Co., Ltd. (超级智慧家(上海)物联网科技有限公司)	36,469,581.42	-	-	(2,926,947.01)	-	-	-	33,542,634.41	-
Chengdu Rhine Etam Furniture Co., Ltd. (成都艾格傢俱有限公司)	30,414,242.05	-	-	109,323.58	-	-	-	30,523,565.63	-
Jiangsu Baili Aijia Home Technology Co., Ltd. (江苏佰麗愛家居科技有限公司)	29,044,887.13	-	-	(4,783,274.72)	-	-	-	24,261,612.41	-
Shanghai Jinjiang United Purchasing Supply Chain Co., Ltd. (上海錦江聯採供應鏈有限公司)	30,138,903.75	-	-	(1,027,600.07)	-	-	-	29,111,303.68	-
BigZone Information Technology (Shanghai) Company Limited (大域信息科技(上海)有限公司)	19,124,882.43	-	-	(162,750.04)	-	-	-	18,962,132.39	-
ArtPollo Network Technology (Beijing) Company Limited (爱菠蘿網絡科技(北京)有限公司)	-	-	-	-	-	-	-	-	(13,396,307.27)
Shengbao (Shanghai) Intelligent Technology Co., Ltd. (晟葆(上海)智能科技有限公司)*	13,146,921.56	-	-	31,656.59	-	-	-	13,178,578.15	-
Beijing Canny-Robot Technology Co., Ltd. (北京康力優藍機器人科技有限公司)	13,147,574.49	-	-	(1,286,162.16)	-	-	-	11,861,412.33	-
Shenzhen Yatai Macalline Life Space Technology Co., Ltd. (深圳市亞泰美凱龍空間科技有限公司)	9,341,711.18	-	(9,055,734.19)	(285,976.99)	-	-	-	-	-
Shanghai Jiazhan Construction Engineering Company Limited (上海嘉展建築裝潢工程有限公司)	5,352,588.39	-	-	(145,691.30)	-	-	-	5,206,897.09	-
Guangzhou Huoshu Yinhua Information Technology Co., Ltd. (廣州火數銀花信息科技有限公司)	4,402,827.21	-	-	256,465.14	-	-	-	4,659,292.35	-
Shenzhen Huasheng Home Furnishing Group Co., Ltd. (深圳華生大家居集團有限公司)	3,685,076.97	-	-	774,023.62	-	-	-	4,459,100.59	-
Yimeijisi Optoelectronics Technology (Fujian) Co., Ltd. (詔美吉斯光電科技(福建)有限公司)	2,562,615.88	-	-	825,808.82	-	-	-	3,388,424.70	-

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

### 13. Long-term Equity Investments (continued)

2021 (continued)

	Movement during the year								Closing balance of impairment allowance
	Opening balance	Increase in investment	Decrease in investment	Investment gain/loss under equity method	Other comprehensive income	Other changes	Cash dividend declared	Closing balance	
<b>Associates (continued)</b>									
Anka Household Products (Shanghai) Co., Ltd. (安咖家居用品(上海)有限公司)	2,923,986.19	-	-	(630,212.00)	-	-	-	2,293,774.19	-
Shenzhen Long Life Basics Sleep Science and Technology Co., Ltd. (深圳市朗樂福睡眠科技有限公司)	1,385,550.36	-	-	1,449,835.15	-	-	(1,730,000.00)	1,105,385.51	-
Wuhu Meihe Asset Management Company Limited (蕪湖美和資產管理有限公司)	606,800.33	-	-	(222,713.10)	-	-	-	384,087.23	-
Shanghai AI.Pure Intelligent Technology Co., Ltd. (上海智跡智能科技有限公司)	-	-	-	-	-	-	-	-	-
Shanghai Zhenyang Decoration Co., Ltd. (上海振洋建築裝潢工程有限公司)	21,285,513.78	-	-	5,051,501.20	-	-	-	26,337,014.98	-
Meishang (Guangzhou) Cosmetics Co., Ltd. (美尚(廣州)化妝品股份有限公司)	54,479,022.94	-	-	(1,402,434.01)	-	-	-	53,076,588.93	-
Shanghai Weilaishi Decoration Technology Co., Ltd. (上海威來適裝飾科技有限公司)	3,785,987.08	-	-	(994,336.45)	-	-	-	2,791,650.63	-
Shanghai Shimao Macalline Home Technology Co., Ltd. (上海世茂美凱龍家居科技有限公司)	-	-	-	-	-	-	-	-	-
Zhongzhuang Central Purchasing (Beijing) Information Technology Co., Ltd. (中裝集採(北京)信息技術有限公司)	706,701.73	-	-	(130,097.99)	-	-	-	576,603.74	-
Atibbe Inc.	10,000,000.00	99,756,693.12	(109,756,693.12)	-	-	-	-	-	-
Xingpai Commercial Property Management (Guangzhou) Co., Ltd. (星派商業物業經營(廣州)有限公司)	-	1,600,000.00	-	(1,028,786.12)	-	-	-	571,213.88	-
CSSC Cruise Industry Development (Shanghai) Co., Ltd. (中船郵輪產業發展(上海)有限公司)	-	60,000,000.00	-	(2,238,177.91)	-	-	-	57,761,822.09	-
Shanghai Macalline Property Management Service Co., Ltd. (上海美凱龍物業管理服務有限公司)	-	76,000,000.00	-	5,067,848.49	-	-	-	81,067,848.49	-
	3,703,895,492.49	353,276,693.12	(165,832,867.20)	45,193,914.37	-	-	(7,443,053.01)	3,929,090,179.77	(13,396,307.27)

\* The associates renamed in 2021 is as follows: Yaxiya Building Materials Co., Ltd. was renamed Yaxiya New Materials Technology Co., Ltd.

The associates renamed in 2021 is as follows: Zhejiang Zhongguang Electric Appliances Co., Ltd. was renamed Zhejiang Zhongguang Electric Appliances Group Co., Ltd.

The associates renamed in 2021 is as follows: LEAWOD Door and Window Profiles Company was renamed LEAWOD Door and Window Group Co., Ltd.

The associates renamed in 2021 is as follows: Shengbao (Shanghai) Furniture Co., Ltd. was renamed Shengbao (Shanghai) Intelligent Technology Co., Ltd.

# Notes to the Financial Statements

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

### 13. Long-term Equity Investments (continued)

2020

	Movement during the year									
	Opening balance	Increase in investment	Decrease in investment	Investment gain/loss under equity method	Other comprehensive income	Other changes	Cash dividend declared	Provision made for impairment allowance	Closing balance	Closing balance of impairment allowance
<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. (上海中質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 (廈門紅星美凱龍(廈門)全球家居廣場有限公司)	9,632,034.92	-	-	(232,830.76)	-	-	-	-	9,399,204.16	-
SLEEP MAKER (HONG KONG) COMPANY LIMITED	5,178,705.00	-	-	(48,854.45)	-	-	-	-	5,129,850.55	-
Shenzhen Red Star Macalline Expo Home Plaza Co., Ltd. (深圳紅星美凱龍世博家居廣場有限公司)	1,528,388.04	-	-	(981,891.21)	-	-	-	-	546,496.83	-
Shenzhen Red Star Macalline Business Management Company Limited (深圳紅星美凱龍商業管理有限公司)	1,224,716.68	4,620,000.00	-	(2,733,078.66)	-	-	-	-	3,111,638.02	-
Guangzhou Red Star Macalline Expo Home Plaza Co., Ltd. (廣州紅星美凱龍世博家居廣場有限公司)	214,147.64	11,000,000.00	-	(3,126,860.95)	-	-	-	-	8,087,286.69	-
Xiamen Baoxiang Red Star Macalline Home Furnishing Plaza Company Limited (廈門寶象紅星美凱龍家居生活廣場有限公司)	-	-	-	-	-	-	-	-	-	-

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

### 13. Long-term Equity Investments (continued)

2020 (continued)

	Movement during the year									
	Opening balance	Increase in investment	Decrease in investment	Investment gain/loss under equity method	Other comprehensive income	Other changes	Cash dividend declared	Provision made for impairment allowance	Closing balance	Closing balance of impairment allowance
<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	-
Wuhan Zhengkai Logistics Co., Ltd. (武漢市正凱物流有限公司)	129,892,159.18	-	-	783,542.56	-	-	(3,600,000.00)	-	127,075,701.74	-
Hangzhou Red Star Macalline Global Home Living Company Limited (杭州紅星美凱龍環球家居有限公司)	94,378,784.70	-	(91,723,981.35)	(2,654,803.35)	-	-	-	-	-	-
Guangdong VIFA Customized Home Furnishings Co., Ltd. (廣東威法定制家居股份有限公司)	90,576,230.40	-	(40,000,000.00)	6,707,772.14	-	-	(2,925,000.50)	-	54,359,002.04	-
Weifang Binxing Properties Co., Ltd. (濰坊濱星置業有限公司)	89,847,896.52	-	-	(326,124.43)	-	-	-	-	89,521,772.09	-
Zhejiang Zhongguang Electric Appliances Co., Ltd. (浙江中廣電器股份有限公司)	87,523,050.01	-	-	4,487,009.09	-	-	-	-	92,010,059.10	-
Klas International Home Living Company Limited (克拉斯國際家居有限公司)	79,249,208.32	-	(65,271,386.22)	(13,977,822.10)	-	-	-	-	-	-
Shanghai Xincheng'an Construction Co., Ltd. (上海鑫誠安建設有限公司)*	69,121,511.58	-	-	7,485,397.02	-	-	-	-	76,606,908.60	-
Shanghai Tianhe Smart Home Technology Company Ltd. (上海天合智能科技股份有限公司)	65,588,151.69	-	-	1,856,255.97	-	-	-	-	67,444,407.66	-
LEAWOD Door and Window Profiles Company (四川良木道門窗型材有限公司)	63,960,679.60	-	-	913,746.32	-	-	-	-	64,874,425.92	-
Suzhou Supin Home Culture Co., Ltd. (蘇州市蘇品宅配文化有限公司)	61,811,051.20	-	-	(1,933,012.98)	-	-	-	-	59,878,038.22	-

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

### 13. Long-term Equity Investments (continued)

2020 (continued)

	Movement during the year									
	Opening balance	Increase in investment	Decrease in investment	Investment gain/loss under equity method	Other comprehensive income	Other changes	Cash dividend declared	Provision made for impairment allowance	Closing balance	Closing balance of impairment allowance
<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. (緯安居(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	-
ICOLOUR PRIVATE LIMITED										
	34,236,320.87	7,904,899.13	-	(2,783,299.30)	-	-	-	-	39,357,920.70	-
Super Smart Home (Shanghai) Internet of Things Technology Co., Ltd. (超級智慧家(上海)物聯網科技有限公司)										
	33,807,572.48	-	-	2,662,008.94	-	-	-	-	36,469,581.42	-
Chengdu Rhine Etam Furniture Co., Ltd. (成都艾格傢俱有限公司)										
	31,918,184.28	-	-	(1,503,942.23)	-	-	-	-	30,414,242.05	-
Jiangsu Baili Aijia Home Technology Co., Ltd. (江蘇佰麗愛家家居科技有限公司)										
	31,290,567.38	-	-	(2,245,680.25)	-	-	-	-	29,044,887.13	-
Shanghai Jinjiang United Purchasing Supply Chain Co., Ltd. (上海錦江聯採供應鏈有限公司)										
	29,999,889.03	-	-	139,014.72	-	-	-	-	30,138,903.75	-
BigZone Information Technology (Shanghai) Company Limited (大域信息科技(上海)有限公司)										
	19,125,711.28	-	-	(828.85)	-	-	-	-	19,124,882.43	-
Shanghai Harbour Home Investment Management Co., Ltd. (上海灣寓投資管理有限公司)										
	17,518,018.12	-	(17,518,018.12)	-	-	-	-	-	-	-
Meiwo 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)



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

### 13. Long-term Equity Investments (continued)

2020 (continued)

	Movement during the year									Closing balance of impairment allowance
	Opening balance	Increase in investment	Decrease in investment	Investment gain/loss under equity method	Other comprehensive income	Other changes	Cash dividend declared	Provision made for impairment allowance	Closing balance	
<b>Associates (continued)</b>										
Shengbao (Shanghai) Furniture Co., Ltd. (晟葆(上海)傢俱有限公司)	13,141,921.57	-	-	4,999.99	-	-	-	-	13,146,921.56	-
Beijing Canny-Robot Technology Co., Ltd. (北京康力優藍機器人科技有限公司)	12,454,221.36	-	-	693,353.13	-	-	-	-	13,147,574.49	-
Shenzhen Yatai Macalline Life Space Technology Co., Ltd. (深圳市亞泰美凱龍空間科技有限公司)	10,353,869.40	-	-	(1,012,158.22)	-	-	-	-	9,341,711.18	-
Shanghai Jiashan Construction Engineering Company Limited (上海嘉展建築裝潢工程有限公司)	7,824,586.00	-	-	79,241.39	-	-	(2,551,239.00)	-	5,352,588.39	-
Shaanxi Red Star Heji Home Shopping Plaza Company Limited (陝西紅星和記家居購物廣場有限公司)	5,207,920.29	-	(3,795,016.62)	(1,412,903.67)	-	-	-	-	-	-
Guangzhou Huoshu Yinhua Information Technology Co., Ltd. (廣州火數銀花信息科技有限公司)	4,746,336.80	-	-	(343,509.59)	-	-	-	-	4,402,827.21	-
Shenzhen Huasheng Home Furnishing Group Co., Ltd. (深圳華生大家居集團有限公司)	3,617,858.52	-	-	67,218.45	-	-	-	-	3,685,076.97	-
Yimeijisi Optoelectronics Technology (Fujian) Co., Ltd. (詔美吉斯光電科技(福建)有限公司)	2,475,000.00	-	-	87,615.88	-	-	-	-	2,562,615.88	-
Anka Household Products (Shanghai) Co., Ltd. (安咖家居用品(上海)有限公司)	1,922,408.97	-	-	1,001,577.22	-	-	-	-	2,923,986.19	-
Shenzhen Long Life Basics Sleep Science and Technology Co., Ltd. (深圳市朗樂福睡眠科技有限公司)	1,073,066.34	-	-	679,484.02	-	-	(367,000.00)	-	1,385,550.36	-
Handan 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)	-	-	-	-	-	-	-	-	-	-
Handan Red Star Royal Properties Co., Ltd. (邯鄲市紅星皇室置業有限公司)	-	-	-	-	-	-	-	-	-	-
Wuhu Meihe Asset Management Company Limited (蕪湖美和資產管理有限公司)	-	-	-	606,800.33	-	-	-	-	606,800.33	-

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

### 13. Long-term Equity Investments (continued)

2020 (continued)

	Movement during the year									
	Opening balance	Increase in investment	Decrease in investment	Investment gain/loss under equity method	Other comprehensive income	Other changes	Cash dividend declared	Provision made for impairment allowance	Closing balance	Closing balance of impairment allowance
<b>Associates (continued)</b>										
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 Weilaishi Decoration Technology Company Limited (上海威來適裝飾科技有限公司)	-	4,000,000.00	-	(214,012.92)	-	-	-	-	3,785,987.08	-
Shanghai Shimao Macalline Home Technology Co., Ltd. (上海世茂美凱龍家居科技有限公司)	-	2,450,000.00	-	(2,450,000.00)	-	-	-	-	-	-
Zhongzhuang Central Purchasing (Beijing) Information Technology Co., Ltd. (中裝集採(北京)信息技術有限公司)	-	1,000,000.00	-	(293,298.27)	-	-	-	-	706,701.73	-
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)

### 13. Long-term Equity Investments (continued)

Provision for impairment of the long-term equity investments:

2021

	Opening balance	Addition in the current year	Decrease in the current year	Closing balance
Artpollo Network Technology (Beijing) Co., Ltd. (愛菠蘿網絡科技(北京)有限公司)	(13,396,307.27)	-	-	(13,396,307.27)

2020

	Opening balance	Addition in the current year	Decrease in the current year	Closing balance
Artpollo Network Technology (Beijing) Co., Ltd. (愛菠蘿網絡科技(北京)有限公司)	-	(13,396,307.27)	-	(13,396,307.27)

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

### 14. Other Equity Instrument Investments

2021

	Changes in fair value accumulated in other comprehensive income	Fair value	Dividend income in the year Equity instruments derecognized during the year	Equity instruments held
Ningbo Meishan Bonded Port Area Qijun Equity Investment Partnership (LIMITED PARTNERSHIP) (寧波梅山保稅港區奇君股權 投資合夥企業(有限合夥))	1,047,030,381.15	1,189,829,987.13	-	5,664,214.07
Dingdong (Cayman) Limited	346,767,158.80	608,662,977.87	-	-
Jinan Caijin Fosun Weishi Equity Investment Fund Joint Venture (LIMITED PARTNERSHIP) (濟南財金復星惟實股權投資基金合夥企業 (有限合夥))	100,408,026.73	250,408,026.73	-	8,685,651.13
Chengdu Xinchao Media Group Co., Ltd. (成都新潮傳媒集團有限公司)	24,112,116.17	224,112,116.17	-	-
Oriental Standard Human Resources Holdings Limited	122,605,939.34	178,109,600.00	-	-
De Rucci Bedding Co., Ltd. (慕思健康睡眠股份 有限公司)	34,993,421.56	165,493,421.56	-	-
Aibbe Inc.	53,999,065.82	130,930,205.43	-	-
Black Sesame International Holding Limited	118,183,929.09	130,677,673.17	-	-
Keeson Technology Corporation Limited (麒盛科技股份有限公司)	82,403,404.09	119,659,469.58	-	3,469,820.00
AUPU Home Co., Ltd. (奧普家居股份有限公司)	(64,493,661.49)	118,441,758.44	-	6,102,135.60
Shenzhen Yuanchao Smart Life Co., Ltd. (深圳遠超智慧生活股份有限公司)	13,557,128.89	114,776,128.89	-	-
Sinostone (Guangdong) Co. Ltd. (廣東中旗新材 料股份有限公司)	73,578,380.00	106,558,380.00	-	989,400.00
Shanghai Scholar Home Enterprise Management Consulting Centre (LIMITED PARTNERSHIP) (上海檀敘企業管理諮詢中心 (有限合夥))	64,526,649.21	84,486,649.21	-	-
Qingdao Yeelight Smart Technology Co., Ltd. (青島易來智能科技股份有限公司)	66,396,519.19	81,096,519.19	-	540,000.00
Guangzhou Snimay Home Furnishing Co., Ltd. (廣州市詩尼曼家居股份有限公司)	46,127,026.86	79,737,026.86	-	1,063,545.90
Weride Inc	48,782,995.02	68,983,466.67	-	-
ARROW Home Group Co., Ltd. (箭牌家居集團 股份有限公司)	567,306.00	54,673,906.00	-	-

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

### 14. Other Equity Instrument Investments (continued)

2021 (continued)

	Changes in fair value accumulated in other comprehensive income	Fair value	Dividend income in the year	
			Equity instruments derecognized during the year	Equity instruments held
Zhejiang Hilk Smart Home Co., Ltd. (浙江喜爾康智能家居股份有限公司)	8,535,186.70	49,835,186.70	-	-
Belan Information Technology (Shanghai) Co., Ltd. (斑瀾信息科技(上海)有限公司)	6,447,068.73	46,447,068.73	-	-
Harbin Sayyas Windows Stock Co., Ltd. (哈爾濱森鷹窗業股份有限公司)	22,689,213.96	45,061,563.96	-	-
YunDing Network Technology (Beijing) Co., Ltd. (雲丁網絡技術(北京)有限公司)	30,991,222.86	42,839,143.22	-	-
Meicai (Wuhan) Technology Co., Ltd. (美材(武漢)科技有限公司)	14,188,048.72	36,188,048.72	-	-
Zhejiang Entive Intellectual Kitchen Electricity Co., Ltd. (浙江億田智能廚電股份有限公司)	27,880,976.00	35,454,976.00	-	1,800,000.00
Guangdong Huangpai Custom Home Furnishing Group Co., Ltd. (廣東皇派定制家居集團股份有限公司)	5,707,348.14	29,913,044.14	-	1,439,744.00
Shenzhen Angstrong Technology Co., Ltd. (深圳市安思疆科技有限公司)	8,660,192.59	28,660,192.59	-	-
Shenzhen ORVIBO Technology Co., Ltd. (深圳市歐瑞博科技股份有限公司)	14,300,000.00	24,300,000.00	-	-
Hangzhou Water Show Culture GROUP Co., Ltd. (杭州水秀文化集團有限公司)	4,769,733.12	18,242,733.12	-	748,500.00
Gold Medal Kitchen Cabinet Home Technology Co., Ltd. (金牌廚櫃家居科技股份有限公司)	2,748,406.42	17,095,578.50	-	285,454.48
Beijing Parking Easy Information Technology Co. Ltd. (北京停簡單信息技術有限公司)	(27,353,360.77)	15,146,639.23	-	-
Sleep Maker (Hong Kong) Company Limited	6,566,000.00	9,997,200.00	-	-
Shenzhen Shushijia Environment Technology Co., Ltd. (深圳舒適家環境科技有限公司)	-	5,000,000.00	-	-
Beijing Bayi Space LCD Technology Co., Ltd. (北京八億時空液晶科技股份有限公司)	-	-	224,007.06	-
Others	(111,794,412.05)	59,152,256.36	-	-
	2,193,881,410.85	4,169,970,944.17	224,007.06	30,788,465.18

\* Other equity instrument investment company renamed in 2021 is as follows: Zhejiang Hilk Smart Home Co., Ltd. (浙江喜爾康智能家居有限公司) was renamed Zhejiang Hilk Smart Home Co., Ltd.(浙江喜爾康智能家居股份有限公司).

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

### 14. Other Equity Instrument Investments (continued)

2020

	Changes in fair value accumulated in other comprehensive income	Fair value	Dividend income in the year Equity instruments derecognized during the year	Equity instruments held
Ningbo Meishan Bonded Port Area Qijun Equity Investment Partnership (LIMITED PARTNERSHIP) (寧波梅山保稅港區奇君股權 投資合夥企業(有限合夥))	974,454,153.25	1,174,454,153.25	-	1,132,150.24
Dingdong (Cayman) Limited	358,087,953.93	619,983,773.00	-	-
Chengdu Xinchao Media Group Co., Ltd. (成都 新潮傳媒集團有限公司)	48,200,000.00	248,200,000.00	-	-
AUPU Home Co., Ltd. (奧普家居股份有限公司)	(13,110,627.01)	227,416,847.59	-	5,034,251.70
Oriental Standard Human Resources Holdings Limited	129,669,970.30	185,173,630.96	-	-
Beijing Bayi Space LCD Technology Co., Ltd. (北京八億時空液晶科技股份有限公司)	87,380,048.00	172,817,400.00	-	1,159,200.00
Jinan Caijin Fosun Weishi Equity Investment Fund Joint Venture (LIMITED PARTNERSHIP) (濟南財金復星惟實股權投資基金合夥企業 (有限合夥))	36,188,383.78	171,188,383.78	-	15,146,189.37
Keeson Technology Corporation Limited (麒盛科技股份有限公司)	92,300,223.81	167,731,098.81	-	5,028,725.00
Zhejiang Entive Intellectual Kitchen Electricity Co., Ltd. (浙江億田智能廚電股份有限公司)	87,300,000.00	150,300,000.00	-	-
De Rucci Bedding Co., Ltd. (慕思健康睡眠股份 有限公司)	-	130,500,000.00	-	-
Sinostone (Guangdong) Co. Ltd. (廣東中旗新材 料股份有限公司)	89,052,981.86	122,032,981.86	-	2,473,500.00
Shenzhen Yuanchao Smart Life Co., Ltd. (深圳遠超智慧生活股份有限公司)	-	101,219,000.00	-	-
Guangzhou Snimay Home Furnishing Co., Ltd. (廣州市詩尼曼家居股份有限公司)	45,482,562.97	79,092,562.97	-	709,030.60
Shanghai Scholar Home Enterprise Management Consulting Centre (LIMITED PARTNERSHIP) (上海禮敘企業管理諮詢中心 (有限合夥))	56,009,915.56	75,969,915.56	-	713,968.26
ARROW Home Group Co., Ltd. (箭牌家居集團 股份有限公司)	-	54,106,600.00	-	-
YunDing Network Technology (Beijing) Co., Ltd. (雲丁網絡技術(北京)有限公司)	40,509,535.43	52,357,455.79	-	-

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

### 14. Other Equity Instrument Investments (continued)

2020 (continued)

	Changes in fair value accumulated in other comprehensive income	Fair value	Dividend income in the year Equity instruments derecognized during the year	Equity instruments held
DESSMANN (China) Machinery & Electronic Co., Ltd. (德施曼機電(中國)有限公司)	28,406,947.38	50,106,947.38	-	-
Zhejiang Xingyue Electric Equipment Co., Ltd. (浙江星月電器有限公司)	20,037,433.07	48,979,433.07	-	-
Harbin Sayyas Windows Stock Co., Ltd. (哈爾濱森鷹窗業股份有限公司)	26,416,022.39	48,788,372.39	-	-
Zhejiang Hilk Smart Home Co., Ltd. (浙江喜爾康智能家居有限公司)	5,750,800.00	47,050,800.00	-	-
Qingdao Yeelight Smart Technology Co., Ltd. (青島易來智能科技股份有限公司)*	25,361,909.25	40,061,909.25	-	-
Shenzhen Angstrong Technology Co., Ltd. (深圳市安思疆科技有限公司)	4,898,128.73	24,898,128.73	-	-
Guangdong Huangpai Custom Home Furnishing Group Co., Ltd. (廣東皇派定制家居集團股份有限公司)	-	24,205,696.00	-	-
Beijing Parking Easy Information Technology Co. Ltd. (北京停簡單信息技術有限公司)	(20,449,876.50)	22,050,123.50	-	-
Hangzhou Water Show Culture GROUP Co., Ltd. (杭州水秀文化集團有限公司)	6,497,498.39	19,970,498.39	-	-
Zhejiang Mingdu Intelligent Control Technology Co., Ltd. (浙江明度智控科技有限公司)	4,000,237.00	19,000,237.00	-	-
Meicai (Wuhan) Technology Co., Ltd. (美材(武漢)科技有限公司)	(6,088,178.11)	15,911,821.89	-	-
Gold Medal Kitchen Cabinet Home Technology Co., Ltd. (金牌廚櫃家居科技股份有限公司)	1,495,569.32	15,842,741.40	-	-
Soford (Shanghai) Sports Development Co., Ltd. (索福德(上海)體育發展有限公司)	(18,732,207.52)	8,267,792.48	-	-
Beijing Bluepower Technology Co., Ltd. (北京藍海華業科技股份有限公司)	(40,919,658.89)	3,231,562.40	-	-
Others	(56,721,483.76)	85,768,179.09	5,465,790.83	1,390,724.13
	2,011,478,242.63	4,206,678,046.54	5,465,790.83	32,787,739.30

\* Other equity instrument investment company renamed in 2020 is as follows: Qingdao Yeelink Information Technology Co., Ltd. was renamed Qingdao Yeelink Smart Technology Co., Ltd.

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

### 14. Other Equity Instrument Investments (continued)

As the Group held the above investments not for the purpose of trading, thus the Group will appoint them as investments at FVTOCI.

The Group disposed other equity instrument investments of RMB671,878,638.66 (2020: RMB1,463,597,379.68), and accumulated profit and loss totaling RMB531,924,137.17 were carried forward from other comprehensive income to retained earning (2020: RMB1,015,546,734.95).

As at 31 December 2021, the Group's other equity instrument investments with value of RMB136,755,048.08 were used as pledge guarantees to obtain loans of RMB44,703,167.26. See Note V.67. Assets with restricted ownership or use rights.

### 15. Other Non-current Financial Assets

	2021	2020
Financial assets at FVTPL	370,774,540.60	396,924,540.60

### 16. Investment Property

Subsequent measurement by adopting the fair value model:

2021

	Houses and buildings	Properties under construction	Total
Opening balance	81,482,000,000.00	11,668,000,000.00	93,150,000,000.00
Purchase	2,297,051,276.85	1,016,632,177.65	3,313,683,454.50
Transfer from projects under construction/ fixed assets	92,434,440.72	–	92,434,440.72
Completion of properties under construction	4,745,000,000.00	(4,745,000,000.00)	–
Assets acquisition	584,491,857.29	–	584,491,857.29
Assets disposal	(1,479,000,000.00)	(461,000,000.00)	(1,940,000,000.00)
Changes in fair value	615,022,425.14	(240,632,177.65)	374,390,247.49
Closing balance	88,337,000,000.00	7,238,000,000.00	95,575,000,000.00



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

### 16. Investment Property (continued)

Subsequent measurement by adopting the fair value model: (continued)

2020

	Houses and buildings	Properties under construction	Total
Opening balance	75,574,000,000.00	9,533,000,000.00	85,107,000,000.00
Purchase	2,057,201,474.02	1,548,763,987.95	3,605,965,461.97
Transfer from projects under construction	821,000,000.00	–	821,000,000.00
Completion of properties under construction	2,782,000,000.00	(2,782,000,000.00)	–
Assets acquisition	206,227,107.71	3,020,104,494.63	3,226,331,602.34
Assets disposal	(107,000,000.00)	–	(107,000,000.00)
Changes in fair value	148,571,418.27	348,131,517.42	496,702,935.69
Closing balance	81,482,000,000.00	11,668,000,000.00	93,150,000,000.00

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

The amount of interest capitalization included in investment properties this year was RMB382,293,105.52.

As at 31 December 2021, the investment properties valued RMB85,316,000,000.00 was held by the Group as security to acquire borrowings and commercial mortgage-backed securities of RMB32,818,712,746.25. Please refer to Note V. 67. Assets with Restricted Ownership or Use Right.

As at 31 December 2021, the investment properties at fair value of RMB1,975,000,000.00 held by the Group was located in the land with the use rights owned by project partners, which was used for scientific research and designs and whose type of use rights was for allocation use. Pursuant to relevant agreement entered into with project partners, the Group recognized the investment properties as investment properties leased by financial lease. The Group held no ownership certificate for such investment properties.

# Notes to the Financial Statements

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

### 16. Investment Property (continued)

In this year, the Group leased out part of the Hongqiao office building, which was converted from fixed assets to investment real estate measured by fair value. The difference between the fair value and book value of the leased portion on the conversion date is RMB4,979,767.08 (after-tax amount of RMB3,734,825.31), which is included in other comprehensive income;

The Group disposed of logistics-related companies this year, resulting in investment income of RMB448,401,718.41.

As at 31 December 2021, the investment properties with ownership certificate not settled are as follows:

	Book value	Reason for not yet settling
Lanzhou Shibo Home Furnishing Plaza (蘭州世博家居商場)	484,000,000.00	Application for ownership certificate is in progress
Hangzhou Shibo Furniture Plaza (杭州世博家居商場)	275,000,000.00	Application for ownership certificate is in progress
Taiyuan International Home Furnishing Plaza (太原全球家居廣場)	543,000,000.00	Application for ownership certificate is in progress
Chongqing Ogloria Home Furnishing Mall (重慶歐麗洛雅家居商場)	1,033,000,000.00	Application for ownership certificate is in progress
Guangzhou Market Operation Management (廣州市場經營管理)	613,000,000.00	Application for ownership certificate is in progress
	2,948,000,000.00	

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

### 17. Fixed Assets

2021

	Houses and buildings	Special equipment	Transportation equipment	Electronic equipment, appliances and fixtures	Total
Original value					
Opening balance	2,407,458,875.45	175,864,856.08	136,922,185.22	439,949,258.35	3,160,195,175.10
Purchase	5,871,323.93	9,834,151.99	25,089,685.61	35,507,323.68	76,302,485.21
Transfer from construction in progress	94,921,358.82	-	-	-	94,921,358.82
Transferred to investment properties	89,415,382.38	-	-	-	89,415,382.38
Disposal or retirement	-	1,897,932.85	23,908,530.03	17,000,930.64	42,807,393.52
Closing balance	2,418,836,175.82	183,801,075.22	138,103,340.80	458,455,651.39	3,199,196,243.23
Accumulated depreciation					
Opening balance	53,472,298.75	29,063,364.18	95,119,559.46	244,574,755.77	422,229,978.16
Provision	57,306,919.75	14,470,235.77	13,955,145.96	72,229,392.53	157,961,694.01
Transferred to investment properties	1,960,708.74	-	-	-	1,960,708.74
Disposal or retirement	-	251,180.49	20,340,932.62	13,444,562.13	34,036,675.24
Closing balance	108,818,509.76	43,282,419.46	88,733,772.80	303,359,586.17	544,194,288.19
Book value					
Closing	2,310,017,666.06	140,518,655.76	49,369,568.00	155,096,065.22	2,655,001,955.04
Opening	2,353,986,576.70	146,801,491.90	41,802,625.76	195,374,502.58	2,737,965,196.94

# Notes to the Financial Statements

For the year 2021

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

### 17. Fixed Assets (continued)

2020

	Houses and buildings	Special equipment	Transportation equipment	Electronic equipment, appliances and fixtures	Total
Original value					
Opening balance	549,918,707.57	138,090,150.38	161,881,716.10	369,989,814.27	1,219,880,388.32
Purchase	278,530,328.25	40,081,592.22	12,465,103.61	95,159,531.79	426,236,555.87
Transfer from construction in progress	1,579,009,839.63	–	–	–	1,579,009,839.63
Disposal or retirement	–	2,306,886.52	37,424,634.49	25,200,087.71	64,931,608.72
Closing balance	2,407,458,875.45	175,864,856.08	136,922,185.22	439,949,258.35	3,160,195,175.10
Accumulated depreciation					
Opening balance	–	16,223,754.35	109,665,816.46	196,494,662.90	322,384,233.71
Provision	53,472,298.75	12,844,115.16	15,900,392.94	65,141,244.30	147,358,051.15
Disposal or retirement	–	4,505.33	30,446,649.94	17,061,151.43	47,512,306.70
Closing balance	53,472,298.75	29,063,364.18	95,119,559.46	244,574,755.77	422,229,978.16
Book value					
Closing	2,353,986,576.70	146,801,491.90	41,802,625.76	195,374,502.58	2,737,965,196.94
Opening	549,918,707.57	121,866,396.03	52,215,899.64	173,495,151.37	897,496,154.61

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

### 17. Fixed Assets (continued)

As of 31 December 2021, the Group's fixed assets with value of RMB2,310,017,666.06 were used as mortgaged collateral to obtain loans of RMB835,029,032.29. Please refer to Note V. 67. Assets with restricted ownership or use rights.

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

As at the end of this year, the management of the Group assessed fixed assets and considered no provision for impairment is necessary.

Fixed assets rented out under operating lease are as follows:

	Special equipment 2021	Special equipment 2020
Original value		
Opening balance	146,912,020.33	107,017,606.42
Purchase	9,599,019.25	40,014,778.91
Disposal or retirement	–	120,365.00
Closing balance	156,511,039.58	146,912,020.33
Accumulated depreciation		
Opening balance	13,605,256.30	1,135,304.25
Provision	14,234,003.47	12,471,702.38
Disposal or retirement	–	1,750.33
Closing balance	27,839,259.77	13,605,256.30
Closing	128,671,779.81	133,306,764.03
Opening	133,306,764.03	105,882,302.17

# Notes to the Financial Statements

For the year 2021

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

### 18. Construction in Progress

	Book balance	2021 Impairment allowance	Book value	Book balance	2020 Impairment allowance	Book value
Construction in Progress	88,911,088.97	-	88,911,088.97	80,629,155.83	-	80,629,155.83

There was no significant changes in construction in progress in 2021.

Significant changes of construction in progress in 2020 are as follows:

	Budget	Opening balance	Addition in the current year	Transfer to fixed assets in the current year	Transfer to investment properties in the current year	Other decreases	Closing balance	Fund sources	construction investment of budget (%)
Office building	2,923,029,780.84	2,310,501,272.84	12,948,837.69	1,579,009,839.63	744,440,270.90	-	-	Own funds and loans	98%

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

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

### 19. Right-of-Use Assets

2021

	Houses and buildings	Other equipments	Total
Cost			
Opening balance	6,607,958,564.63	24,321,055.16	6,632,279,619.79
Addition	614,125,690.57	–	614,125,690.57
Business combinations involving enterprises not under common control	165,913,818.46	–	165,913,818.46
Decrease	1,138,289,503.29	–	1,138,289,503.29
Closing balance	6,249,708,570.37	24,321,055.16	6,274,029,625.53
Accumulated depreciation			
Opening balance	2,766,102,945.14	13,579,255.80	2,779,682,200.94
Provision	573,739,981.87	1,216,052.76	574,956,034.63
Decrease	980,470,583.88	–	980,470,583.88
Closing balance	2,359,372,343.13	14,795,308.56	2,374,167,651.69
Book value			
Closing	3,890,336,227.24	9,525,746.60	3,899,861,973.84
Opening	3,841,855,619.49	10,741,799.36	3,852,597,418.85

# Notes to the Financial Statements

For the year 2021

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

### 19. Right-of-Use Assets (continued)

2020

	Houses and buildings	Other equipments	Total
Cost			
Opening balance	5,353,184,766.99	24,321,055.16	5,377,505,822.15
Addition	1,382,309,339.29	–	1,382,309,339.29
Decrease	127,535,541.65	–	127,535,541.65
Closing balance	6,607,958,564.63	24,321,055.16	6,632,279,619.79
Accumulated depreciation			
Opening balance	2,277,958,402.29	12,363,203.04	2,290,321,605.33
Provision	564,665,867.84	1,216,052.76	565,881,920.60
Decrease	76,521,324.99	–	76,521,324.99
Closing balance	2,766,102,945.14	13,579,255.80	2,779,682,200.94
Book value			
Closing	3,841,855,619.49	10,741,799.36	3,852,597,418.85
Opening	3,075,226,364.70	11,957,852.12	3,087,184,216.82



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

### 20. Intangible Assets

2021

	Software	Trademark use right (Note)	Others	Total
Original value				
Opening balance	216,352,285.11	525,000,000.00	12,871,693.92	754,223,979.03
Purchase	6,709,175.17	-	1,081,351.91	7,790,527.08
Internal research and development	18,720,046.85	-	-	18,720,046.85
Transfer from construction in progress	9,235,489.99	-	13,915,746.16	23,151,236.15
Disposal	382,221.46	-	318,104.60	700,326.06
Closing balance	250,634,775.66	525,000,000.00	27,550,687.39	803,185,463.05
Accumulated amortization				
Opening balance	103,962,970.47	100,647,266.55	10,845,159.29	215,455,396.31
Provision	36,490,777.92	9,767,045.26	2,181,029.30	48,438,852.48
Disposal	155,055.64	-	331,369.32	486,424.96
Closing balance	140,298,692.75	110,414,311.81	12,694,819.27	263,407,823.83
Impairment allowance				
Opening balance	-	195,000,000.00	-	195,000,000.00
Provision	-	219,585,688.19	-	219,585,688.19
Closing balance	-	414,585,688.19	-	414,585,688.19
Book value				
Closing	110,336,082.91	-	14,855,868.12	125,191,951.03
Opening	112,389,314.64	229,352,733.45	2,026,534.63	343,768,582.72

# Notes to the Financial Statements

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

### 20. Intangible Assets (continued)

2020

	Software	Trademark use right (Note)	Others	Total
Original value				
Opening balance	185,991,243.68	525,000,000.00	12,725,691.68	723,716,935.36
Purchase	5,568,361.08	–	27,722.77	5,596,083.85
Internal research and development	14,209,302.25	–	–	14,209,302.25
Transfer from construction in progress	11,170,510.01	–	118,279.47	11,288,789.48
Disposal	587,131.91	–	–	587,131.91
Closing balance	216,352,285.11	525,000,000.00	12,871,693.92	754,223,979.03
Accumulated amortization				
Opening balance	77,711,231.31	86,794,682.97	9,948,688.19	174,454,602.47
Provision	26,349,852.06	13,852,583.58	896,471.10	41,098,906.74
Disposal	98,112.90	–	–	98,112.90
Closing balance	103,962,970.47	100,647,266.55	10,845,159.29	215,455,396.31
Impairment allowance				
Opening balance	–	100,000,000.00	–	100,000,000.00
Provision	–	95,000,000.00	–	95,000,000.00
Closing balance	–	195,000,000.00	–	195,000,000.00
Book value				
Closing	112,389,314.64	229,352,733.45	2,026,534.63	343,768,582.72
Opening	108,280,012.37	338,205,317.03	2,777,003.49	449,262,332.89

As at 31 December 2021, intangible assets formed through internal research and development accounted for 14.95% of the book value of intangible assets as at the end of the year (31 December 2020: 4.13%).

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

### 20. Intangible Assets (continued)

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

The right to use the trademark was amortized on a straight-line basis within 30 years of the licensed period contracted by the Group since June 2014. As of December 31, 2021, the Group recognized a provision for impairment of RMB414,585,688.19 for intangible assets this year.

### 21. Development Expenditure

#### 2021

	Opening balance	Increase in the current year Internal research and development	Decrease in the current year		Closing balance
			Capitalized as intangible assets	Recognized in profit or loss	
Home improvement and data platform	30,837,675.61	120,517.25	18,720,046.85	-	12,238,146.01

#### 2020

	Opening balance	Increase in the current year Internal research and development	Decrease in the current year		Closing balance
			Capitalized as intangible assets	Recognized in profit or loss	
Home improvement and data platform	34,245,602.45	10,801,375.41	14,209,302.25	-	30,837,675.61

The Group started to develop an application platform for online sale in 2016 to capitalize the expenses qualified to be capitalized in the development stage.

# Notes to the Financial Statements

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

### 22. Goodwill

2021

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

2020

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

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

### 22. Goodwill (continued)

The main cash flows generated from the aforementioned subsidiaries acquired are independent from those of the other subsidiaries of the Group and the Group managed the producing activity of the aforementioned subsidiaries independently, therefore, each of these acquired subsidiaries is an asset portfolio. and in performing the impairment test, the goodwill generated from each acquisition is allocated to the corresponding subsidiary acquired. The asset portfolios are consistent with the prior years' and those as acquired.

Assumptions were used in the value-in-use calculation of all the cash-generating units for 31 December 2021 and 31 December 2020. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

- 1) The Company under evaluation continues to operate and there are no major changes affecting the key aspects of production and operations and the current situation in terms of business scope, sales model, channels and management;
- 2) The socio-economic environment in which the company under evaluation is located does not cause major changes and there are no major changes in relevant laws, regulations, policies and regulations;
- 3) The business scope, operating mode, and management mode of the company under evaluation are consistent and continuously improve with the development of the economy;
- 4) The interest rate, exchange rate, tax base and tax rate fell within the normal range prescribed by the state and had not changed significantly, etc..

Estimated gross profit margin	determined by increasing the average gross profit margin achieved in the previous year to an extent that duly reflects the estimated efficiency improvement and estimated market conditions.
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Discount rate	a pre-tax discount rate that reflects the specific risks of the relevant asset groups or portfolios of asset groups.
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The amount assigned to key assumptions on each asset group was consistent with the Group's historical experience and external information sources.

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

### 22. Goodwill (continued)

#### **Suzhou Industry Park Zhongxiang Meitong Storage Company Limited (“Suzhou Zhongxiang”)**

The subsidiary to which goodwill belongs is deemed as an asset group when being tested for goodwill impairments. The recoverable amount of an asset group to which goodwill belongs is determined based on the present value of the estimated future cash flows of the asset group which are determined based on the financial budget for the forecast period (2022-2025) approved by the management. The pre-tax discount rate used to forecast the cash flows of the asset group during the forecast period was 6.5%, and the growth rate used to extrapolate the cash flows beyond the forecast period is 0%. Since, after calculation, the present value of the estimated future cash flows of Suzhou Zhongxiang was higher than the carrying amount of the portfolios of asset groups, the Group believed that there were no impairments of goodwill arising from the acquisition of Suzhou Zhongxiang.

#### **Xinsheng property management (Shanghai) Co., Ltd. (鑫笙物業管理(上海)有限公司) (“Shanghai Xinsheng”)**

The subsidiary to which goodwill belongs is deemed as an asset group when being tested for goodwill impairments. The recoverable amount of an asset group to which goodwill belongs is determined based on the net amount of fair value of an asset group after deducting costs of disposal, and the carrying amount of Shanghai Xinsheng’s assets group for impairment test was the carrying amount of an assets group after deducting the non-core goodwill arising from the recognition of deferred income tax liabilities. According to the calculation, the net amount of fair value of Shanghai Xinsheng after deducting costs of disposal was equal to the carrying amount of the assets group. The Group believes that there is no impairment of the goodwill arising from the acquisition of Shanghai Xinsheng.

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

### 23. Long-term Prepaid Expenses

2021

	Opening balance	Increase in the current year	Amortized in the current year	Closing balance
Improvement expenditures for fixed assets rented (Note)	226,650,142.39	141,245,542.13	80,464,767.00	287,430,917.52
Others	227,404,660.83	88,665,888.52	98,600,858.91	217,469,690.44
	454,054,803.22	229,911,430.65	179,065,625.91	504,900,607.96

2020

	Opening balance	Increase in the current year	Amortized in the current year	Closing balance
Improvement expenditures for fixed assets rented (Note)	328,902,726.05	19,565,921.33	121,818,504.99	226,650,142.39
Others	160,895,187.35	129,210,556.22	62,701,082.74	227,404,660.83
	489,797,913.40	148,776,477.55	184,519,587.73	454,054,803.22

*Note:* Improvement expenditures for fixed assets rented represents improvement expenditures for Leased Portfolio Shopping Malls, which may be evenly amortized by the Group in stages during the shorter of an estimated beneficial period of 10 years and the lease term of Leased Portfolio Shopping Malls.

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

### 24. Deferred Tax Assets/Liabilities

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

	2021		2020	
	Deductible temporary difference	Deferred tax assets	Deductible temporary difference	Deferred tax assets
Deferred tax assets				
Provision for impairment of assets	2,876,669,577.56	656,600,657.56	2,227,639,729.59	512,485,268.83
Deductible loss	4,555,486,485.31	1,135,652,411.25	3,170,200,028.44	789,008,202.63
Provision for unpaid expenses	1,471,329,565.86	361,699,613.64	1,404,482,483.51	348,840,824.81
Asset-related deferred income	177,821,773.65	44,455,052.50	200,067,948.24	50,016,987.06
One-off discount account charged for early purchase of 20-year property services	999,546,928.11	249,886,732.03	–	–
Cost overruns for advertising expenses	578,353,597.68	140,645,254.54	474,494,060.39	115,473,746.04
Long-term assets capitalized in Group's internal transaction	330,247,543.68	82,561,885.92	301,282,830.56	75,320,707.64
	10,989,455,471.85	2,671,501,607.44	7,778,167,080.73	1,891,145,737.01

	2021		2020	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Deferred tax liabilities				
Change in fair value of other equity instrument investments	2,427,264,237.43	479,051,092.59	2,161,396,379.42	448,527,870.87
Changes in fair value of investment properties	49,793,478,542.24	12,449,614,576.52	47,468,635,085.08	11,867,158,771.27
Adjustment to the fair value arising from business combination	1,895,677,828.92	473,919,457.26	2,207,854,229.64	551,963,557.41
	54,116,420,608.59	13,402,585,126.37	51,837,885,694.14	12,867,650,199.55



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

### 24. Deferred Tax Assets/Liabilities (continued)

Offsetting of balances of Deferred tax assets and Deferred tax liabilities:

	2021		2020	
	Offset amount	Balance after offset	Offset amount	Balance after offset
Deferred tax assets	<b>1,268,852.74</b>	<b>2,670,232,754.70</b>	350,078,580.62	1,541,067,156.39
Deferred tax liabilities	<b>1,268,852.74</b>	<b>13,401,316,273.63</b>	350,078,580.62	12,517,571,618.93

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

	2021	2020
Deductible temporary difference	<b>113,679,940.22</b>	130,912,171.79
Deductible loss	<b>5,370,927,853.50</b>	5,195,494,528.08
	<b>5,484,607,793.72</b>	5,326,406,699.87

Deductible loss, for which Deferred tax assets are not recognized, will expire in the following years:

	2021	2020
2021	–	313,262,425.16
2022	<b>347,715,961.00</b>	697,344,643.06
2023	<b>530,377,164.93</b>	987,331,882.97
2024	<b>1,265,812,402.43</b>	1,420,405,450.42
2025	<b>1,713,906,683.42</b>	1,777,150,126.47
2026	<b>1,513,115,641.72</b>	–
	<b>5,370,927,853.50</b>	5,195,494,528.08

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

### 25. Other Non-Current Assets

	2021	2020
Prepayments for construction and advance payment for land compensation	<b>1,352,194,924.60</b>	1,388,067,804.18
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>372,705,127.77</b>	401,627,213.28
Entrusted loans and lending (Note 3)	<b>1,050,645,863.72</b>	1,012,483,677.15
Prepayments for equity transfer	<b>191,400,000.00</b>	318,600,000.00
Prepayments for repurchase	<b>247,705,000.00</b>	247,705,000.00
Prepayments for land	–	132,664,000.00
Deposits	<b>26,302,506.78</b>	17,221,481.37
	<b>5,076,821,363.05</b>	5,354,237,116.16
Less: bad debt allowance of other non-current assets	<b>74,265,907.54</b>	71,615,913.72
	<b>5,002,555,455.51</b>	5,282,621,202.44

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

*Note 2:* As of December 31, 2021, prepayments for purchasing properties were mainly prepayments paid by the Group for the purchase of several commercial properties and office buildings this year;

*Note 3:* As of 31 December 2021, the entrusted loans and lending mainly include the following:

The Group provided funds to Xi'an Jiahexing Home Furnishing Co., Ltd. (西安佳和興家居有限責任公司) with an interest rate of 11%, which was used for land construction supporting costs and costs at the early stage. The balance of principal and interest at the end of the year was RMB536,597,970.57, which was all listed as other non-current assets at the end of the year;

The borrowing granted by the Group to Zhejiang Mingdu Investment Company Limited (浙江名都投資有限公司) had an interest rate of 5.78% and a balance amounting to RMB117,045,000.00 as at the end of the year, with a term from September 2020 to January 2030. According to the repayment plan stipulated in the contract, RMB103,275,000.00 was accounted as other non-current assets as at the end of the year;

The borrowing granted by the Group to Anhui Longtan Real Estate Co., Ltd. (安徽龍檀置業有限公司) had an interest rate of 12% and a balance amounting to RMB110,108,493.15 as at the end of the year, with a term from December 2021 to December 2023, all of which was accounted as other non-current assets as at the end of the year;

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

### 25. Other Non-Current Assets (continued)

The movement of impairment allowance of other non-current assets is as follows:

	Opening balance	Provision for the current year	Reversal for the current year	Reclassify for the current year	Closing balance
2021	71,615,913.72	6,615,387.33	(3,965,393.51)	–	74,265,907.54
2020	72,001,630.81	7,327,646.43	(7,713,363.52)	–	71,615,913.72

The movements of bad debt allowance for advance payment for land compensation and entrusted loans and lending included in non-current assets based on 12-month expected credit loss and the lifetime expected credit loss, respectively, are as follows:

#### 2021

	Stage 1 Expected credit losses in the next 12 months	Stage 2 Lifetime expected credit losses	Stage 3 Credit-impaired financial assets (Lifetime expected credit losses)	Total
Opening balance	71,065,913.72	550,000.00	–	71,615,913.72
Opening balance in current year – Transfer to stage 2				
Provision during this year	6,615,387.33	–	–	6,615,387.33
Reversal during this year	(3,962,393.51)	(3,000.00)	–	(3,965,393.51)
Closing balance	73,718,907.54	547,000.00	–	74,265,907.54

# Notes to the Financial Statements

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

### 25. Other Non-Current Assets (continued)

2020

	Stage 1 Expected credit losses in the next 12 months	Stage 2 Lifetime expected credit losses	Stage 3 Credit-impaired financial assets (Lifetime expected credit losses)	Total
Opening balance	71,251,630.81	750,000.00	–	72,001,630.81
Opening balance in current year				
– Transfer to stage 2	–	–	–	–
Provision during this year	7,327,646.43	–	–	7,327,646.43
Reversal during this year	(7,513,363.52)	(200,000.00)	–	(7,713,363.52)
Closing balance	71,065,913.72	550,000.00	–	71,615,913.72

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

### 26. Short-term Loans

	2021	2020
Mortgage loans	2,037,694,511.95	2,948,438,306.13
Credit loans	568,969,591.62	250,563,239.75
Pledge loans	213,041,171.15	153,978,641.66
Guaranteed loans	80,061,000.00	30,000,000.00
Mortgage and pledge loans	57,322,140.30	–
Pledge and guaranteed loans	–	65,391,721.91
	<b>2,957,088,415.02</b>	<b>3,448,371,909.45</b>

As at 31 December 2021, the aforesaid borrowings carried interest at 3.40% to 15.40% (31 December 2020: 3.00% to 6.50%).

As at 31 December 2021, there were no overdue (31 December 2020: nil).

### 27. Notes Payable

	2021	2020
Bank acceptance bill	9,000,000.00	–

As at 31 December 2021, there were no outstanding notes payable (31 December 2020: Nil).

### 28. Accounts Payable

Accounts payable bear no interests, and generally be liquidated within one year.

	2021	2020
Amounts payable for construction	1,830,593,397.18	1,565,661,468.95
Amounts payable for goods for construction or advertisements	570,287,013.60	519,667,754.29
	<b>2,400,880,410.78</b>	<b>2,085,329,223.24</b>

As at 31 December 2021, 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)

### 29. Advance from Customers

	2021	2020
Rental and relevant payments	<b>1,692,678,416.28</b>	960,787,153.16

As at 31 December 2021, the Group had no significant advance from customers aged more than 1 year (31 December 2020: nil).

### 30. Contract Liabilities

	2021	2020
Charges for the brand consulting and management service for the early stage of the project	<b>393,097,176.79</b>	755,247,615.66
Charges for annual brand consulting and management service for the project	<b>182,863,758.12</b>	193,732,370.47
Commercial consultation fees and tenant sourcing commissions	<b>221,008,432.16</b>	282,693,224.81
Construction and design service	<b>117,780,996.88</b>	149,778,072.89
Marketing service and others	<b>1,010,326,223.11</b>	906,097,591.06
	<b>1,925,076,587.06</b>	2,287,548,874.89

The amount and reasons for the significant change in the book value of contract liabilities in 2021:

	Movement	Main reason for movement
The brand consulting and management service for the early stage of the project	(362,150,438.87)	Due to the further progress of the project
Commercial consultation fees and tenant sourcing commissions	(61,684,792.65)	Due to the further progress of the project
Marketing service and others	104,228,632.05	Due to the increase of new projects of strategic consultation and joint marketing for the current year

The amount received or receivable by the Group before providing services forms contract liabilities, which is transferred to revenue when having performed performance obligations.

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

### 31. Payroll Payable

2021

	Opening balance	Increase in the current year	Decrease in the current year	Closing balance
Short-term compensation	553,014,863.25	3,466,782,037.32	3,426,704,209.11	593,092,691.46
Retirement benefits (defined contribution plans)	7,518,313.75	294,460,047.47	288,965,008.75	13,013,352.47
Termination benefits	3,255,447.24	31,711,194.63	31,886,474.69	3,080,167.18
	563,788,624.24	3,792,953,279.42	3,747,555,692.55	609,186,211.11

2020

	Opening balance	Increase in the current year	Decrease in the current year	Closing balance
Short-term compensation	814,175,023.67	3,134,330,529.43	3,395,490,689.85	553,014,863.25
Retirement benefits (defined contribution plans)	14,209,355.88	76,606,517.87	83,297,560.00	7,518,313.75
Termination benefits	1,978,532.00	34,578,779.90	33,301,864.66	3,255,447.24
	830,362,911.55	3,245,515,827.20	3,512,090,114.51	563,788,624.24

# Notes to the Financial Statements

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

### 31. Payroll Payable (continued)

Details of short-term compensation are as follows:

2021

	Opening balance	Increase in the current year	Decrease in the current year	Closing balance
Wages or salaries, bonuses, allowances and subsidies	528,860,431.06	2,947,882,537.64	2,904,840,343.56	571,902,625.14
Staff welfare	312,788.52	153,501,041.39	153,390,865.78	422,964.13
Social insurance	10,852,397.27	173,540,522.02	176,126,999.79	8,265,919.50
Including: Medical insurance	10,288,906.45	162,127,450.31	164,588,450.42	7,827,906.34
Work injury insurance	116,876.07	7,081,577.66	6,920,492.66	277,961.07
Maternity insurance	446,614.75	4,331,494.05	4,618,056.71	160,052.09
Housing fund	9,953,889.09	152,922,962.01	153,149,252.50	9,727,598.60
Labour union and staff education fund	3,035,357.31	38,934,974.26	39,196,747.48	2,773,584.09
	553,014,863.25	3,466,782,037.32	3,426,704,209.11	593,092,691.46

2020

	Opening balance	Increase in the current year	Decrease in the current year	Closing balance
Wages or salaries, bonuses, allowances and subsidies	793,311,238.44	2,640,018,126.59	2,904,468,933.97	528,860,431.06
Staff welfare	7,349.00	165,914,776.59	165,609,337.07	312,788.52
Social insurance	8,151,228.10	130,096,939.64	127,395,770.47	10,852,397.27
Including: Medical insurance	7,158,573.55	121,599,839.91	118,469,507.01	10,288,906.45
Work injury insurance	438,815.80	2,810,133.25	3,132,072.98	116,876.07
Maternity insurance	553,838.75	5,686,966.48	5,794,190.48	446,614.75
Housing fund	9,726,323.00	151,924,858.38	151,697,292.29	9,953,889.09
Labour union and staff education fund	2,978,885.13	46,375,828.23	46,319,356.05	3,035,357.31
	814,175,023.67	3,134,330,529.43	3,395,490,689.85	553,014,863.25



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

### 31. Payroll Payable (continued)

Details of defined contribution plans are as follows:

#### 2021

	Opening balance	Increase in the current year	Decrease in the current year	Closing balance
Basic pension insurance premium	7,179,142.76	284,587,370.65	278,883,011.06	12,883,502.35
Unemployment insurance premium	339,170.99	9,872,676.82	10,081,997.69	129,850.12
	7,518,313.75	294,460,047.47	288,965,008.75	13,013,352.47

#### 2020

	Opening balance	Increase in the current year	Decrease in the current year	Closing balance
Basic pension insurance premium	13,669,951.43	73,986,625.76	80,477,434.43	7,179,142.76
Unemployment insurance premium	539,404.45	2,619,892.11	2,820,125.57	339,170.99
	14,209,355.88	76,606,517.87	83,297,560.00	7,518,313.75

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

# Notes to the Financial Statements

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

### 32. Taxes Payable

	2021	2020
Enterprise income tax	609,815,253.10	472,026,330.75
VAT	117,825,553.02	113,288,129.30
Property tax	60,519,143.08	54,133,784.23
Others	40,693,595.85	31,890,672.91
	<b>828,853,545.05</b>	671,338,917.19

### 33. Other Payables

	2021	2020
Dividends payable	–	11,079,608.27
Other payables	9,770,693,294.55	8,976,309,037.22
	<b>9,770,693,294.55</b>	8,987,388,645.49

#### Dividends payable

	2021	2020
Shanghai Liaoman Enterprise Management Consulting Service Center (LIMITED PARTNERSHIP) (上海燎曼企業管理諮詢服務中心(有限合夥))	–	156,566.15
Shanghai Liaokai Enterprise Management Consulting Service Center (LIMITED PARTNERSHIP) (上海燎凱企業管理諮詢服務中心(有限合夥))	–	234,849.22
Shanghai Chusen Business Consulting Center (LIMITED PARTNERSHIP) (上海楚森商務諮詢中心(有限合夥))	–	10,688,192.90
	–	11,079,608.27

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

### 33. Other Payables (continued)

#### Other payables

	2021	2020
Amounts due to partners	3,041,579,942.58	2,633,408,701.43
Deposits from tenants	2,579,297,828.41	2,394,737,162.29
Proceeds collected on behalf of the tenants	1,418,021,404.41	1,176,979,759.01
Amounts payable for property purchase	1,056,332,095.49	371,429,592.85
Amounts payable to construction contractors	562,641,968.36	839,211,748.32
Rental deposits from tenants	500,514,879.68	580,980,073.12
Accrued expenses	241,680,959.90	346,424,787.39
Amounts payable to equity transfer	40,067,427.31	142,937,133.94
Amounts payable to prepaid cards	35,395,541.57	14,705,587.76
Others	295,161,246.84	475,494,491.11
	<b>9,770,693,294.55</b>	<b>8,976,309,037.22</b>

As at December 31, 2021, significant other payables aged over 1 year are as follows:

	Amount of payables	Reasons for non-payment
Shanxi Yunjinsheng Technology Co., Ltd. (山西雲錦盛科技有限公司)	173,221,635.38	Not yet paid
Shanxi Zhongdaxuan Enterprise Management Consulting Co., Ltd. (山西眾答喧企業管理諮詢有限公司)	110,668,826.14	Not yet paid
Zhengzhou Huashanghui Holding Co., Ltd. (鄭州華商匯控股有限公司)	105,717,326.87	Not yet paid
Jiangsu Provincial Construction Group Co., Ltd. (江蘇省建築工程集團有限公司)	87,760,305.80	Not yet paid
Daqing Xusheng Real Estate Development Co., Ltd. (大慶旭生房地產開發有限公司)	84,645,637.43	Not yet paid
	<b>562,013,731.62</b>	

# Notes to the Financial Statements

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

### 34. Non-current Liabilities Due Within One Year

	2021	2020
Long-term loans due within one year – principal	4,174,414,497.59	4,258,554,857.19
Long-term loans due within one year – interest	73,399,378.88	51,864,659.11
Bonds payable due within one year – principal	3,903,697,116.05	4,033,264,470.43
Bonds payable due within one year – interest	110,002,413.84	213,894,153.03
Commercial mortgage backed securities due within one year – principal	2,151,307,811.16	2,451,753,879.27
Commercial mortgage backed securities due within one year – interest	19,944,444.45	–
Financial lease payables due within one year	337,732,502.20	192,084,555.22
One-off discount account charged for early purchase of 20-year property services due within one year (Note)	74,021,164.22	–
Lease liabilities due within one year	854,769,905.59	696,027,069.47
	<b>11,699,289,233.98</b>	11,897,443,643.72

Note: The Group entered into the agreement with CIFI Ever Sunshine (Hainan) Investment Company Limited\* (旭輝永升(海南)投資有限公司) (hereinafter referred to as "CIFI Ever Sunshine") this year to agree that the property services of the Group's 71 Portfolio Shopping Malls in the next 20 years will be provided by Shanghai Macalline Property Management Service Co., Ltd. (上海美凱龍物業管理服務有限公司), a subsidiary of CIFI Ever Sunshine, and a discount will be charged. The discount shall be apportioned during the subsequent period of receiving property services to offset the cost of property services. For details, please refer to note V. 41.

### 35. Other Current Liabilities

	2021	2020
Output VAT to be transferred	220,624,831.48	297,567,165.99
Asset-backed securities	–	439,283,229.30
	<b>220,624,831.48</b>	736,850,395.29

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

### 36. Long-term Loans

	2021	2020
Mortgage loans	7,647,993,688.73	8,654,687,256.72
Mortgage and guaranteed loans	6,267,604,471.30	5,592,041,776.44
Mortgage and pledge loans	5,236,837,451.15	5,757,725,594.28
Mortgage, pledge and guaranteed loans	2,453,881,296.83	2,110,975,000.00
Credit loans	–	97,000,000.00
	<b>21,606,316,908.01</b>	22,212,429,627.44

As at 31 December 2021, the aforesaid borrowings carried interest rates at 4.25% to 10.00% per annum (31 December 2020: 4.28% to 7.36%).

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

\* The analysis of the maturity date of long-term loans is as follows:

	2021	2020
Expires within 2 years	3,577,115,018.79	3,143,196,262.54
Expires within 3 to 5 years (including 3 and 5 years)	8,987,156,062.75	8,377,401,265.12
Over 5 years	9,042,045,826.47	10,691,832,099.78
	<b>21,606,316,908.01</b>	22,212,429,627.44

Description of the classification of long-term loans:

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

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

### 37. Bonds Payable

	2021	2020
USD Bonds of 2017 of Hong Kong Red Star Macalline (5-year)	–	1,943,219,775.16
Medium-term notes of 2019 of Red Star Macalline Group Corporation Ltd. (First tranche)	–	499,052,038.99
Public offering of Corporate Bonds of 2020 of Red Star Macalline Group Corporation Ltd. (First tranche)	–	498,108,717.15
Medium-term notes of 2020 of Red Star Macalline Group Corporation Ltd. (First tranche)	<b>499,257,987.37</b>	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)	<b>829,000.00</b>	–
Corporate Bonds of 2016 of Red Star Macalline Group Corporation Ltd. (First tranche) (5-year)	<b>32,533,000.00</b>	–
	<b>532,619,987.37</b>	4,432,634,711.35

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

## 37. Bonds Payable (continued)

As at 31 December 2021, balances of bonds payable present as follows:

	Par value	Issue date	Maturity	Issue amount	Opening balance	Issued in the year	Accrued interest in the year	Amortization of premium and for discount	Repayments of principal in the year	Repayments of interests in the year	Exchange gains and losses	Closing balance
Public offering of Corporate Bonds of 2016 of Red Star Macalline Group Corporation Ltd. (First tranche) (7-year) (Note: 2)	1,500,000,000.00	13 July 2016	7 years	1,476,127,358.48	1,495,683,124.04	-	39,675,000.00	4,316,875.96	(1,467,467,000.00)	(39,675,000.00)	-	32,533,000.00
Medium-term notes of 2018 of Red Star Macalline Group Corporation Ltd. (First tranche) (Note: 5)	500,000,000.00	24 October 2018	3 years	494,828,301.89	498,471,083.58	-	28,325,000.00	1,528,916.42	(500,000,000.00)	(28,325,000.00)	-	-
Medium-term notes of 2019 of Red Star Macalline Group Corporation Ltd. (First tranche) (Note: 5)	500,000,000.00	25 January 2019	3 years	497,506,490.57	499,052,038.99	-	28,750,000.00	874,725.19	-	(28,750,000.00)	-	499,926,784.18
Public offering of Corporate Bonds of 2019 of Red Star Macalline Group Corporation Ltd. (First tranche) (Type 2) (Note: 6)	2,000,000,000.00	10 June 2019	4 years	1,987,756,792.45	1,992,310,262.81	-	53,500,000.00	7,689,737.19	(1,999,171,000.00)	(53,500,000.00)	-	829,000.00
Public offering of Corporate Bonds of 2016 of Red Star Macalline Group Corporation Ltd. (First tranche) (5-year) (Note: 2)	1,500,000,000.00	13 July 2016	5 years	1,483,202,830.19	46,800,000.00	-	-	-	(46,800,000.00)	-	-	-
Medium-term notes of 2020 of Red Star Macalline Group Corporation Ltd. (First tranche) (Note: 7)	500,000,000.00	20 January 2020	3 years	497,414,150.94	498,227,243.10	-	28,500,000.00	1,030,744.27	-	(28,500,000.00)	-	499,257,987.37
Public offering of Corporate Bonds of 2020 of Red Star Macalline Group Corporation Ltd. (First tranche) (Note: 8)	500,000,000.00	10 March 2020	3 years	496,793,301.89	498,108,717.15	-	28,500,000.00	1,630,925.20	-	(28,500,000.00)	-	499,739,642.35
Public offering of Corporate Bonds of 2020 of Red Star Macalline Group Corporation Ltd. (Second tranche) (Note: 9)	500,000,000.00	3 June 2020	3 years	496,726,320.75	497,655,522.60	-	24,750,000.00	1,644,160.03	-	(24,750,000.00)	-	499,299,682.63
Public offering of Corporate Bonds of 2020 of Red Star Macalline Group Corporation Ltd. (First tranche) (Type 1) to professional investors (Note: 10)	500,000,000.00	30 October 2020	3 years	496,053,063.27	496,371,414.35	-	31,000,000.00	1,750,930.94	-	(31,000,000.00)	-	498,122,345.29
USD Bonds of 2017 of Hong Kong Red Star Macalline (5-year) (Note: 3)	USD300,000,000	21 September 2017	5 years	1,937,306,895.63	1,943,219,775.16	-	64,553,962.50	7,910,438.83	-	(64,553,962.50)	(44,521,532.39)	1,906,606,681.60
Total				9,863,717,506.06	8,465,899,181.78		327,553,962.50	28,377,454.03	(4,013,435,000.00)	(327,553,962.50)	(44,521,532.39)	4,436,317,103.42
Less: Bonds payable due within one year					4,033,264,470.43							3,903,697,116.05
Bonds payable due after one year					4,432,634,711.35							532,619,987.37

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

### 37. Bonds Payable (continued)

As at 31 December 2020, balances of bonds payable present as follows:

	Par value	Issue date	Maturity	Issue amount	Opening balance	Issued in the year	Accrued interest in the year	Amortization of premium and for discount	Repayments of principal in the year	Repayments of interest in the year	Exchange gains and losses	Carrying balance
Corporate Bonds of 2015 of Red Star Macalline Group Corporation Ltd. (First tranche) (Note: 1)	5,000,000,000.00	10 November 2015	5 years	4,958,670,000.00	168,002,000.00	-	9,912,118.00	-	(168,002,000.00)	(9,912,118.00)	-	-
Public offering of Corporate Bonds of 2016 of Red Star Macalline Group Corporation Ltd. (First tranche) (7-year) (Note: 2)	1,500,000,000.00	13 July 2016	7 years	1,476,127,358.48	1,491,578,398.86	-	79,350,000.00	4,104,725.18	-	(79,350,000.00)	-	1,485,683,124.04
Medium-term notes of 2018 of Red Star Macalline Group Corporation Ltd. (First tranche) (Note: 5)	500,000,000.00	24 October 2018	3 years	494,828,301.89	498,730,654.98	-	30,900,000.00	1,740,428.60	-	(30,900,000.00)	-	498,471,083.58
Public offering of Corporate Bonds of 2018 of Red Star Macalline 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 Macalline Group Corporation Ltd. (First tranche) (Note: 5)	500,000,000.00	25 January 2019	3 years	497,508,490.57	498,226,329.56	-	28,750,000.00	825,709.43	-	(28,750,000.00)	-	499,052,038.99
Public offering of Corporate Bonds of 2019 of Red Star Macalline Group Corporation Ltd. (First tranche) (Type 2) (Note: 6)	2,000,000,000.00	10 June 2019	4 years	1,987,556,792.45	1,989,378,280.09	-	107,000,000.00	2,931,982.72	-	(107,000,000.00)	-	1,992,310,282.81
Public offering of Corporate Bonds of 2016 of Red Star Macalline Group Corporation Ltd. (First tranche) (5-year) (Note: 2)	1,500,000,000.00	13 July 2016	5 years	1,483,202,800.19	46,800,000.00	-	2,527,200.00	-	-	(2,527,200.00)	-	46,800,000.00
Medium-term notes of 2020 of Red Star Macalline Group Corporation Ltd. (First tranche) (Note: 7)	500,000,000.00	20 January 2020	3 years	497,414,150.94	-	497,414,150.94	26,125,000.00	813,092.16	-	(26,125,000.00)	-	498,227,243.10
Macalline 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 Macalline Group Corporation Ltd. (Second tranche) (Note: 9)	500,000,000.00	3 June 2020	3 years	496,726,320.75	-	496,726,320.75	15,050,000.00	929,201.85	-	(15,050,000.00)	-	497,655,522.60
Public offering of Corporate Bonds of 2020 of Red Star Macalline Group Corporation Ltd. (First tranche) (Type 1) to professional investors (Note: 10)	500,000,000.00	30 October 2020	3 years	496,053,063.27	-	496,053,063.27	5,166,666.67	318,351.08	-	(5,166,666.67)	-	498,371,414.35
USD Bonds of 2017 of Hong Kong Red Star Macalline (5-year) (Note: 3)	USD3,000,000,000	21 September 2017	5 years	1,937,306,895.63	2,089,727,307.24	-	66,064,612.50	8,882,467.92	-	(66,064,612.50)	(135,390,000.00)	1,943,219,775.16
Total				17,798,681,657.00	9,750,213,666.30	1,986,986,836.85	590,470,597.17	32,090,658.63	(3,168,002,000.00)	(590,470,597.17)	(135,390,000.00)	8,465,699,181.78
Less: Bonds payable due within one year					3,151,772,715.57							4,033,264,470.43
Bonds payable due after one year					6,592,440,970.73							4,432,634,711.35



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

### 37. Bonds Payable (continued)

Others:

*Note 1:* The Group issued Corporate Bonds of 2015 of Red Star Macalline Group Corporation Ltd. (First tranche) totally RMB5 billion in November 2015, which referred as "15 Hongmei 01" (the bond code: 136032), with the issuance price of RMB100/100 par value with a fixed rate of interest, at a coupon rate of 4.5%. The maturity of the bond is five years, and shall be paid annually. And the bond is attached with the Company's option to adjust the coupon rate and the investors' option to sell back at the end of the third year. The valid number of declaring for selling back in the year 2018 for 15 Hongmei 01 was 48,319,980, the amount of selling back was RMB4,831,998,000.00 (excluding interest) and the remaining custodian number was 1,680,020, par value is RMB168,002,000.00. During the final two years of the maturity of the bond (from 10 November 2018 to 9 November 2020), the coupon rates of the bonds is adjusted to 5.90%. The remaining bonds mentioned above will expire and repay in 2020.

*Note 2:* The Company issued Corporate Bonds of 2016 of Red Star Macalline Group Corporation Ltd. (First tranche) in July 2016. The above – mentioned bonds are composed of two types. Among them, the first type of bonds is abbreviated as "16 Hongmei 01". The issue price is RMB100/100 face value. The interest rate is fixed interest rate, the coupon rate is 3.5%, and the bond duration is 5 years, interest is paid annually, with the option to adjust the coupon rate and investors' resale option at the end of the third year. The effective number of resale declarations of 16 Hongmei 01 for the year is 14,532,000, the resale amount is RMB1,453,200,000 (excluding interest), the remaining custodial amount is 468,000, and the face value is RMB46,800,000.00. During the final two years of the maturity of the bond (from 13 July 2019 to 12 July 2021), the coupon rates of the bonds is adjusted to 5.40%. The borrowings mentioned above has expired and repaid in July 2021.

The second type of bond is abbreviated as "16 Hongmei 02", the issue price is RMB100/100 face value, interest is calculated by interest – bearing fixed interest rate, the coupon rate is 4.29%, the bond duration is 7 years, and the interest is paid annually, from 13 July 2018, the coupon rate was adjusted to 5.29% from 4.29%, with the option to adjust the coupon rate and investors' resale option at the end of the fifth year, which was sold back in 2021, and the remaining unsold amount RMB32,533,000.00 was included in the escrow plan and will mature in 2023.

*Note 3:* Hong Kong Red Star Macalline Global Home Furnishing Company Limited, a subsidiary of the Group, issued the US\$-denominated bonds totally US\$300 million in 2017, the bond code: B2022(5278), with a fixed rate of interest, at a coupon rate of 3.375%. The maturity of the bond is five years, and shall be paid semi-annually. The loan will be due in September 2022 and RMB1,906,608,681.60 will be reclassified to due within one year.

*Note 4:* The Group publicly issued Corporate Bonds of 2018 of Red Star Macalline Group Corporation Ltd. (First tranche), which classified into two types. The total issuance scale was RMB1 billion and established the over-allotment option, of which the quota of over-allotment was no more than RMB2 billion (including RMB2 billion). The issuance was made by adopting a form of book-building for qualified investors through offline, with an issuance price of RMB100 per piece. The maturity of the type 1 of the Bonds is three years and was attached with the issuers' option to adjust the coupon rate and the bondholders' option to sell back at the end of the second year; the maturity of the type 2 is five years and was attached with the issuers' option to adjust the coupon rate and the bondholders' option to sell back at the end of the third year. The actual issuance scale of Corporate Bonds of 2018 type 1 was RMB3 billion, with a coupon rate of 6.30%; the type 2 was not issued. The remaining bonds mentioned above will expire and repay in 2020.

*Note 5:* On 12 September 2018, the Company received the Notice for Acceptance of Registration (Zhong Shi Xie Zhu [2018] No. MTN506) issued by National Association of Financial Market Institutional Investors (hereafter "NAFMII"), which indicating its consent for acceptance of the registration for the issuance of the medium-term notes by the Company, with the registered amount of RMB5 billion, and the registered quota would be effective within the two years since the date of the issuance of the Notice for Acceptance of Registration by "NAFMII". On May 22, 2019, in order to better play the role of non-financial enterprise debt financing instruments in the company's overall fund utilization, after the company reassessed its debt financing instrument structure, the Company applied to the NAFMII to reduce the amount of registration of medium-term notes under the aforementioned "Notice for Acceptance of Registration" (Zhong Shi Xie Zhu [2018] MTN506). On June 6, 2019, the Group received "Zhongshi Xiezhuzhu (2019) No. 567-Letter on Reducing the Registration Amount of Medium-Term Notes of Red Star Macalline Group Co., Ltd.", which reduced the amount of registration of medium-term notes of the Group is RMB3 billion, and the remaining effective registration amount is RMB2 billion. In 2018, the Company had successfully issued the first tranche of the medium-term notes of 2018, which referred as "18 Red Star Home Furnishing MTN001" (bond code:101801197), with the issuance price of RMB100 par value, at an issuance rate of 6.18%. The bonds shall be payable annually in three years. The above borrowings were due and repaid in 2021.

In 2019, the Group issued the "2019 First Tranche Medium-Term Notes", the bond abbreviation "19 Macalline MTN001", bond code 101900126, the issue price is RMB100/100 face value, with face value RMB500 million, the issue rate is 5.75%, and the bond duration is 3 year.

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

### 37. Bonds Payable (continued)

Others: (continued)

*Note 6:* In 2019, the Group publicly issued Corporate Bonds of 2019 of Red Star Macalline Group Corporation Ltd. (First tranche) (hereinafter referred to as the "2019 Corporate Bonds"), which classified into two types. The total issuance scale of the type 1 and type 2 does not exceed RMB2 billion (including RMB2 billion). In this tranche of bonds issue, the option to call back among varieties is introduced, and the call back percentage is not limited. The issue price is 100 yuan/sheet, which is issued in the form of book keeping to qualified investors offline. Type 1 is 5-year (with the issuer's option to adjust the coupon rate and bondholders' resale option at the end of the third year), and Type 2 is 4-year (with the issuer's option to adjust the coupon rate and bondholders' resale option at the end of the second year). In 2019, the actual issuance scale of corporate bonds type 2 was RMB2.00 billion, and the coupon rate was 5.35%; the type 1 was not issued. The bond was registered for selling back in 2021, and the remaining RMB829,000 was included in the escrow plan and will mature in 2023.

*Note 7:* The Group's issuance in 2020. On 6 June 2019, the Company received the "Letter on Reducing the Registration Amount of Medium-Term Notes of Red Star Macalline Group Co., Ltd." (Zhong Shi Xie Zhu No. [2019]567) issued by 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%.

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

### 38. Lease Liabilities

	2021	2020
Lease Liabilities	4,812,556,561.08	4,778,960,345.68
Less: lease Liabilities due within one year	854,769,905.59	696,027,069.47
	<b>3,957,786,655.49</b>	4,082,933,276.21

### 39. Long-term Payables

#### Long-term Payables

	2021	2020
Amounts due to partners (Note 1)	537,181,239.17	567,776,765.08
Long-term rental	–	128,902.86
Default compensation account	–	1,940,585.02
Financial lease payables	193,367,582.65	143,010,065.65
	<b>730,548,821.82</b>	712,856,318.61

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

\* The analysis of the maturity date of long-term payables is as follows:

	2021	2020
Expires within 2 years	161,052,758.73	187,427,970.14
Expires within 3 to 5 years (including 3 and 5 years)	127,752,629.29	71,075,939.63
Over 5 years	441,743,433.80	454,352,408.84
	<b>730,548,821.82</b>	712,856,318.61

# Notes to the Financial Statements

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

### 40. Deferred Income

2021

	Opening balance	Increase in the current year	Decrease in the current year	Closing balance
Government grant	200,069,511.89	–	22,247,738.24	177,821,773.65
VAT additional deduction (Note 1)	24,873,718.01	15,335,000.88	4,173,191.67	36,035,527.22
	224,943,229.90	15,335,000.88	26,420,929.91	213,857,300.87

2020

	Opening balance	Increase in the current year	Decrease in the current year	Closing balance
Government grant	206,268,250.13	–	6,198,738.24	200,069,511.89
VAT additional deduction (Note 1)	19,634,310.34	26,876,182.49	21,636,774.82	24,873,718.01
	225,902,560.47	26,876,182.49	27,835,513.06	224,943,229.90

Note 1: VAT additional deduction means that each single entity does not have enough output tax to be deducted, and the corresponding 10% additional deduction of VAT input tax is recognized as deferred income. The deferred income can be used from 1 April 2019 to 31 December 2022.

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

### 40. Deferred Income (continued)

As at December 31, 2021, the liabilities related to government grants are as follows:

	Opening balance	Increase in the current year	Recognized in other income in the current year	Other changes	Closing balance	Related to assets/profit
Subsidy for land supporting expenses	200,069,511.89	-	5,569,876.68	16,677,861.56*	177,821,773.65	Related to assets

\* Other changes are related to the disposal of Chongqing Macalline Logistics

As at December 31, 2020, the liabilities related to government grants are as follows:

	Opening balance	Increase in the current year	Recognized in other income in the current year	Closing balance	Related to assets/profit
Subsidy for land supporting expenses	206,268,250.13	-	6,198,738.24	200,069,511.89	Related to assets

### 41. Other Non-current Liabilities

	2021	2020
The brand consulting and management service for the early stage of the project (Note 1)	865,805,478.62	794,760,971.72
Commercial mortgage-backed securities (Note 2)	3,291,008,049.84	3,833,098,699.03
One-off discount received on pre-purchase of property service for 20 years (Note 3)	925,525,763.89	-
	5,082,339,292.35	4,627,859,670.75

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

### 41. Other Non-current Liabilities (continued)

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

*Note 2:* The Company issued the home furnishing shopping mall asset-backed securities, namely “Red Star Macalline Asset-Backed Special Project”, on 12 July 2018. Such asset-backed special project was pledged with the assets of two shopping malls of the Group in Beijing and Yantai and their rental income rights, which included Class A Preferred Securities (securities abbreviation: “18 Hongmei A1”, securities code: 156486), Class B Preferred Securities (securities abbreviation: “18 Hongmei A2”, securities code: 156487) and subordinated Securities (securities abbreviation: “18 Hongmei Ci”, securities code: 156488). 18 Hongmei A1 had an issuance size of RMB2,289 million, with an annualized return of 5.80% and a maturity of 18 years, the principal and interest of which shall be repaid annually. 18 Hongmei A2 had an issuance size of RMB211 million, with an annualized return of 6.30% and a maturity of 18 years, the principal of which shall be repaid in a one-off manner upon maturity. The Group, as a posterior investor of 18 Hongmei Ci, subscribed RMB100 million with no annualized return and a maturity of 18 years. The securities ended its first 3-year sell-back period in December 2021 and was reaccounted as other non-current liabilities, among which, the principal repayment plan within one year of RMB61,000,000.00 was carried forward to the non-current liabilities due within one year.

The Company issued the first tranche of asset-backed notes of 2019 of Red Star Macalline Group Corporation Ltd. on 7 May 2019. The asset-backed notes were pledged with the assets of two shopping malls of the Group in Changzhou and their rental income rights, which included priority notes (securities abbreviation: “19 Macalline ABN001 Youxian”, securities code: 081900208) and subordinated notes (securities abbreviation: “19 Macalline ABN001 Ci”, securities code: 081900209). 19 Macalline ABN001 Youxian had an issuance size of RMB1,290 million, with an annualized return of 6.30% and a maturity of 18 years, the principal and interest of which shall be repaid annually. The Group, as a posterior investor of 19 Macalline ABN001 Ci, subscribed RMB10 million with no annualized return and a maturity of 18 years. The aforementioned asset-backed notes were repaid in 2021.

The Company issued the home furnishing shopping mall asset-backed securities, namely “Red Star Macalline Asset-Backed Special Project”, on 1 August 2019. Such asset-backed special project was pledged with the assets of two shopping malls of the Group in Beijing and Wuhan and their rental income rights, which included Class A Preferred Securities (securities abbreviation: “19 Hongmei A”, securities code: 159557), Class B Preferred Securities (securities abbreviation: “19 Hongmei B”, securities code: 159558) and subordinated Securities (securities abbreviation: “19 Hongmei Ci”, securities code: 159559). 19 Hongmei A had an issuance size of RMB1.7 billion, with an annualized return of 5.80% and a maturity of 21 years, the principal and interest of which shall be repaid semi-annually. 19 Hongmei B had an issuance size of RMB410 million, with an annualized return of 7% and a maturity of 21 years, the interest of which shall be repaid semi-annually. and the principal of which shall be repaid at one time when due. The Group, as a posterior investor of 19 Hongmei Ci, subscribed RMB150 million with no annualized return and a maturity of 21 years. RMB2,081,235,811.16 of 19 Hongmei A and 19 Hongmei B due within one year have been included in the non-current liabilities due within one year. 19 Hongmei A and 19 Hongmei B will enter the first 3-year redemption period in 2022, and therefore the securities balance of RMB2,081,235,811.16 will be carried forward to non-current liabilities due within one year.

The Company issued the home furnishing shopping mall asset-backed securities, namely “Deppon-Wuxi Red Star Macalline Home Living Plaza No. 1 Store Asset-backed Special Project” on 22 September 2020. Such asset-backed special project was pledged with the assets of shopping mall of the Group in Wuxi and the rental income rights, which included Class A Preferred Securities and Class B Preferred Securities. Class A Preferred Securities had an issuance size of RMB420 million, with an annualized return of 5.50% and a maturity of 18 years, the principal and interest of which shall be repaid semi-annually. Class B Preferred Securities had an issuance size of RMB110 million, with an annualized return of 6% and a maturity of 18 years, the principal of which shall be repaid in a one-off manner upon maturity. Among them, the principal repayment plan within one year of RMB9,072,000.00 was carried forward to the non-current liabilities due within one year.

The Company listed on the CFAE 21CFZR0025 “Red Star Macalline Group Corporation Ltd. - 2021 first tranche of debt financing plan” (21S Red Star Macalline ZR001) on 5 January 2021. The listing amount totalled RMB500 million for a term of 3 years. The interest commencement date was 7 January 2021 and the interest rate was 4%. According to the confirmation of the listing price, RMB500 million has been fully credited to the account. The interest was paid annually on 7 January in the bond duration. The principal of which shall be repaid in a one-off manner upon maturity. The financing is planned to be used as the land and real estate mortgage and the equity pledge of the project company.

*Note 3:* The Group entered into the agreement with CIFI Ever Sunshine (Hainan) Investment Company Limited (旭輝永升(海南)投資有限公司) (hereinafter referred to as “CIFI Ever Sunshine”) this year to agree that the property services of the Group’s 71 Portfolio Shopping Malls in the next 20 years will be provided by Shanghai Macalline Property Management Service Co., Ltd. (上海美凱龍物業管理服務有限公司), a subsidiary of CIFI Ever Sunshine, and a discount will be charged. The discount shall be apportioned during the subsequent period of receiving property services to offset the cost of property services. As of 31 December 2021, the unamortized balance totalled RMB999,546,928.11, of which RMB74,021,164.22 will be amortized in 2022 and included in other non-current liabilities due within one year. The amortized amount of RMB925,525,763.89 that will be amortized in 2023 and subsequent years was included in other non-current liabilities.

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

### 42. Share Capital

2021

	Opening amount	Issue of new shares	Changes during the year			Sub-total	Closing amount
			Bonus issue	Capital reserve transferred	Others		
I. Restricted shares							
1.State ownership	-	-	-	-	-	-	-
2.State-owned corporate shares	-	38,882,138.00	-	-	-	38,882,138.00	38,882,138.00
3.Other domestic shares	2,728,347,349.00	396,269,734.00	-	-	(2,728,347,349.00)	(2,332,077,615.00)	396,269,734.00
Include: Domestic non-stated-owned corporate shares	2,728,347,349.00	384,119,066.00	-	-	(2,728,347,349.00)	(2,344,228,283.00)	384,119,066.00
Domestic natural person shares	-	12,150,668.00	-	-	-	12,150,668.00	12,150,668.00
4.Foreign shares	-	14,580,801.00	-	-	-	14,580,801.00	14,580,801.00
Total restricted shares	2,728,347,349.00	449,732,673.00	-	-	(2,728,347,349.00)	(2,278,614,676.00)	449,732,673.00
II. Unrestricted shares							
1.RMB-denominated ordinary shares	435,367,017.00	-	-	-	2,728,347,349.00	2,728,347,349.00	3,163,714,366.00
2.Overseas listed foreign shares	741,285,634.00	-	-	-	-	-	741,285,634.00
Total unrestricted shares	1,176,652,651.00	-	-	-	2,728,347,349.00	2,728,347,349.00	3,905,000,000.00
Total	3,905,000,000.00	449,732,673.00	-	-	-	449,732,673.00	4,354,732,673.00

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

### 42. Share Capital (continued)

2020

	Opening amount	Issue of new shares	Changes during the year			Sub-total	Closing amount
			Bonus issue	Capital reserve transferred	Others		
I. Restricted shares							
1. State ownership	-	-	-	-	-	-	-
2. State-owned corporate shares	-	-	-	-	-	-	-
3. Other domestic shares	2,480,315,772.00	-	-	248,031,577.00	-	248,031,577.00	2,728,347,349.00
Include: Domestic non-stated-owned corporate shares	2,480,315,772.00	-	-	248,031,577.00	-	248,031,577.00	2,728,347,349.00
Domestic natural person shares	-	-	-	-	-	-	-
<b>Total restricted shares</b>	<b>2,480,315,772.00</b>	<b>-</b>	<b>-</b>	<b>248,031,577.00</b>	<b>-</b>	<b>248,031,577.00</b>	<b>2,728,347,349.00</b>
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
<b>Total unrestricted shares</b>	<b>1,069,684,228.00</b>	<b>-</b>	<b>-</b>	<b>106,968,423.00</b>	<b>-</b>	<b>106,968,423.00</b>	<b>1,176,652,651.00</b>
<b>Total</b>	<b>3,550,000,000.00</b>	<b>-</b>	<b>-</b>	<b>355,000,000.00</b>	<b>-</b>	<b>355,000,000.00</b>	<b>3,905,000,000.00</b>

Note: The Company issued 0.1 bonus share per 1 share by way of conversion of capital reserve to all of its shareholders, based on the total share capital of 3,550,000,000 shares prior to the implementation of the profit distribution plan for 2019, which resulted in an increase of 355,000,000 shares in total.



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

### 43. Capital Reserve

2021

	Opening balance	Increase in the current year	Decrease in the current year	Closing balance
Share premium	3,684,105,172.99	3,228,631,126.29	4,311,113.53	6,908,425,185.75
Including:				
Capital invested by investors	5,786,331,727.05	–	–	5,786,331,727.05
A Shares offering	2,735,007,849.63	3,228,631,126.29	–	5,963,638,975.92
H Shares repurchase	(3,523,954,372.77)	–	–	(3,523,954,372.77)
Acquisition of non-controlling interests	(777,701,957.76)	–	4,311,113.53	(782,013,071.29)
The difference arising from business combination under common control	(180,578,073.16)	–	–	(180,578,073.16)
Capitalization of capital reserve	(355,000,000.00)	–	–	(355,000,000.00)
Others	(35,985,047.17)	8,054,949.44	–	(27,930,097.73)
	3,648,120,125.82	3,236,686,075.73	4,311,113.53	6,880,495,088.02

2020

	Opening balance	Increase in the current year	Decrease in the current year	Closing balance
Share premium	4,293,381,742.02	–	609,276,569.03	3,684,105,172.99
Including:				
Capital invested by investors	5,786,331,727.05	–	–	5,786,331,727.05
A Shares offering	2,735,007,849.63	–	–	2,735,007,849.63
H Shares repurchase	(3,523,954,372.77)	–	–	(3,523,954,372.77)
Acquisition of non-controlling interests	(523,425,388.73)	–	254,276,569.03	(777,701,957.76)
The difference arising from business combination under common control	(180,578,073.16)	–	–	(180,578,073.16)
Capitalization of capital reserve	–	–	355,000,000.00	(355,000,000.00)
Others	(53,405,170.98)	17,420,123.81	–	(35,985,047.17)
	4,239,976,571.04	17,420,123.81	609,276,569.03	3,648,120,125.82

# Notes to the Financial Statements

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

### 44. Other Comprehensive Income

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

2021

	1 January 2021	Changes in the current period	31 December 2021
Changes in fair value of other equity instrument investments	1,573,695,780.79	139,470,150.92	1,713,165,931.71
Time value of the options, forward elements of forward contracts or amortization of foreign exchange basis of financial instruments of hedged items related to the period of time	67,954,058.62	18,917,420.31	86,871,478.93
Transfer from owner-occupied properties to investment properties measured at fair value	77,663,553.12	3,734,825.31	81,398,378.43
Exchange differences from translation of financial statements	1,272,569.21	(4,975,602.34)	(3,703,033.13)
	1,720,585,961.74	157,146,794.20	1,877,732,755.94

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

### 44. Other Comprehensive Income (continued)

2020

	1 January 2020	Changes in the current period	31 December 2020
Changes in fair value of other equity instrument investments	1,507,253,032.92	66,442,747.87	1,573,695,780.79
Time value of the options, forward elements of forward contracts or amortization of foreign exchange basis of financial instruments of hedged items related to the period of time	(24,125,991.75)	92,080,050.37	67,954,058.62
Transfer from owner-occupied properties to investment properties measured at fair value	–	77,663,553.12	77,663,553.12
Exchange differences from translation of financial statements	–	1,272,569.21	1,272,569.21
	1,483,127,041.17	237,458,920.57	1,720,585,961.74

# Notes to the Financial Statements

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

### 44. Other Comprehensive Income (continued)

Other Comprehensive Income Amount:

2021

	The amount before tax	Less: previously included in other comprehensive income converted to current retained earnings	Less: income tax	Attributable to the Company	Attributable to non-controlling interests
Other comprehensive income that will not be reclassified to profit or loss changes in fair value of other equity instrument investments	863,675,454.24	(531,924,137.17)	(193,301,556.02)	139,470,150.92	(1,020,389.87)
Other comprehensive income that will be reclassified to profit or loss changes in fair value of hedging	22,792,072.66	-	(3,874,652.35)	18,917,420.31	-
Transfer from owner-occupied properties to investment properties measured at fair value	4,979,767.08	-	(1,244,941.77)	3,734,825.31	-
Exchange differences from translation of financial statements	(4,975,602.34)	-	-	(4,975,602.34)	-
	886,471,691.64	(531,924,137.17)	(198,421,150.14)	157,146,794.20	(1,020,389.87)

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

### 44. Other Comprehensive Income (continued)

Other Comprehensive Income Amount: (continued)

2020

	The amount before tax	Less: previously included in other comprehensive income converted to current retained earnings	Less: income tax	Attributable to the Company	Attributable to non-controlling interests
Other comprehensive income that will not be reclassified to profit or loss changes in fair value of other equity instrument investments	1,273,988,736.39	1,015,546,734.95	183,133,422.98	66,442,747.87	8,865,830.59
Other comprehensive income that will be reclassified to profit or loss changes in fair value of hedging	92,080,050.37	-	-	92,080,050.37	-
Transfer from owner-occupied properties to investment properties measured at fair value	103,551,404.16	-	25,887,851.04	77,663,553.12	-
Exchange differences from translation of financial statements	1,272,569.21	-	-	1,272,569.21	-
	1,470,892,760.13	1,015,546,734.95	209,021,274.02	237,458,920.57	8,865,830.59

# Notes to the Financial Statements

For the year 2021

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

### 45. Surplus Reserve

2021

	Opening balance	Increase in the current year	Decrease in the current year	Closing balance
Statutory surplus reserve	2,076,486,432.95	129,942,875.81	–	2,206,429,308.76

2020

	Opening balance	Increase in the current year	Decrease in the current year	Closing balance
Statutory surplus reserve	1,954,818,567.23	121,667,865.72	–	2,076,486,432.95

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

After appropriating the statutory surplus reserve, the Company could appropriate any surplus reserve. After approved, any surplus reserve could be used to cover the loss of the Company for previous years or increase the share capital.

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

### 46. Retained Earnings

	2021	2020
Closing balance of retained earnings for last year	<b>36,213,026,423.36</b>	34,486,715,762.57
Other comprehensive income converted to retained earnings	<b>531,924,137.16</b>	1,015,546,734.95
Net profits attributable to shareholders of the Company	<b>2,047,401,906.98</b>	1,730,581,791.56
Less: Appropriation to statutory surplus reserve	<b>129,942,875.81</b>	121,667,865.72
Cash dividend payable for ordinary shares	–	898,150,000.00
Closing balance of retained earnings	<b>38,662,409,591.69</b>	36,213,026,423.36

### 47. Revenue and Costs of Sales

	2021		2020	
	Revenue	Cost	Revenue	Cost
Principal business	<b>15,175,370,873.24</b>	<b>5,844,131,891.11</b>	13,786,398,901.41	5,344,684,426.43
Other business	<b>337,421,342.60</b>	<b>102,344,483.18</b>	450,061,197.57	135,485,598.43
	<b>15,512,792,215.84</b>	<b>5,946,476,374.29</b>	14,236,460,098.98	5,480,170,024.86

The revenue of sales set out as follows:

	2021	2020
Revenue from contracts with customers	<b>7,280,385,176.87</b>	7,554,046,650.21
Rental and related revenue	<b>8,232,407,038.97</b>	6,682,413,448.77
	<b>15,512,792,215.84</b>	14,236,460,098.98

# Notes to the Financial Statements

For the year 2021

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

### 47. Revenue and Costs of Sales (continued)

The breakdown of operating income from contracts with customers is as follows:

2021

Reporting segments	Entrusted management related	Construction and design	Home decoration related and sales of good	Others	Total
Principal operating region					
Mainland China	3,256,244,786.68	1,498,607,716.09	1,395,546,601.53	1,129,986,072.57	7,280,385,176.87
Time of recognizing revenue					
Recognizing revenue at certain point					
Revenue from commercial management and consultation service for construction project	26,415,094.34	-	-	-	26,415,094.34
Revenue from sales of goods	-	-	298,871,035.72	-	298,871,035.72
Other revenues	-	-	-	267,079,825.98	267,079,825.98
Recognize revenue within a period of time					
Revenue from the brand consulting and management service for the early stage of the project	667,209,408.70	-	-	-	667,209,408.70
Revenue from annual brand consulting and management service for the project	2,230,812,311.26	-	-	-	2,230,812,311.26
Revenue from commercial consultation fees and tenant sourcing commissions	331,807,972.38	-	-	-	331,807,972.38
Revenue from construction and design service	-	1,498,607,716.09	-	-	1,498,607,716.09
Revenue from decoration	-	-	1,096,675,565.81	-	1,096,675,565.81
Other revenues	-	-	-	862,906,246.59	862,906,246.59
	3,256,244,786.68	1,498,607,716.09	1,395,546,601.53	1,129,986,072.57	7,280,385,176.87



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

### 47. Revenue and Costs of Sales (continued)

The breakdown of operating income from contracts with customers is as follows: (continued)

2020

Reporting segments	Entrusted Management related	Construction and design	home decoration related and Sales of good	Others	Total
Principal operating region					
Mainland China	3,580,465,132.95	1,668,238,075.14	1,224,005,416.99	1,081,338,025.13	7,554,046,650.21
Time of recognizing revenue					
Recognizing revenue at certain point					
Revenue from commercial management and consultation service for construction project	126,415,095.61	-	-	-	126,415,095.61
Revenue from sales of goods	-	-	378,414,325.79	-	378,414,325.79
Other revenues	-	-	-	334,196,101.33	334,196,101.33
Recognize revenue within a period of time					
Revenue from the brand consulting and management service for the early stage of the project	788,446,410.37	-	-	-	788,446,410.37
Revenue from annual brand consulting and management service for the project	2,061,485,740.21	-	-	-	2,061,485,740.21
Revenue from commercial consultation fees and tenant sourcing commissions	604,117,886.76	-	-	-	604,117,886.76
Revenue from construction and design service	-	1,668,238,075.14	-	-	1,668,238,075.14
Revenue from decoration	-	-	845,591,091.20	-	845,591,091.20
Other revenues	-	-	-	747,141,923.80	747,141,923.80
	3,580,465,132.95	1,668,238,075.14	1,224,005,416.99	1,081,338,025.13	7,554,046,650.21

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

### 47. Revenue and Costs of Sales (continued)

The revenue recognized in the current year included in the book value of contract liabilities at the beginning of this year is as follows:

	2021	2020
Revenue from the brand consulting and management service for the early stage of the project	224,727,846.57	385,515,939.78
Revenue from annual brand consulting and management service for the project	129,600,725.98	144,365,644.58
Revenue from commercial management and consultation service for construction project	–	95,283,018.87
Revenue from commercial consultation fees and tenant sourcing commissions	38,316,037.74	33,186,822.61
Revenue from construction and design service	149,778,072.89	162,578,534.73
Other	581,761,239.75	399,462,609.25
	<b>1,124,183,922.93</b>	1,220,392,569.82

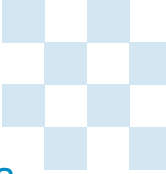
Information in relation to the Group's performance obligations is as follows:

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

The Group performs the performance obligations when providing relevant service. The contract consideration is generally paid in a way as agreed in the contract and part of it generally needs to be paid before the performance obligations of the contract take place.

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

The Group performs the performance obligations when providing relevant service. The contract consideration is generally paid in a way as agreed in the contract and part of it generally needs to be paid before the performance obligations of the contract take place.



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

### 47. Revenue and Costs of Sales (continued)

Information in relation to the Group's performance obligations is as follows: (continued)

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

The Group fulfills the performance obligations when providing relevant service and obtaining the confirmation letter for relevant services issued by customers. The contract consideration is generally paid in a way as agreed in the contract and part of it generally needs to be paid before the performance obligations of the contract take place.

#### Revenue from commercial consultation fees

The Group performs the performance obligations when providing relevant service. The contract consideration is generally paid in a way as agreed in the contract and part of it generally needs to be paid before the performance obligations of the contract take place.

#### Revenue from tenant sourcing commissions

The Group performs the performance obligations when providing relevant service. The contract consideration is generally paid in a way as agreed in the contract and part of it generally needs to be paid before the performance obligations of the contract take place.

#### Revenue from construction and design service

The Group performs the performance obligations when providing relevant service. Part of the contract consideration generally needs to be paid before the performance obligations of the contract take place and the remaining is paid in accordance with the contract terms after the project is settled. Customer generally withholds a certain percentage of retention money which is generally paid upon the expiration of retention period.



# Notes to the Financial Statements

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

### 47. Revenue and Costs of Sales (continued)

Information in relation to the Group's performance obligations is as follows: (continued)

#### Revenue from sales of goods

The Group performs performance obligations when delivering goods to customers. The contract consideration generally needs to be pre-paid.

#### Revenue from decoration

The Group performs the performance obligations when providing relevant service. Part of the contract consideration generally needs to be paid before the performance obligations of the contract take place and the remaining is paid in accordance with the contract terms after the project is settled.

#### Revenue from strategic consultation fees

The Group performs the performance obligations when providing relevant service. The contract consideration is generally paid in a way as agreed in the contract and part of it generally needs to be paid before the performance obligations of the contract take place.

#### Joint marketing income

The Group performs the performance obligations when providing relevant service. The contract consideration is generally paid in a way as agreed in the contract and part of it generally needs to be paid before the performance obligations of the contract take place.

The total transaction price of the performance obligations amortised to the end of the year which remained outstanding or partly outstanding was RMB17,201,476,715.16, of which RMB3,495,859,885.44 was estimated to be recognised as revenue in 2022.

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

### 48. Taxes and Surcharges

	2021	2020
Property tax	303,508,844.10	246,382,435.21
Urban maintenance and construction tax	42,525,497.71	41,448,545.51
Education surcharge	23,667,256.19	22,762,175.30
Land use tax	28,042,074.19	22,835,651.40
Stamp duty	14,545,655.39	12,370,905.34
Others	31,924,121.82	31,615,069.51
	<b>444,213,449.40</b>	<b>377,414,782.27</b>

### 49. Sale Expenses

	2021	2020
Advertising and promotional expenses	1,204,955,693.93	953,948,821.11
Energy and maintenance expenses	544,679,944.15	478,987,583.59
Salary, bonus and benefits	166,659,698.54	126,610,432.31
After-sales service expenses	43,758,593.82	43,557,632.21
Depreciation and amortization	30,307,714.65	17,822,601.66
Office and administrative expenses	30,228,101.90	38,205,086.49
Others	42,918,782.46	34,640,602.27
	<b>2,063,508,529.45</b>	<b>1,693,772,759.64</b>

# Notes to the Financial Statements

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

### 50. Management Expenses

	2021	2020
Salary, bonus and benefits	1,056,932,015.49	854,698,037.03
Office and administrative expenses	499,465,886.28	394,343,198.11
Other professional services expenses	167,772,990.25	143,584,512.71
Depreciation and amortization	160,486,879.04	148,167,974.44
Auditing expenses	17,661,367.55	18,348,251.47
Network communications fees	68,174,343.66	95,275,353.19
Others	33,574,821.23	26,439,241.10
	<b>2,004,068,303.50</b>	1,680,856,568.05

\* In 2021, the remuneration for the auditor of the Group was RMB7,800,000.00 (2020: RMB7,500,000.00).

### 51. Research and Development Costs

	2021	2020
Salary, bonus and benefits	55,356,270.92	32,847,160.63
Depreciation and amortization	2,292,607.71	991,214.27
Others	3,013,525.38	2,197,268.76
	<b>60,662,404.01</b>	36,035,643.66

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

### 52. Financial Expenses

	2021	2020
Interest expenses	<b>3,076,834,271.11</b>	2,914,464,907.10
Less: Interest income	<b>227,196,077.05</b>	194,886,018.04
Less: Amounts to interest capitalization	<b>382,293,105.52</b>	365,745,604.27
Exchange gains and losses	<b>(47,305,649.44)</b>	66,960,466.83
Others	<b>40,990,973.99</b>	43,624,916.06
	<b>2,461,030,413.09</b>	2,464,418,667.68

The amounts to interest expenses capitalization have been included in investment properties.

### 53. Other Income

	2021	2020
Subsidy for land supporting expenses and subsidy for gas-fired air conditioning equipment	<b>5,569,876.68</b>	6,198,738.24
Government grants relating to daily operational activities	<b>152,416,168.74</b>	178,051,161.95
	<b>157,986,045.42</b>	184,249,900.19

# Notes to the Financial Statements

For the year 2021

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

### 53. Other Income (continued)

Government grants relating to daily activities are as follows:

	2021	2020	Related to assets/profit
Subsidies (Note 1)	86,361,953.42	92,028,673.09	Related to profit
Special government grants (Note 2)	62,921,162.84	82,603,176.84	Related to profit
Reward support (Note 3)	3,133,052.48	3,419,312.02	Related to profit
	<b>152,416,168.74</b>	178,051,161.95	

Note 1: Subsidy mainly refers to the tax refund and subsidies received from the government.

Note 2: Special government grants mainly refer to the special industry-supporting fund received from the government.

Note 3: Reward support mainly refer to other policy reward support funds received from the government.

### 54. Investment Income

	2021	2020
Long-term equity interest investment income calculated by equity method	45,193,914.37	44,959,080.07
Income from acquisition of joint venture and associates to become subsidiaries	–	126,196,808.81
Investment gain/(loss) on disposal of subsidiaries	448,896,520.84	(529,358.18)
Investment gain from disposal of associates	38,978,606.68	24,917,078.30
(Loss) from disposal of financial assets held for trading	(28,325,400.21)	(12,221,307.95)
Bonuses received from other equity instruments	31,012,472.24	38,253,530.13
Bonuses received from other non-current financial assets	3,300,000.00	440,036.71
	<b>539,056,113.92</b>	222,015,867.89



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

### 55. Gains on Fair Value Changes

	2021	2020
Financial assets held for trading	6,081,313.45	(7,207,210.00)
Include: equity instrument investment held for trading	6,081,313.45	(7,207,210.00)
Investment properties at FVTPL	374,390,247.49	496,702,935.69
Other non-current financial assets	(8,750,000.00)	4,636,800.00
	371,721,560.94	494,132,525.69

### 56. Impairment Losses of Credit

	2021	2020
Bad debt losses of accounts receivable	311,158,481.25	67,861,349.68
Bad debt losses of other receivables	86,524,233.71	43,370,888.51
Impairment losses of other current assets	41,464,866.29	12,839,644.26
Impairment losses/(reversal)of non-current assets due within one year	5,061,850.00	(3,094,564.32)
Bad debt losses of long-term receivables	35,464,987.25	5,743,602.96
Impairment losses/(reversal)of other non-current assets	2,649,993.82	(385,717.09)
	482,324,412.32	126,335,204.00

### 57. Impairment Losses of assets

	2021	2020
Impairment losses of contract assets	50,931,834.01	224,769,471.13
Impairment losses of long-term equity interest investments	–	13,396,307.27
Impairment losses of intangible assets (Note)	219,585,688.19	95,000,000.00
	270,517,522.20	333,165,778.40

Note: Refer to Notes V.20 Intangible Assets for details.

# Notes to the Financial Statements

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

### 58. Gains from Disposal of Assets

	2021	2020
Gains (losses) from disposal of fixed assets	<b>13,583,009.15</b>	1,368,758.55

### 59. Non-operating Income

	2021	2020	Amount included in nonrecurring profit or loss for 2021
Income from default compensation	<b>2,716,353.07</b>	10,877,503.91	2,716,353.07
Income from project termination	<b>5,896,226.43</b>	3,018,867.96	5,896,226.43
Others (Note)	<b>34,848,518.83</b>	44,041,925.09	34,848,518.83
	<b>43,461,098.33</b>	57,938,296.96	43,461,098.33

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

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

### 60. Non-Operating Expenses

	2021	2020	Amount included in non-recurring profit or loss for 2021
Charitable donations (Note 1)	<b>31,042,689.38</b>	32,147,040.00	31,042,689.38
Compensation expenses	<b>11,372,205.84</b>	123,687,842.36	11,372,205.84
Others	<b>61,408,159.22</b>	34,012,685.76	61,408,159.22
	<b>103,823,054.44</b>	189,847,568.12	103,823,054.44

*Note 1:* Charitable donations were mainly due to total donation of RMB30,150,000.00 by the parent company Red Star Macalline Group (紅星家居集團) to the People's Government of Beicai Town, Pudong New Area, Shanghai Municipality, Guangzhou Oppein Public Welfare Foundation, Tsinghua University Education Foundation, China Youth Entrepreneurship and Employment Foundation and Suqian Finance Bureau.

### 61. Government Grants

The Group does not have government grants calculated on a net basis.

For the rest of government grants, please see Note V. 53.

Category	Amount	Presented item	Amount included in profit and loss
Related to profit	3,133,052.48	Reward support fund	3,133,052.48
Related to profit	62,921,162.84	Special government grants	62,921,162.84
Related to profit	86,361,953.42	Subsidies	86,361,953.42
Related to assets	177,821,773.65	Land matching subsidies	5,569,876.68

# Notes to the Financial Statements

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

### 62. Expenses by Nature

The supplementary information on the Group's operating costs, sale expenses, management expenses and research and development costs classified by nature is as follows:

	2021	2020
Salary	3,785,630,182.82	3,256,192,734.36
Construction contracts	2,298,831,319.27	2,073,253,455.09
Advertising and promotional expenses	1,333,666,185.85	1,142,067,814.10
Rent not included in the measurement of lease liabilities	18,637,831.24	35,109,865.55
Energy and maintenance expenses	578,582,455.19	503,126,338.39
Office and administrative expenses	613,852,594.08	499,100,540.06
Other professional services expenses	269,420,584.20	196,003,871.48
Depreciation and amortization	960,422,207.03	884,307,051.87
Disposal of investment properties	–	107,000,000.00
After-sales service expenses	44,027,978.71	45,289,055.86
Others	171,644,272.86	149,384,269.45
	<b>10,074,715,611.25</b>	<b>8,890,834,996.21</b>

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

### 63. Income Tax Expenses

	2021	2020
Current income tax expenses	749,038,535.89	678,648,161.51
Deferred income tax expenses	(136,062,928.16)	71,422,887.10
	612,975,607.73	750,071,048.61

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

	2021	2020
Total profit	2,801,975,580.90	2,814,148,451.58
Income tax expenses calculated based on statutory tax rate	700,493,895.23	703,537,112.90
Impact of different tax rates applicable to subsidiaries	(103,694,904.71)	(204,066,655.47)
Adjustments on the income tax of previous periods	24,155,029.43	(12,153,978.01)
Profits and losses attributable to joint ventures and associates	(11,298,478.58)	(11,239,770.13)
Non-taxable income	(34,021,680.21)	(41,222,593.93)
Non-deductible expenses	12,518,779.17	23,244,967.48
Use and recognize deductible losses of deferred income tax previously unrecognized	(350,650,069.23)	(163,951,226.65)
Effects of unrecognized deductible temporary differences and deductible losses	375,473,036.63	455,923,192.42
Income tax expense calculated based on the effective tax rate of the Group	612,975,607.73	750,071,048.61

# Notes to the Financial Statements

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

### 64. Earnings per Share

	2021 RMB/Share	2020 RMB/Share
Basic earnings per share Continuing operations	0.51	0.44
Diluted earnings per share Continuing operations	N/A	N/A

The basic earnings per share is calculated by dividing the net profit of the current period attributable to the ordinary shareholders of the Company by the weighted average number of outstanding ordinary shares.

During the period from the balance sheet date to the date on which the financial statements are approved for publication, there is no event that may result in changes in the number of ordinary shares or potential ordinary shares outstanding.

The calculation of basic earnings per share is detailed as follows:

	2021	2020
Earnings Net profit of the current period attributable to ordinary shareholders of the Company	2,047,401,906.98	1,730,581,791.56

	2021	2020
Shares Weighted average number of the ordinary shares outstanding of the Company	4,004,940,594.00	3,905,000,000.00

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

### 65. Notes to the Cash Flow Statements

	2021	2020
Other cash received in connection with operating activities		
Deposits received	137,406,830.57	231,112,087.58
Net proceeds collected and paid on behalf of others	333,754,458.48	554,160,045.64
Non-operating income and government grants	208,884,787.41	183,290,569.62
Interest income	37,672,376.09	89,398,448.54
Reserves with central bank	27,362,383.93	45,089,408.18
	<b>745,080,836.48</b>	1,103,050,559.56
Other cash paid in connection with operating activities		
Payment of expenses and other proceeds	2,849,426,968.35	2,367,813,099.41
Bank charges and other expenses	40,990,973.99	26,945,343.27
Non-operating expenses	66,749,721.33	142,677,568.12
	<b>2,957,167,663.67</b>	2,537,436,010.80
Other cash received in connection with investing activities		
Current account in connection with projects	3,157,466,181.34	1,164,574,805.97
Recovery of the entrusted loan in connection with projects	157,200,000.00	1,232,720,872.63
Interest income from loans and borrowings	131,044,909.82	185,557,027.72
Redemption of the wealth management products	71,305,774.55	164,739,626.85
Recovery of restricted funds	1,662,345,513.24	29,314,390.19
Redemption of fixed bank deposits due after over 3 months	25,973,243.42	181,762,704.83
	<b>5,205,335,622.37</b>	2,958,669,428.19

# Notes to the Financial Statements

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

### 65. Notes to the Cash Flow Statements (continued)

	2021	2020
Other cash paid in connection with investing activities		
Project-related current account	<b>2,112,879,352.96</b>	3,160,416,360.28
Granting the project-related entrusted loan	<b>123,279,604.95</b>	705,442,536.62
Purchase of wealth management products	<b>1,009,587,720.46</b>	71,305,774.55
Restricted funds payment	<b>1,889,453,525.63</b>	267,077,539.19
Fixed bank deposits with maturity of over 3 months	<b>21,925,853.01</b>	20,973,243.42
	<b>5,157,126,057.01</b>	4,225,215,454.06
Other cash received in connection with financing activities		
Project-related current account	<b>1,758,325,517.82</b>	1,027,475,244.93
One-off discount received on pre-purchase of property service for 20 years	<b>1,012,813,541.67</b>	-
	<b>2,771,139,059.49</b>	1,027,475,244.93
Other cash paid in connection with financing activities		
Project-related current account	<b>1,763,827,484.13</b>	707,899,793.24
Acquisition of non-controlling interests	<b>39,311,113.53</b>	189,380,872.36
Rental paid for leased Portfolio Shopping Malls	<b>824,298,163.45</b>	543,648,381.72
	<b>2,627,436,761.11</b>	1,440,929,047.32



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

### 66. Supplementary Information of Cash Flow Statements

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

Reconciliation of net profits to cash flow from operating activities:

	2021	2020
Net profits	2,188,999,973.17	2,064,077,402.97
Add: Impairment allowance of assets	752,841,934.52	459,500,982.40
Depreciation of right-of-use assets	574,956,034.63	565,881,920.60
Depreciation of fixed assets	157,961,694.01	147,358,051.15
Amortization of intangible assets	48,438,852.48	41,098,906.74
Amortization of long-term prepaid expenses	179,065,625.91	184,519,587.73
(Gains) on disposal of fixed assets, intangible assets and other long-term assets	(13,583,009.15)	(1,368,758.55)
Gains from changes in fair value	(371,721,560.94)	(494,132,525.69)
Financial expense	2,334,345,325.48	2,365,683,494.16
Investment income	(539,056,113.92)	(222,015,867.89)
Increase in deferred tax assets	(1,020,783,668.26)	(366,488,995.50)
Increase in deferred tax liabilities	684,792,906.62	319,299,415.03
Decrease/(Increase) in inventories	(735,891.90)	2,682,860.97
Decrease/(Increase) in operating receivables	300,645,914.20	(732,089,027.53)
Increase/(Decrease) in operating payables	104,501,265.23	(174,275,005.00)
Net cash flows from operating activities	5,380,669,282.08	4,159,732,441.59

Significant investments and financing activities that do not involve cash:

	2021	2020
Disposal of Shanghai Red Star Financial Leasing and Red Star Factoring Company (Note 1)	1,102,487,710.14	—

Note 1: In May 2021, Red Star Macalline Group Corporation Ltd. transferred 100% equity of Shanghai Red Star Macalline Financial Leasing Company Limited (上海紅星美凱龍融資租賃有限公司) and 100% equity of Shanghai Red Star Macalline Commercial Factoring Company Limited (上海紅星美凱龍商業保理有限公司) to Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) at a transfer price of RMB1,209,108,900.00, of which RMB1,102,487,710.14 was paid by means of credit relief from Red Star Financial Leasing and Red Star Factoring Company to Red Star Macalline Group Corporation Ltd. and its subsidiaries.

# Notes to the Financial Statements

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

### 66. Supplementary Information of Cash Flow Statements

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

Net change in cash and cash equivalents:

	2021	2020
Closing balance of cash	<b>6,097,986,723.20</b>	5,901,061,909.81
Less: Opening balance of cash	<b>5,901,061,909.81</b>	6,776,093,360.48
Net increase/(Decrease) in cash and cash equivalents	<b>196,924,813.39</b>	(875,031,450.67)

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

Information for acquisition of subsidiaries and other business units

	2021	2020
Price of acquisition of subsidiaries and other business units	<b>1.00</b>	908,906,850.12
Cash and cash equivalents paid for acquisition of subsidiaries and other business units	–	908,906,850.12
Less: Cash and cash equivalents held for acquisition of subsidiaries and other business units	<b>28,879,697.37</b>	27,651,448.30
Add: Cash or cash equivalents paid in the current period for business combinations occurred in the previous periods	<b>39,281,287.53</b>	719,899,618.95
Net cash paid for acquisition of subsidiaries and other business units	<b>10,401,590.16</b>	1,601,155,020.77

Information of disposal of subsidiaries and other business units

	2021	2020
Price of disposal of subsidiaries and other business units	<b>2,455,552,867.71</b>	1.00
Cash and cash equivalents received from disposal of subsidiaries and other business units	<b>1,305,780,053.81</b>	1.00
Less: Cash and cash equivalents held for disposal of subsidiaries and other business units	<b>77,027,110.52</b>	–
Net cash received from disposal of subsidiaries and other business units	<b>1,228,752,943.29</b>	1.00

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

### 66. Supplementary Information of Cash Flow Statements

#### (3) Cash and cash equivalents

	2021	2020
Cash	<b>6,097,986,723.20</b>	5,901,061,909.81
Including: Cash on hand	<b>7,523,570.17</b>	8,615,723.97
Bank deposits readily to be withdrawn on demand	<b>6,072,718,289.40</b>	5,892,446,185.84
Other cash and bank balances readily to be withdrawn on demand	<b>17,744,863.63</b>	
Cash and cash equivalents balance at the end of the year	<b>6,097,986,723.20</b>	5,901,061,909.81

### 67. Assets with Restricted Ownership or use Right

	2021	2020	Reasons for limitation
Cash and bank balances	<b>266,797,879.55</b>	320,515,556.83	Long-term Loan pledge
Cash and bank balances	<b>5,671,764.83</b>	3,430,500.00	Engineering deposit
Cash and bank balances	<b>33,184,807.81</b>	30,343,913.91	Court freezing
Cash and bank balances	<b>5,950,178.56</b>	20,273,548.18	Deposited investment fund
Cash and bank balances	<b>91,794,170.10</b>	119,156,554.03	Reserves deposited in the People's Bank of China
Cash and bank balances	<b>52,400,000.00</b>	52,400,000.00	Hedging deposit
Cash and bank balances	<b>2,918,250.41</b>	13,063,674.47	Guarantee deposit
Cash and bank balances	<b>25,085,622.06</b>	24,873,297.44	Migrant worker deposit
Cash and bank balances	<b>300,000,000.00</b>	–	Note deposit
Other equity instrument investments	<b>136,755,048.08</b>	183,573,840.21	Loan pledge mortgage
Investment properties	<b>85,316,000,000.00</b>	79,865,000,000.00	Loans, CMBS, Trust pledge/mortgage
Fixed assets	<b>2,310,017,666.06</b>	2,353,986,576.70	Loan mortgage/mortgage
	<b>88,546,575,387.46</b>	82,986,617,461.77	

# Notes to the Financial Statements

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

### 67. Assets with Restricted Ownership or use Right (continued)

Others:

The revenue of operations from Shanghai Zhenbei Shopping Mall, Shanghai Wuzhonglu Shopping Mall, Jinan Red Star Shopping Mall, Ozing Digital Technology, Shanghai Jinqiao Shopping Mall, Nanjing Pukou Shopping Mall, Nanjing Mingdu Shopping Mall, Harbin West Railway Station Shopping Mall, Hefei Silihe Shopping Mall, Jinshan Hangzhou Bay Shopping Mall, Tianjin Binhai, Zhongshan Shibo, Shanghai Jinshan, Zhengzhou Red Star, Shanghai Jinqiao, Xi'an Chanba, Tianjin Hedong, Shanghai Pujiang, and Hefei Logistics during relevant loan periods was used for loan pledge. The revenue of property operation from Beijing East Four Ring, Yantai Red Star, Wuhan Etouwan, Beijing West Four Ring, Wuxi Red Star and Wuhan Hanyang during relevant periods was used for CMBS pledge.

### 68. Monetary Items Denominated in Foreign Currency

	Original currencies	2021 Exchange rate	RMB equivalent	Original currencies	2020 Exchange rate	RMB equivalent
Cash and bank balances						
USD	5,535,783.30	6.3757	35,294,493.59	5,174,366.50	6.5249	33,762,223.98
HKD	589,638.48	0.8176	482,088.42	766,624.47	0.8416	645,191.15
EUR	6,228,830.18	7.2197	44,970,285.25	20,799.05	8.0250	166,912.38
Bonds payable						
USD	299,077,744.03	6.3757	1,906,829,972.61	297,816,024.02	6.5249	1,943,219,775.16
Short-term loan						
EUR	-	-	-	166,044,763.24	8.0250	1,332,509,225.00
USD	17,514,553.76	6.3757	111,667,540.40	-	-	-

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

### 69. Hedging

#### Fair value hedging

Hong Kong Red Star Macalline Global Home Furnishing Company Limited (香港紅星美凱龍全球家居有限公司)(hereinafter referred to as "Hong Kong Red Star Macalline"), a subsidiary of the Group (whose functional currency is RMB), issued USD300,000,000.00 long-term bonds on 21 September 2017, which will mature on 21 September 2022 and has interest rate of 3.375% per annum payable semi-annually on March 21 and September 21 of each year commencing on 21 March 2018. In response to this part of long-term bonds facing the exchange rate risk exposure caused by changes in RMB against USD. On April 2, 2019, the Group purchased a structured currency swap (can cancel the range forward), against USD150,000,000 of the USD-dominated loan of Hong Kong Red Star. On May 9, 2019, the Group purchased an option portfolio product consisting of the signed options and the purchased options to hedge the USD100,000,000 of the USD-dominated loan of Hong Kong Red Star. Through qualitative analysis, the Group determined that the ratio of the number of hedging instruments to hedged items was 1: 1. The invalid part of the hedge mainly comes from the foreign exchange basis. The invalid part of the fair value hedging this year is not significant.

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

2021

	Nominal amount of hedging instruments	Book value of hedging instruments Assets/(Liabilities)	Items listed on the balance sheet with hedging instruments	Changes in the fair value of hedging instruments used as the basis for confirming the invalid part of the hedge in 2021
Structured currency swaps	USD150,000,000	(19,564,192.33)	Derivative financial instruments	1,260,000.00
Option portfolio	USD100,000,000	1,396,522.27	Derivative financial instruments	(50,000.00)
		(18,167,670.06)		1,210,000.00

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

### 69. Hedging (continued)

#### Fair value hedging (continued)

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

2020

	Nominal amount of hedging instruments	Book value of hedging instruments Assets/(Liabilities)	Items listed on the balance sheet with hedging instruments	Changes in the fair value of hedging instruments used as the basis for confirming the invalid part of the hedge in 2020
Structured currency swaps	USD150,000,000	(5,371,397.29)	Derivative financial instruments	4,620,000.00
Option portfolio	USD100,000,000	7,532,129.40	Derivative financial instruments	2,190,000.00
		2,160,732.11		6,810,000.00

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

### 69. Hedging (continued)

#### Fair value hedging (continued)

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

2021

	Book value of hedged items Liabilities	Cumulative amount of fair value hedging adjustment of the hedged item (included in the book value of the hedged item) Liabilities	Listed items in the balance sheet including hedged items	Changes in the fair value of hedged items used as the basis for confirming the invalid part of the hedged items in 2021
USD-dominated bonds	1,744,050,000.00	210,190,000.00	Bonds payable	1,210,000.00

2020

	Book value of hedged items Liabilities	Cumulative amount of fair value hedging adjustment of the hedged item (included in the book value of the hedged item) Liabilities	Listed items in the balance sheet including hedged items	Changes in the fair value of hedged items used as the basis for confirming the invalid part of the hedged items in 2020
USD-dominated bonds	1,744,050,000.00	114,125,000.00	Bonds payable	6,810,000.00

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## VI. CHANGES IN CONSOLIDATION SCOPE

### 1. Business Combinations Involving Enterprises Not under Common Control

During the year, the Company acquired 50% equity of Xiamen Red Star Macalline Home Furnishing Plaza Company Limited (廈門紅星美凱龍家居生活廣場有限責任公司) at RMB1. Since the combining enterprises are not ultimately controlled by the same party or parties before and after the combination, the combination is not involving enterprises under common control. The Group completed the business registration for such change on 17 November 2021 and obtained the control right over Xiamen Red Star Macalline Home Furnishing Plaza Company Limited. Therefore, the acquisition date was determined to be 17 November 2021.

The fair value and book value of identifiable assets and liabilities of Xiamen Red Star Macalline Home Furnishing Plaza Company Limited on acquisition date are as follows:

	Fair value on acquisition date	Book value on acquisition date
Cash and bank balances	1,291,521.77	1,291,521.77
Receivables	3,133,602.66	3,133,602.66
Prepayments	12,968,736.55	12,968,736.55
Other receivables	20,966,715.81	20,966,715.81
Other current assets	3,516,416.88	3,516,416.88
Inventories	55,951.41	55,951.41
Net fixed assets	120,369.87	120,369.87
Construction in progress	55,495.05	55,495.05
Right-of-use assets	165,913,818.46	165,913,818.46
Long-term prepaid expenses	100,224,057.60	100,224,057.60
Deferred income tax assets	30,406,651.09	30,406,651.09
Accounts payable	271,256.30	271,256.30
Advance from customers	579,566.87	579,566.87
Payroll payable	349,394.83	349,394.83
Taxes payable	70,194.68	70,194.68
Other payables	170,927,776.63	170,927,776.63
Non-current liabilities due within one year	20,189,088.74	20,189,088.74
Lease liabilities	145,724,729.72	145,724,729.72
Deferred income	541,328.38	541,328.38
Holders' equity	1.00	1.00
Purchase consideration	1.00	
Goodwill on acquisition	–	

The operating results and cash flows of Xiamen Red Star Macalline Home Furnishing Plaza Company Limited from the acquisition date to the end of the year are presented as follows:

	Period from the acquisition date to 31 December
Operating revenue	1,695,904.77
Net losses	(1,676,861.25)
Net cash flow	2,425,848.02



## VI. CHANGES IN CONSOLIDATION SCOPE (continued)

### 2. Disposal of subsidiaries

	Place of incorporation	Business nature	The Group's total shareholding percentage (%)	Proportion of voting rights enjoyed by the Group in total (%)	The reason for not being a subsidiary
Tibet Red Star Macalline Business Management Company Limited (西藏紅星美凱龍企業管理有限公司)	Lhasa	Commercial services	100	100	Note 1
Red Star Macalline (Shanghai) Business Management Company Limited (紅星美凱龍(上海)企業管理有限公司)	Shanghai	Commercial services	100	100	Note 1
Shanghai Beimao Logistics Company Limited (上海倍茂物流有限公司)	Shanghai	Loading and unloading and warehousing services	100	100	Note 1
Shanghai Beiyue Logistics Company Limited (上海倍躍物流有限公司)	Shanghai	Loading and unloading and warehousing services	100	100	Note 1
Shanghai Beibo Logistics Company Limited (上海倍博物流有限公司)	Shanghai	Loading and unloading and warehousing services	100	100	Note 1
Shanghai Beizheng Logistics Company Limited (上海倍正物流有限公司)	Shanghai	Loading and unloading and warehousing services	100	100	Note 1
Tianjin Red Star Macalline Logistics Company Limited (天津紅星美凱龍物流有限公司)	Tianjin	Loading and unloading and warehousing services	60	60	Note 1
Shanghai Xingyue Property Service Co., Ltd. (上海星悅物業服務有限公司)	Shanghai	Commercial services	100	100	Note 2
Shanghai Macalline Property Management Service Co., Ltd. (上海美凱龍物業管理服務有限公司)	Shanghai	Commercial services	100	100	Note 2
Shanghai Red Star Macalline Commercial Factoring Company Limited (上海紅星美凱龍商業保理有限公司)	Shanghai	Other finance	100	100	Note 3
Shanghai Red Star Macalline Financial Leasing Company Limited (上海紅星美凱龍融資租賃有限公司)	Shanghai	Leasing	100	100	Note 3
Shanghai Ersai Enterprise Management Company Limited (上海逸賽企業管理有限公司)	Shanghai	Commercial services	100	100	Note 4
Shanghai Meiyung Industrial Co., Ltd. (上海美穎實業有限公司)	Shanghai	Wholesale	100	100	Note 5

Note 1: Tibet Red Star Macalline Business Management Company Limited (西藏紅星美凱龍企業管理有限公司) holds 100% equity of Shanghai Beimao Logistics Company Limited (上海倍邁物流有限公司), Anhui Red Star Macalline Logistics Company Limited (安徽紅星美凱龍物流有限公司), Shanghai Beilang Logistics Company Limited (上海倍朗物流有限公司), Hebei Red Star Macalline Logistics Company Limited (河北紅星美凱龍物流有限公司), Shanghai Beihao Logistics Company Limited (上海倍皓物流有限公司), Tianjin Hongju Supply Chain Technology Co., Ltd. (天津紅居供應鏈科技有限公司), Shanghai Beixun Logistics Company Limited (上海倍訊物流有限公司) and Tianjin Hongmei Supply Chain Technology Co., Ltd. (天津紅美供應鏈科技有限公司);

Red Star Macalline (Shanghai) Business Management Company Limited (紅星美凱龍(上海)企業管理有限公司) holds 100% equity of Anhui Shengshi Dingtong Logistics Company Limited (安徽盛世鼎通物流有限公司) and Chongqing Red Star Macalline Logistics Company Limited (重慶紅星美凱龍物流有限公司);

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## VI. CHANGES IN CONSOLIDATION SCOPE (continued)

### 2. Disposal of subsidiaries (continued)

Note 1: (continued)

Shanghai Beimao Logistics Company Limited (上海倍茂物流有限公司) holds 100% equity of Guizhou Red Star Macalline Logistics Company Limited (貴州紅星美凱龍物流有限公司);

Shanghai Beiyue Logistics Company Limited (上海倍躍物流有限公司) holds 100% equity of Shaanxi Red Star Macalline Logistics Company Limited (陝西紅星美凱龍物流有限公司);

Shanghai Beibo Logistics Company Limited (上海倍博物流有限公司) holds 100% equity of Wuhan Ruixinxin Technology Co., Ltd. (武漢瑞鑫欣科技有限責任公司);

Shanghai Beizheng Logistics Company Limited (上海倍正物流有限公司) holds 100% equity of Hefei Red Star Macalline Logistics Company Limited (合肥紅星美凱龍物流有限公司).

On 2 June 2021, Red Star Macalline Group Corporation Ltd., a subsidiary of the Group, and its subsidiary Red Star Macalline Group (Shanghai) Logistics Company Limited (紅星美凱龍家居集團(上海)物流有限公司) signed an equity transfer agreement with Tianjin Yuanchuan Investment Co., Ltd. (天津遠川投資有限公司) to dispose of its 100% equity interests in a total of 7 companies, Tibet Red Star Macalline Business Management Company Limited (西藏紅星美凱龍企業管理有限公司), Red Star Macalline (Shanghai) Business Management Company Limited (紅星美凱龍(上海)企業管理有限公司), Shanghai Beimao Logistics Company Limited (上海倍茂物流有限公司), Shanghai Beiyue Logistics Company Limited (上海倍躍物流有限公司), Shanghai Beibo Logistics Company Limited (上海倍博物流有限公司), Shanghai Beizheng Logistics Company Limited (上海倍正物流有限公司), Tianjin Red Star Macalline Logistics Company Limited (天津紅星美凱龍物流有限公司) at RMB1,214,257,509.38 and the disposal date is 30 June 2021. Therefore, since 1 July 2021, the Group no longer includes the above 7 companies into the scope of consolidation. The relevant financial information of the above seven companies is set out below:

Consolidated financial information of logistics company	Book value on 30 June 2021	Book value on 31 December 2020
Current assets	<b>1,277,528,260.98</b>	149,898,374.80
Non-current assets	<b>1,905,240,217.54</b>	2,261,992,858.49
Current liabilities	<b>2,395,779,436.81</b>	1,063,435,081.61
Non-current liabilities	<b>21,133,250.74</b>	565,175,678.76
Net assets	<b>765,855,790.97</b>	783,280,472.92
Gains (losses) from disposal	<b>448,401,718.41</b>	
Disposal consideration	<b>1,214,257,509.38</b>	
		<b>Period from 1 January 2021 to 30 June</b>
Revenue		65,246,065.71
Cost of sales		34,590,989.96
Net profit		(17,424,681.95)

## VI. CHANGES IN CONSOLIDATION SCOPE (continued)

### 2. Disposal of subsidiaries (continued)

Note 2: On 20 May 2021, the Group and its subsidiary Tianjin Red Star Macalline World Trade Home Furnishing Company Limited (天津紅星美凱龍世貿家居有限公司) ("Tianjin Beichen") and CIFI Ever Sunshine (Hainan) Investment Company Limited (旭輝永升(海南)投資有限公司) ("CIFI Ever Sunshine") signed an equity transfer agreement to sell its 90.1% equity interests in Shanghai Xingyue Property Service Co., Ltd. (上海星悅物業服務有限公司) ("Xingyue Property") at RMB297.33 million.

On 15 October 2021, the Group and its subsidiaries signed an equity transfer agreement with CIFI Ever Sunshine to sell its 80% equity interests in Shanghai Macalline Property Management Services Co., Ltd. (上海美凱龍物業管理服務有限公司) ("Macalline Property") at RMB696 million.

In November 2021, Tianjin Beichen, a subsidiary of the Group, signed an equity transfer agreement with Shanghai Macalline Property Management Service Co., Ltd. ("Macalline Property") to sell its 9.9% equity interests in Shanghai Xingyue Property Service Co., Ltd. ("Xingyue Property") at RMB32.67 million.

Upon the completion of the above-mentioned equity transfer transactions, CIFI Ever Sunshine and Wuhan Red Star Macalline Global Home Furnishing Plaza Development Company Limited (武漢紅星美凱龍世博家居廣場發展有限公司) ("Wuhan Red Star"), a subsidiary of the Group, respectively held 80% and 20% equity interests in Macalline Property, and Xingyue Property became a wholly-owned subsidiary of Macalline Property, in which the Group indirectly holds 20% equity interests. Among the relevant consideration for the equity transfer, the equity consideration was RMB13,186,458.33, and a one-off discount of RMB1,013,143,541.67 was received for property services in the next 20 years.

On 31 October 2021, the Group lost control over the above-mentioned property companies and completed the overall transfer of such property companies. Therefore, the management accounted for the above-mentioned transfer as a package transaction, and the disposal date was 31 October 2021. Therefore, since 1 November 2021, the Group no longer includes Macalline Property into the scope of consolidation, and the remaining 20% equity interests in Macalline Property will be re-measured according to its fair value on the date of loss of control. The fair value is determined based on the continuously calculated share of the net assets of Macalline Property on the date of loss of control.

The relevant financial information of Macalline Property and Xingyue Property is set out below:

Financial information of Macalline Property and Xingyue Property	Book value on 31 October 2021	Book value on 31 December 2020
Current assets	39,209,701.18	1,129,066.77
Non-current assets	396,465.91	–
Current liabilities	23,120,910.28	–
Non-current liabilities	2,183.90	–
Net assets	16,483,072.91	1,129,066.77
Fair value of the remaining equity	3,296,614.58	
Gains (losses) from disposal	–	
Disposal consideration	13,186,458.33	
		Period from 1 January 2021 to 31 October
Revenue		49,308,412.17
Cost of sales		30,766,007.47
Net profit		15,354,006.14

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## VI. CHANGES IN CONSOLIDATION SCOPE (continued)

### 2. Disposal of subsidiaries (continued)

*Note 3:* Red Star Macalline Group Corporation Ltd., a subsidiary of the Group, and the controlling shareholder Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) signed an equity transfer agreement in May 2021 to transfer 100% equity of Shanghai Red Star Macalline Financial Leasing Company Limited (上海紅星美凱龍融資租賃有限公司) and 100% equity of Shanghai Red Star Macalline Commercial Factoring Company Limited (上海紅星美凱龍商業保理有限公司). The transfer price paid by the transferor for the transfer of equity to the transferee is RMB1,209,108,900, of which the equity transfer price of Shanghai Red Star Macalline Financial Leasing Company Limited is RMB1,005,574,100 and the equity transfer price of Shanghai Red Star Macalline Commercial Factoring Company Limited is RMB203,534,800, and the disposal date is 7 July 2021. Therefore, since 7 July 2021, the Group no longer includes Shanghai Red Star Macalline Financial Leasing Company Limited and Shanghai Red Star Macalline Commercial Factoring Company Limited into the scope of consolidation. The relevant financial information of the above two companies is set out below:

	Book value on 7 July 2021	Book value on 31 December 2020
Current assets	1,204,519,672.47	895,683,293.98
Non-current assets	9,169,841.25	418,697,176.66
Current liabilities	5,071,437.10	38,898,588.78
Non-current liabilities	-	-
Net assets	1,208,618,076.62	1,275,481,881.86
Gains (losses) form disposal	490,823.38	
Disposal consideration	1,209,108,900.00	

	Period from 1 January 2021 to 30 June
Revenue	24,153,937.37
Cost of sales	835,224.50
Net profit	11,136,194.76
Distribution of dividends	78,000,000.00

*Note 4:* On 2 November 2021, Shanghai Xingkai Chengpeng Business Management Company Limited (上海星凱程鵬企業管理有限公司), a subsidiary of the Group, and Shanghai Huiyang Business Management Company Limited (上海輝漾企業管理有限公司) signed an equity transfer agreement on Shanghai Ersai Enterprise Management Company Limited (上海灑賽企業管理有限公司) to transfer 100% equity of Shanghai Ersai Enterprise Management Company Limited at nil, and the disposal date is 17 November 2021. Therefore, since 17 November 2021, the Group no longer includes Shanghai Ersai Enterprise Management Company Limited into the scope of consolidation.

*Note 5:* On 10 September 2021, Shanghai Red Star Macalline Industrial Company Limited (上海紅星美凱龍實業有限公司), a subsidiary of the Group, and Kang Qi, a natural person, signed an equity transfer agreement on Shanghai Meiyong Industrial Co., Ltd. (上海美穎實業有限公司) to transfer 100% equity of Shanghai Meiyong Industrial Co., Ltd. at RMB19 million, and the disposal date is 22 November 2021. Therefore, since 22 November 2021, the Group no longer includes Shanghai Meiyong Industrial Co., Ltd. into the scope of consolidation.

## VI. CHANGES IN CONSOLIDATION SCOPE (continued)

### 3. Changes in consolidation scope for other reasons

#### Assets acquisition

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

In November 2020, the Group entered into an equity transfer agreement with Shanghai Hongjun Investment Company Limited (上海弘郡投資有限公司) and Shanghai Hongjun Property Development Company Limited (上海弘郡置業發展有限公司), the original shareholder of Liuzhou Red Star Macalline Home Furnishing Company Limited ("Liuzhou Red Star"), and transferred 100% of the equity of the target company Liuzhou Red Star. As of March 2021, after the acquisition, the Group holds 100% shares of Liuzhou Red Star.

In August 2021, the Group, Anhui Tenghui Investment Group Co., Ltd. (安徽騰輝投資集團有限公司) and Suzhou Shengtong Real Estate Co., Ltd. (宿州市盛通置業有限公司), Suzhou Xingfeng Enterprise Management Consulting Co., Ltd. (宿州市星豐企業管理諮詢有限公司) ("Suzhou Xingfeng"), Suzhou Xingtong Enterprise Management Consultation Company Limited (宿州星通企業管理諮詢有限公司) entered into an agreement to transfer 100% equity of Suzhou Xingfeng Enterprise Management Consulting Co., Ltd. In September 2021, after the acquisition, the Group holds 100% shares of Suzhou Xingfeng.

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

#### Newly established

Company name	Main business site	Place of incorporation	Business nature	Shareholding ratio		Reason of changes
				Direct (%)	Indirect (%)	
Shanghai Macalline Zunke Design Engineering Company Limited (上海美凱龍尊科設計工程有限公司)	Shanghai	Shanghai	Home design	-	45.90	Newly established company
Hainan Red Star Macalline Enterprise Management Company Limited. (海南紅星美凱龍企業管理有限公司)	Hainan	Hainan	Enterprise management and consultancy	100.00	-	Newly established company
Macalline Digital Technology Company Limited. (美凱龍數字科技有限公司)	Hainan	Hainan	E-commerce	100.00	-	Newly established company
Shenzhen Meilong Wisdom Home Decoration Engineering Company Limited. (深圳市美隆智慧家裝飾工程有限公司)	Guangdong	Guangdong	Home design	-	34.61	Newly established company
Guizhou Meican Management Company Limited (貴州美餐管理有限公司)	Guizhou	Guizhou	Building design	-	100.00	Newly established company
Yangzhou Red Star Macalline Global Expo Home Furnishing Company Limited (揚州紅星美凱龍全球博覽家居有限公司)	Jiangsu	Jiangsu	Site leasing management	100.00	-	Newly established company
Zhejiang Red Star Macalline Commercial Management Company Limited (浙江紅星美凱龍商業經營管理有限公司)	Zhejiang	Zhejiang	Others	100.00	-	Newly established company
Hangzhou Macalline Intelligent Industry Development Company Limited (杭州美凱龍智慧產業發展有限公司)	Zhejiang	Zhejiang	self-operation and self-construction	51.00	49.00	Newly established company

#### Cancelled subsidiaries

The subsidiaries cancelled by the Group this year were Guangzhou Red Star Macalline Home Expo Center Company Limited (廣州紅星美凱龍家居博覽中心有限公司), Shanghai Youmei Home Furnishing Company Limited (上海悠美家居有限公司), Xi'an Comfort Meijia Housekeeping Service Co., Ltd. (西安舒適美佳家政服務有限責任公司), Shanghai Jiading Construction Home Decorating Design Company Limited (上海家鼎建築裝飾設計工程有限公司), Meishan Red Star Macalline Shibo Furniture Plaza Company Limited (眉山紅星美凱龍世博家居廣場有限公司), Tianjin Red Star Macalline Home Fashion Plaza Company Limited (天津紅星美凱龍時尚家居廣場有限公司), Changsha Red Star Macalline International Home Furnishing Art Expo Company Limited (長沙紅星美凱龍國際家居藝術博覽中心有限公司), Shanxi Xingyi Tonghui Network Technology Company Limited (山西星易通匯網路科技有限公司) and Shanghai Ditu Home Furnishing Company Limited (上海締圖家居有限公司).

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## VII. INTERESTS IN OTHER ENTITIES

### 1. Interests in Significant Subsidiaries

The company's subsidiaries are as follows:

Subsidiary name	Main business site	Place of incorporation	Business nature	Registered capital RMB'0000	Shareholding ratio		Note
					Direct (%)	Indirect (%)	
Subsidiaries acquired through establishment or investment							
Changsha Red Star Macalline Shibo Home Furnishing Plaza Company Limited	Hunan	Hunan	Site leasing management	500.00	100	-	
Shanghai Red Star Macalline Global Home Design Expo Company Limited	Shanghai	Shanghai	Site leasing management	5,000.00	-	97	
Hangzhou Red Star Macalline Shibo Furniture Plaza Company Limited	Zhejiang	Zhejiang	Site leasing management	23,000.00	100	-	
Shanghai Red Star Macalline Brand Management Company Limited	Shanghai	Shanghai	Brand management	500.00	100	-	
Chongqing Red Star Macalline Global Home Furnishing Plaza Company Limited	Chongqing	Chongqing	Site leasing management	1,000.00	100	-	
Wuhan Red Star Macalline Shibo Home Furnishing Plaza Development Company Limited	Hubei	Hubei	Site leasing management	55,287.87	100	-	
Beijing Xingkai Jingzhou Furniture Plaza Company Limited	Beijing	Beijing	Site leasing management	3,000.00	-	51	
Shanghai Red Star Macalline Home Furnishing Design Expo Company Limited	Shanghai	Shanghai	Site leasing management	44,500.00	100	-	
Shanghai Red Star Macalline Global Home Furnishing Market Management Company Limited	Shanghai	Shanghai	Market company	50.00	-	100	
Yantai Red Star Macalline Home Furnishing Company Limited	Shandong	Shandong	Site leasing management	17,500.00	100	-	
Shenyang Mingdu Home Furnishing Plaza Company Limited	Liaoning	Liaoning	Site leasing management	25,500.00	60	40	
Beijing Century Europe and America Business Investment Company Limited	Beijing	Beijing	Site leasing management	5,000.00	-	80	
Chongqing Red Star Macalline Expo Home Furnishing Plaza Company Limited	Chongqing	Chongqing	Site leasing management	28,000.00	100	-	
Changsha Yinhong Home Furnishing Company Limited	Hunan	Hunan	Site leasing management	25,000.00	100	-	
Shanghai Jingdu Investment Company Limited	Shanghai	Shanghai	Investment management	1,000.00	51	-	
Tianjin Red Star Macalline Home Living and Decorating Plaza Company Limited	Tianjin	Tianjin	Site leasing management	42,487.87	100	-	
Panjin Red Star Macalline Global Home Furnishings Plaza Co., Ltd.	Liaoning	Liaoning	Site leasing management	21,000.00	100	-	
Shanghai Red Star Macalline Business Consulting Company Limited	Shanghai	Shanghai	Investment management	100.00	65	-	
Shenyang Red Star Macalline Home Furnishing Company Limited	Liaoning	Liaoning	Site leasing management	3,000.00	100	-	
Shanghai Red Star Macalline Trading Company Limited	Shanghai	Shanghai	Investment management	5,000.00	100	-	

## VII. INTERESTS IN OTHER ENTITIES (continued)

## 1. Interests in Significant Subsidiaries (continued)

The company's subsidiaries are as follows: (continued)

Subsidiary name	Main business site	Place of incorporation	Business nature	Registered capital RMB'0000	Shareholding ratio		Note
					Direct (%)	Indirect (%)	
Subsidiaries acquired through establishment or investment (continued)							
Harbin Red Star Macalline Shibo Furniture Plaza Company Limited	Heilongjiang	Heilongjiang	Site leasing management	31,000.00	100	-	
Shanghai Xingjia Decoration and Building Materials Company Limited	Shanghai	Shanghai	Construction material markets	2,000.00	-	100	
Chongqing Red Star Macalline Zhongkun Home Living Plaza Company Limited	Chongqing	Chongqing	Site leasing management	10,000.00	55	-	
Zhongshan Red Star Macalline Shibo Furniture Plaza Company Limited	Guangdong	Guangdong	Site leasing management	14,993.93	100	-	
Shenyang Dadong Red Star Macalline Home Furnishing Company Limited	Liaoning	Liaoning	Site leasing management	300.00	100	-	
Xi'an Red Star Macalline Home Furnishing Plaza Company Limited	Shaanxi	Shaanxi	Site leasing management	20,000.00	75	-	
Daqing Red Star Macalline Shibo Furniture Plaza Company Limited	Heilongjiang	Heilongjiang	Site leasing management	10,000.00	70	-	
Beijing Red Star Macalline Furnishing Market Company Limited	Beijing	Beijing	Brand management	200.00	-	100	
Wuhan Red Star Macalline Global Home Furnishing Plaza Development Company Limited	Hubei	Hubei	Site leasing management	14,993.93	100	-	
Beijing Century Kailong Business Investment Company Limited	Beijing	Beijing	Site leasing management	1,000.00	100	-	
Shanghai Red Star Ogiora Home Living Market Management Company Limited	Shanghai	Shanghai	Market company	50.00	100	-	
Hefei Red Star Macalline Shibo Furniture Plaza Company Limited	Anhui	Anhui	Site leasing management	34,984.83	100	-	
Nanjing Red Star Macalline International Home Furnishing Company Limited	Jiangsu	Jiangsu	Site leasing management	76,401.70	100	-	
Shanghai Red Star Macalline Yijia Home Decorating Company Limited	Shanghai	Shanghai	Home design	2,000.00	-	100	
Shanghai Xingyi Tonghui Business Service Company Limited	Shanghai	Shanghai	Commercial service	15,000.00	100	-	
Shanghai Hongmei E-commerce Company Limited	Shanghai	Shanghai	E-commerce	1,840.00	-	100	
Tianjin Red Star Macalline International Home Furnishing Expo Company Limited	Tianjin	Tianjin	Site leasing management	31,428.57	65	-	
Tianjin Red Star Macalline World Trade Home Furnishing Company Limited	Tianjin	Tianjin	Site leasing management	20,000.00	100	-	
Shanghai Meihao Home Decorating Design Company Limited	Shanghai	Shanghai	Home design	250.00	-	100	
Harbin Red Star Macalline International Home Furnishing Company Limited	Harbin	Harbin	Site leasing management	34,981.80	100	-	

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## VII. INTERESTS IN OTHER ENTITIES (continued)

### 1. Interests in Significant Subsidiaries (continued)

The company's subsidiaries are as follows: (continued)

Subsidiary name	Main business site	Place of incorporation	Business nature	Registered capital RMB'0000	Shareholding ratio		Note
					Direct (%)	Indirect (%)	
Subsidiaries acquired through establishment or investment (continued)							
Changchun Red Star Macalline Shibo Home Living Plaza Company Limited	Jilin	Jilin	Site leasing management	6,800.00	100	-	
Red Star Xizhao Investment Company Limited	Tibet	Tibet	Investment management	10,000.00	90	-	
Red Star Macalline Home Furnishing Mall Management Company Limited	Tibet	Tibet	Investment management	5,000.00	100	-	
Yangzhou Red Star Macalline International Home Furnishing Plaza Company Limited	Jiangsu	Jiangsu	Brand management	300.00	100	-	
Shanghai Red Star Macalline Longmei Home Furnishing Market Management Company Limited	Shanghai	Shanghai	Market company	100.00	100	-	
Chongqing Jiaxin Home Decorating Design Company Limited	Chongqing	Chongqing	Home design	200.00	-	70	
Henan Xixiliya Property Management Company Limited	Henan	Henan	Property management	100.00	-	100	
Shenyang Red Star Macalline Shibo Home Furnishing Company Limited	Liaoning	Liaoning	Site leasing management	4,675.74	100	-	
Shanghai Red Star Macalline Bulk Purchasing of Construction and Furnishing Materials Trading Company Limited	Shanghai	Shanghai	Site leasing management	2,000.00	100	-	
Lanzhou Red Star Macalline Shibo Furniture Plaza Company Limited	Gansu	Gansu	Site leasing management	3,000.00	100	-	
Shanghai Jisheng Wellborn Global Home Furnishing Brand Management Company Limited	Shanghai	Shanghai	Management and consultancy	10,000.00	100	-	
Shanghai Red Star Macalline Home Decorating and Furnishing Market Management Company Limited	Shanghai	Shanghai	Brand management	50.00	-	100	
Shanghai Red Star Macalline Network Technology Company Limited	Shanghai	Shanghai	E-commerce	3,000.00	-	100	
Shanghai Red Star Macalline Decorating Public Network Technology Company Limited	Shanghai	Shanghai	E-commerce	3,000.00	-	100	
Yunnan Red Star Macalline Home Furnishing Plaza Company Limited	Yunnan	Yunnan	Site leasing management	8,000.00	87	-	
Urumchi Red Star Macalline Shibo Furniture Plaza Company Limited	Xinjiang	Xinjiang	Site leasing management	5,000.00	100	-	
Dongguan Red Star Macalline Shibo Furniture Plaza Company Limited	Guangdong	Guangdong	Site leasing management	10,000.00	70	-	
Shanghai Anjia Network Technology Company Limited	Shanghai	Shanghai	E-commerce	100.00	-	100	
Shanghai Aiguangjia E-commerce Company Limited	Shanghai	Shanghai	E-commerce	100.00	-	100	
Shanghai Jia Ju Information Technology Company Limited	Shanghai	Shanghai	E-commerce	100.00	-	100	



## VII. INTERESTS IN OTHER ENTITIES (continued)

## 1. Interests in Significant Subsidiaries (continued)

The company's subsidiaries are as follows: (continued)

Subsidiary name	Main business site	Place of incorporation	Business nature	Registered capital RMB'0000	Shareholding ratio		Note
					Direct (%)	Indirect (%)	
Subsidiaries acquired through establishment or investment (continued)							
Shanghai Hongmei Network Technology Company Limited	Shanghai	Shanghai	E-commerce	100.00	-	100	
Chengdu Red Star Ogloria Brand Management Company Limited	Chengdu	Chengdu	Brand management	10,000.00	-	100	
Shanghai Red Star Macalline Assets Management Company Limited	Shanghai	Shanghai	Investment management	5,000.00	-	100	
Shanghai Xinghe Zhaipei Home Furnishing Service Company Limited	Hebei	Hebei	Home design	3,800.00	100	-	
Red Star Macalline Group (Shanghai) Logistics Company Limited	Shanghai	Shanghai	Logistics service	21,000.00	60	-	
Shanghai Red Star Macalline Xinglong Home Furnish Company Limited	Shanghai	Shanghai	Site leasing management	3,900.00	100	-	
Red Star Macalline Chengdu Business Management Company Limited	Chengdu	Chengdu	Management and consultancy	50,500.00	-	100	
Red Star Macalline Chengdu Enterprise Management Consulting Company Limited	Chengdu	Chengdu	Management and consultancy	50,500.00	-	100	
Shanghai Red Star Macalline Kaiheng Household Company Limited	Shanghai	Shanghai	Site leasing management	500.00	100	-	
Changsha Red Star Macalline Jinxia Home Living Plaza Company Limited	Changsha	Changsha	Site leasing management	12,000.00	100	-	
Nanchang Red Star Macalline Global Home Furnishing Plaza Company Limited	Jiangxi	Jiangxi	Site leasing management	3,000.00	51	-	
Kunming Red Star Macalline Shibo Home Furnishing Plaza Company Limited	Yunnan	Yunnan	Site leasing management	500.00	-	87	
Chongqing Red Star Macalline International Home Furnishing Plaza Company Limited	Chongqing	Chongqing	Site leasing management	12,100.00	100	-	
Shanghai Jinshan Red Star Macalline Global Home Furnishing Company Limited	Shanghai	Shanghai	Site leasing management	2,500.00	100	-	
Xi'an Red Star Macalline Shibo Home Furnishing Company Limited	Shaanxi	Shaanxi	Site leasing management	10,000.00	100	-	
Chengdu Red Star Macalline Tianfu Expo Home Furnishing Plaza Company Limited	Chengdu	Chengdu	Site leasing management	5,000.00	100	-	
Chengdu Tianfu New District Red Star Macalline World Trade Home Furnishing Company Limited	Chengdu	Chengdu	Site leasing management	21,000.00	100	-	
Hong Kong Red Star Macalline Global Home Furnishing Company Limited	Hong Kong	Hong Kong	Investment management	10,000.00	100	-	
Shanghai Red Star Macalline Yuejia Network Technology Company Limited	Shanghai	Shanghai	E-commerce	20,000.00	-	100	
Shanghai Jiajinsuo Investment Holding Company Limited	Shanghai	Shanghai	Investment management	20,000.00	100	-	

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## VII. INTERESTS IN OTHER ENTITIES (continued)

### 1. Interests in Significant Subsidiaries (continued)

The company's subsidiaries are as follows: (continued)

Subsidiary name	Main business site	Place of incorporation	Business nature	Registered capital RMB'0000	Shareholding ratio		Note
					Direct (%)	Indirect (%)	
Subsidiaries acquired through establishment or investment (continued)							
Zhengzhou Juankai Enterprise Management Consultation Company Limited	Henan	Henan	Enterprise management and consultancy	265,000.00	-	100	
Red Star Zhongying Investment Company Limited	Tibet	Tibet	Investment management	5,000.00	100	-	
Shanghai Macalline Xinghe Asset Management Company Limited	Shanghai	Shanghai	Enterprise management and consultancy	1,000.00	100	-	
Shanghai Yumu Enterprise Management Company Limited	Shanghai	Shanghai	Enterprise management and consultancy	500.00	100	-	
Shanghai Yuxv Enterprise Management Company Limited	Shanghai	Shanghai	Enterprise management and consultancy	500.00	100	-	
Shanghai Yuzhu Enterprise Management Company Limited	Shanghai	Shanghai	Enterprise management and consultancy	500.00	100	-	
Shanghai Yuxiao Enterprise Management Company Limited	Shanghai	Shanghai	Enterprise management and consultancy	500.00	100	-	
Zhengzhou Dongsheng Enterprise Management Company Limited	Henan	Henan	Enterprise management and consultancy	500.00	-	100	
Red Star Macalline Glory Casa (Shanghai) Home Furnishing Company Limited	Shanghai	Shanghai	Proprietary sales	20,000.00	100	-	
Shanghai Red Star Macalline Labour Dispatch Company Limited	Shanghai	Shanghai	Labour dispatching	200.00	100	-	
Yantai Xinhuan Enterprise Management Company Limited	Shandong	Shandong	Enterprise management and consultancy	500.00	-	100	
Xining Red Star Macalline Shibo Home Furnishing Plaza Company Limited	Qinghai	Qinghai	Site leasing management	18,000.00	100	-	
Red Star Macalline Enterprise Management and Consultancy Company Limited	Xinjiang	Xinjiang	Enterprise management and consultancy	10,000.00	100	-	
Red Star Ogloria Enterprise Management Company Limited	Xinjiang	Xinjiang	Enterprise management and consultancy	10,000.00	-	100	
Khorgos Red Star Macalline Business Management Company Limited	Xinjiang	Xinjiang	Enterprise management and consultancy	500.00	-	100	
Shanghai Fanju Network Technology Company Limited	Shanghai	Shanghai	Network technology	3,000.00	-	100	
Shanghai Jiajinsuo Financial Technology Information Services Company Limited	Shanghai	Shanghai	Investment management	10,000.00	-	100	
Red Star Macalline Group Finance Company Limited	Shanghai	Shanghai	Loan service	60,000.00	95	5	
Longzhahui (Shanghai) Facility Management Services Company Limited	Shanghai	Shanghai	Enterprise management and consultancy	500.00	-	50	Note 1
Shanghai Red Star Macalline International Trading Company Limited	Shanghai	Shanghai	Import and export	500.00	55	-	Note 2

## VII. INTERESTS IN OTHER ENTITIES (continued)

## 1. Interests in Significant Subsidiaries (continued)

The company's subsidiaries are as follows: (continued)

Subsidiary name	Main business site	Place of incorporation	Business nature	Registered capital RMB'0000	Shareholding ratio		Note
					Direct (%)	Indirect (%)	
Subsidiaries acquired through establishment or investment (continued)							
Shanghai Red Star Macalline Home Furnishing Trading Company Limited	Shanghai	Shanghai	Import and export	500.00	-	28	Note 2
Hainan Hongju Enterprise Management Co., Ltd.	Hainan	Hainan	Enterprise management and consultancy	1,000.00	100	-	
Chengdu Red Star Macalline Xinnan Business Management Company Limited	Sichuan	Sichuan	Enterprise management and consultancy	500.00	100	-	
Khorgos Yarui Venture Capital Company Limited	Xinjiang	Xinjiang	Investment management	3,000.00	90	-	
Shanghai Red Star Ogloria Brand Management Company Limited	Shanghai	Shanghai	Brand management	500.00	100	-	
Ningbo Meishan Bonded Port Area Xingkaiyang Asset Management Company Limited	Zhejiang	Zhejiang	Asset management	1,000.00	-	51	
Khorgos Red Star Yiming Venture Capital Company Limited	Xinjiang	Xinjiang	Investment management	5,000.00	90	-	
Shanghai Betterhome Industrial Company Limited	Shanghai	Shanghai	Construction decoration	200.00	-	68	
Shanghai Kaichun Investment Management Company Limited	Shanghai	Shanghai	Investment management	5,000.00	-	100	
Kunshan Red Star Macalline Decoration Materials Company Limited	Jiangsu	Jiangsu	Site leasing management	13,962.17	100	-	
Tianjin Jinrui Corporate Management Company Limited	Tianjin	Tianjin	Enterprise management and consultancy	71,286.98	100	-	
Chongqing Xingkaike Home Furnishing Company Limited	Chongqing	Chongqing	Site leasing management	68,190.88	-	100	
Shanghai Ozing Digital Technology Company Limited	Shanghai	Shanghai	Warehouse logistics	USD2,000	-	100	
Bright Rainbow Investments Limited	Hong Kong	Hong Kong	Market service, investment	USD1,000	-	100	
Chongqing Red Star Ogloria Home Furnishing Company Limited	Chongqing	Chongqing	Site leasing management	5,000.00	100	-	
Shanghai Huaixing Culture Company Limited	Shanghai	Shanghai	Cultural and artistic exchange	200.00	80	-	
Shanghai Red Star Macalline Design Cloud Information Technology Company Limited	Shanghai	Shanghai	Information science and technology development	5,000.00	-	100	
Shanghai Beimei Logistics Company Limited	Shanghai	Shanghai	Warehouse logistics	6,000.00	-	100	
Shanghai Red Star Macalline Exhibition service Company Limited	Shanghai	Shanghai	Exhibition services	500.00	55	-	
Taiyuan Red Star Macalline Global Home Furnishing Plaza Company Limited	Shanxi	Shanxi	Site leasing management	1,000.00	51	-	

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## VII. INTERESTS IN OTHER ENTITIES (continued)

### 1. Interests in Significant Subsidiaries (continued)

The company's subsidiaries are as follows: (continued)

Subsidiary name	Main business site	Place of incorporation	Business nature	Registered capital RMB'0000	Shareholding ratio		Note
					Direct (%)	Indirect (%)	
Subsidiaries acquired through establishment or investment (continued)							
Shanghai Xingyijia Brand Management Company Limited	Shanghai	Shanghai	Brand management	500.00	-	100	
Jilin Red Star Macalline Logistics Company Limited	Jilin	Jilin	Warehouse logistics	4,000.00	-	100	
Changzhou Meilong Trading Company Limited	Jiangsu	Jiangsu	Sale of home furniture	50.00	100	-	
Shanghai Mengsheng Industrial Company Limited	Shanghai	Shanghai	Enterprise management and consultancy	500.00	-	100	
Shanghai Beibang Logistics Company Limited	Shanghai	Shanghai	Warehouse logistics	12,500.00	-	100	
Shanghai Red Star Macalline Construction and Decoration Design Company Limited	Shanghai	Shanghai	Home design	500.00	-	100	
Shanghai Red Star Macalline Installation of Construction and Furnishing Materials Technology Company Limited	Shanghai	Shanghai	Enterprise management and consultancy	500.00	-	100	
Shanghai Beiyao Logistics Company Limited	Shanghai	Shanghai	Warehouse logistics	15,000.00	-	100	
Zhengzhou Red Star Macalline Shibo Home Living Company Limited	Henan	Henan	Site leasing management	10,000.00	55	-	
Nantong Hongmei Shibo Home Furnishing Plaza Company Limited	Jiangsu	Jiangsu	Site leasing management	15,000.00	100	-	
Nanning Red Star Macalline Shibo Home Furnishing Exhibition Centre Company Limited	Guangxi	Guangxi	Exhibition services	30,500.00	100	-	
Shanghai Hongyue Logistics Company Limited	Shanghai	Shanghai	Warehouse logistics	6,300.00	-	60	
Ganzhou Red Star Macalline Shibo Home Furnishing Plaza Company Limited	Jiangxi	Jiangxi	Site leasing management	10,000.00	70	-	
Red Star Macalline (Zhejiang) Information Service Company Limited	Zhejiang	Zhejiang	E-commerce	2,000.00	100	-	
Zhejiang Xingzhuo Decoration Company Limited	Zhejiang	Zhejiang	Construction decoration	5,000.00	-	100	
Nanchang Red Star Macalline Global Home Expo Center Company Limited	Jiangxi	Jiangxi	Site leasing management	36,500.00	70	30	
Tianjin Red Star Macalline Supply Chain Management Company Limited	Tianjin	Tianjin	Supply chain management	6,300.00	-	60	
Shanghai Banlong Business Management Company Limited	Shanghai	Shanghai	Enterprise management and consultancy	1,000.00	-	100	
Shanghai Yingtailijin Technology Company Limited	Shanghai	Shanghai	E-commerce	1,000.00	80	-	
Nantong Longmei International Home Furnishing Company Limited	Jiangsu	Jiangsu	Site leasing management	1,000.00	100	-	

## VII. INTERESTS IN OTHER ENTITIES (continued)

## 1. Interests in Significant Subsidiaries (continued)

The company's subsidiaries are as follows: (continued)

Subsidiary name	Main business site	Place of incorporation	Business nature	Registered capital RMB'0000	Shareholding ratio		Note
					Direct (%)	Indirect (%)	
Subsidiaries acquired through establishment or investment (continued)							
Beijing Xingmei Yongsheng Information Consultation Company Limited	Beijing	Beijing	Enterprise management and consultancy	500.00	-	70	
Shanghai Zhiya Business Management Company Limited	Shanghai	Shanghai	Enterprise management and consultancy	23,000.00	-	100	
Red Star Macalline (Zhejiang) Corporate Management Company Limited	Zhejiang	Zhejiang	Enterprise management and consultancy	5,000.00	95	-	
Shanghai Guixv Enterprise Management Company Limited	Shanghai	Shanghai	Enterprise management and consultancy	200.00	100	-	
Shanghai Red Star Macalline Decoration (Group) Company Limited	Shanghai	Shanghai	Construction decoration	5,000.00	100	-	
Red Star Macalline Life Aesthetics Center Management Company Limited	Zhejiang	Zhejiang	Enterprise management and consultancy	5,000.00	95	-	
Zhejiang Xingyisheng Industrial Development Company Limited	Zhejiang	Zhejiang	Construction decoration	5,000.00	-	75	
Shanghai Red Star Macalline Home Decorating Company Limited	Shanghai	Shanghai	Construction decoration	10,000.00	100	-	
Shijiazhuang Bochen Industrial Company Limited	Shijiazhuang	Shijiazhuang	Enterprise management and consultancy	500.00	-	100	
Wuhu Red Star Macalline World Trade Home Furnishing Plaza Company Limited	Anhui	Anhui	Site leasing management	9,600.00	100	-	
Betterhome Construction Technology Company Limited	Zhejiang	Zhejiang	Construction decoration	20,000.00	90	-	
Shanghai Red Star Macalline Creative Design Company Limited	Shanghai	Shanghai	Construction decoration	1,000.00	-	90	
Guangzhou Red Star Macalline Market Management Company Limited	Guangdong	Guangdong	Site leasing management	500.00	100	-	
Haikou Red Star Macalline Global Home Furnishing Company Limited	Hainan	Hainan	Site leasing management	1,000.00	100	-	
Hong Kong Red Star Macalline Business Management Company Limited	Hong Kong	Hong Kong	Enterprise management and consultancy	USD500	-	100	
Shanghai Jianliu Enterprise Management Co., Ltd	Shanghai	Shanghai	Enterprise management and consultancy	1,000.00	-	100	
Shanghai Macalline Aesthetic Decoration Engineering Company Limited	Shanghai	Shanghai	Construction decoration	10,000.00	-	100	
Red Star Macalline Glory Casa (Hainan) Home Furnishing Company Limited	Hainan	Hainan	E-commerce	500.00	-	70	
Red Star Global Holdings Limited	The Virgin Islands	The Virgin Islands	Others	USD5	-	100	
Taiyuan Red Star Macalline Shimao Home Furnishing Company Limited	Shanxi	Shanxi	Site leasing management	5,000.00	60	-	

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## VII. INTERESTS IN OTHER ENTITIES (continued)

### 1. Interests in Significant Subsidiaries (continued)

The company's subsidiaries are as follows: (continued)

Subsidiary name	Main business site	Place of incorporation	Business nature	Registered capital RMB'0000	Shareholding ratio		Note
					Direct (%)	Indirect (%)	
Subsidiaries acquired through establishment or investment (continued)							
Red Star Home (Shanghai) Technology Co., Ltd.	Shanghai	Shanghai	E-commerce	20,000.00	100	-	
Suzhou Xingtong Enterprise Management Consultation Company Limited	Anhui	Anhui	Enterprise management and consultancy	100.00	100	-	
Shanghai enliu Enterprise Management Co., Ltd	Shanghai	Shanghai	Enterprise management and consultancy	1,000.00	-	100	
Shanghai Bencheng Enterprise Management Company Limited	Shanghai	Shanghai	Enterprise management and consultancy	1,000.00	-	100	
Foshan Junda Enterprise Management Co., Ltd.	Guangdong	Guangdong	Enterprise management and consultancy	66,890.00	100	-	
Shanghai Red Star Macalline Home Furnishing Company Limited	Shanghai	Shanghai	E-commerce	500.00	51	-	
Red Star Macalline GmbH	Munich Germany	Munich Germany	Others	EUR 2.5	-	100	
Shanghai Red Star Macalline Home Furnishing Company Limited	Shanghai	Shanghai	Proprietary sales	2,000.00	-	54	
Red Star Macalline Shibo (Tianjin) Home Living Plaza Company Limited	Tianjin	Tianjin	Site leasing management	14,200.00	100	-	
Kunshan Red Star Macalline Global Home Furnishing Company Limited	Jiangsu	Jiangsu	Brand management	100.00	100	-	
Tongxiang Red Star Macalline Shibo Home Furnishing Plaza Management Company Limited	Zhejiang	Zhejiang	Brand management	50.00	100	-	
Beijing Red Star Macalline Business Management Company Limited	Beijing	Beijing	Brand management	300.00	90	10	
Wuxi Red Star Macalline Business Management Company Limited	Jiangsu	Jiangsu	Brand management	100.00	70	30	
Quzhou Red Star Macalline Shibo Market Management Service Company Limited	Zhejiang	Zhejiang	Brand management	100.00	100	-	
Changshu Red Star Macalline Global Home Furnishing Company Limited	Jiangsu	Jiangsu	Site leasing management	100.00	-	100	
Suzhou Red Star Macalline Shibo Home Furnishing Plaza Company Limited	Jiangsu	Jiangsu	Site leasing management	8,000.00	60	-	
Nanchang Betterhome Decoration Engineering Company Limited	Jiangxi	Jiangxi	Home design	100.00	-	41	Note 3
Red Star Macalline Glory Casa (Hong Kong) Furnishing Co., Limited	Hong Kong	Hong Kong	Proprietary sales	USD300	100	-	
Chongqing Liangjiang New Area Red Star Macalline Business Management Company Limited	Chongqing	Chongqing	Management and consultancy	5,000.00	100	-	
Shanghai Beibao Logistics Co., Ltd.	Shanghai	Shanghai	Warehouse logistics	6,000.00	-	100	

## VII. INTERESTS IN OTHER ENTITIES (continued)

## 1. Interests in Significant Subsidiaries (continued)

The company's subsidiaries are as follows: (continued)

Subsidiary name	Main business site	Place of incorporation	Business nature	Registered capital RMB'0000	Shareholding ratio		Note
					Direct (%)	Indirect (%)	
Subsidiaries acquired through establishment or investment (continued)							
Shanghai Beida Logistics Co., Ltd.	Shanghai	Shanghai	Warehouse logistics	6,000.00	-	100	
Shanghai Beisheng Logistics Co., Ltd.	Shanghai	Shanghai	Warehouse logistics	6,000.00	-	100	
Shanghai Totoro Xiansen New Retail Home Furnishing Co., Ltd.	Shanghai	Shanghai	E-commerce	2,000.00	-	70	
Shanghai Macalline Wenshang Business Management Co., Ltd.	Shanghai	Shanghai	Management and consultancy	1,000.00	100	-	
Shanghai Red Star Macalline Aimule Decoration Engineering Co., Ltd.	Shanghai	Shanghai	Home design	1,000.00	-	68	
Red Star Macalline Commercial Management Co., Ltd.	Shanghai	Shanghai	Enterprise management and consultancy	5,000.00	100	-	
Shanghai Rongmei Industrial Co., Ltd.	Shanghai	Shanghai	Enterprise management and consultancy	340.00	-	100	
Red Star Macalline Shibo Business Management Co., Ltd.	Xinjiang	Xinjiang	Enterprise management and consultancy	5,000.00	100	-	
Red Star Macalline Management Consulting Service Co., Ltd.	Hainan	Hainan	Enterprise management and consultancy	5,000.00	100	-	
Beijing Yingchuang Shixun Technology Co., Ltd.	Beijing	Beijing	E-commerce	100.00	-	100	
Shanghai Macalline Xingshang Modular Decoration Technology Co., Ltd.	Shanghai	Shanghai	Home design	2,000.00	100	-	
Jade AG Logistics Investment (Hong Kong) Limited	Hong Kong	Hong Kong	Enterprise management and consultancy	HK\$1	-	100	
Chengdu Airport Logistics Investment Co., Ltd.	Sichuan	Sichuan	Warehouse logistics	USD1185	-	100	
Hefei Aiguang Logistics Co., Ltd.	Anhui	Anhui	Warehouse logistics	12,000.00	-	100	
Longzhihui (Changzhou) Facility Management Services Company Limited	Jiangsu	Jiangsu	Enterprise management and consultancy	100.00	-	30	Note 4
Shanghai Red Star Macalline Technology Development Co., Ltd.	Shanghai	Shanghai	Home design	6,000.00	80	-	
Shanghai Macalline Better Home Construction Technology Co., Ltd.	Shanghai	Shanghai	Home design	200.00	-	90	
Shanghai KEMI Industry Co., Ltd.	Shanghai	Shanghai	Home design	340.00	-	100	
Shanghai Boyang Enterprise Development Co., Ltd.	Shanghai	Shanghai	Home design	100.00	-	100	
Chengdu Red Star Macalline Global Home Furnishing Company Limited	Sichuan	Sichuan	Site leasing management	5,000.00	63	-	

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## VII. INTERESTS IN OTHER ENTITIES (continued)

### 1. Interests in Significant Subsidiaries (continued)

The company's subsidiaries are as follows: (continued)

Subsidiary name	Main business site	Place of incorporation	Business nature	Registered capital RMB'0000	Shareholding ratio		Note
					Direct (%)	Indirect (%)	
Huaihua Xingxin Commercial Management Co., Ltd.	Hunan	Hunan	Enterprise management and consultancy	500.00	-	100	
Xiamen Red Star Macalline Expo Home Furnishing Plaza Co., Ltd.	Fujian	Fujian	Home design	3,000.00	-	100	
Hangzhou Red Star Macalline Global Home Living Company Limited	Hangzhou	Hangzhou	Site leasing management	10,000.00	100	-	
Hangzhou Weiliang Electromechanical Hardware Market Co., Ltd.	Hangzhou	Hangzhou	Site leasing management	24,436.83	-	100	
Shaanxi Red Star Heji Home Shopping Plaza Company Limited	Shaanxi	Shaanxi	Site leasing management	25,000.00	80	-	
Shanghai Macalline Zunke Design Engineering Co., Ltd.	Shanghai	Shanghai	Home design	3,500.00	-	46	Note 7
Hainan Red Star Macalline Enterprise Management Co., Ltd.	Hainan	Hainan	Enterprise management and consultancy	50,000.00	100	-	
Macalline Digital Technology Co., Ltd.	Hainan	Hainan	E-commerce	10,000.00	100	-	
Shenzhen Meilong Wisdom Home Decoration Engineering Co., Ltd.	Guangdong	Guangdong	Home design	100.00	-	35	Note 8
Liuzhou Red Star Macalline Home Furnishing Company Limited	Guangxi Zhuang Autonomous Region	Guangxi Zhuang Autonomous Region	Site leasing management	2,000.00	100	-	
Guizhou Meican Management Co., Ltd.	Guizhou	Guizhou	Building construction	50.00	-	100	
Yangzhou Red Star Macalline Global Home Living Expo Company Limited	Jiangsu	Jiangsu	Site leasing management	1,000.00	100	-	
Zhejiang Red Star Macalline Commercial Management Co., Ltd.	Zhejiang	Zhejiang	Enterprise management and consultancy	5,000.00	100	-	
Hangzhou Macalline Intelligent Industry Development Co., Ltd.	Zhejiang	Zhejiang	Enterprise management and consultancy	10,000.00	51	49	



## VII. INTERESTS IN OTHER ENTITIES (continued)

## 1. Interests in Significant Subsidiaries (continued)

The company's subsidiaries are as follows: (continued)

Subsidiary name	Main business site	Place of incorporation	Business nature	Registered capital RMB'0000	Shareholding ratio		Note
					Direct (%)	Indirect (%)	
Subsidiaries acquired through business combination not under common control							
Shanghai Hongxin Oukai Home Furnishing Company Limited	Shanghai	Shanghai	Site leasing management	10,000.00	50	-	Note 5
Shanghai Xinwei Property Company Limited	Shanghai	Shanghai	Site leasing management	5,000.00	40	58	
Zhengzhou Red Star Macalline Global Home Living Plaza Management Company Limited	Henan	Henan	Site leasing management	100.00	51	9	
Chengdu Changyi Red Star Macalline Home Living Market Management Company Limited	Sichuan	Sichuan	Site leasing management	2,000.00	-	50	Note 6
Shanghai Red Star Macalline Building Design Company Limited	Shanghai	Shanghai	Engineering design	500.00	-	100	
Wuxi Red Star Macalline Home Living Plaza Company Limited	Jiangsu	Jiangsu	Site leasing management	53,481.80	100	-	
Langfang Kaihong Home Living Plaza Company Limited	Hebei	Hebei	Site leasing management	10,000.00	70	-	
Shanghai Red Star Macalline Intellectual Property Agency Company Limited	Shanghai	Shanghai	Intellectual property	50.00	-	100	
Shanghai Macalline Smart Decoration Technology Co., Ltd.	Shanghai	Shanghai	Home design	2,000.00	-	68	
Hohhot Red Star Macalline Shibo Home Furnishing Plaza Company Limited	Hohhot	Hohhot	Site leasing management	10,000.00	100	-	
Kunming Diken Trading Company Limited	Kunming	Kunming	Site leasing management	3,000.00	63	-	
Suzhou Industry Park Red Star Macalline Home Furnishing Company Limited	Jiangsu	Jiangsu	Site leasing management	10,000.00	55	-	
Shanghai Xingyijia Business Management Co., Ltd.	Shanghai	Shanghai	Management and consultancy	1,000.00	-	100	
Ningbo Red Star Macalline Home Shopping Plaza Company Limited	Zhejiang	Zhejiang	Site leasing management	8,000.00	80	20	
Shanghai Zengmin Enterprise Management Company Limited	Shanghai	Shanghai	Management and consultancy	10.00	-	100	
Dalian Red Star Macalline Shibo Home Furnishing Plaza Company Limited	Liaoning	Liaoning	Site leasing management	4,000.00	62	-	
Yongqing Yintong Construction and Development Co., Ltd.	Hebei	Hebei	Industrial investment	5,000.00	-	70	
Yongqing Yintai Future Land Construction and Development Co., Ltd.	Hebei	Hebei	Industrial investment	10,000.00	-	70	
Yintai (Yongqing) New City Investment Co., Ltd.	Hebei	Hebei	Industrial investment	10,000.00	-	70	
Qianzhi (Shanghai) Home Living Company Limited	Shanghai	Shanghai	Proprietary sales	500.00	60	-	
Xinsheng Property Management (Shanghai) Co., Ltd.	Shanghai	Shanghai	Site leasing management	4,897.66	100	-	
Suzhou Xingfeng Enterprise Management Consultation Company Limited	Anhui	Anhui	Site leasing management	8,500.00	100	-	
Xiamen Red Star Macalline Home Furnishing Plaza Company Limited	Fujian	Fujian	Site leasing management	3,000.00	100	-	

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## VII. INTERESTS IN OTHER ENTITIES (continued)

### 1. Interests in Significant Subsidiaries (continued)

The company's subsidiaries are as follows: (continued)

Subsidiary name	Main business site	Place of incorporation	Business nature	Registered capital RMB'0000	Shareholding ratio		Note
					Direct (%)	Indirect (%)	
Subsidiary acquired through business combination under the same control							
Changzhou Macalline International Computer and Electronics Furnishing Plaza Company Limited	Jiangsu	Jiangsu	Site leasing management	1,000.00	100	-	
Changzhou World Furniture and Home Plaza Co., Ltd.	Jiangsu	Jiangsu	Site leasing management	500.00	100	-	
Wuxi Red Star Macalline International Home Furnishing Company Limited	Jiangsu	Jiangsu	Site leasing management	8,000.00	94	6	
Lianyungang Red Star Macalline International Home Furnishing Plaza Company Limited	Jiangsu	Jiangsu	Site leasing management	300.00	60	40	
Nanjing Red Star International Home Furnishing Mall Company Limited	Jiangsu	Jiangsu	Site leasing management	2,000.00	100	-	
Nanjing Mingdu Home Furnishing Plaza Company Limited	Jiangsu	Jiangsu	Site leasing management	8,000.00	60	40	
Shanghai Red Star Macalline Decorative Furniture Mall Company Limited	Shanghai	Shanghai	Site leasing management	5,000.00	92	5	
Shanghai Red Star Macalline Global Home Furnishing Company Limited	Shanghai	Shanghai	Site leasing management	15,000.00	100	-	
Shanghai Shanhai Art Furniture Company Limited	Shanghai	Shanghai	Site leasing management	24,255.00	-	90	
Shanghai Red Star Macalline Home Furnishing Market Management Company Limited	Shanghai	Shanghai	Market company	2,000.00	90	-	
Jinan Red Star Macalline Shibo Home Living Plaza Company Limited	Shandong	Shandong	Site leasing management	10,260.00	70	-	
Chengdu Red Star Macalline Shibo Home Living Plaza Company Limited	Sichuan	Sichuan	Site leasing management	3,000.00	100	-	
Zhengzhou Red Star Macalline International Home Furnishing Company Limited	Henan	Henan	Site leasing management	3,000.00	51	9	
Changzhou Red Star Macalline Home Furnishing and Decorating Market Company Limited	Jiangsu	Jiangsu	Market company	500.00	-	100	
Shanghai Red Star Macalline Home Furnishing and Decorating Market Management Company Limited	Shanghai	Shanghai	Market company	300.00	45	53	
Chongqing Red Star Macalline Shibo Home Living Plaza Company Limited	Chongqing	Chongqing	Site leasing management	3,000.00	100	-	
Shanghai Xingkai Chengpeng Business Management Company Limited	Shanghai	Shanghai	Investment management	1,000.00	100	-	
Shanghai Hongmei E-Commerce Company Limited	Shanghai	Shanghai	E-commerce	5,000.00	100	-	
Changzhou Hongyang Home Furnishing Plaza Company Limited	Jiangsu	Jiangsu	Site leasing management	6,000.00	-	75	
Jiangsu Sunan Construction Company Limited	Jiangsu	Jiangsu	Building construction	20,000.00	-	100	

## VII. INTERESTS IN OTHER ENTITIES (continued)

## 1. Interests in Significant Subsidiaries (continued)

The company's subsidiaries are as follows: (continued)

Subsidiary name	Main business site	Place of incorporation	Business nature	Registered capital RMB'0000	Shareholding ratio		Note
					Direct (%)	Indirect (%)	
Shenyang Red Star Macalline Home Living Expo Company Limited	Liaoning	Liaoning	Site leasing management	5,000.00	100	-	
Shanghai Red Star Macalline Industrial Company Limited	Shanghai	Shanghai	Investment management	10,000.00	100	-	
Beijing Red Star Macalline International Home Furnishing Plaza Company Limited	Beijing	Beijing	Site leasing management	5,000.00	100	-	
Beijing Red Star Macalline Shibo Furniture Plaza Company Limited	Beijing	Beijing	Site leasing management	2,999.00	100	-	
Beijing Macalline Home Furnishing Material Market Company Limited	Beijing	Beijing	Market company	300.00	20	80	
Beijing Red Star Macalline Shibo Home Furnishing Plaza Company Limited	Beijing	Beijing	Market company	200.00	-	100	
Baotou Red Star Macalline Home Furnishing Plaza Company Limited	Inner Mongolia	Inner Mongolia	Site leasing management	500.00	100	-	
Red Star Macalline Global (Beijing) Home Furnishing Plaza Company Limited	Beijing	Beijing	Site leasing management	1,000.00	-	100	

According to the relevant contract signed between the Company and Shandong Furong Group Co., Ltd. (山東芙蓉集團有限公司), a shareholder of Jinan Red Star Macalline Shibo Home Living Plaza Company Limited (濟南紅星美凱龍世博家居生活廣場有限公司), after the completion of the relevant cooperative project buildings, Shandong Furong Group Co., Ltd. got part of property rights of the buildings, which is rented by the Group. The lease term is 10 years from the official opening of the project (2021 to 2030). Shandong Furong Group Co., Ltd. obtained a fixed rental return and did not participate in the daily management and other profit distribution of Jinan Red Star. According to the relevant contract, the Group reclassified the capital contribution of Shandong Furong Group Co., Ltd. into liabilities and does not treat it as an equity instrument.

According to the relevant contract signed between the Company and Beijing Chaoyang North Garden Agriculture and Industry Co., Ltd. (北京市朝陽北花園農工商公司), a shareholder of Beijing Century Europe and America Business Investment Company Limited (北京世紀歐美商業投資有限公司) ("Beijing Century Europe and America Business"), the Group contracted to operate Beijing Century Europe and America Business within the project cooperation period starting after 12 months from the construction commencement date, the Group shall pay a fixed contract profit to Beijing Chaoyang North Garden Agricultural Industrial and Commercial Company. The cooperative operation period is 50 years (2011 to 2060). Upon expiration of the cooperative operation period, all land, buildings and non-demolition facilities of the project company shall be shared by both shareholders in proportion to the registered capital. According to the relevant contract, the Group reclassified the capital contribution of Beijing Chaoyang Beihuayuan Agricultural and Industrial Co., Ltd. into liabilities and does not treat it as an equity instrument.



# Notes to the Financial Statements

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## VII. INTERESTS IN OTHER ENTITIES (continued)

### 1. Interests in Significant Subsidiaries (continued)

*Note 1:* Other shareholders of Longzhihui (Shanghai) Facility Management Services Company Limited will not participate in the specific operation and management of Company and the Group has the rights to determine its financial and operational policies, and could exercise control over it.

*Note 2:* Shanghai Red Star Macalline International Trading Company Limited, which is under the control of the Group, holds 51% of the equity of Shanghai Red Star Macalline Home Furnishing Trading Company Limited. Pursuant to the Articles of Association, the company has one executive director, who is appointed by the Group, and the Group could exercise control over it.

*Note 3:* Shanghai Macalline Smart Decoration Technology Co., Ltd., which is under the control of the Group, holds 60% of the equity of Nanchang Betterhome Decoration Engineering Company Limited. Pursuant to the Articles of Association, resolutions of the general meeting shall be approved by shareholders representing at least two-thirds of voting rights of the whole shareholders, and the Group could exercise control over it.

*Note 4:* Longzhihui (Shanghai) Facility Management Services Company Limited, which is under the control of the Group, holds 60% of the equity of Nanchang Betterhome Decoration Engineering Company Limited. Pursuant to the Articles of Association, resolutions of the general meeting shall be approved by shareholders representing at least two-thirds of voting rights of the whole shareholders, and the Group could exercise control over it.

*Note 5:* The board of directors of Shanghai Hongxin Oukai Home Living Company Limited totally sets five seats and three of which were appointed by the Group. CHE Jianxing (車建興), serves as its chairman, and the Group could exercise control over it.

*Note 6:* The board of directors of Chengdu Changyi Red Star Macalline Home Living Market Management Company Limited totally sets five seats, and three of which were appointed by the Group. CHE Jianxing (車建興), serves as its chairman, and the Group could exercise control over it.

*Note 7:* The board of directors of Shanghai Macalline Zunke Design Engineering Co., Ltd. (上海美凱龍尊科設計工程有限公司) totally sets five seats and three of which were appointed by the Group. According to the Articles of Association, the resolution of the board of directors needs to be passed by more than half of all directors, and the Group could exercise control over it.

*Note 8:* The board of directors of Shenzhen Meilong Wisdom Home Decoration Engineering Co., Ltd. (深圳市美隆智慧家裝飾工程有限公司) totally sets five seats and three of which were appointed by the Group. According to the Articles of Association, the resolution of the board of directors needs to be passed by more than half of all directors, and the Group could exercise control over it.

## VII. INTERESTS IN OTHER ENTITIES (continued)

## 1. Interests in Significant Subsidiaries (continued)

Details of the subsidiaries with significant minority shareholders' interests are as follows:

2021

	Minority shareholders' interests ratio (%)	Profit/loss attributable to minority shareholders	Dividends paid to minority shareholders	Accumulated minority shareholders interests by the end of year
Zhengzhou Red Star	39.69	140,428,699.11	36,950,000.00	1,052,810,240.58
Yintai New City Investment	30.00	(267,637.41)	–	424,664,601.43
Suzhou Red Star	45.00	120,313,565.23	45,450,000.00	536,593,654.17

2020

	Minority shareholders' interests ratio (%)	Profit/loss attributable to minority shareholders	Dividends paid to minority shareholders	Accumulated minority shareholders interests by the end of year
Zhengzhou Red Star	39.69	124,332,487.63	90,281,990.96	949,331,541.47
Yintai New City Investment	30.00	(1,391,010.65)	–	424,932,238.84
Suzhou Red Star	45.00	156,855,412.98	–	461,730,088.94

# Notes to the Financial Statements

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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>2021</b>			
Current assets	834,599,785.72	280,360,972.79	472,598,226.83
Non-current assets	3,888,415,620.32	2,577,620,001.49	1,895,738,129.20
Total assets	4,723,015,406.04	2,857,980,974.28	2,368,336,356.03
Current liabilities	169,116,843.62	734,601,510.32	181,690,190.16
Non-current liabilities	1,722,498,252.14	459,251,811.26	938,665,823.24
Total liabilities	1,891,615,095.76	1,193,853,321.58	1,120,356,013.40
Revenue	367,877,010.12	–	196,298,689.80
Net profit/(loss)	353,813,804.75	(892,124.74)	267,363,478.32
Total comprehensive income/(loss)	353,813,804.75	(892,124.74)	267,363,478.32
Net cash flow from/(used in) operating activities	246,225,382.75	5,915,583.35	134,148,453.32

## VII. INTERESTS IN OTHER ENTITIES (continued)

### 1. Interests in Significant Subsidiaries (continued)

The following table illustrates the financial information of above-mentioned subsidiaries. This information represents the amounts of subsidiaries excluding elimination of the Group: (continued)

	Zhengzhou Red Star	Yintai New City Investment	Suzhou Red Star
<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

### 2. Transactions which changed equity of subsidiaries without affecting right of control

The main transactions which changed equity of subsidiaries without affecting right of control are as follows:

In November 2021, the Group acquired 30% equity interests in Hainan Hongju Enterprise Management Co., Ltd. (海南紅居企業管理有限公司) held by Qian Jun, Wan Xiaochang and Wang Kunyu, the minority shareholders of Hainan Hongju Enterprise Management Co., Ltd. at RMB6,000,000.00. After the acquisition, shares of Hainan Hongju held by the Group increased from 70% to 100%, and the capital reserve was reduced by RMB4,311,113.53.

# Notes to the Financial Statements

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## VII. INTERESTS IN OTHER ENTITIES (continued)

### 3. Interests in joint ventures and associates

	Main business site	Place of incorporation	Business nature	Registered capital RMB'0000	Shareholding ratio		Accounting treatment	Note
					Direct (%)	Indirect (%)		
Joint ventures								
Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司)	Sichuan	Sichuan	Site lease management	8,300.00	50.00	-	Equity method	
Shanghai CTME Economy & Trade Development Co., Ltd. (上海中貿美凱龍經貿發展有限公司)	Shanghai	Shanghai	Wholesale and retail	500.00	-	40.00	Equity method	1
Shanghai Mingyi Enterprise Development Co., Ltd. (上海名藝商業企業發展有限公司)	Shanghai	Shanghai	Leasing and commercial services	1,000.00	50.00	-	Equity method	
Wuhu Red Star Macalline Equity Investment Fund Management Company Limited (蕪湖紅星美凱龍股權投資基金管理有限公司)	Anhui	Anhui	Leasing and commercial services	2,000.00	-	50.00	Equity method	
Baoxiang Red Star Macalline (Xiamen) Global Home Furnishing Plaza Company Limited (寶象紅星美凱龍(廈門)全球家居廣場有限公司)	Fujian	Fujian	Wholesale and retail	3,000.00	50.00	-	Equity method	
Shenzhen Red Star Macalline Expo Home Plaza Co., Ltd. (深圳紅星美凱龍世博家居廣場有限公司)	Guangdong	Guangdong	Wholesale and retail	1,000.00	-	43.00	Equity method	3
Shenzhen Red Star Macalline Business Management Company Limited (深圳紅星美凱龍商業管理有限公司)	Guangdong	Guangdong	Leasing and commercial services	1,000.00	60.00	-	Equity method	4
Guangzhou Red Star Macalline Expo Home Plaza Co., Ltd. (廣州紅星美凱龍世博家居廣場有限公司)	Guangdong	Guangdong	Wholesale and retail	3,000.00	-	50.00	Equity method	
Wuhu Minghui Business Management Co., Ltd. (蕪湖明輝商業管理有限公司)	Anhui	Anhui	Leasing and commercial services	2,000.00	8.00	40.00	Equity method	2
Xiamen Xia Zhe Investment Partnership (LIMITED PARTNERSHIP) (廈門廈柘投資合夥企業(有限合夥))	Fujian	Fujian	Wholesale and retail	15,002.00	-	50.00	Equity method	
Associates								
Haier Consume Financing Company Limited (海爾消費金融有限公司)	Shandong	Shandong	Finance	100,000.00	-	25.00	Equity method	
Shandong Inzone Green Home Co., Ltd. (山東銀座家居有限公司)	Shandong	Shandong	Leasing and commercial services	1,057.00	46.50	-	Equity method	
Shenyudao Cultural Tourism Holding Co., Ltd. (神玉島文化旅遊控股股份有限公司)	Hainan	Hainan	Residential services, maintenance and other services	30,000.00	35.00	-	Equity method	
Yaxiya New Materials Technology Co., Ltd. (亞細亞新材料科技股份有限公司)	Shanghai	Shanghai	Wholesale and retail	13,875.00	-	20.00	Equity method	5
Guangdong Sanweijia Information Technology Co., Ltd. (廣東三維家信息科技有限公司)	Guangdong	Guangdong	Information transmission, software and information technology services	2,053.45	-	11.04	Equity method	5
Sunseaparking Inc	Cayman	Cayman	Transportation, storage and postage	USD30	-	5.21	Equity method	5
Wuhan Zhengkai Logistics Co., Ltd. (武漢市正凱物流有限公司)	Hubei	Hubei	Transportation, storage and postage	6,000.00	18.00	-	Equity method	5
Guangdong VIFA Customized Home Furnishings Co., Ltd. (廣東威法定制家居股份有限公司)	Guangdong	Guangdong	Manufacture	4,567.50	-	6.40	Equity method	5
Weifang Binxing Properties Co., Ltd. (濰坊濱星置業有限公司)	Shandong	Shandong	Real estate	30,000.00	-	30.00	Equity method	



## VII. INTERESTS IN OTHER ENTITIES (continued)

### 3. Interests in joint ventures and associates (continued)

	Main business site	Place of incorporation	Business nature	Registered capital	Shareholding ratio		Accounting treatment	Note
				RMB'0000	Direct (%)	Indirect (%)		
Associates (continued)								
Zhejiang Zhongguang Electric Appliances Co., Ltd. (浙江中廣電器股份有限公司)	Zhejiang	Zhejiang	Wholesale and retail	12,100.00	-	8.14	Equity method	5
Shanghai Xincheng'an Construction Co., Ltd. (上海鑫誠安建設有限公司)	Liaoning	Liaoning	Construction	3,529.50	-	30.00	Equity method	
Shanghai Tianhe Smart Home Technology Company Ltd. (上海天合智能科技股份有限公司)	Shanghai	Shanghai	Science research and technology service	5,680.25	-	10.00	Equity method	5
LEAWOD Door and Window Group Co., Ltd. (良木道門窗集團有限公司)	Sichuan	Sichuan	Manufacture	8,000.00	-	22.51	Equity method	5
Suzhou Supin Home Culture Co., Ltd. (蘇州市蘇品宅配文化有限公司)	Jiangsu	Jiangsu	Manufacture	2,349.07	-	15.00	Equity method	5
Shenzhen Red Star Macalline Home Furnishing Plaza Company Limited (深圳紅星美凱龍家居生活廣場有限公司)	Guangdong	Guangdong	Wholesale and retail	500.00	-	37.00	Equity method	
Ant live (Tianjin) Network Technology Co., Ltd. (蟻安居(天津)網絡技術有限公司)	Tianjin	Tianjin	Science research and technology service	2,884.50	-	16.67	Equity method	5
Beijing Bilin Hongke Technology Co., Ltd. (北京比鄰弘科科技有限公司)	Beijing	Beijing	Science research and technology service	324.66	-	10.00	Equity method	5
Shanghai Qiangshang Environmental Technology Company Limited (上海強尚環保科技有限公司)	Shanghai	Shanghai	Wholesale and retail	1,388.66	-	8.00	Equity method	5
Shanghai CONJOINT Construction Technology Co., Ltd. (上海開裝建築科技有限公司)	Shanghai	Shanghai	Science research and technology service	200.00	-	14.61	Equity method	5
Icolor Private Limited	Cayman	Cayman	Construction	USD5	-	8.00	Equity method	5
Super Smart Home (Shanghai) Internet of Things Technology Co., Ltd. (超級智慧家(上海)物聯網科技有限公司)	Shanghai	Shanghai	Science research and technology service	3,220.28	-	11.78	Equity method	5
Chengdu Rhine Etam Furniture Co., Ltd. (成都艾格傢俱有限公司)	Sichuan	Sichuan	Manufacture	857.10	-	29.56	Equity method	
Jiangsu Baili Aijia Home Technology Co., Ltd. (江蘇佰麗愛家居科技有限公司)	Jiangsu	Jiangsu	Science research and technology service	1,727.12	-	10.00	Equity method	5
Shanghai Jinjiang United Purchasing Supply Chain Co., Ltd. (上海錦江聯採供應鏈有限公司)	Shanghai	Shanghai	Transportation, storage and postage	30,000.00	10.00	-	Equity method	5
BigZone Information Technology (Shanghai) Company Limited (大域信息科技(上海)有限公司)	Shanghai	Shanghai	Science research and technology service	1,235.30	-	14.29	Equity method	5
ArtPollo Network Technology (Beijing) Company Limited (愛菠蘿網絡科技(北京)有限公司)	Beijing	Beijing	Technology promotion and application service	145.22	-	15.00	Equity method	5
Shengbao (Shanghai) Intelligent Technology Co., Ltd. (晟葆(上海)智能科技有限公司)	Shanghai	Shanghai	Construction	555.56	-	10.00	Equity method	5
Beijing Canny-Robot Technology Co., Ltd. (北京康力優藍機器人科技有限公司)	Beijing	Beijing	Science research and technology service	2,340.09	-	6.00	Equity method	5

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## VII. INTERESTS IN OTHER ENTITIES (continued)

### 3. Interests in joint ventures and associates (continued)

	Main business site	Place of incorporation	Business nature	Registered capital	Shareholding ratio		Accounting treatment	Note
				RMB'0000	Direct (%)	Indirect (%)		
Associates (continued)								
Shanghai Jiazhan Construction Engineering Company Limited (上海嘉展建築裝潢工程有限公司)	Shanghai	Shanghai	Construction	2,040.83	4.90	-	Equity method	5
Guangzhou Huoshu Yinhua Information Technology Co., Ltd. (廣州火數銀花信息科技有限公司)	Guangdong	Guangdong	Information transmission, software and information technology services	1,111.11	-	11.66	Equity method	5
Shenzhen Huasheng Home Furnishing Group Co., Ltd. (深圳華生大家居集團有限公司)	Guangdong	Guangdong	Leasing and commercial services	3,968.25	-	9.00	Equity method	5
Yimeijisi Optoelectronics Technology (Fujian) Co., Ltd. (詠美吉斯光電科技(福建)有限公司)	Fujian	Fujian	Science research and technology service	5,000.00	-	4.95	Equity method	5
Anka Household Products (Shanghai) Co., Ltd. (安咖家居用品(上海)有限公司)	Shanghai	Shanghai	Wholesale and retail	5,000.00	-	10.00	Equity method	5
Shenzhen Long Life Basics Sleep Science and Technology Co., Ltd. (深圳市朗樂福睡眠科技有限公司)	Guangdong	Guangdong	Wholesale and retail	909.00	-	10.00	Equity method	5
Wuhu Meihe Asset Management Company Limited (蕪湖美和資產管理有限公司)	Anhui	Anhui	Finance	100.00	-	49.00	Equity method	
Shanghai AI.Pure Intelligent Technology Co., Ltd. (上海智諦智能科技有限公司)	Shanghai	Shanghai	Wholesale and retail	1,000.00	-	30.00	Equity method	
Shanghai Zhenyang Decoration Co., Ltd. (上海振洋建築裝潢工程有限公司)	Shanghai	Shanghai	Construction	2,040.82	-	22.41	Equity method	
Meishang (Guangzhou) Cosmetics Co., Ltd. (美尚(廣州)化妝品股份有限公司)	Guangdong	Guangdong	Wholesale and retail	1,361.71	-	8.29	Equity method	5
Shanghai Weilaishi Decoration Technology Company Limited (上海威來適裝飾科技有限公司)	Shanghai	Shanghai	Wholesale and retail	600.00	-	40.00	Equity method	
Shanghai Shimao Macalline Home Technology Co., Ltd. (上海世茂美凱龍家居科技有限公司)	Shanghai	Shanghai	Wholesale and retail	1,000.00	-	49.00	Equity method	
Xingpai Commercial Property Management (Guangzhou) Co., Ltd. (星派商業物業經營(廣州)有限公司)	Guangdong	Guangdong	Leasing and commercial services	2,000.00	-	32.00	Equity method	
Zhongzhuang Central Purchasing (Beijing) Information Technology Co., Ltd. (中裝集採(北京)信息技術有限公司)	Beijing	Beijing	Science research and technology service	2,000.00	-	35.00	Equity method	
CSSC Cruise Industrial Development (Shanghai) Co., Ltd. (中船郵輪產業發展(上海)有限公司)	Shanghai	Shanghai	Water transport	70,000.00	-	42.86	Equity method	
Changyuanxin Supply Chain Management (Dongguan) Co., Ltd. (昌源鑫供應鏈管理(東莞)有限公司)	Guangdong	Guangdong	Wholesale	50.00	-	35.00	Equity method	
Caesar Wuzun (Shenzhen) Soft Decoration Design Technology Co., Ltd. (愷撒吳尊(深圳)軟裝設計科技有限公司)	Guangdong	Guangdong	retail	500.00	-	40.00	Equity method	
Shanghai Kaishen Enterprise Management Co., Ltd. (上海凱坤企業管理有限公司)	Guangdong	Guangdong	Business service	35,000.00	-	10.00	Equity method	
Shanghai Macalline Property Management Service Co., Ltd. (上海美凱龍物業管理服務有限公司)	Shanghai	Shanghai	Property management	34,000.00	-	20.00	Equity method	5

## VII. INTERESTS IN OTHER ENTITIES (continued)

### 3. Interests in joint ventures and associates (continued)

*Note 1:* The board of directors of Shanghai Zhongmao Macalline Economic and Trade Development Co., Ltd. is composed of five people, of which we nominate two. The resolution of meetings of the board must be approved by at least two-thirds of the directors. The shareholders formed joint control, so it is a joint venture company.

*Note 2:* The Group delegates directors to the Company, which could form joint control over it.

*Note 3:* Major matters should be approved after the unanimous consent of all directors, so Shenzhen Red Star Macalline Expo Home Plaza Co., Ltd. is a joint venture company.

*Note 4:* The daily operation and management of the Company requires unanimous consent of both parties. Therefore, Shenzhen Red Star Macalline Business Management Company Limited (深圳紅星美凱龍商業管理有限公司) is a joint venture.

*Note 5:* The Group delegates directors to the Company, which has significant influence to the Company.

Chengdu Dongtai Shopping Mall Company Limited, a material joint venture of the Group, is mainly engaged in site leasing management service and accounted for adopting the equity method. The investment is not strategic to the Group's activities.

The following table illustrates the financial information of Chengdu Dongtai Shopping Mall Company Limited:

	2021	2020
Current assets	<b>367,456,459.83</b>	292,186,568.64
Including: cash and cash equivalents	<b>95,552,835.54</b>	54,771,534.60
Non-current assets	<b>1,799,498,273.56</b>	1,818,589,277.40
Total assets	<b>2,166,954,733.39</b>	2,110,775,846.04
Current liabilities	<b>97,522,275.08</b>	95,790,932.62
Non-current liabilities	<b>403,227,675.16</b>	398,462,489.92
Total liabilities	<b>500,749,950.24</b>	494,253,422.54
Net assets share calculated based on the percentage of shareholding	<b>833,102,391.58</b>	808,261,211.75
Book value in the investment	<b>833,102,391.58</b>	808,261,211.75
	<b>2021</b>	<b>2020</b>
Revenue	<b>121,619,169.21</b>	108,339,808.84
Financial expenses	<b>(9,375,952.79)</b>	(6,364,529.01)
Income tax expense	<b>15,441,531.63</b>	10,443,191.46
Net profit	<b>49,682,359.66</b>	30,864,878.58
Total comprehensive income	<b>49,682,359.66</b>	30,864,878.58

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## VII. INTERESTS IN OTHER ENTITIES (continued)

### 3. Interests in joint ventures and associates (continued)

Haier Consume Financing Company Limited, a material associate of the Group, is mainly engaged in finance and accounted for adopting the equity method. The investment is not strategic to the Group's activities.

The following table illustrates the financial information of Haier Consume Financing Company Limited:

	2021	2020
Current assets	<b>15,346,938,434.07</b>	9,751,892,599.04
Including: cash and cash equivalents	<b>312,613,973.16</b>	1,030,545,996.65
Non-current assets	<b>205,523,622.55</b>	398,486,246.38
Total assets	<b>15,552,462,056.62</b>	10,150,378,845.42
Current liabilities	<b>11,418,393,160.32</b>	5,057,892,054.96
Non-current liabilities	<b>2,396,724,746.46</b>	3,534,022,000.00
Total liabilities	<b>13,815,117,906.78</b>	8,591,914,054.96
Net assets share calculated based on the percentage of shareholding	<b>434,336,037.46</b>	389,616,197.62
Book value in the investment	<b>434,336,037.46</b>	389,616,197.62

	2021	2020
Revenue	<b>2,064,447,279.38</b>	1,175,527,332.16
Operating expenses	<b>1,850,438,515.45</b>	1,066,064,556.83
Income tax expense	<b>22,972,882.21</b>	269,578.24
Net profit	<b>191,065,444.64</b>	122,555,157.45
Total comprehensive income	<b>191,065,444.64</b>	122,555,157.45



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## VII. INTERESTS IN OTHER ENTITIES (continued)

### 3. Interests in joint ventures and associates (continued)

The following table illustrates the consolidated financial information on unimportant joint ventures and associates:

	2021	2020
Joint ventures		
Book value of investments in total	<b>328,525,813.27</b>	200,529,013.33
Following items calculated based on the percentage of shareholding in total Net (loss)/profit	<b>19,206,650.49</b>	(566,073.71)
Total comprehensive income	<b>19,206,650.49</b>	(566,073.71)
Associates		
Book value in the investment in total	<b>1,906,498,944.30</b>	1,926,378,504.29
Following items calculated based on the percentage of shareholding in total Net (loss)/profit	<b>(91,090,183.45)</b>	(38,791,329.97)
Total comprehensive income	<b>(91,090,183.45)</b>	(38,791,329.97)

## VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS

## 1. Classification of Financial Instruments

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

2021

Financial assets

	Financial assets at fair value through profit or loss Required by the standards	Measured at amortized cost	Measured at fair value through other comprehensive income Required by the standards	Required by Designated	Total
Cash and bank balance	-	6,903,715,249.53	-	-	6,903,715,249.53
Financial assets held for trading	1,018,692,853.25	-	-	-	1,018,692,853.25
Notes receivable	-	86,554,182.13	-	-	86,554,182.13
Accounts receivable	-	1,957,650,342.07	-	-	1,957,650,342.07
Other receivables	-	904,666,616.98	-	-	904,666,616.98
Non-current assets due within one year	-	140,144,400.00	-	-	140,144,400.00
Other current assets	-	1,241,240,038.25	-	-	1,241,240,038.25
Long-term receivables	-	433,325,229.21	-	-	433,325,229.21
Other equity instrument investment	-	-	-	4,169,970,944.17	4,169,970,944.17
Other non-current financial assets	370,774,540.60	-	-	-	370,774,540.60
Other non-current assets	-	1,066,441,911.86	-	-	1,066,441,911.86
	1,389,467,393.85	12,733,737,970.03	-	4,169,970,944.17	18,293,176,308.05

Financial liabilities

	Financial liabilities at fair value through profit or loss	Financial liabilities measured at amortized cost	Total
Short-term loans	-	2,957,088,415.02	2,957,088,415.02
Notes payable	-	9,000,000.00	9,000,000.00
Derivative financial liabilities	18,167,670.06	-	18,167,670.06
Accounts payable	-	2,400,880,410.78	2,400,880,410.78
Other payables	-	9,770,693,294.55	9,770,693,294.55
Non-current liabilities due within one year	-	11,699,289,233.98	11,699,289,233.98
Long-term loans	-	21,606,316,908.01	21,606,316,908.01
Bonds payable	-	532,619,987.37	532,619,987.37
Lease liabilities	-	3,957,786,655.49	3,957,786,655.49
Long-term payables	-	730,548,821.82	730,548,821.82
Other non-current liabilities	-	4,216,533,813.73	4,216,533,813.73
	18,167,670.06	57,880,757,540.75	57,898,925,210.81

# Notes to the Financial Statements

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## VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)

### 1. Classification of Financial Instruments (continued)

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

2020

Financial assets

	Financial assets at fair value through profit or loss Required by the standards	Measured at amortized cost	Measured at fair value through other comprehensive income Required by the standards	Required by Designated	Total
Cash and bank balance	-	6,511,092,198.09	-	-	6,511,092,198.09
Financial assets held for trading	247,611,072.73	-	-	-	247,611,072.73
Derivative financial assets	2,160,732.11	-	-	-	2,160,732.11
Accounts receivable	-	1,934,826,113.43	-	-	1,934,826,113.43
Receivables financing	-	-	5,872,800.00	-	5,872,800.00
Other receivables	-	1,493,654,743.28	-	-	1,493,654,743.28
Non-current assets due within one year	-	248,704,377.99	-	-	248,704,377.99
Other current assets	-	1,667,072,300.50	-	-	1,667,072,300.50
Long-term receivables	-	532,498,896.89	-	-	532,498,896.89
Other equity instrument investment	-	-	-	4,206,678,046.54	4,206,678,046.54
Other non-current financial assets	396,924,540.60	-	-	-	396,924,540.60
Other non-current assets	-	1,019,580,321.75	-	-	1,019,580,321.75
	646,696,345.44	13,407,428,951.93	5,872,800.00	4,206,678,046.54	18,266,676,143.91

Financial liabilities

	Financial liabilities measured at amortized cost
Short-term loans	3,448,371,909.45
Accounts payable	2,085,329,223.24
Other payables	8,976,309,037.22
Non-current liabilities due within one year	11,897,443,643.72
Other current liabilities	439,283,229.30
Long-term loans	22,212,429,627.44
Bonds payable	4,432,634,711.35
Lease liabilities	4,082,933,276.21
Long-term payables	712,856,318.61
Other non-current liabilities	3,833,098,699.03
	62,120,689,675.57





## VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)

### 2. Transfer of Financial Assets

#### Derecognized but continuing involvement in the transferred financial assets

On 31 December 2021, the book value of bank acceptances endorsed by the Group to suppliers for settlement of accounts payable are RMB24,490,000.00. On 31 December 2021, with a maturity of 1 to 12 months. According to the relevant provisions of the bill law, if the acceptance bank refuses to pay, its holder has the right to recourse against the group ("continuing involvement"). In the opinion of the Group, the Group has transferred almost all of its risks and rewards, so the book value of the settled accounts payable and related accounts payable is derecognized. The maximum loss and undiscounted cash flow continuously involved in and repurchased are equal to its book value. The Group believes that it is not significant to continue to be involved in fair value.

In 2021, the Group did not recognize gains or losses on its transfer date. The Group has no income or expense that has been derecognized in the current year and accumulated recognition due to continuous involvement in the financial assets. Endorsements are generally balanced in the current year.

### 3. Risks of Financial Instruments

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

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

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



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## VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)

### 3. Risks of Financial Instruments (continued)

#### Credit risks

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

As our counterparties of cash and bank and bank acceptances receivable and derivative financial instruments are banks with a good reputation and a high credit rating, the credit risks of these financial instruments are relatively low.

Other financial assets of the Group include accounts receivable, notes receivable, other receivables, non-current assets due within one year, other current assets and long-term receivables. Credit risks of these financial assets result from default of the counterparties and the maximum risk exposure equals the book values of these instruments.

The maximum credit risk exposure faced by the Group on each balance sheet date is the total amount collected from customers minus the impairment allowance.

As the customers whose accounts are receivable by the Group are engaged in different departments and sectors, there is no significant credit concentration risk for the Group. The Group held no collateral or other credit enhancement on the balance of accounts receivable.

#### *Criteria for judging significant increases in credit risk*

The Group assesses whether the credit risk of the relevant financial instruments has increased significantly since initial recognition at each balance sheet date. While determining whether the credit risk has increased significantly since initial recognition, the Group takes into account the reasonable and substantiated information that is accessible without exerting unnecessary cost or effort, including qualitative and quantitative analysis based on the historical data of the Group, external credit risk rating and forward-looking information. Based on the single financial instrument or the combination of financial instruments with similar characteristics of credit risk, the Group compares the default risk of financial instruments on the balance sheet date with that on the initial recognition date in order to figure out the changes of default risk in the expected lifetime of financial instruments.



## VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)

### 3. Risks of Financial Instruments (continued)

#### Credit risks (continued)

##### *Criteria for judging significant increases in credit risk (continued)*

The Group considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following quantitative or qualitative criteria have been met:

- Quantitative criteria mainly comprise the circumstance that at the reporting date, the increase in remaining lifetime probability of default is considered significant comparing with the one at initial recognition;
- Qualitative criteria mainly comprise significant adverse change in debtor's operation or financial status, and being listed on the watch-list etc.;

##### *Definition of credit-impaired assets*

The standard adopted by the Group to determine whether a credit impairment occurs is consistent with the internal credit risk management objectives of the relevant financial instrument, taking into account quantitative and qualitative criteria. When the Group assesses whether the credit impairment of debtor occurred, the following factors are mainly considered:

- significant financial difficulty of the issuer or the debtor;
- The debtor breached the contract, such as default or overdue payment of interest or principal;
- the creditor, for economic or contractual reasons relating to the debtor's financial difficulty, granting to the debtor a concession that the creditor would not otherwise consider;
- it becoming probable that the debtor will enter bankruptcy or other financial reorganization;
- the disappearance of an active market for that financial asset because of financial difficulty of the issuer or the debtor;
- the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses;

The credit impairment on a financial asset may be caused by the combined effect of multiple events and may not be necessarily caused by a single event.



## 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)

###### *Parameters of expected credit loss (ECL) measurement*

According to whether there is a significant increase in credit risk and whether there is a credit impairment, the Group measures the impairment losses for different assets with ECL of 12 months or the entire lifetime respectively. The key measuring parameters of ECL include probability of default (PD), loss given default (LGD) and exposure at default (EAD). The Group takes into account the quantitative analysis of historical statistics (such as ratings of counterparties, manners of guarantees and types of collaterals, repayments, etc.) and forward-looking information in order to establish the model of PD, LGD and EAD.

Relevant definitions are as follows:

- PD refers to the possibility that the debtor will not be able to fulfil its obligations of repayment over the next 12 months or throughout the entire remaining lifetime. The Group's PD is adjusted based on the results of the mobility model, taking into account the forward-looking information to reflect the debtor's PD under the current macroeconomic environment;
- LGD refers to the Group's expectation of the extent of the loss resulting from the default exposure. Depending on the type of counterparty, the method and priority of the recourse, and the type of collaterals, the LGD varies. The LGD is the percentage of loss of risk exposure at the time of default, calculated over the next 12 months or over the entire remaining lifetime;
- EAD is the amount that the Group should be reimbursed at the time of default in the next 12 months or throughout the entire remaining lifetime.

The assessment of a significant increase in credit risk and the calculation of ECL both involve forward-looking information. Through the analysis of historical data, the Group identifies the key economic indicators that affect the credit risk and ECL of various types of businesses.

The impact of these economic indicators on PD and LGD varies in different types of businesses. Refer to Notes V.3, 7, 9, 10, 11, 12 and 25 for risk exposure of accounts receivable, other receivables, contract assets, non-current assets due within one year, other current assets, long-term receivables and other non-current assets.

## VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)

## 3. Risks of Financial Instruments (continued)

## Liquidity risk

The Group manages its risk to deficiency of funds using a recurring liquidity planning tool. This tool considers both the maturity of its financial instruments and the projected flows from the Group's operations.

The Group's objective is to maintain a balance between continuity and flexibility of funding through the use of bank borrowings, bonds and other interest-bearing borrowings and other financing methods. 44.19% (31 December 2020: 39.3%) of the Group's debts would mature in less than one year as at 31 December 2021.

The table below summarizes the maturity profile of financial liabilities based on the undiscounted contractual cash flows:

## 2021

	Within one year	1-2 years	2-5 years	Over 5 years	Total
Notes payable	9,000,000.00				9,000,000.00
Accounts payable	2,400,880,410.78	-	-	-	2,400,880,410.78
Other payables	9,770,693,294.55	-	-	-	9,770,693,294.55
Long-term payables	-	77,436,992.17	302,314,376.82	768,046,722.26	1,147,798,091.25
Short-term loans	3,006,191,206.78	-	-	-	3,006,191,206.78
Non-current liabilities due					
within one year	12,906,508,519.15	-	-	-	12,906,508,519.15
Long-term loans	1,195,019,684.17	4,704,814,926.89	11,082,098,729.65	10,253,620,982.20	27,235,554,322.91
Bonds payable	30,268,663.20	564,545,384.20	-	-	594,814,047.40
Lease liabilities	1,010,855,402.77	804,099,864.36	737,782,205.09	5,410,676,507.00	7,963,413,979.22
Other non-current liabilities	255,706,282.74	643,909,376.71	862,690,189.46	2,411,047,315.33	4,173,353,164.24
	30,585,123,464.14	6,794,806,544.33	12,984,885,501.02	18,843,391,526.79	69,208,207,036.28

## 2020

	Within one year	1-2 years	2-5 years	Over 5 years	Total
Accounts payable	2,085,329,223.24	-	-	-	2,085,329,223.24
Other payables	8,976,309,037.22	-	-	-	8,976,309,037.22
Long-term payables	-	76,615,005.35	497,162,694.85	841,474,985.22	1,415,252,685.42
Short-term loans	3,493,263,394.18	-	-	-	3,493,263,394.18
Non-current liabilities due					
within one year	12,029,085,303.41	-	-	-	12,029,085,303.41
Other current liabilities	463,340,681.26	-	-	-	463,340,681.26
Long-term loans	1,159,349,814.45	4,263,619,193.63	10,764,903,207.36	12,356,625,214.17	28,544,497,429.61
Bonds payable	205,490,337.50	1,173,358,830.65	3,537,762,144.35	-	4,916,611,312.50
Lease liabilities	251,356,986.86	882,800,122.28	2,200,950,458.76	5,834,463,292.29	9,169,570,860.19
Other non-current liabilities	243,715,320.00	3,485,798,258.96	524,386,877.04	-	4,253,900,456.00
	28,907,240,098.12	9,882,191,410.87	17,525,165,382.36	19,032,563,491.68	75,347,160,383.03

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## VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)

### 3. Risks of Financial Instruments (continued)

#### Market risk

##### *Interest rate risk*

The Group's exposure to the risk of changes in market interest rates primarily relates to the floating-rate long-term liabilities of the Group.

The table below is a sensitivity analysis of interest rate risk, which reflects the impact on net profit or loss (through the impact on floating-rate borrowings) after tax, when there are reasonable and potential changes in interest rates, under the presumption that all other variables remain unchanged.

#### 2021

	Increase/ (decrease) in basis point	Increase/ (decrease) in net profit or loss	Increase/ (decrease) in total shareholders' equity
Bank borrowings	50.00	(77,234,990.03)	(77,234,990.03)
Bank borrowings	(50.00)	77,234,990.03	77,234,990.03

#### 2020

	Increase/ (decrease) in basis point	Increase/ (decrease) in net profit or loss	Increase/ (decrease) in total shareholders' equity
Bank borrowings	50.00	(63,136,806.62)	(63,136,806.62)
Bank borrowings	(50.00)	63,136,806.62	63,136,806.62

## VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)

### 3. Risks of Financial Instruments (continued)

#### Market risk (continued)

##### *Exchange rate risk*

Exchange rate risk refers to the risk of losses arising from change in exchange rate. The Group's exposure to foreign currency risk mainly relates to USD, HKD and EURO. Main business activities of the Group's subsidiaries in mainland China are valued and settled in RMB, with a small amount of foreign currency deposits, borrowings and bonds. Main business activities of the Group's subsidiaries in Hong Kong are valued and settled in HKD or USD.

The Group's policy is to negotiate and match the term of the hedging derivative with the term of the hedged item, so as to make the hedging most effective. The Group has an exchange rate risk exposure arising from the issuance of US dollar bonds. The Group uses structured currency swaps and options portfolio products composed of written options and purchase options to reduce exchange rate risk exposure.

The table below is a sensitivity analysis of exchange rate risk, which reflects the impact on net profit or loss after tax, when there are reasonable and potential changes in USD, EURO and HKD exchange rates, under the presumption that all other variables remain unchanged.

2021

	Increase/ (decrease) in exchange rate %	Increase/ (decrease) in net profit or loss	Increase/ (decrease) in total shareholders' equity
Depreciation of RMB against USD	(5.00)	(16,072,401.98)	(16,072,401.98)
Appreciation of RMB against USD	5.00	16,072,401.98	16,072,401.98
Depreciation of RMB against HKD	(5.00)	20,127.19	20,127.19
Appreciation of RMB against HKD	5.00	(20,127.19)	(20,127.19)
Depreciation of RMB against EURO	(5.00)	1,686,385.70	1,686,385.70
Appreciation of RMB against EURO	5.00	(1,686,385.70)	(1,686,385.70)

# Notes to the Financial Statements

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## VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)

### 3. Risks of Financial Instruments (continued)

#### Market risk (continued)

##### Exchange rate risk (continued)

2020

	Increase/ (decrease) in exchange rate %	Increase/ (decrease) in net profit or loss	Increase/ (decrease) in total shareholders' equity
Depreciation of RMB against USD	(5.00)	(11,608,875.12)	(11,608,875.12)
Appreciation of RMB against USD	5.00	11,608,875.12	11,608,875.12
Depreciation of RMB against HKD	(5.00)	27,098.03	27,098.03
Appreciation of RMB against HKD	5.00	(27,098.03)	(27,098.03)
Depreciation of RMB against EURO	(5.00)	(49,962,836.72)	(49,962,836.72)
Appreciation of RMB against EURO	5.00	49,962,836.72	49,962,836.72

##### Price risk of equity instrument investment

Price risk of equity instrument investment is the risk that the fair values of equity securities decrease as a result of changes in the levels of share indices and the value of individual securities. The Group was exposed to price risk of equity instrument investment arising from individual equity instrument investment classified as equity instrument investment measured at fair value through profit or loss and equity instrument investment measured at fair value through other comprehensive income as at 31 December 2021. The Group's listed equity instrument investments are listed on the stock exchange in Shanghai and Shenzhen and are measured at quoted market prices at the balance sheet date.

Following are market stock indices of the following stock exchanges at the end of the trading day closest to the balance sheet date, and their respective highest closing point and the lowest closing point during the year:

	End of 2021	2021 Highest/Lowest	End of 2020	2020 Highest/Lowest
SSE – A Share Index	3,640	3,675/3,312	3,473	3,475/2,647
SZSE – A Share Index	14,857	15,767/13,252	14,471	14,477/9,531

The table below demonstrates the sensitivity of the Group's net profit or loss and net other comprehensive income after tax to every 10% change in the fair values of equity instrument investments, with all other variables held constant (based on their book values at the balance sheet date).



## VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)

## 3. Risks of Financial Instruments (continued)

## Market risk (continued)

Price risk of equity instrument investment (continued)

2021

	Book value of equity instrument investment	Increase/ (decrease) in net profit or loss	Increase/ (decrease) in net other comprehensive income after tax	Increase/ (decrease) in total shareholders' equity
Equity instrument investments				
SSE – Measured at fair value through profit or loss	15,845,801.58	1,346,893.15	–	1,346,893.15
– Measured at fair value through other comprehensive income	1,449,066,246.65	–	110,995,053.04	110,995,053.04
SZSE – Measured at fair value through profit or loss	10,958,748.00	931,493.59	–	931,493.59
– Measured at fair value through other comprehensive income	142,013,356.00	–	12,071,135.26	12,071,135.26
Non-listed equity instrument investments at fair value				
– Measured at fair value through other comprehensive income	2,578,891,341.52	–	193,416,850.61	193,416,850.61

2020

	Book value of equity instrument investment	Increase/ (decrease) in net profit or loss	Increase/ (decrease) in net other comprehensive income after tax	Increase/ (decrease) in total shareholders' equity
Equity instrument investments				
SSE – Measured at fair value through profit or loss	94,104,570.98	7,998,888.53/ (7,998,888.53)	–	7,998,888.53/ (7,998,888.53)
– Measured at fair value through other comprehensive income	1,761,493,803.34	–	137,950,116.13/ (137,950,116.13)	137,950,116.13/ (137,950,116.13)
SZSE – Measured at fair value through profit or loss	81,470,694.00	6,925,008.99/ (6,925,008.99)	–	6,925,008.99/ (6,925,008.99)
– Measured at fair value through other comprehensive income	150,300,000.00	–	12,775,500.00/ (12,775,500.00)	12,775,500.00/ (12,775,500.00)
Non-listed equity instrument investments at fair value				
– Measured at fair value through other comprehensive income	2,294,884,243.20	–	172,116,318.24/ (172,116,318.24)	172,116,318.24/ (172,116,318.24)

# Notes to the Financial Statements

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## VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)

### 4. Capital Management

The key objective of the Group's capital management is to ensure the Group's ability to operate on a going concern basis and maintain healthy capital ratios so as to support business growth and maximize shareholder value.

The Group manages its capital structure and makes adjustments in response to changes in economic conditions and risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the distribution of profits to shareholders, return capital to shareholders or issue new shares. The Group is not constrained by any external mandatory requirements on capital. In 2021 and 2020, there was no change in the Group's capital management objectives, policies or procedures.

The Group manages its capital with the gearing ratio, which refers to net liabilities divided by the total sum of adjusted capital and net liabilities. Net liabilities include bank borrowings, notes payable, bonds payable and financial lease payable (net of cash and cash equivalents), and adjusted capital is the equity of the Group attributable to the Company. The gearing ratio of the Group as of the balance sheet date is as follows:

	12/31/2021	12/31/2020
Short-term loans	2,957,088,415.02	3,448,371,909.45
Notes payable	9,000,000.00	–
Non-current liabilities due within one year	11,699,289,233.98	11,897,443,643.72
Other current liabilities	–	439,283,229.30
Long-term loans	21,606,316,908.01	22,212,429,627.44
Bonds payable	532,619,987.37	4,432,634,711.35
Financial lease payable	193,367,582.65	143,010,065.65
Other non-current liabilities	4,216,533,813.73	3,833,098,699.03
Lease liabilities	3,957,786,655.49	4,082,933,276.21
Cash and cash equivalents	6,097,986,723.20	5,901,061,909.81
Net liabilities	39,074,015,873.05	44,588,143,252.34
Adjusted capital	52,104,066,661.47	45,842,632,982.13
Capital and net liabilities	91,178,082,534.52	90,430,776,234.47
Gearing ratio	43%	49%

## IX. DISCLOSURE OF FAIR VALUE

### 1. Assets and Liabilities Measured at Fair Value

The table below sets forth the measurement level of fair values of relevant assets and liabilities of the Group:

2021

	Inputs used in the measurement of fair value			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Persistent fair value measurement				
Financial assets held for trading				
Debt instrument investments	–	–	638,410,553.66	638,410,553.66
Funds	–	353,477,750.00	–	353,477,750.00
Equity instrument investments	26,804,549.59	–	–	26,804,549.59
Other equity instrument investments	2,195,703,127.52	4,039,453.00	1,970,228,363.65	4,169,970,944.17
Other non-current financial assets	–	–	370,774,540.60	370,774,540.60
Investment properties	–	–	–	–
Buildings leased out	–	–	95,575,000,000.00	95,575,000,000.00
Total assets	2,222,507,677.11	357,517,203.00	98,554,413,457.91	101,134,438,338.02

	Inputs used in the measurement of fair value			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Derivative financial liabilities	–	18,167,670.06	–	18,167,670.06
Total liabilities	–	18,167,670.06	–	18,167,670.06

# Notes to the Financial Statements

For the year 2021

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## IX. DISCLOSURE OF FAIR VALUE (continued)

### 1. Assets and Liabilities Measured at Fair Value (continued)

2020

	Inputs used in the measurement of fair value			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Persistent fair value measurement				
Financial assets held for trading				
Debt instrument investments	-	-	72,035,807.75	72,035,807.75
Equity instrument investments	175,575,264.98	-	-	175,575,264.98
Other equity instrument investments	1,908,562,241.05	3,231,562.40	2,294,884,243.09	4,206,678,046.54
Other non-current financial assets	-	-	396,924,540.60	396,924,540.60
Derivative financial assets	-	2,160,732.11	-	2,160,732.11
Receivables financing	-	5,872,800.00	-	5,872,800.00
Investment properties				
Buildings leased out	-	-	93,150,000,000.00	93,150,000,000.00
<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>

### 2. Assets and Liabilities Disclosed at Fair Value

2021

	Inputs used in the measurement of fair value			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Bonds payable	-	4,635,987,226.07	-	4,635,987,226.07
Long-term loans	-	26,369,343,429.54	-	26,369,343,429.54
Other non-current liabilities	-	3,889,480,629.87	-	3,889,480,629.87
	-	34,894,811,285.48	-	34,894,811,285.48

## IX. DISCLOSURE OF FAIR VALUE (continued)

### 2. Assets and Liabilities Disclosed at Fair Value (continued)

2020

	Inputs used in the measurement of fair value			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Bonds payable	–	8,742,562,657.75	–	8,742,562,657.75
Long-term loans	–	27,645,534,946.49	–	27,645,534,946.49
Other non-current liabilities	–	6,488,139,813.87	–	6,488,139,813.87
	–	42,876,237,418.11	–	42,876,237,418.11

### 3. Estimation of Fair Value

#### Fair value of financial instruments

Following is a comparison between book values and fair values of various categories of financial instruments of the Group other than the lease liabilities and the financial instruments with a minor difference between book value and fair value:

	Book value		Fair value	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Bonds payable	4,546,319,517.26	8,679,793,334.81	4,635,987,226.07	8,742,562,657.75
Long-term loans	25,854,130,784.48	26,522,849,143.74	26,369,343,429.54	27,645,534,946.49
Other non-current liabilities	5,462,260,305.45	6,284,852,578.30	3,889,480,629.87	6,488,139,813.87
	35,862,710,607.19	41,487,495,056.85	34,894,811,285.48	42,876,237,418.11

The management has assessed the cash and bank, accounts receivable, accounts payable, and other payables, etc.. In each case, the fair value and book value are similar due to short remaining period.

The financial department of the Group, led by the person in charge of the accounting institution, is responsible for formulating policies and procedures applicable to the measurement of fair value of financial instruments. The person in charge of the accounting institution directly reports to the Chief Financial Officer and the Audit Committee. On each balance sheet date, the financial department analyzes the change in value of financial instruments and ascertains the significant inputs which apply to the valuation. The valuation is subject to review and approval by the Chief Financial Officer. For the purpose of preparing interim and annual financial statements, the financial department meets the Audit Committee twice a year to discuss the valuation procedure and results.



# 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)

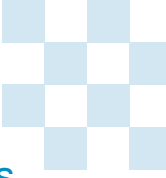
The fair values of financial assets and liabilities are determined as per the amount for which an asset could be exchanged, or a liability could be settled, between knowledgeable, willing parties in an arm's length transaction, instead of the amount under forced sale or under liquidation. The following methods and assumptions are used to estimate the fair value.

The fair values of long-term receivables, long-term and short-term loans, bonds payable and other non-current liabilities are determined by discounting the future cash flows using market yields currently available for other financial instruments with similar contractual terms, credit risk and remaining term as the discount rate. As at 31 December 2021, the non-performance risk associated with long-term and short-term loans was assessed as insignificant.

The fair values of listed equity instrument investments are determined according to quoted prices on the market. The fair values of non-listed equity instrument investments are estimated using discounted valuation model, and the assumptions adopted are not supported by observable market prices or interest rates. The Group needs to make estimation for the expected future cash flows (including expected future dividend and disposal income). The Group believes that the fair values and changes thereof estimated by valuation technique are reasonable and also the most appropriate values at the balance sheet date.

For the fair values of non-listed equity instrument investments to which discounted valuation model is inapplicable, the Group estimates and quantifies potential impacts of using other reasonable and possible assumptions as inputs for valuation model: under quite unfavourable assumption, the fair values decrease approximately RMB438,661,074.51; under quite favorable assumption, the fair values increase approximately RMB749,045,210.31.

The Group has entered into derivative financial instrument contracts with multiple counterparties (mainly financial institutions with higher credit rating). Derivative financial instruments, including foreign exchange forward contracts and interest rate swaps, are measured using valuation techniques similar to forward pricing and swap models and present value methods. The model covers multiple inputs observable in markets, including counterparty credit quality, spot and forward rates and interest rate curves. The carrying value of foreign exchange forward contracts and interest rate swaps is the same as the fair value. As at 31 December 2021, the mark to market value of derivative financial assets is the net value after offsetting the credit valuation adjustment attributable to the default risk of derivative instrument counterparties. The change of counterparty credit risk has no significant impact on the evaluation of hedging effectiveness of designated derivatives in hedging relationship and other financial instruments measured at fair value.



## IX. DISCLOSURE OF FAIR VALUE (continued)

### 3. Estimation of Fair Value (continued)

#### Fair value of financial instruments (continued)

##### *Fair value of investment properties using fair value model*

We use the income approach for the valuation of the completed properties put into use: With reference to the market monthly rent of leasable area per unit (per square meter) of the completed properties or the expected rental income based on market condition, we adopt an appropriate capitalization rate to discount to determine the valuation value of investment properties.

We use direct comparison approach for the valuation of the properties under construction at an early development stage: Based on the income that can be received immediately on disposal of investment properties in its current state, with reference to the relevant information on the comparable transactions in the market where the investment properties are located, and depending on the specific condition of the properties under construction, we make adjustments.

We use hypothetical development method for the valuation of investment properties at other stages of development: Assuming that such investment properties will be developed to the condition for use according to the established development plan. In order to obtain their fair value, a direct comparison is made by taking into account the available and comparable sales data in the relevant markets and deducting the construction costs and professional costs incurred by the valuer from the valuation date to the date of completion of development.

The fair value of the Group's investment properties as at 31 December 2021 were assessed by Beijing Huaya Zhengxin Assets Appraisal Co., Ltd, an independent valuer from the Group.

In estimating the fair value of the properties, the best use purpose of investment properties is its current use. There is no change in the valuation methods used.

# Notes to the Financial Statements

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## IX. DISCLOSURE OF FAIR VALUE (continued)

### 4. Unobservable Inputs

Following is an overview of significant unobservable inputs for the measurement of level-3 fair value:

31 December 2021		Fair value	Valuation technique(s)	Unobservable inputs	Range (Weighted average)
Investment properties – completed properties	2021	88,633,000,000.00	Income approach/Direct comparison approach	Price of unit area leasable (per square meter per month)	2021: RMB15-250
	2020	81,482,000,000.00			2020: RMB15-246
Investment properties – properties under construction at an early development stage	2021	4,068,000,000.00	Direct comparison approach/Hypothetical development approach	Unit area price of investment properties (per square meter)	2021: 5.5%-7.5%
	2020	8,510,000,000.00			2020: 5.5%-8.0%
Investment properties – other properties under construction	2021	2,874,000,000.00	Direct comparison approach	Price of unit area leasable (per square meter per month)	2021: RMB37-53
	2020	3,185,000,000.00			2020: RMB25-70
Other equity instrument investments	2021	1,970,228,363.65	Comparable company approach	Liquidity discount rate	2021: 6.5%-7.0%
	2020	2,294,884,243.09			2020: 6.5%-7.5%
Other non-current financial assets	2021	370,774,540.60	Discounted cash flow approach	Risk-adjusted discount rate	2021: 80%-85%
	2020	396,924,540.60			2020: 80%-90%
Financial assets held for trading – debt instrument investments	2021	638,410,553.66	Discounted cash flow approach	Risk-adjusted discount rate	2021: 13.04%-14.48%
	2020	72,035,807.75			2020: 11.3%-17.9%



## IX. DISCLOSURE OF FAIR VALUE (continued)

### 5. Adjustment of Fair Value Measurement

Information of adjustment of persistent measurement of level-3 fair value is as follows:

2021

	Opening balance	Transferred Into level 3	Transferred Out of level 3	Total gain or loss for the current period		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	72,035,807.75	-	-	-	-	637,668,473.64	(71,293,727.73)	638,410,553.66	-
Other equity instrument investment	2,294,884,243.09	-	(742,016,754.86)	-	343,073,018.71	192,374,474.16	(118,086,617.45)	1,970,228,363.65	-
Other non-current financial assets	396,924,540.60	-	-	(8,750,000.00)	-	1,600,000.00	(19,000,000.00)	370,774,540.60	(8,750,000.00)
Investment properties	93,150,000,000.00	-	-	374,390,247.49	4,979,767.08	3,985,629,985.43	(1,940,000,000.00)	95,575,000,000.00	374,390,247.49
	95,913,844,591.44	-	(742,016,754.86)	365,640,247.49	348,052,785.79	4,817,272,933.23	(2,148,380,345.18)	98,554,413,457.91	365,640,247.49

2020

	Opening balance	Transferred Into level 3	Transferred Out of level 3	Total gain or loss for the current period		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

# Notes to the Financial Statements

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## IX. DISCLOSURE OF FAIR VALUE (continued)

### 5. Adjustment of Fair Value Measurement (continued)

In the persistent measurement of level-3 fair value, the information of profit or loss relating to financial assets and non-financial assets in the gain or loss included in the profit or loss for the current period is as follows:

	2021	
	Profit or loss relating to financial assets	Profit or loss relating to non-financial assets
Total gain or loss included into the profit or loss for the current period	(8,750,000.00)	374,390,247.49
Changes in the unrealized gain or loss for the current period from assets held at the end of the year	(8,750,000.00)	374,390,247.49

	2020	
	Profit or loss relating to financial assets	Profit or loss relating to non-financial assets
Total gain or loss included into the profit or loss for the current period	–	496,702,935.69
Changes in the unrealized gain or loss for the current period from assets held at the end of the year	–	496,702,935.69

## IX. DISCLOSURE OF FAIR VALUE (continued)

## 6. Level Shift in Fair Value

2021

	Transfer into	Transfer out of	Reason
Level 1	742,016,754.86	–	note 1
Level 2	–	–	
Level 3	–	742,016,754.86	note 1
	742,016,754.86	742,016,754.86	

Note 1: Compared with 2020, in 2021, other equity instrument investment of RMB742,016,754.86 was listed, and the fair value measurement level was transferred from the level 3 to the level 1.

2020

	Transfer into	Transfer out of	Reason
Level 1	68,826,085.92	–	note 1
Level 2	–	37,250,000.00	note 2
Level 3	37,250,000.00	94,616,085.92	note 1/note 3
	106,076,085.92	131,866,085.92	

Note 1: Compared with 2019, in 2020, other equity instrument investment of RMB68,826,085.92 was listed, and the fair value measurement level was transferred from the level 3 to the level 1.

Note 2: Compared with 2019, in 2020, other equity instrument investment of RMB37,250,000.00 was delisted from the NEEQ, and the fair value measurement level was changed from the level 2 to the level 3.

Note 3: Compared with 2019, in 2020, other equity instrument investment of RMB4,990,000.00 was acquired as joint ventures, and other non-current financial assets of RMB20,800,000.00 were transferred out from the level 3 to other receivables, no longer measured at fair value.

# 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 ("RSM Holding") 紅星美凱龍控股集團有限公司("紅星控股")	Shanghai, China	Investment management	60.12	60.12	RMB200 million

Ultimate controlling party of the Company is CHE Jianxing.

### 2. Subsidiaries

For details of the subsidiaries of the Company, please refer to Note VII. 1. Interests in Significant Subsidiaries.

### 3. Joint Ventures and Associates

For the details of joint ventures and associates, please refer to Note VII. 3. Interests in Joint Ventures or Associates.

## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 4. Other Related Parties

Name of other related parties	Relationship between other related parties and the Company
Changzhou Aegean Ole Business Management Co., Ltd. (常州愛琴海奧萊商業管理有限公司)	Corporate controlled or invested by the family member who has a close relationship with the ultimate actual controller
Changzhou Red Star Furniture General Factory Co., Ltd. (常州市紅星傢俱總廠有限公司)	Corporate controlled or invested by the family member who has a close relationship with the ultimate actual controller
Changzhou Yizhi International Trade Co., Ltd. (常州市藝致國際貿易有限公司)	Corporate controlled or invested by the family member who has a close relationship with the ultimate actual controller
Chengdu Wanfu Xingkai Business Management Co., Ltd. (成都萬福星凱商業管理有限公司)	Corporate controlled or invested by the family member who has a close relationship with the ultimate actual controller
Hangzhou Feishi Bath & Kitchen Products Co., Ltd. (杭州菲氏浴廚用品有限公司)	Corporate controlled or invested by the family member who has a close relationship with the ultimate actual controller
Hangzhou Nabel Group Co., Ltd. (杭州諾貝爾集團有限公司) and its branches	Corporate controlled or invested by the family member who has a close relationship with the ultimate actual controller
Hangzhou Nabel Ceramics Co., Ltd. (杭州諾貝爾陶瓷有限公司) and its branches	Corporate controlled or invested by the family member who has a close relationship with the ultimate actual controller
Jining Hongrui Market Management Company Limited (濟寧鴻瑞市場經營管理有限公司)	Corporate controlled or invested by the family member who has a close relationship with the ultimate actual controller
Business Division of Nanjing Pukou Lilicheng Furniture (南京市浦口區立力成傢俱經營部)	Corporate controlled or invested by the family member who has a close relationship with the ultimate actual controller
Shaanxi Hongrui Home Furnishings Plaza Co., Ltd. (陝西鴻瑞家居生活廣場有限公司)	Corporate controlled or invested by the family member who has a close relationship with the ultimate actual controller
Shanghai Aegean Business Management Co., Ltd. (上海愛琴海商務管理有限公司)	Corporate controlled or invested by the family member who has a close relationship with the ultimate actual controller

# 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
Shanghai AEGEAN Commercial Group Co., Ltd. (上海愛琴海商業集團股份有限公司)	Corporate controlled or invested by the family member who has a close relationship with the ultimate actual controller
Shanghai Red Star Jinghai Commercial Management Co., Ltd. (上海紅星晶海商業管理有限公司)	Corporate controlled or invested by the family member who has a close relationship with the ultimate actual controller
Shanghai Jinyu Investment Consultancy Company Limited (上海錦御投資諮詢有限公司)	Corporate controlled or invested by the family member who has a close relationship with the ultimate actual controller
Shanghai Jingdi Catering Management Co., Ltd. (上海景帝餐飲管理有限公司)	Corporate controlled or invested by the family member who has a close relationship with the ultimate actual controller
Shanghai Liehu Management Consulting Center (Limited Partnership) (上海獵戶管理諮詢中心(有限合伙))	Corporate controlled or invested by the family member who has a close relationship with the ultimate actual controller
Shanghai Xingyin Hai Industrial Co., Ltd. (上海星銀海實業有限公司)	Corporate controlled or invested by the family member who has a close relationship with the ultimate actual controller
Xuzhou Red Star Macalline International Furniture Decoration City Co., Ltd. (徐州紅星美凱龍國際傢俱裝飾城有限公司)	Corporate controlled or invested by the family member who has a close relationship with the ultimate actual controller
Xuzhou Red Star Macalline Global Home Life Plaza Property Management Co., Ltd. (徐州紅星美凱龍全球家居生活廣場物業管理有限公司)	Corporate controlled or invested by the family member who has a close relationship with the ultimate actual controller
Xuzhou Red Star Macalline Global Home Furnishings Plaza Co., Ltd. (徐州紅星美凱龍全球家居生活廣場有限公司)	Corporate controlled or invested by the family member who has a close relationship with the ultimate actual controller
Yangzhou Red Star Macalline Global Home Furnishings Plaza Property Co., Ltd. (揚州紅星美凱龍全球家居生活廣場置業有限公司)	Corporate controlled or invested by the family member who has a close relationship with the ultimate actual controller
Yangzhou Kailong Consulting Co., Ltd. (揚州凱龍管理諮詢有限公司)	Corporate controlled or invested by the family member who has a close relationship with the ultimate actual controller
Chongqing Xingmei Business Management Co., Ltd. (重慶星美商業管理有限公司)	Corporate controlled or invested by the family member who has a close relationship with the ultimate actual controller
Zigong Aegean Business Management Co., Ltd. (自貢愛琴海商業管理有限公司)	Corporate controlled or invested by the family member who has a close relationship with the ultimate actual controller
CHE Guoxing (車國興)	Family member who has a close relationship with the ultimate actual controller
CHE Jianguo (車建國)	Family member who has a close relationship with the ultimate actual controller
CHE Yuqin (車玉琴)	Family member who has a close relationship with the ultimate actual controller

## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 4. Other Related Parties (continued)

Name of other related parties	Relationship between other related parties and the Company
CHEN Shuhong (陳淑紅)	Family member who has a close relationship with the ultimate actual controller
QIAN Yumei (錢玉梅)	Family member who has a close relationship with the ultimate actual controller
ZHANG Jianfang (張建芳)	Family member who has a close relationship with the ultimate actual controller
CAO Zhongmin (曹仲民)	Family member who has a close relationship with director, supervisor, or senior management
QIAN Zhongxiang (錢忠祥)	Family member who has a close relationship with director, supervisor, or senior management
Beijing Sunsea Enterprise Management Consulting Co., Ltd. (北京陽光海天企業管理諮詢有限公司)	Subsidiary of an associate
Linyi Inzone Green Home Co., Ltd. (臨沂銀座家居有限公司)	Subsidiary of an associate
Beijing Smart Parking Service Co., Ltd. (北京智泊停車服務有限公司)	Subsidiary of an associate
Binzhou Inzone Green Home Co., Ltd. (濱州銀座家居有限公司)	Subsidiary of an associate
Brewster Wallpaper International Trading (Shanghai) Co., Ltd. (布魯斯特牆紙國際貿易(上海)有限公司)	Subsidiary of an associate
Jiangyin Tishang Home Furnishing Co., Ltd. (江陰提尚家居有限公司)	Subsidiary of an associate
Mex Smart Home (Shen Zhen) Co., Ltd. (美時智能家居(深圳)有限公司)	Subsidiary of an associate
Ningbo Qiangshang Home Living Company Limited (寧波牆尚家居有限公司)	Subsidiary of an associate
Asia New Materials (Beijing) Building Materials Co., Ltd. (亞細亞新材(北京)建築材料有限公司)	Subsidiary of an associate
Shenyang Red Star Macalline Property Management Co., Ltd. (瀋陽紅星美凱龍物業管理有限公司) and its branches	Corporate significantly influenced by RSM Holding

# 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
Kaiqianjia (Shanghai) Catering Management Co., Ltd. (凱乾嘉(上海)餐飲管理有限公司)	RSM Holding and other corporates under its control
Shanghai Red Star Parking Management Co., Ltd. (上海紅星停車管理有限公司)	RSM Holding and other corporates under its control
Shanghai Linglong Fitness Club Co., Ltd. (上海玲瓏健身俱樂部有限公司)	RSM Holding and other corporates under its control
Shanghai Lingyi Beauty Body Co., Ltd. (上海玲逸美容美體有限公司)	RSM Holding and other corporates under its control
Shanghai Xingzhiyun Business Information Consulting Co., Ltd. (上海星之韻商務信息諮詢有限公司)	RSM Holding and other corporates under its control
Shanghai Zhongyide Trading Company Limited (上海眾意得商貿有限公司)	RSM Holding and other corporates under its control
Suzhou Red Star Pinwei Property Management Co., Ltd. (蘇州紅星品唯物業管理有限公司)	RSM Holding and other corporates under its control
Zhejiang Tonight Films Co., Ltd. (浙江龍凱影業有限公司)	RSM Holding and other corporates under its control
Beijing Meichen Jiayuan Real Estate Agent Co., Ltd. (北京美晨家園房地產經紀有限公司)	RSM Holding and other corporates under its control
Beijing Sunsea Parking Management Co., Ltd. (北京陽光海天停車管理有限公司) and its branches	RSM Holding and other corporates under its control
Changzhou Yuanhong Real Estate Co., Ltd. (常州遠弘置業有限公司)	RSM Holding and other corporates under its control
Chongqing Zerui Business Management Company Limited (重慶澤瑞商業管理有限公司)	RSM Holding and other corporates under its control
Baoshan Red Star Urban and Rural Investment and Real Estate Co., Ltd. (保山紅星城鄉投資置業有限公司)	Corporate significantly influenced by RSM Holding or the ultimate actual controller
Beijing Allgf Cultural and Scientific Consultation Co., Ltd. (北京國富縱橫文化科技諮詢股份有限公司)	Corporate significantly influenced by RSM Holding or the ultimate actual controller
Chengdu Red Star Macalline Real Estate Co., Ltd. (成都紅星美凱龍置業有限公司)	Corporate significantly influenced by RSM Holding or the ultimate actual controller



## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 4. Other Related Parties (continued)

Name of other related parties	Relationship between other related parties and the Company
Cixi Haorui Real Estate Co., Ltd. (慈溪皓瑞置業有限公司)	Corporate significantly influenced by RSM Holding or the ultimate actual controller
Cixi Xingkai Real Estate Co., Ltd. (慈溪星凱置業有限公司)	Corporate significantly influenced by RSM Holding or the ultimate actual controller
Danyang Rongjin Hongxing Real Estate Development Co., Ltd. (丹陽市融錦宏星置業發展有限公司)	Corporate significantly influenced by RSM Holding or the ultimate actual controller
Ganzhou Kaiyue Real Estate Co., Ltd. (贛州凱越置業有限公司)	Corporate significantly influenced by RSM Holding or the ultimate actual controller
Henan Chenbo Real Estate Co., Ltd. (河南宸博置業有限公司)	Corporate significantly influenced by RSM Holding or the ultimate actual controller
Hengshui Xinglong Real Estate Development Co., Ltd. (衡水星龍房地產開發有限公司)	Corporate significantly influenced by RSM Holding or the ultimate actual controller
Jinan Xinglong Real Estate Development Co., Ltd. (濟南星龍房地產開發有限公司)	Corporate significantly influenced by RSM Holding or the ultimate actual controller
Kunming Guangyuan Real Estate Development Co., Ltd. (昆明廣遠房地產開發有限公司)	Corporate significantly influenced by RSM Holding or the ultimate actual controller
Kunming Hongxing Haihui Real Estate Co., Ltd. (昆明紅星海匯房地產有限公司)	Corporate significantly influenced by RSM Holding or the ultimate actual controller
Liuzhou Red Star Macalline Real Estate Co., Ltd. (柳州紅星美凱龍置業有限公司)	Corporate significantly influenced by RSM Holding or the ultimate actual controller
Greenland Group Chengdu Jinniu Real Estate Development Co., Ltd. (綠地集團成都金牛房地產開發有限公司)	Corporate significantly influenced by RSM Holding or the ultimate actual controller
Nanchang Haoran Real Estate Co., Ltd. (南昌浩然置業有限公司)	Corporate significantly influenced by RSM Holding or the ultimate actual controller
Nantong Xinglong Real Estate Development Co., Ltd. (南通星龍房地產開發有限公司)	Corporate significantly influenced by RSM Holding or the ultimate actual controller
Ningbo Kailong Property Company Limited (寧波凱龍置業有限公司)	Corporate significantly influenced by RSM Holding or the ultimate actual controller
Shanxi Red Star New World Real Estate Co., Ltd. (山西紅星新世界置業有限公司)	Corporate significantly influenced by RSM Holding or the ultimate actual controller

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## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 4. Other Related Parties (continued)

Name of other related parties	Relationship between other related parties and the Company
Shanghai Red Star Macalline Real Estate Co. Ltd. (上海紅星美凱龍置業有限公司)	Corporate significantly influenced by RSM Holding or the ultimate actual controller
Shanghai Hongmei Real Estate Co., Ltd. (上海洪美置業有限公司)	Corporate significantly influenced by RSM Holding or the ultimate actual controller
Shaoxing Xingkai Real Estate Co., Ltd. (紹興星凱置業有限公司)	Corporate significantly influenced by RSM Holding or the ultimate actual controller
Suzhou Red Star Macalline Real Estate Development Co., Ltd. (蘇州紅星美凱龍房地產開發有限公司)	Corporate significantly influenced by RSM Holding or the ultimate actual controller
Taiyuan Red Star Weiye Property Development and Management Co., Ltd. (太原紅星偉業房地產開發經營有限公司)	Corporate significantly influenced by RSM Holding or the ultimate actual controller
Taiyuan Shuangmingzhikun Real Estate Development Co., Ltd. (太原雙明智坤房地產開發有限公司)	Corporate significantly influenced by RSM Holding or the ultimate actual controller
Tianjin Kailong Real Estate Co., Ltd. (天津凱龍置業有限公司)	Corporate significantly influenced by RSM Holding or the ultimate actual controller
Tianjin Macalline Real Estate Co., Ltd. (天津美凱龍置業有限公司)	Corporate significantly influenced by RSM Holding or the ultimate actual controller
Tianjin Meilong Real Estate Development Co., Ltd. (天津美龍房地產開發有限公司)	Corporate significantly influenced by RSM Holding or the ultimate actual controller
Tianjin Xingkai Real Estate Development Co., Ltd. (天津星凱房地產開發有限公司)	Corporate significantly influenced by RSM Holding or the ultimate actual controller
Wenzhou Xinglong Real Estate Development Co., Ltd. (溫州星龍房地產開發有限責任公司)	Corporate significantly influenced by RSM Holding or the ultimate actual controller
Xining Aegean Real Estate Development Co., Ltd. (西寧愛琴海房地產開發有限公司)	Corporate significantly influenced by RSM Holding or the ultimate actual controller
Xining Red Star Macalline Real Estate Development Co., Ltd. (西寧紅星美凱龍房地產開發有限公司)	Corporate significantly influenced by RSM Holding or the ultimate actual controller
Xishuangbanna cloud investment construction Pan Asia Real Estate Co., Ltd. (西雙版納雲投建設泛亞置業有限公司)	Corporate significantly influenced by RSM Holding or the ultimate actual controller
Xiangshan Kaisheng Real Estate Co., Ltd. (象山凱勝置業有限公司)	Corporate significantly influenced by RSM Holding or the ultimate actual controller

## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 4. Other Related Parties (continued)

Name of other related parties	Relationship between other related parties and the Company
Xiangshan Meilong Real Estate Co., Ltd. (象山美龍置業有限公司)	Corporate significantly influenced by RSM Holding or the ultimate actual controller
Xiangshan Xinglong Real Estate Co., Ltd. (象山星龍置業有限公司)	Corporate significantly influenced by RSM Holding or the ultimate actual controller
Sujian Xingkai Real Estate Development Co., Ltd. (宿遷星凱房地產開發有限公司)	Corporate significantly influenced by RSM Holding or the ultimate actual controller
Xuzhou Maoxing Real Estate Co., Ltd. (徐州茂星置業有限公司)	Corporate significantly influenced by RSM Holding or the ultimate actual controller
Yancheng Kailong Property Company Limited (鹽城凱龍置業有限公司)	Corporate significantly influenced by RSM Holding or the ultimate actual controller
Yangzhou Xinglong Real Estate Development Co., Ltd. (揚州星龍房地產開發有限公司)	Corporate significantly influenced by RSM Holding or the ultimate actual controller
Yiwu Meilong Real Estate Co., Ltd. (義烏美龍置業有限公司)	Corporate significantly influenced by RSM Holding or the ultimate actual controller
Yuyao Xingkai Real Estate Co., Ltd. (余姚星凱置業有限公司)	Corporate significantly influenced by RSM Holding or the ultimate actual controller
Yunnan Red Star Macalline Real Estate Co., Ltd. (雲南紅星美凱龍置業有限公司)	Corporate significantly influenced by RSM Holding or the ultimate actual controller
Changchun Red Star Macalline Real Estate Development Co., Ltd. (長春紅星美凱龍房地產開發有限公司)	Corporate significantly influenced by RSM Holding or the ultimate actual controller
Zhengzhou Xingbo Real Estate Development Co., Ltd. (鄭州星鉑房地產開發有限公司)	Corporate significantly influenced by RSM Holding or the ultimate actual controller
Chongqing Red Star Macalline Enterprise Development Co., Ltd. (重慶紅星美凱龍企業發展有限公司)	Corporate significantly influenced by RSM Holding or the ultimate actual controller
Chongqing Jinke Real Estate Development Co., Ltd. (重慶金科房地產開發有限公司)	Corporate significantly influenced by RSM Holding or the ultimate actual controller
Chongqing Jinke Zhongjun Real Estate Development Co., Ltd. (重慶金科中俊房地產開發有限公司)	Corporate significantly influenced by RSM Holding or the ultimate actual controller
Hengshui Xinglong Real Estate Co., Ltd. (衡水星龍房地產有限公司)	Corporate significantly influenced by RSM Holding or the ultimate actual controller

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## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 4. Other Related Parties (continued)

Name of other related parties	Relationship between other related parties and the Company
Jinhua Hangkai Real Estate Co., Ltd. (金華航凱置業有限公司)	Corporate significantly influenced by RSM Holding or the ultimate actual controller
Xinjiang Jinke Yutai Real Estate Development Co., Ltd. (新疆金科宇泰房地產開發有限公司)	Corporate significantly influenced by RSM Holding or the ultimate actual controller
Anhui Tenghui Investment Group Hefei Company Limited (安徽騰輝投資集團合肥有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Changzhou Hongmei Cinema Management Co., Ltd. (常州紅美影院管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Changzhou Longyao Equity Investment Management Co., Ltd. (常州龍耀股權投資管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Changzhou Red Star Home Furnishing City (常州市紅星裝飾城)	Corporate controlled by RSM Holding or the ultimate actual controller
Changzhou Jintan Weiyi Construction Engineering Co., Ltd. (常州市金壇維億建設工程有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Changzhou Xingchen Interactive Entertainment Co., Ltd. (常州星琛娛樂科技有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Fujian Red Star Macalline Property Service Co., Ltd. (福建紅星美凱龍物業服務有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Hainan Huirui Investment Co., Ltd. (海南暉瑞投資有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Hefei Macalline Aijia Internet Technology Co., Ltd. (合肥美凱龍愛家互聯網科技有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Jinhua Jiayi Film Co., Ltd. (金華市佳藝影業有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Kaiqianjia Enterprise Management Co., Ltd. (凱乾嘉企業管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Ningbo Kaixing Cinema Management Co., Ltd. (寧波凱星影院管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller

## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 4. Other Related Parties (continued)

Name of other related parties	Relationship between other related parties and the Company
Qingdao Dana International Studios Co., Ltd. (青島德納國際影城有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Qingdao Hongying Cinema Management Co., Ltd. (青島紅影影院管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Aegean Ole Business Management Co., Ltd. (上海愛琴海奧萊商業管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Hongkaixing Cinema Management Co., Ltd. (上海紅凱星影院管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Hongxin Cinema Management Co., Ltd. (上海紅昕影院管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Red Star Macalline Real Estate Group Co., Ltd. (上海紅星美凱龍房地產集團有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Red Star Macalline Financial Leasing Company Limited (上海紅星美凱龍融資租賃有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Red Star Macalline Commercial Factoring Company Limited (上海紅星美凱龍商業保理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Red Star Macalline Business Development Company Limited (上海紅星美凱龍商業發展有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Red Star Macalline Commercial Property Investment Company Limited (上海紅星美凱龍商用物業投資有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Hongxing Cloud Computing Technology Co., Ltd. (上海紅星雲計算科技有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Huangpu Red Star Microfinance Co., Ltd. (上海黃浦紅星小額貸款有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Kaihong Cinema Management Co., Ltd. (上海凱紅影院管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Kaixin Cinema Management Co., Ltd. (上海凱昕影院管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller

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## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 4. Other Related Parties (continued)

Name of other related parties	Relationship between other related parties and the Company
Shanghai Linsai Fitness Club Co., Ltd. (上海林賽健身俱樂部有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Linwu Fitness Club Co., Ltd. (上海林戊健身俱樂部有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Lingsi Fitness Club Co., Ltd. (上海玲思健身俱樂部有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Longhong Cinema Management Co., Ltd. (上海龍紅影院管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Luochang Enterprise Management Co., Ltd. (上海洛昶企業管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Macalline Aijia Property Management Consulting Co., Ltd. (上海美凱龍愛家房地產管理諮詢有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Macalline Aijia Internet Technology Co., Ltd. (上海美凱龍愛家互聯網科技有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Macalline Seven Star Hotel Management Co., Ltd. (上海美凱龍七星酒店管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Meiying Enterprise Management Co., Ltd. (上海美影企業管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Mixing Catering Management Co., Ltd. (上海覓星餐飲管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Qiaotong Enterprise Management Co., Ltd. (上海喬彤企業管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Shuxiang Business Management Co., Ltd. (上海曙香商務管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Xinxing Catering Management Co., Ltd. (上海恣星餐飲管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Xinhong Cinema Management Co., Ltd. (上海昕紅影院管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Xinhua Chengcheng Asset Management Co., Ltd. (上海新華成城資產管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller

## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 4. Other Related Parties (continued)

Name of other related parties	Relationship between other related parties and the Company
Shanghai Xingchen Interactive Entertainment Technology Co., Ltd. (上海星琛互動娛樂科技有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Xingkai Cinema Management Co., Ltd. (上海星凱影院管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Xinglong Cinema Management Co., Ltd. (上海星龍影院管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Xingzhiyu Commercial Management Co., Ltd. (上海星之域商業經營管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Xuanyan Enterprise Management Company Limited (上海暄妍企業管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Yueying Technology Co., Ltd. (上海躍影科技有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Yunshen Intelligent Technology Co., Ltd. (上海雲紳智能科技有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shenzhen Yatai Macalline Life Space Technology Co., Ltd. (深圳市亞泰美凱龍空間科技有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shuyang Xinglong Real Estate Development Co., Ltd. (瀘陽星龍房地產開發有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Suzhou Hongmei Cinema Management Co., Ltd. (蘇州紅美影院管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Suzhou Kaimei Cinema Management Co., Ltd. (蘇州凱美影院管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Suzhou Macalline Aijia Internet Technology Co., Ltd. (蘇州美凱龍愛家互聯網科技有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Tianjin Hongxing Pacific Cinema Management Co., Ltd. (天津紅星太平洋影院管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Tianjin Cameo Film Co., Ltd. (天津卡美奧影業有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Tianjin Laina Huakai Film Co., Ltd. (天津萊納華開影業有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller

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## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 4. Other Related Parties (continued)

Name of other related parties	Relationship between other related parties and the Company
Xiaogan Honghe Studios Management Co., Ltd. (孝感泓河影城管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Yixing Chenxing Digital Cinema Co., Ltd. (宜興市晨興數字影院有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Yixing Yimei Studios Co., Ltd. (宜興逸美影城有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Yunnan Red Star Macalline Property Management Co., Ltd. (雲南紅星美凱龍物業管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Zhanjiang Haixin Meikai Investment Co., Ltd. (湛江市海新美凱投資有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Changxing Ronghao Trading Co., Ltd. (長興榮皓貿易有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Chongqing Kaiqin Business Management Co., Ltd. (重慶凱琴商業管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Chongqing Mengxiang Island Ocean Park Management Co., Ltd. (重慶夢享島海洋公園管理有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Qianzhi (Beijing) Cultural Development Co., Ltd. (乾智(北京)文化發展有限公司)	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Huojing Business Management Company Limited (上海或京商業管理有限公司) and its branches	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Linsai Fitness Club Co., Ltd. (上海林賽健身俱樂部有限公司) and its branches	Corporate controlled by RSM Holding or the ultimate actual controller
Shanghai Xingyue Property Service Co., Ltd. (上海星悅物業服務有限公司) and its branches	Corporate controlled by RSM Holding or the ultimate actual controller
Alibaba (Sichuan) Network Technology Co., Ltd. (阿里(四川)網絡技術有限公司)	Subsidiary of corporate that has a significant impact on the Group
Alibaba (China) Technology Co., Ltd. (阿里巴巴(中國)網絡技術有限公司)	Subsidiary of corporate that has a significant impact on the Group



## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 4. Other Related Parties (continued)

Name of other related parties	Relationship between other related parties and the Company
Alibaba Cloud Computing Co., Ltd. (阿里雲計算有限公司)	Subsidiary of corporate that has a significant impact on the Group
Hangzhou Alimama Software Services Co., Ltd. (杭州阿里媽媽軟件服務有限公司)	Subsidiary of corporate that has a significant impact on the Group
Shanghai Hema Network Technology Co., Ltd. (上海盒馬網絡科技有限公司)	Subsidiary of corporate that has a significant impact on the Group
Tao Bao (China) Software Co., Ltd. (淘寶(中國)軟件有限公司)	Subsidiary of corporate that has a significant impact on the Group
Zhejiang Alibaba Communication Technology Co., Ltd. (浙江阿里巴巴通信技術有限公司)	Subsidiary of corporate that has a significant impact on the Group
Zhejiang Tmall Supply Chain Management Company Limited (浙江天貓供應鏈管理有限公司)	Subsidiary of corporate that has a significant impact on the Group
Zhejiang Tmall Technology Co., Ltd. (浙江天貓技術有限公司)	Subsidiary of corporate that has a significant impact on the Group
Chongqing Jinxiaoyuehui Home Co., Ltd. (重慶金曉悅慧家居有限公司)	Subsidiary of corporate that has a significant impact on the Group
Jining Kaixing Shopping Plaza Co., Ltd. (濟寧凱星購物廣場有限公司)	Corporate which the director, supervisor or senior management has a position
Quzhou Huicheng Ole Business Management Co., Ltd. (衢州市慧城奧萊商業管理有限公司)	Corporate which the director, supervisor or senior management has a position
Shanghai Xinxi Information Technology Co., Ltd. (上海歆靈信息科技有限公司)	Corporate which the director, supervisor or senior management has a position
Taiyuan Shuangming Kailong Real Estate Development Co., Ltd. (太原雙明凱龍房地產開發有限公司)	Corporate which the director, supervisor or senior management has a position
Yixing Suning Tesco Sales Co., Ltd. (宜興市蘇寧易購銷售有限公司)	Corporate which the director, supervisor or senior management has a position
Meinian Onehealth Healthcare (Group) Co., Ltd (美年大健康產業(集團)有限公司) and its subsidiaries	Corporate which the director, supervisor or senior management has a position
Wuhan Meinian Onehealth Examination Management Co., Ltd (武漢美年大健康體檢管理有限公司)	Corporate which the director, supervisor or senior management has a position
Suning.com Group Co., Ltd. (蘇寧易購集團股份有限公司) and its subsidiaries	Corporate which the director, supervisor or senior management has a position

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## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 5. Major Transactions between the Group and Related Parties

The following related party transactions are necessary for the development of the group's business. The transactions between the group and related parties are related to daily operations. The transactions follow the principles of openness, fairness and fairness. The transactions between both parties are settled at fair market prices.

#### (1) Purchase and sale of goods, provision and receipt of services from related parties

*Purchase of goods and receipt of services from related parties*

	Details of Transactions	2021	2020
Shanghai Red Star Macalline Real Estate Group Co., Ltd. (上海紅星美凱龍房地產集團有限公司)	Purchase of goods	2,586,900.00	–
Shenyang Red Star Macalline Property Management Co., Ltd. (瀋陽紅星美凱龍物業管理有限公司)	Purchase of goods	2,573,645.19	2,875,812.40
Yimeijisi Optoelectronics Technology (Fujian) Co., Ltd. (誼美吉斯光電科技(福建)有限公司)	Purchase of goods	2,068,137.17	–
Shanghai Hongxing Cloud Computing Technology Co., Ltd. (上海紅星雲計算科技有限公司)	Purchase of goods	1,561,075.47	10,874,205.17
Shanghai Yunshen Intelligent Technology Co., Ltd. (上海雲紳智能科技有限公司)	Purchase of goods	403,539.80	1,395,000.00
Chongqing Jinke Zhongjun Real Estate Development Co., Ltd. (重慶金科中俊房地產開發有限公司)	Purchase of goods	254,135.27	254,469.73
Qianzhi (Beijing) Cultural Development Co., Ltd. (乾智(北京)文化發展有限公司)	Purchase of goods	243,791.00	–
Shanghai AI.Pure Intelligent Technology Co., Ltd. (上海智諦智能科技有限公司)	Purchase of goods	197,712.15	5,892,229.70
Suzhou Supin Home Culture Co., Ltd. (蘇州市蘇品宅配文化有限公司)	Purchase of goods	139,150.44	–
Shanghai Zhenyang Decoration Co., Ltd. (上海振洋建築裝潢工程有限公司) and its branches	Purchase of goods	128,000.00	–
Chongqing Xingmei Business Management Co., Ltd. (重慶星美商業管理有限公司)	Purchase of goods	76,883.92	–
Meinian Onehealth Healthcare (Group) Co., Ltd (美年大健康產業(集團)有限公司)	Purchase of goods	76,020.00	–

## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 5. Major Transactions between the Group and Related Parties (continued)

#### (1) Purchase and sale of goods, provision and receipt of services from related parties (continued)

*Purchase of goods and receipt of services from related parties (continued)*

	Details of Transactions	2021	2020
Shanghai Jinyu Investment Consultancy Company Limited (上海錦御投資諮詢有限公司)	Purchase of goods	68,000.00	–
Alibaba Cloud Computing Co., Ltd. (阿里雲計算有限公司)	Purchase of goods	41,529.06	–
Suzhou Red Star Pinwei Property Management Co., Ltd. (蘇州紅星品唯物業管理有限公司)	Purchase of goods	41,000.00	–
Shanghai Yueying Technology Co., Ltd. (上海躍影科技有限公司)	Purchase of goods	36,000.00	522,000.00
Chengdu Wanfu Xingkai Business Management Co., Ltd. (成都萬福星凱商業管理有限公司)	Purchase of goods	26,198.09	–
Shanghai Kaixin Cinema Management Co., Ltd. (上海凱昕影院管理有限公司)	Purchase of goods	11,880.00	–
Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司)	Purchase of goods	2,800.00	–
Shanghai Xincheng'an Construction Co., Ltd. (上海鑫誠安建設有限公司)	Purchase of goods	–	24,701,913.87
Hangzhou Nabel Ceramics Co., Ltd. (杭州諾貝爾陶瓷有限公司) and its branches	Purchase of goods	–	832,588.80
Suning.com Group Co., Ltd. (蘇寧易購集團股份有限公司) and its subsidiaries	Purchase of goods	–	707,118.03
Beijing Sunsea Parking Management Co., Ltd. (北京陽光海天停車管理有限公司) and its branches	Purchase of goods	–	195,000.00
Shengbao (Shanghai) Intelligent Technology Co., Ltd. (晟葆(上海)智能科技有限公司)	Purchase of goods	–	142,887.62
Shenzhen Long Life Basics Sleep Science and Technology Co., Ltd. (深圳市朗樂福睡眠科技有限公司)	Purchase of goods	–	102,398.23
Shanghai Hema Network Technology Co., Ltd. (上海盒馬網絡科技有限公司)	Purchase of goods	–	70,000.00
Yixing Suning Tesco Sales Co., Ltd. (宜興市蘇寧易購銷售有限公司)	Purchase of goods	–	26,495.00
Kaiqianjia (Shanghai) Catering Management Co., Ltd. (凱乾嘉(上海)餐飲管理有限公司)	Purchase of goods	–	13,754.74
		<b>10,536,397.56</b>	<b>48,605,873.29</b>

Note: Commodity purchases from related parties: during the year, the Group conducted commodity transactions with related parties based on market prices.

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## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 5. Major Transactions between the Group and Related Parties (continued)

#### (1) Purchase and sale of goods, provision and receipt of services from related parties (continued)

*Purchase of goods and receipt of services from related parties (continued)*

	Details of Transactions	2021	2020
Shanghai Red Star Macalline Financial Leasing Company Limited (上海紅星美凱龍融資租賃有限公司)	Settlement of interest income from deposit	774,844.66	–
CSSC Cruise Industry Development (Shanghai) Co., Ltd. (中船郵輪產業發展(上海)有限公司)	Settlement of interest income from deposit	185,111.11	–
Wuhu Minghui Business Management Co., Ltd. (蕪湖明輝商業管理有限公司)	Settlement of interest income from deposit	58,240.05	18,976.89
Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司)	Settlement of interest income from deposit	15,552.32	6,215.15
Baoxiang Red Star Macalline (Xiamen) Global Home Plaza Co., Ltd. (寶象紅星美凱龍(廈門)全球家居廣場有限公司)	Settlement of interest income from deposit	2,709.63	4,110.50
Handan Fengfengkuang District Royal Property Development Company Limited (邯鄲市峰峰礦區皇室房地產開發有限公司)	Settlement of interest income from deposit	N/A	3,967.42
Anhui Tenghui Investment Group Hefei Company Limited (安徽騰輝投資集團合肥有限公司)	Settlement of interest income from deposit	–	92.86
Xiamen Baoxiang Red Star Macalline Home Furnishing Plaza Company Limited (廈門寶象紅星美凱龍家居生活廣場有限公司)	Settlement of interest income from deposit	N/A*	61.13
		<b>1,036,457.77</b>	<b>33,423.95</b>

\* During the year, the Group acquired the remaining equity of Xiamen Baoxiang Red Star Macalline Home Furnishing Plaza Company Limited (廈門寶象紅星美凱龍家居生活廣場有限公司) and included it into the scope of consolidation. Therefore, it is a subsidiary of the Group during the year.

*Note:* Payment of interest on deposits to related parties: during the year, the Group conducted transactions with related parties based on market prices.

## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 5. Major Transactions between the Group and Related Parties (continued)

#### (1) Purchase and sale of goods, provision and receipt of services from related parties (continued)

*Purchase of goods and receipt of services from related parties (continued)*

	Details of Transactions	2021	2020
Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司)	Joint marketing	2,806,863.15	451,877.84
Shandong Inzone Green Home Co., Ltd. (山東銀座家居有限公司)	Joint marketing	2,590,216.96	–
Wuhu Minghui Business Management Co., Ltd. (蕪湖明輝商業管理有限公司)	Joint marketing	1,540,651.88	337,173.58
Wuhan Zhengkai Logistics Co., Ltd. (武漢市正凱物流有限公司)	Joint marketing	1,513,393.01	455,452.82
Jining Hongrui Market Management Company Limited (濟寧鴻瑞市場經營管理有限公司)	Joint marketing	685,809.41	–
Shenzhen Red Star Macalline Expo Home Plaza Co., Ltd. (深圳紅星美凱龍世博家居廣場有限公司)	Joint marketing	357,379.91	13,886.79
Shanghai CTME Economy & Trade Development Co., Ltd. (上海中貿美凱龍經貿發展有限公司)	Joint marketing	232,339.62	241,509.43
Baoxiang Red Star Macalline (Xiamen) Global Home Furnishing Plaza Company Limited (寶象紅星美凱龍(廈門)全球家居廣場有限公司)	Joint marketing	23,396.22	144,026.42
Xiamen Baoxiang Red Star Macalline Home Furnishing Plaza Company Limited (廈門寶象紅星美凱龍家居生活廣場有限公司)	Joint marketing	N/A*	499,101.88
		<b>9,750,050.16</b>	<b>2,143,028.76</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.

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## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 5. Major Transactions between the Group and Related Parties (continued)

#### (1) Purchase and sale of goods, provision and receipt of services from related parties (continued)

*Purchase of goods and receipt of services from related parties (continued)*

	Details of Transactions	2021	2020
Shanghai Huojing Business Management Company Limited (上海或京商業管理有限公司) and its branches	Revenue from advertising space lease/Administrative expenses	1,508,290.51	–
Wuhu Minghui Business Management Co., Ltd. (蕪湖明輝商業管理有限公司)	Revenue from advertising space lease/Administrative expenses	198,849.29	540,388.37
Yangzhou Red Star Macalline Global Home Furnishings Plaza Property Co., Ltd. (揚州紅星美凱龍全球家居生活廣場置業有限公司)	Revenue from advertising space lease/Administrative expenses	47,619.03	277,777.68
Shaanxi Hongrui Home Furnishings Plaza Co., Ltd. (陝西鴻瑞家居生活廣場有限公司)	Revenue from advertising space lease/Administrative expenses	35,079.40	223,016.03
Xuzhou Red Star Macalline Global Home Furnishings Plaza Co., Ltd. (徐州紅星美凱龍全球家居生活廣場有限公司)	Revenue from advertising space lease/Administrative expenses	25,396.80	214,285.64
Shandong Inzone Green Home Co., Ltd. (山東銀座家居有限公司)	Revenue from advertising space lease/Administrative expenses	17,966.36	–
Baoxiang Red Star Macalline (Xiamen) Global Home Furnishing Plaza Company Limited (寶象紅星美凱龍(廈門)全球家居廣場有限公司)	Revenue from advertising space lease/Administrative expenses	9,650.90	1,608.48
Xiamen Baoxiang Red Star Macalline Home Furnishing Plaza Company Limited (廈門寶象紅星美凱龍家居生活廣場有限公司)	Revenue from advertising space lease/Administrative expenses	N/A*	12,232.36
		<b>1,842,852.29</b>	<b>1,269,308.56</b>

*Note:* Related parties provided the Group with advertising space leasing/management services: during the year, the Group entered into transactions with related parties based on market prices.

## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 5. Major Transactions between the Group and Related Parties (continued)

#### (1) Purchase and sale of goods, provision and receipt of services from related parties (continued)

*Purchase of goods and receipt of services from related parties (continued)*

	Details of Transactions	2021	2020
Shanghai Xingyue Property Service Co., Ltd. (上海星悦物業服務有限公司) and its branches	Receipt of services	98,441,663.52	N/A
Shanghai Macalline Property Management Service Co., Ltd. (上海美凱龍物業管理服務有限公司) and its branches	Receipt of services	49,411,799.64	N/A
Zhejiang Tmall Technology Co., Ltd. (浙江天貓技術有限公司)	Receipt of services	43,544,403.19	–
Shanghai Hongxing Cloud Computing Technology Co., Ltd. (上海紅星雲計算科技有限公司)	Receipt of services	32,974,322.67	27,426,971.70
Hangzhou Alimama Software Services Co., Ltd. (杭州阿里媽媽軟件服務有限公司)	Receipt of services	19,530,544.90	–
Shanghai Jiazhan Construction Engineering Company Limited (上海嘉展建築裝潢工程有限公司)	Receipt of services	18,786,788.32	11,655,887.06
Shanghai Xingzhiyu Commercial Management Co., Ltd. (上海星之域商業經營管理有限公司)	Receipt of services	12,647,990.94	12,053,132.23
Alibaba Cloud Computing Co., Ltd. (阿里雲計算有限公司)	Receipt of services	4,157,299.01	3,190,614.40
Shanghai Zhenyang Decoration Co., Ltd. (上海振洋建築裝潢工程有限公司) and its branches	Receipt of services	3,885,878.59	68,025,985.65
Zhejiang Alibaba Communication Technology Co., Ltd. (浙江阿里巴巴通信技術有限公司)	Receipt of services	2,767,445.85	566,037.74
Shenzhen Yatai Macalline Life Space Technology Co., Ltd. (深圳市亞泰美凱龍空間科技有限公司)	Receipt of services	2,070,600.00	1,766,800.00
Shanghai Xincheng'an Construction Co., Ltd. (上海鑫誠安建設有限公司)	Receipt of services	1,156,334.01	–
Beijing Allgf Cultural and Scientific Consultation Co., Ltd. (北京國富縱橫文化科技諮詢股份有限公司)	Receipt of services	1,033,253.89	2,561,347.65
Shenyang Red Star Macalline Property Management Co., Ltd. (瀋陽紅星美凱龍物業管理有限公司)	Receipt of services	611,320.76	648,000.00
Guangzhou Red Star Macalline Expo Home Plaza Co., Ltd. (廣州紅星美凱龍世博家居廣場有限公司)	Receipt of services	599,934.53	142,264.15
Meinian Onehealth Healthcare (Group) Co., Ltd (美年大健康產業(集團)有限公司) and its subsidiaries	Receipt of services	583,531.00	–

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## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 5. Major Transactions between the Group and Related Parties (continued)

#### (1) Purchase and sale of goods, provision and receipt of services from related parties (continued)

*Purchase of goods and receipt of services from related parties (continued)*

	Details of Transactions	2021	2020
Xishuangbanna cloud investment construction Pan Asia Real Estate Co., Ltd. (西雙版納雲投建設泛亞置業有限公司)	Receipt of services	522,322.46	–
Baoshan Red Star Urban and Rural Investment and Real Estate Co., Ltd. (保山紅星城鄉投置業有限公司)	Receipt of services	465,622.70	–
Wuhu Minghui Business Management Co., Ltd. (蕪湖明輝商業管理有限公司)	Receipt of services	303,969.99	171,700.57
Zhejiang Tmall Supply Chain Management Company Limited (浙江天貓供應鏈管理有限公司)	Receipt of services	298,838.40	–
Kunming Hongxing Haihui Real Estate Co., Ltd. (昆明紅星海匯房地產有限公司)	Receipt of services	143,505.67	–
Shenzhen Red Star Macalline Expo Home Plaza Co., Ltd. (深圳紅星美凱龍世博家居廣場有限公司)	Receipt of services	139,962.26	–
Zhejiang Tonight Films Co., Ltd. (浙江龍凱影業有限公司)	Receipt of services	116,858.41	–
Tao Bao (China) Software Co., Ltd. (淘寶(中國)軟件有限公司)	Receipt of services	90,977.60	–
Shanghai Macalline Aijia Property Management Consulting Co., Ltd. (上海美凱龍愛家房地產管理諮詢有限公司)	Receipt of services	61,308.08	–
Chongqing Kaiqin Business Management Co., Ltd. (重慶凱琴商業管理有限公司)	Receipt of services	19,812.46	–
Zigong Aegean Business Management Co., Ltd. (自貢愛琴海商業管理有限公司)	Receipt of services	17,396.72	–
Kunming Guangyuan Real Estate Development Co., Ltd. (昆明廣遠房地產開發有限公司)	Receipt of services	10,830.19	–
Alibaba (Sichuan) Network Technology Co., Ltd. (阿里(四川)網絡技術有限公司)	Receipt of services	9,677.40	–
Yangzhou Kailong Consulting Co., Ltd. (揚州凱龍管理諮詢有限公司)	Receipt of services	7,560.00	–
Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司)	Receipt of services	7,017.42	52,373.23
Changzhou Red Star Furniture General Factory Co., Ltd. (常州市紅星傢俱總廠有限公司)	Receipt of services	–	649,876.07
Yimeijisi Optoelectronics Technology (Fujian) Co., Ltd. (誼美吉斯光電科技(福建)有限公司)	Receipt of services	–	197,020.71
Shenzhen Long Life Basics Sleep Science and Technology Co., Ltd. (深圳市朗樂福睡眠科技有限公司)	Receipt of services	–	141,509.43
Ultimate IOT (Shanghai) Technology Co., Ltd. (超級智慧家(上海)物聯網科技有限公司)	Receipt of services	–	94,930.14



## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 5. Major Transactions between the Group and Related Parties (continued)

#### (1) Purchase and sale of goods, provision and receipt of services from related parties (continued)

*Purchase of goods and receipt of services from related parties (continued)*

	Details of Transactions	2021	2020
Alibaba (China) Network Technology Co., Ltd. (阿里巴巴(中國)網絡技術有限公司)	Receipt of services	–	90,000.00
Fujian Red Star Macalline Property Service Co., Ltd. (福建紅星美凱龍物業服務有限公司)	Receipt of services	–	87,389.50
Baoxiang Red Star Macalline (Xiamen) Global Home Furnishing Plaza Company Limited (寶象紅星美凱龍(廈門)全球家居廣場有限公司)	Receipt of services	–	28,709.75
Hainan Huirui Investment Co., Ltd. (海南暉瑞投資有限公司)	Receipt of services	–	24,752.48
Xiamen Baoxiang Red Star Macalline Home Furnishing Plaza Company Limited (廈門寶象紅星美凱龍家居生活廣場有限公司)	Receipt of services	N/A*	3,301.89
		<b>294,448,473.56</b>	129,578,604.35

*Note:* Related parties provided labor services for the Group: during the year, the Group conducted transactions with related parties based on market prices.

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## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 5. Major Transactions between the Group and Related Parties (continued)

#### (1) Purchase and sale of goods, provision and receipt of services from related parties (continued)

*Sales of goods and rendering of services to related parties*

	Details of Transactions	2021	2020
Danyang Rongjin Hongxing Real Estate Development Co., Ltd. (丹陽市融錦宏星置業發展有限公司)	Sales of goods	19,219,152.12	17,165,388.11
Changxing Ronghao Trading Co., Ltd. (長興榮皓貿易有限公司)	Sales of goods	5,604,144.57	2,775,592.35
Zhanjiang Haixin Meikai Investment Co., Ltd. (湛江市海新美凱投資有限公司)	Sales of goods	5,244,431.31	3,136,419.36
Henan Chenbo Real Estate Co., Ltd. (河南宸博置業有限公司)	Sales of goods	5,154,657.85	4,120,432.37
Shanghai Jingdi Catering Management Co., Ltd. (上海景帝餐飲管理有限公司)	Sales of goods	2,556,270.80	–
Hengshui Xinglong Real Estate Development Co., Ltd. (衡水星龍房地產開發有限公司)	Sales of goods	1,996,910.44	92,527.39
Anka Household Products (Shanghai) Co., Ltd. (安咖家居用品(上海)有限公司)	Sales of goods	1,943,862.39	–
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司)	Sales of goods	1,777,796.34	–
Shanghai Hongxing Cloud Computing Technology Co., Ltd. (上海紅星雲計算科技有限公司)	Sales of goods	1,442,603.62	–
Shenyang Red Star Macalline Property Management Co., Ltd. (瀋陽紅星美凱龍物業管理有限公司) and its branches	Sales of goods	831,858.40	–
Shandong Inzone Green Home Co., Ltd. (山東銀座家居有限公司)	Sales of goods	944,632.76	16,603.77
Shanghai Shimao Macalline Home Technology Co., Ltd. (上海世茂美凱龍家居科技有限公司)	Sales of goods	610,009.15	9,725.62
Yiwu Meilong Real Estate Co., Ltd. (義烏美龍置業有限公司)	Sales of goods	525,609.68	–
Baoxiang Red Star Macalline (Xiamen) Global Home Furnishing Plaza Company Limited (寶象紅星美凱龍(廈門)全球家居廣場有限公司)	Sales of goods	516,049.81	13,528.30

## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 5. Major Transactions between the Group and Related Parties (continued)

#### (1) Purchase and sale of goods, provision and receipt of services from related parties (continued)

*Sales of goods and rendering of services to related parties (continued)*

	Details of Transactions	2021	2020
Cixi Haorui Real Estate Co., Ltd. (慈溪皓瑞置業有限公司)	Sales of goods	453,716.85	2,526,711.00
Shanghai Xingyue Property Service Co., Ltd. (上海星悦物業服務有限公司) and its branches	Sales of goods	433,760.17	–
Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司)	Sales of goods	309,058.40	223,686.72
Qianzhi (Beijing) Cultural Development Co., Ltd. (乾智(北京)文化發展有限公司)	Sales of goods	289,199.99	–
Wuhan Zhengkai Logistics Co., Ltd. (武漢市正凱物流有限公司)	Sales of goods	214,481.42	253,716.81
Suning.com Group Co., Ltd. (蘇寧易購集團股份有限公司) and its subsidiaries	Sales of goods	178,293.35	–
Guangzhou Red Star Macalline Expo Home Plaza Co., Ltd. (廣州紅星美凱龍世博家居廣場有限公司)	Sales of goods	162,412.40	–
Shanghai Macalline Property Management Service Co., Ltd. (上海美凱龍物業管理服務有限公司)	Sales of goods	160,115.04	–
Shanghai Zhenyang Decoration Co., Ltd. (上海振洋建築裝潢工程有限公司) and its branches	Sales of goods	114,292.04	–
Wuhu Minghui Business Management Co., Ltd. (蕪湖明輝商業管理有限公司)	Sales of goods	108,336.28	38,074.94
Hangzhou Nabel Ceramics Co., Ltd. (杭州諾貝爾陶瓷有限公司) and its branches	Sales of goods	96,139.57	11,326.24
Shanghai Huojing Business Management Company Limited (上海或京商業管理有限公司) and its branches	Sales of goods	94,641.77	–
Shanghai Jinyu Investment Consultancy Company Limited (上海錦御投資諮詢有限公司)	Sales of goods	60,176.99	–
Ultimate IOT (Shanghai) Technology Co., Ltd. (超級智慧家(上海)物聯網科技有限公司)	Sales of goods	47,393.17	–

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## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 5. Major Transactions between the Group and Related Parties (continued)

#### (1) Purchase and sale of goods, provision and receipt of services from related parties (continued)

*Sales of goods and rendering of services to related parties (continued)*

	Details of Transactions	2021	2020
Shanghai Weilaishi Decoration Technology Co., Ltd. (上海威來適裝飾科技有限公司)	Sales of goods	40,359.72	25,105.85
Shanghai Xuanyan Enterprise Management Company Limited (上海暄妍企業管理有限公司)	Sales of goods	36,458.00	473,168.14
Shenzhen Red Star Macalline Expo Home Plaza Co., Ltd. (深圳紅星美凱龍世博家居廣場有限公司)	Sales of goods	33,672.57	46,745.47
Guangdong Sanweijia Information Technology Co., Ltd. (廣東三維家信息科技有限公司)	Sales of goods	23,584.91	–
Shaanxi Hongrui Home Furnishings Plaza Co., Ltd. (陝西鴻瑞家居生活廣場有限公司)	Sales of goods	20,362.83	2,654.87
Linyi Inzone Green Home Co., Ltd. (臨沂銀座家居有限公司)	Sales of goods	12,743.36	–
Shengbao (Shanghai) Intelligent Technology Co., Ltd. (晟葆(上海)智能科技有限公司)	Sales of goods	8,383.49	–
Business Division of Nanjing Pukou Lilicheng Furniture (南京市浦口區立力成傢俱經營部)	Sales of goods	8,078.76	–
Asia New Materials (Beijing) Building Materials Co., Ltd. (亞細亞新材(北京)建築材料有限公司)	Sales of goods	4,867.25	–
Jinan Xinglong Real Estate Development Co., Ltd. (濟南星龍房地產開發有限公司)	Sales of goods	–	2,759,571.11
Shanghai Macalline Seven Star Hotel Management Co., Ltd. (上海美凱龍七星酒店管理有限公司)	Sales of goods	–	1,274,336.28
Xiangshan Meilong Real Estate Co., Ltd. (象山美龍置業有限公司)	Sales of goods	–	610,000.00
Xiangshan Xinglong Real Estate Co., Ltd. (象山星龍置業有限公司)	Sales of goods	–	539,822.96
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司)	Sales of goods	–	507,411.50

## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 5. Major Transactions between the Group and Related Parties (continued)

#### (1) Purchase and sale of goods, provision and receipt of services from related parties (continued)

*Sales of goods and rendering of services to related parties (continued)*

	Details of Transactions	2021	2020
Yuyao Xingkai Real Estate Co., Ltd. (余姚星凱置業有限公司)	Sales of goods	–	392,706.27
Shanxi Red Star New World Real Estate Co., Ltd. (山西紅星新世界置業有限公司)	Sales of goods	–	260,310.00
Tianjin Macalline Real Estate Co., Ltd. (天津美凱龍置業有限公司)	Sales of goods	–	260,176.91
Shanghai Liehu Management Consulting Center (Limited Partnership) (上海獵戶管理諮詢中心(有限合夥))	Sales of goods	–	105,015.93
Yangzhou Red Star Macalline Global Home Furnishings Plaza Property Co., Ltd. (揚州紅星美凱龍全球家居生活廣場置業有限公司)	Sales of goods	–	97,345.13
Liuzhou Red Star Macalline Real Estate Co., Ltd. (柳州紅星美凱龍置業有限公司)	Sales of goods	–	75,000.00
Suzhou Macalline Aijia Internet Technology Co., Ltd. (蘇州美凱龍愛家互聯網科技有限公司)	Sales of goods	–	53,097.35
Hefei Macalline Aijia Internet Technology Co., Ltd. (合肥美凱龍愛家互聯網科技有限公司)	Sales of goods	–	53,097.35
Shanghai Mixing Catering Management Co., Ltd. (上海覓星餐飲管理有限公司)	Sales of goods	–	29,938.05
Shanghai Xinxing Catering Management Co., Ltd. (上海忝星餐飲管理有限公司)	Sales of goods	–	29,938.05
Tianjin Kailong Real Estate Co., Ltd. (天津凱龍置業有限公司)	Sales of goods	–	8,490.48
Klas International Home Living Company Limited (克拉斯國際家居有限公司)	Sales of goods	N/A	743.36
Xiamen Baoxiang Red Star Macalline Home Furnishing Plaza Company Limited (廈門寶象紅星美凱龍家居生活廣場有限公司)	Sales of goods	N/A*	60,723.00
		<b>51,278,517.57</b>	<b>38,049,131.04</b>

*Note:* Sales of goods to related parties: during the year, the Group conducted transactions with related parties based on market prices.

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## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 5. Major Transactions between the Group and Related Parties (continued)

#### (1) Purchase and sale of goods, provision and receipt of services from related parties (continued)

*Sales of goods and rendering of services to related parties (continued)*

	Details of Transactions	2021	2020
Zhanjiang Haixin Meikai Investment Co., Ltd. (湛江市海新美凱投資有限公司)	Rendering of services	128,667,983.08	–
Quzhou Huicheng Ole Business Management Co., Ltd. (衢州市慧城奧萊商業管理有限公司)	Rendering of services	23,161,657.81	–
Xishuangbanna cloud investment construction Pan Asia Real Estate Co., Ltd. (西雙版納雲投建設泛亞置業有限公司)	Rendering of services	10,383,997.40	7,699,291.25
Jinhua Hangkai Real Estate Co., Ltd. (金華航凱置業有限公司)	Rendering of services	9,721,634.60	–
Shanghai Xingyue Property Service Co., Ltd. (上海星悅物業服務有限公司) and its branches	Rendering of services	8,406,917.43	–
Zhejiang Tmall Technology Co., Ltd. (浙江天貓技術有限公司)	Rendering of services	8,117,675.25	1,467,981.20
Ganzhou Kaiyue Real Estate Co., Ltd. (贛州凱越置業有限公司)	Rendering of services	6,925,660.30	–
Hangzhou Nabel Ceramics Co., Ltd. (杭州諾貝爾陶瓷有限公司) and its branches	Rendering of services	6,877,363.62	1,155,065.47
Suqian Xingkai Real Estate Development Co., Ltd. (宿遷星凱房地產開發有限公司)	Rendering of services	6,308,194.98	–
Hengshui Xinglong Real Estate Development Co., Ltd. (衡水星龍房地產開發有限公司)	Rendering of services	3,718,327.59	2,980,169.91
Shenzhen Red Star Macalline Business Management Company Limited (深圳紅星美凱龍商業管理有限公司)	Rendering of services	2,709,620.71	2,830.19
Shanghai Macalline Property Management Service Co., Ltd. (上海美凱龍物業管理服務有限公司)	Rendering of services	2,286,468.83	–
Shanghai Macalline Aijia Real Estate Management Consulting Co., Ltd. (上海美凱龍愛家房地產管理諮詢有限公司)	Rendering of services	2,192,214.26	1,411,862.18
Changzhou Aegean Ole Business Management Co., Ltd. (常州愛琴海奧萊商業管理有限公司)	Rendering of services	2,140,707.49	–
Shanghai Xingzhiyu Commercial Management Co., Ltd. (上海星之域商業經營管理有限公司)	Rendering of services	2,050,921.87	2,272,861.09

## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 5. Major Transactions between the Group and Related Parties (continued)

#### (1) Purchase and sale of goods, provision and receipt of services from related parties (continued)

*Sales of goods and rendering of services to related parties (continued)*

	Details of Transactions	2021	2020
Shuyang Xinglong Real Estate Development Co., Ltd. (沅陽星龍房地產開發有限公司)	Rendering of services	1,853,787.80	3,020,796.86
Shanghai Aegean Business Management Co., Ltd. (上海愛琴海商務管理有限公司)	Rendering of services	1,149,056.62	–
Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司)	Rendering of services	446,462.26	–
Shanghai Kaixin Cinema Management Co., Ltd. (上海凱昕影院管理有限公司)	Rendering of services	388,414.45	330,660.42
Kunming Hongxing Haihui Real Estate Co., Ltd. (昆明紅星海匯房地產有限公司)	Rendering of services	348,142.91	1,825,952.14
Guangzhou Red Star Macalline Expo Home Plaza Co., Ltd. (廣州紅星美凱龍世博家居廣場有限公司)	Rendering of services	264,150.94	2,830.19
Tianjin Hongxing Pacific Cinema Management Co., Ltd. (天津紅星太平洋影院管理有限公司)	Rendering of services	246,981.76	58,175.47
Shanghai Linsai Fitness Club Co., Ltd. (上海林賽健身俱樂部有限公司) and its branches	Rendering of services	231,320.75	166,660.52
Shanghai Linglong Fitness Club Co., Ltd. (上海玲瓏健身俱樂部有限公司)	Rendering of services	225,260.63	–
Suzhou Hongmei Cinema Management Co., Ltd. (蘇州紅美影院管理有限公司)	Rendering of services	203,351.16	52,830.18
Changzhou Hongmei Cinema Management Co., Ltd. (常州紅美影院管理有限公司)	Rendering of services	189,012.28	119,549.51
Shanghai Xinxing Catering Management Co., Ltd. (上海忝星餐飲管理有限公司)	Rendering of services	152,110.90	–
Ultimate IOT (Shanghai) Technology Co., Ltd. (超級智慧家(上海)物聯網科技有限公司)	Rendering of services	150,374.94	–
Tianjin Laina Huakai Film Co., Ltd. (天津萊納華開影業有限公司)	Rendering of services	144,594.09	59,147.48

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## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 5. Major Transactions between the Group and Related Parties (continued)

#### (1) Purchase and sale of goods, provision and receipt of services from related parties (continued)

*Sales of goods and rendering of services to related parties (continued)*

	Details of Transactions	2021	2020
Shanghai Huojing Business Management Company Limited (上海或京商業管理有限公司) and its branches	Rendering of services	140,904.44	139,313.93
Shanghai Linwu Fitness Club Co., Ltd. (上海林戎健身俱樂部有限公司)	Rendering of services	140,094.34	321,033.97
Qingdao Dana International Studios Co., Ltd. (青島德納國際影城有限公司)	Rendering of services	139,528.28	115,259.06
Shanghai Red Star Macalline Real Estate Co. Ltd. (上海紅星美凱龍置業有限公司)	Rendering of services	129,007.89	202,707.52
Yixing Yimei Studios Co., Ltd. (宜興逸美影城有限公司)	Rendering of services	116,912.58	62,475.42
Suzhou Kaimei Cinema Management Co., Ltd. (蘇州凱美影院管理有限公司)	Rendering of services	116,649.08	115,005.06
Yixing Chenxing Digital Cinema Co., Ltd. (宜興市晨興數字影院有限公司)	Rendering of services	104,256.83	51,626.69
Shengbao (Shanghai) Intelligent Technology Co., Ltd. (晟葆(上海)智能科技有限公司)	Rendering of services	101,578.03	–
Shanghai Lingsi Fitness Club Co., Ltd. (上海玲思健身俱樂部有限公司)	Rendering of services	83,262.27	120,754.72
Shanghai Lingyi Beauty Body Co., Ltd. (上海玲逸美容美體有限公司)	Rendering of services	80,398.43	–
Ningbo Kaixing Cinema Management Co., Ltd. (寧波凱星影院管理有限公司)	Rendering of services	76,507.43	93,842.66
Tianjin Cameo Film Co., Ltd. (天津卡美奧影業有限公司)	Rendering of services	70,009.42	18,743.40
Xiaogan Honghe Studios Management Co., Ltd. (孝感泓河影城管理有限公司)	Rendering of services	68,858.46	29,945.22
Shanghai Aegean Ole Business Management Co., Ltd. (上海愛琴海奧萊商業管理有限公司)	Rendering of services	65,796.24	48,149.73



## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 5. Major Transactions between the Group and Related Parties (continued)

#### (1) Purchase and sale of goods, provision and receipt of services from related parties (continued)

*Sales of goods and rendering of services to related parties (continued)*

	Details of Transactions	2021	2020
Jinhua Jiayi Film Co., Ltd. (金華市佳藝影業有限公司)	Rendering of services	59,660.36	85,830.52
Shanghai Weilaishi Decoration Technology Company Limited (上海威來適裝飾科技有限公司)	Rendering of services	52,686.79	–
Shanghai Macalline Seven Star Hotel Management Co., Ltd. (上海美凱龍七星酒店管理有限公司)	Rendering of services	35,330.19	61,332.08
Shanghai Xingchen Interactive Entertainment Technology Co., Ltd. (上海星琛互動娛樂科技有限公司)	Rendering of services	32,236.39	68,603.76
Xiangshan Kaisheng Real Estate Co., Ltd. (象山凱勝置業有限公司)	Rendering of services	29,953.10	–
Xuzhou Red Star Macalline Global Home Furnishings Plaza Co., Ltd. (徐州紅星美凱龍全球家居生活廣場有限公司)	Rendering of services	28,301.89	565,500.31
Shenzhen Red Star Macalline Home Furnishing Plaza Company Limited (深圳紅星美凱龍家居生活廣場有限公司)	Rendering of services	28,301.89	114,956.91
Shanghai Huangpu Red Star Microfinance Co., Ltd. (上海黃浦紅星小額貸款有限公司)	Rendering of services	24,905.70	22,415.13
Anka Household Products (Shanghai) Co., Ltd. (安咖家居用品(上海)有限公司)	Rendering of services	23,056.80	–
Wuhu Minghui Business Management Co., Ltd. (蕪湖明輝商業管理有限公司)	Rendering of services	14,150.94	–
Kunming Guangyuan Real Estate Development Co., Ltd. (昆明廣遠房地產開發有限公司)	Rendering of services	13,537.74	448,582.64
Shanghai Hongxin Cinema Management Co., Ltd. (上海紅昕影院管理有限公司)	Rendering of services	11,320.75	9,383.02
Shanghai Hongkaixing Cinema Management Co., Ltd. (上海紅凱星影院管理有限公司)	Rendering of services	11,320.75	–
Shanghai Xingkai Cinema Management Co., Ltd. (上海星凱影院管理有限公司)	Rendering of services	9,433.96	6,603.77

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## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 5. Major Transactions between the Group and Related Parties (continued)

#### (1) Purchase and sale of goods, provision and receipt of services from related parties (continued)

*Sales of goods and rendering of services to related parties (continued)*

	Details of Transactions	2021	2020
Shanghai Meiying Enterprise Management Co., Ltd. (上海美影企業管理有限公司)	Rendering of services	7,547.17	7,221.70
Shanghai Red Star Macalline Financial Leasing Company Limited (上海紅星美凱龍融資租賃有限公司)	Rendering of services	5,094.34	–
Jiangsu Baili Aijia Home Technology Co., Ltd. (江蘇佰麗愛家家居科技有限公司)	Rendering of services	3,172.78	–
Shanghai Tianhe Smart Home Technology Company Ltd.(上海天合智能科技股份有限公司)and its branches	Rendering of services	3,000.15	48,044.34
Changzhou Red Star Furniture General Factory Co., Ltd. (常州市紅星傢俱總廠有限公司)	Rendering of services	2,699.10	–
Shanghai Xinxin Information Technology Co., Ltd. (上海歆璽信息科技有限公司)	Rendering of services	943.40	–
Henan Chenbo Real Estate Co., Ltd. (河南宸博置業有限公司)	Rendering of services	–	9,536,852.92
Xining Red Star Macalline Real Estate Development Co., Ltd. (西寧紅星美凱龍房地產開發有限公司)	Rendering of services	–	9,178,261.23
Shanghai CTME Economy & Trade Development Co., Ltd. (上海中貿美凱龍經貿發展有限公司)	Rendering of services	–	6,838,489.43
Zhejiang Zhongguang Electric Appliances Co., Ltd. (浙江中廣電器股份有限公司)	Rendering of services	–	1,650,943.38
Liuzhou Red Star Macalline Real Estate Co., Ltd. (柳州紅星美凱龍置業有限公司)	Rendering of services	–	1,630,389.10
Xiangshan Meilong Real Estate Co., Ltd. (象山美龍置業有限公司)	Rendering of services	–	1,603,541.18
Taiyuan Shuangming Kailong Real Estate Development Co., Ltd. (太原雙明凱龍房地產開發有限公司)	Rendering of services	–	1,000,422.88
Shenzhen Huasheng Home Furnishing Group Co., Ltd. (深圳華生大家居集團有限公司)	Rendering of services	–	786,163.52

## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 5. Major Transactions between the Group and Related Parties (continued)

#### (1) Purchase and sale of goods, provision and receipt of services from related parties (continued)

*Sales of goods and rendering of services to related parties (continued)*

	Details of Transactions	2021	2020
Changzhou Xingchen Interactive Entertainment Co., Ltd. (常州星琛娛樂科技有限公司)	Rendering of services	–	106,129.56
SleepMaker (Shenzhen) Company Limited (造夢者家居(深圳)有限公司)	Rendering of services	N/A	69,998.47
Shanghai Longhong Cinema Management Co., Ltd. (上海龍紅影院管理有限公司)	Rendering of services	–	58,490.56
Baoxiang Red Star Macalline (Xiamen) Global Home Plaza Co., Ltd. (寶象紅星美凱龍(廈門)全球家居廣場有限公司)	Rendering of services	–	29,107.08
Shanghai Zhenyang Decoration Co., Ltd. (上海振洋建築裝潢工程有限公司) and its branches	Rendering of services	–	23,775.61
Shanghai Mixing Catering Management Co., Ltd. (上海覓星餐飲管理有限公司)	Rendering of services	–	20,509.66
Shanghai Kaihong Cinema Management Co., Ltd. (上海凱紅影院管理有限公司)	Rendering of services	–	15,974.52
Shanghai Xinhong Cinema Management Co., Ltd. (上海昕紅影院管理有限公司)	Rendering of services	–	12,594.34
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司)	Rendering of services	–	14,969.80
Kaiqianjia Enterprise Management Co., Ltd. (凱乾嘉企業管理有限公司)	Rendering of services	–	6,650.00
Qingdao Hongying Cinema Management Co., Ltd. (青島紅影影院管理有限公司)	Rendering of services	–	5,943.40
Shanghai Xinglong Cinema Management Co., Ltd. (上海星龍影院管理有限公司)	Rendering of services	–	2,830.19
Shanghai Yunshen Intelligent Technology Co., Ltd. (上海雲紳智能科技有限公司)	Rendering of services	–	2,150.94
		<b>231,492,784.62</b>	<b>57,978,183.39</b>

*Note:* Rendering of services to related parties: during the year, the Group conducted transactions with related parties based on market prices.

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## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 5. Major Transactions between the Group and Related Parties (continued)

#### (1) Purchase and sale of goods, provision and receipt of services from related parties (continued)

*Sales of goods and rendering of services to related parties (continued)*

	Details of Transactions	2021	2020
Handan Fengfengkuang District Royal Property Development Company Limited (邯鄲市峰峰礦區皇室房地產開發有限公司)	Consultation fees for previous period	N/A	30,491,190.42
Jining Hongrui Market Management Company Limited (濟寧鴻瑞市場經營管理有限公司)	Brand management service	4,600,637.95	4,139,480.78
Greenland Group Chengdu Jinniu Real Estate Development Co., Ltd. (綠地集團成都金牛房地產開發有限公司)	Brand management service	3,773,584.90	3,816,662.34
Xuzhou Red Star Macalline Global Home Furnishings Plaza Co., Ltd. (徐州紅星美凱龍全球家居生活廣場有限公司)	Brand management service	3,623,263.21	2,680,817.58
Wuhan Zhengkai Logistics Co., Ltd. (武漢市正凱物流有限公司)	Brand management service	2,830,188.68	2,830,188.68
Shaanxi Hongrui Home Furnishings Plaza Co., Ltd. (陝西鴻瑞家居生活廣場有限公司)	Brand management service	2,830,188.68	2,594,339.62
Yangzhou Red Star Macalline Global Home Furnishings Plaza Property Co., Ltd. (揚州紅星美凱龍全球家居生活廣場置業有限公司)	Brand management service	2,830,188.68	2,594,339.62
Xuzhou Red Star Macalline International Furniture Decoration City Co., Ltd. (徐州紅星美凱龍國際傢俱裝飾城有限公司)	Brand management service	1,792,452.83	1,643,081.74
Wuhu Minghui Business Management Co., Ltd. (蕪湖明輝商業管理有限公司)	Brand management service	158,062.81	2,751,603.77
		<b>22,438,567.74</b>	53,541,704.55

*Note:* Provision of brand management services for related parties: during the year, the Group conducted transactions with related parties based on market prices.

## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 5. Major Transactions between the Group and Related Parties (continued)

#### (1) Purchase and sale of goods, provision and receipt of services from related parties (continued)

*Sales of goods and rendering of services to related parties (continued)*

	Details of Transactions	2021	2020
Xining Aegean Real Estate Development Co., Ltd. (西寧愛琴海房地產開發有限公司)	Service income	72,418,283.48	38,534,925.50
Chongqing Jinke Zhongjun Real Estate Development Co., Ltd. (重慶金科中俊房地產開發有限公司)	Service income	51,179,427.06	106,480,005.68
Shanghai Luochang Enterprise Management Co., Ltd. (上海洛昶企業管理有限公司)	Service income	19,494,685.49	46,008,051.21
Zhanjiang Haixin Meikai Investment Co., Ltd. (湛江市海新美凱投資有限公司)	Service income	12,869,461.24	29,528,784.47
Shanghai Hongxing Cloud Computing Technology Co., Ltd. (上海紅星雲計算科技有限公司)	Service income	8,061,037.73	–
Shanghai CTME Economy & Trade Development Co., Ltd. (上海中貿美凱龍經貿發展有限公司)	Service income	6,707,923.41	–
Xishuangbanna cloud investment construction Pan Asia Real Estate Co., Ltd. (西雙版納雲投建設泛亞置業有限公司)	Service income	6,550,873.28	55,986,514.88
Shenzhen Long Life Basics Sleep Science and Technology Co., Ltd. (深圳市朗樂福睡眠科技有限公司)	Service income	4,074,876.75	3,822,830.19
Hengshui Xinglong Real Estate Development Co., Ltd. (衡水星龍房地產開發有限公司)	Service income	3,928,405.15	–
Wuhu Meihe Asset Management Company Limited (蕪湖美和資產管理有限公司)	Service income	3,144,654.09	3,773,584.92
Hangzhou Nabel Ceramics Co., Ltd. (杭州諾貝爾陶瓷有限公司) and its branches	Service income	2,882,330.00	3,573,541.49
Anhui Tenghui Investment Group Hefei Co., Ltd. (安徽騰輝投資集團合肥有限公司)	Service income	2,869,354.18	–
LEAWOD Door and Window Group Co., Ltd. (良木道門窗集團有限公司)	Service income	1,751,150.10	–
Ultimate IOT (Shanghai) Technology Co., Ltd. (超級智慧家(上海)物聯網科技有限公司)	Service income	645,067.84	273,789.07

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## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 5. Major Transactions between the Group and Related Parties (continued)

#### (1) Purchase and sale of goods, provision and receipt of services from related parties (continued)

*Sales of goods and rendering of services to related parties (continued)*

	Details of Transactions	2021	2020
Yunnan Red Star Macalline Property Management Co., Ltd. (雲南紅星美凱龍物業管理有限公司)	Service income	467,262.03	666,518.03
Beijing Allgf Cultural and Scientific Consultation Co., Ltd. (北京國富縱橫文化科技諮詢股份有限公司)	Service income	360,566.03	–
Zhengzhou Xingbo Real Estate Development Co., Ltd. (鄭州星鉞房地產開發有限公司)	Service income	354,013.76	–
Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司)	Service income	215,719.29	489,847.53
Shenzhen Red Star Macalline Expo Home Plaza Co., Ltd. (深圳紅星美凱龍世博家居廣場有限公司)	Service income	129,864.72	–
Shanghai Zhongyide Trading Company Limited (上海眾意得商貿有限公司)	Service income	91,981.13	–
Shenyang Red Star Macalline Property Management Co., Ltd. (瀋陽紅星美凱龍物業管理有限公司) and its branches	Service income	84,905.66	410,586.08
Wuhu Minghui Business Management Co., Ltd. (蕪湖明輝商業管理有限公司)	Service income	56,160.45	434.37
Business Division of Nanjing Pukou Lilicheng Furniture (南京市浦口區立力成傢俱經營部)	Service income	30,520.27	134,630.71
Wuhan Zhengkai Logistics Co., Ltd. (武漢市正凱物流有限公司)	Service income	28,301.89	–
Shanghai Red Star Jinghai Commercial Management Co., Ltd. (上海紅星晶海商業管理有限公司)	Service income	17,623.76	21,782.18
Shanghai Xingzhiyun Business Information Consulting Co., Ltd. (上海星之韻商務信息諮詢有限公司)	Service income	11,881.19	–
Beijing Smart Parking Service Co., Ltd. (北京智泊停車服務有限公司)	Service income	11,845.09	3,636.85
Asia New Materials (Beijing) Building Materials Co., Ltd. (亞細亞新材(北京)建築材料有限公司)	Service income	11,056.04	–

## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 5. Major Transactions between the Group and Related Parties (continued)

#### (1) Purchase and sale of goods, provision and receipt of services from related parties (continued)

*Sales of goods and rendering of services to related parties (continued)*

	Details of Transactions	2021	2020
Shanghai Xingyin Hai Industrial Co., Ltd. (上海星銀海實業有限公司)	Service income	10,693.07	33,663.37
Shanghai Zhenyang Decoration Co., Ltd. (上海振洋建築裝潢工程有限公司) and its branches	Service income	5,246.07	29,999.55
Shanghai Aegean Commercial Group Co., Ltd. (上海愛琴海商業集團股份有限公司)	Service income	3,564.36	124,950.50
Baoxiang Red Star Macalline (Xiamen) Global Home Plaza Co., Ltd. (寶象紅星美凱龍(廈門)全球家居廣場有限公司)	Service income	2,264.15	–
Shanghai Xinxi Information Technology Co., Ltd. (上海歆璽信息科技有限公司)	Service income	1,886.79	–
Chongqing Red Star Macalline Enterprise Development Co., Ltd. (重慶紅星美凱龍企業發展有限公司)	Service income	1,782.18	23,960.40
Yangzhou Kailong Consulting Co., Ltd. (揚州凱龍管理諮詢有限公司)	Service income	997.24	77.48
Shengbao (Shanghai) Intelligent Technology Co., Ltd. (晟葆(上海)智能科技有限公司)	Service income	566.04	–
Taiyuan Red Star Weiye Property Development and Management Co., Ltd. (太原紅星偉業房地產開發經營有限公司)	Service income	300.00	–
Shaanxi Hongrui Home Furnishings Plaza Co., Ltd. (陝西鴻瑞家居生活廣場有限公司)	Service income	36.32	67,681.40
Xiamen Baoxiang Red Star Macalline Home Furnishing Plaza Company Limited (廈門寶象紅星美凱龍家居生活廣場有限公司)	Service income	N/A*	10,741.75
Klas International Home Living Company Limited (克拉斯國際家居有限公司)	Service income	N/A	252,071.32
Changchun Red Star Macalline Real Estate Development Co., Ltd. (長春紅星美凱龍房地產開發有限公司)	Service income	–	11,851,447.44
Baoshan Red Star Urban and Rural Investment and Real Estate Co., Ltd. (保山紅星城鄉投資置業有限公司)	Service income	–	10,843,035.11

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## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 5. Major Transactions between the Group and Related Parties (continued)

#### (1) Purchase and sale of goods, provision and receipt of services from related parties (continued)

*Sales of goods and rendering of services to related parties (continued)*

	Details of Transactions	2021	2020
Shenzhen Red Star Macalline Business Management Company Limited (深圳紅星美凱龍商業管理有限公司)	Service income	–	2,319,144.60
Xiangshan Kaisheng Real Estate Co., Ltd. (象山凱勝置業有限公司)	Service income	–	2,078,332.29
Shanghai Red Star Win-Win Cloud Computing Technology Co., Ltd. (上海紅星共贏雲計算科技有限公司)	Service income	–	1,106,018.87
Taiyuan Shuangmingzhikun Real Estate Development Co., Ltd. (太原雙明智坤房地產開發有限公司)	Service income	–	910,384.82
Shengbao (Shanghai) Furniture Co., Ltd. (晟葆(上海)傢俱有限公司)	Service income	–	574,412.84
Brewster Wallpaper International Trading (Shanghai) Co., Ltd. (布魯斯特牆紙國際貿易(上海)有限公司)	Service income	–	314,465.40
Tianjin Kailong Real Estate Co., Ltd. (天津凱龍置業有限公司)	Service income	–	258,130.34
Xiangshan Meilong Real Estate Co., Ltd. (象山美龍置業有限公司)	Service income	–	186,688.82
Shanghai Weilaishi Decoration Technology Company Limited (上海威來適裝飾科技有限公司)	Service income	–	109,168.51
Suzhou Supin Home Culture Co., Ltd. (蘇州市蘇品宅配文化有限公司)	Service income	–	89,622.64
Jiangsu Baili Aijia Home Technology Co., Ltd. (江蘇佰麗愛家家居科技有限公司)	Service income	–	67,655.55
Changzhou Red Star Furniture General Factory Co., Ltd. (常州市紅星傢俱總廠有限公司)	Service income	–	59,896.18
Ningbo Qiangshang Home Living Company Limited (寧波牆尚家居有限公司)	Service income	–	46,303.96
Shandong Inzone Green Home Co., Ltd. (山東銀座家居有限公司)	Service income	–	37,735.85



## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 5. Major Transactions between the Group and Related Parties (continued)

#### (1) Purchase and sale of goods, provision and receipt of services from related parties (continued)

*Sales of goods and rendering of services to related parties (continued)*

	Details of Transactions	2021	2020
Jiangyin Tishang Home Furnishing Co., Ltd. (江陰提尚家居有限公司)	Service income	–	6,621.01
Shanghai Macalline Aijia Internet Technology Co., Ltd. (上海美凱龍愛家互聯網科技有限公司)	Service income	–	5,560.38
Shanghai Shuxiang Business Management Co., Ltd. (上海曙香商務管理有限公司)	Service income	–	3,960.40
Chongqing Mengxiang Island Ocean Park Management Co., Ltd. (重慶夢享島海洋公園管理有限公司)	Service income	–	3,564.36
Shenzhen Red Star Macalline Home Furnishing Plaza Company Limited (深圳紅星美凱龍家居生活廣場有限公司)	Service income	–	404.06
Xuzhou Red Star Macalline Global Home Furnishings Plaza Co., Ltd. (徐州紅星美凱龍全球家居生活廣場有限公司)	Service income	–	22.80
		<b>198,476,567.33</b>	321,125,185.16

*Note:* Rendering services to related parties: during the year, the Group conducted transactions with related parties based on market prices.

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## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 5. Major Transactions between the Group and Related Parties (continued)

#### (1) Purchase and sale of goods, provision and receipt of services from related parties (continued)

*Sales of goods and rendering of services to related parties (continued)*

	Details of Transactions	2021	2020
Chongqing Kaishuang Real Estate Development Co., Ltd. (重慶凱雙房地產開發有限公司)	Design consultation income	14,716,981.19	–
Quzhou Huicheng Ole Business Management Co., Ltd. (衢州市慧城奧萊商業管理有限公司)	Design consultation income	12,534,905.67	–
Baoshan Red Star Urban and Rural Investment and Real Estate Co., Ltd. (保山紅星城鄉投資置業有限公司)	Design consultation income	11,057,440.80	–
Changchun Red Star Macalline Real Estate Development Co., Ltd. (長春紅星美凱龍房地產開發有限公司)	Design consultation income	8,743,235.94	–
Taiyuan Red Star Weiye Property Development and Management Co., Ltd. (太原紅星偉業房地產開發經營有限公司)	Design consultation income	4,104,410.39	1,094,528.30
Suqian Xingkai Real Estate Development Co., Ltd. (宿遷星凱房地產開發有限公司)	Design consultation income	3,990,090.42	–
Xining Red Star Macalline Real Estate Development Co., Ltd. (西寧紅星美凱龍房地產開發有限公司)	Design consultation income	3,943,188.04	–
Cixi Xingkai Real Estate Co., Ltd. (慈溪星凱置業有限公司)	Design consultation income	3,252,452.83	809,716.98
Xuzhou Maoxing Real Estate Co., Ltd. (徐州茂星置業有限公司)	Design consultation income	2,962,264.15	849,056.60
Shuyang Xinglong Real Estate Development Co., Ltd. (沭陽星龍房地產開發有限公司)	Design consultation income	2,902,443.40	1,187,363.21
Henan Chenbo Real Estate Co., Ltd. (河南宸博置業有限公司)	Design consultation income	2,810,361.89	–
Taiyuan Shuangming Kailong Real Estate Development Co., Ltd. (太原雙明凱龍房地產開發有限公司)	Design consultation income	2,781,952.13	–
Zhanjiang Haixin Meikai Investment Co., Ltd. (湛江市海新美凱投資有限公司)	Design consultation income	2,588,297.17	11,078,201.69
Changzhou Yuanhong Real Estate Co., Ltd. (常州遠弘置業有限公司)	Design consultation income	1,971,547.20	2,808,811.34

## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 5. Major Transactions between the Group and Related Parties (continued)

#### (1) Purchase and sale of goods, provision and receipt of services from related parties (continued)

*Sales of goods and rendering of services to related parties (continued)*

	Details of Transactions	2021	2020
Taiyuan Shuangmingzhikun Real Estate Development Co., Ltd. (太原雙明智坤房地產開發有限公司)	Design consultation income	1,689,514.66	–
Yiwu Meilong Real Estate Co., Ltd. (義烏美龍置業有限公司)	Design consultation income	1,404,256.61	2,330,518.87
Xiangshan Meilong Real Estate Co., Ltd. (象山美龍置業有限公司)	Design consultation income	582,881.39	–
Jining Kaixing Shopping Plaza Co., Ltd. (濟寧凱星購物廣場有限公司)	Design consultation income	566,037.74	3,207,547.18
Yancheng Kailong Property Company Limited (鹽城凱龍置業有限公司)	Design consultation income	545,754.72	1,730,188.68
Tianjin Meilong Real Estate Development Co., Ltd. (天津美龍房地產開發有限公司)	Design consultation income	438,679.24	1,096,698.11
Hengshui Xinglong Real Estate Co., Ltd. (衡水星龍房地產有限公司)	Design consultation income	371,445.28	–
Chongqing Jinke Zhongjun Real Estate Development Co., Ltd. (重慶金科中俊房地產開發有限公司)	Design consultation income	347,264.15	–
Jinan Xinglong Real Estate Development Co., Ltd. (濟南星龍房地產開發有限公司)	Design consultation income	330,188.68	1,981,132.08
Shaoxing Xingkai Real Estate Co., Ltd. (紹興星凱置業有限公司)	Design consultation income	200,132.45	–
Nantong Xinglong Real Estate Development Co., Ltd. (南通星龍房地產開發有限公司)	Design consultation income	150,943.40	2,113,207.55
Shenzhen Red Star Macalline Business Management Company Limited (深圳紅星美凱龍商業管理有限公司)	Design consultation income	15,051.42	1,281,647.17
Shanghai Macalline Property Management Service Co., Ltd. (上海美凱龍物業管理服務有限公司)	Design consultation income	4,094.91	–
Yangzhou Xinglong Real Estate Development Co., Ltd. (揚州星龍房地產開發有限公司)	Design consultation income	–	9,433,962.26

# 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	2021	2020
Tianjin Xingkai Real Estate Development Co., Ltd. (天津星凱房地產開發有限公司)	Design consultation income	–	2,122,641.51
Nanning Haoran Real Estate Co., Ltd. (南昌浩然置業有限公司)	Design consultation income	–	1,771,698.12
Ganzhou Kaiyue Real Estate Co., Ltd. (贛州凱越置業有限公司)	Design consultation income	–	1,132,075.48
Suzhou Red Star Macalline Real Estate Development Co., Ltd. (蘇州紅星美凱龍房地產開發有限公司)	Design consultation income	–	257,207.55
Liuzhou Red Star Macalline Real Estate Co., Ltd. (柳州紅星美凱龍置業有限公司)	Design consultation income	–	183,943.40
		<b>85,005,815.85</b>	46,470,146.08

*Note:* Provision of design consultation services for related parties: during the year, the Group conducted transactions with related parties based on market prices.

## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 5. Major Transactions between the Group and Related Parties (continued)

#### (2) Leases with related party

As lessors

	Type of leased assets	2021	2020
Shanghai Xingzhiyu Commercial Management Co., Ltd. (上海星之域商業經營管理有限公司)	Office	51,260,168.81	43,256,990.85
Shanghai Macalline Seven Star Hotel Management Co., Ltd. (上海美凱龍七星酒店管理有限公司)	Office	1,315,165.44	–
Changzhou Longyao Equity Investment Management Co., Ltd. (常州龍耀股權投資管理有限公司)	Office	33,483.48	30,693.24
Changzhou Yizhi International Trade Co., Ltd. (常州市藝致國際貿易有限公司)	Office	30,004.71	5,294.04
Zhengzhou Xingbo Real Estate Development Co., Ltd. (鄭州星鉞房地產開發有限公司)	Office	–	337,155.93
Klas International Home Living Company Limited (克拉斯國際家居有限公司)	Shop(s) in shopping mall	N/A	5,941,342.98
Shanghai Huojing Business Management Company Limited (上海或京商業管理有限公司)and its branches	Shop(s) in shopping mall	–	–
Shanghai Zhenyang Decoration Co., Ltd. (上海振洋建築裝潢工程有限公司)and its branches	Shop(s) in shopping mall	–	427,625.99
Hangzhou Nabel Ceramics Co., Ltd.(杭州諾貝爾陶瓷有限公司)and its branches	Shop(s) in shopping mall	9,845,808.32	7,492,367.12
Ultimate IOT (Shanghai) Technology Co., Ltd. (超級智慧家(上海)物聯網科技有限公司)	Shop(s) in shopping mall	5,681,740.83	4,637,199.23
Meinian Onehealth Healthcare (Group) Co., Ltd.(美年大健康產業(集團)股份有限公司)and its subsidiaries	Shop(s) in shopping mall	3,924,983.87	–
Shengbao (Shanghai) Intelligent Technology Co., Ltd. (晟葆(上海)智能科技有限公司)	Shop(s) in shopping mall	3,225,032.32	–
Shanghai Huojing Business Management Company Limited (上海或京商業管理有限公司)and its branches	Shop(s) in shopping mall	2,208,953.13	1,799,383.98
Suning.com Group Co., Ltd. (蘇寧易購集團股份有限公司)and its subsidiaries	Shop(s) in shopping mall	1,120,536.46	–
Mex Smart Home (Shen Zhen) Co., Ltd. (美時智能家居(深圳)有限公司)	Shop(s) in shopping mall	698,780.50	–

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## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 5. Major Transactions between the Group and Related Parties (continued)

#### (2) Leases with related party (continued)

*As lessors (continued)*

	Type of leased assets	2021	2020
Changzhou Yizhi International Trade Co., Ltd. (常州市藝致國際貿易有限公司)	Shop(s) in shopping mall	678,468.11	521,112.26
Shanghai Zhenyang Decoration Co., Ltd. (上海振洋建築裝潢工程有限公司)	Shop(s) in shopping mall	625,000.43	–
Anka Household Products (Shanghai) Co., Ltd. (安咖家居用品(上海)有限公司)	Shop(s) in shopping mall	568,775.82	–
Shanghai Weilaishi Decoration Technology Company Limited (上海威來適裝飾科技有限公司)	Shop(s) in shopping mall	523,016.82	225,461.88
Asia New Materials (Beijing) Building Materials Co., Ltd. (亞細亞新材(北京)建築材料有限公司)	Shop(s) in shopping mall	516,902.16	–
Shanghai Macalline Aijia Property Management Consulting Co., Ltd. (上海美凱龍愛家房地產管理諮詢有限公司)	Shop(s) in shopping mall	500,913.85	102,197.81
Changzhou Red Star Furniture General Factory Co., Ltd. (常州市紅星傢俱總廠有限公司)	Shop(s) in shopping mall	397,224.43	1,054,903.67
Business Division of Nanjing Pukou Lilicheng Furniture (南京市浦口區立力成傢俱經營部)	Shop(s) in shopping mall	250,793.97	261,777.72
Jiangsu Baili Aijia Home Technology Co., Ltd. (江蘇佰麗愛家家居科技有限公司)	Shop(s) in shopping mall	187,846.50	1,112,629.56
Shanghai Tianhe Smart Home Technology Company Ltd. (上海天合智能科技股份有限公司)and its branches	Shop(s) in shopping mall	185,874.71	363,421.04
CAO Zhongmin (曹仲民)	Shop(s) in shopping mall	107,292.65	236,043.84
ZHANG Jianfang (張建芳)	Shop(s) in shopping mall	81,536.50	179,380.32
Guangzhou Red Star Macalline Expo Home Plaza Co., Ltd. (廣州紅星美凱龍世博家居廣場有限公司)	Shop(s) in shopping mall	45,901.60	–
Jiangyin Tishang Home Furnishing Co., Ltd. (江陰提尚家居有限公司)	Shop(s) in shopping mall	10,982.72	–

## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 5. Major Transactions between the Group and Related Parties (continued)

#### (2) Leases with related party (continued)

As lessors (continued)

	Type of leased assets	2021	2020
Shenzhen Long Life Basics Sleep Science and Technology Co., Ltd. (深圳市朗樂福睡眠科技有限公司)	Shop(s) in shopping mall	–	22,641.51
Shengbao (Shanghai) Furniture Co., Ltd. (晟葆(上海)傢俱有限公司)	Shop(s) in shopping mall	–	2,988,059.89
Ningbo Qiangshang Home Living Company Limited (寧波牆尚家居有限公司)	Shop(s) in shopping mall	–	335,698.16
Hangzhou Nabel Group Co., Ltd. (杭州諾貝爾集團有限公司)	Shop(s) in shopping mall	–	198,233.07
Beijing Sunsea Enterprise Management Consulting Co., Ltd. (北京陽光海天企業管理諮詢有限公司)	Parking garage	–	247,589.26
Shanghai Xinhua Chengcheng Asset Management Co., Ltd. (上海新華成城資產管理有限公司)	Parking garage	<b>19,047,619.02</b>	18,975,332.00
Shanghai Red Star Parking Management Co., Ltd. (上海紅星停車管理有限公司)	Parking garage	<b>3,333,333.48</b>	–
Beijing Sunsea Parking Management Co., Ltd. (北京陽光海天停車管理有限公司)	Parking garage	<b>1,501,532.60</b>	710,916.44
Beijing Smart Parking Service Co., Ltd. (北京智泊停車服務有限公司)	Parking garage	<b>952,380.96</b>	1,886,792.48
Shanghai Xingzhiyu Commercial Management Co., Ltd. (上海星之域商業經營管理有限公司)	Parking garage	<b>369,908.28</b>	308,256.90
Shengbao (Shanghai) Intelligent Technology Co., Ltd. (晟葆(上海)智能科技有限公司)	Parking garage	<b>9,750.57</b>	–
		<b>109,239,713.05</b>	93,658,501.17

Note: Provision of leasing services for related parties: during the year, the Group conducted transactions with related parties based on market prices.

# Notes to the Financial Statements

For the year 2021

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## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 5. Major Transactions between the Group and Related Parties (continued)

#### (2) Leases with related party (continued)

*As lessees*

	Type of leased assets	2021	2020
Shanghai Huojing Business Management Company Limited (上海或京商業管理有限公司) and its branches	Office	5,519,763.12	6,073,875.99
Wuhan Zhengkai Logistics Co., Ltd. (武漢市正凱物流有限公司)	Office	48,235.22	–
Xuzhou Red Star Macalline Global Home Life Plaza Property Management Co., Ltd. (徐州紅星美凱龍全球家居生活廣場物業管理有限公司)	Warehouse leasing	–	5,290.42
Changzhou Red Star Home Furnishing City (常州市紅星裝飾城)	Shop(s) in shopping mall	19,696,922.51	15,798,139.50
Shanghai Yunshen Intelligent Technology Co., Ltd. (上海雲紳智能科技有限公司)	Shop(s) in shopping mall	2,370,000.00	–
Wuhu Minghui Business Management Co., Ltd. (蕪湖明輝商業管理有限公司)	Shop(s) in shopping mall	633,568.03	–
Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司)	Shop(s) in shopping mall	163,425.81	85,094.31
Yangzhou Red Star Macalline Global Home Furnishings Plaza Property Co., Ltd. (揚州紅星美凱龍全球家居生活廣場置業有限公司)	Shop(s) in shopping mall	119,047.59	–
Shandong Inzone Green Home Co., Ltd. (山東銀座家居有限公司)	Shop(s) in shopping mall	86,773.70	–
Xuzhou Red Star Macalline Global Home Furnishings Plaza Co., Ltd. (徐州紅星美凱龍全球家居生活廣場有限公司)	Shop(s) in shopping mall	53,448.74	56,710.51



## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 5. Major Transactions between the Group and Related Parties (continued)

#### (2) Leases with related party (continued)

*As lessees (continued)*

	Type of leased assets	2021	2020
Shaanxi Hongrui Home Furnishings Plaza Co., Ltd. (陝西鴻瑞家居生活廣場有限公司)	Shop(s) in shopping mall	47,460.36	161,469.38
Hainan Huirui Investment Co., Ltd. (海南暉瑞投資有限公司)	Shop(s) in shopping mall	24,752.48	–
Shenzhen Red Star Macalline Expo Home Plaza Co., Ltd. (深圳紅星美凱龍世博家居廣場有限公司)	Shop(s) in shopping mall	17,125.12	–
Binzhou Inzone Green Home Co., Ltd. (濱州銀座家居有限公司)	Shop(s) in shopping mall	14,908.26	–
Baoxiang Red Star Macalline (Xiamen) Global Home Plaza Co., Ltd. (寶象紅星美凱龍(廈門)全球家居廣場有限公司)	Shop(s) in shopping mall	14,905.28	–
Wuhu Minghui Business Management Co., Ltd. (蕪湖明輝商業管理有限公司)	Shop(s) in shopping mall	–	115,749.14
Shanghai Huojing Business Management Company Limited (上海或京商業管理有限公司)	Shop(s) in shopping mall	–	762,728.70
Yunnan Red Star Macalline Property Management Co., Ltd. (雲南紅星美凱龍物業管理有限公司)	Parking garage	1,500,000.00	1,421,832.88
CHE Guoxing (車國興)	Dormitory	369,600.00	369,600.00
CHEN Shuhong (陳淑紅)	Dormitory	–	52,000.00
		<b>30,679,936.22</b>	<b>24,902,490.83</b>

# Notes to the Financial Statements

For the year 2021

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## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 5. Major Transactions between the Group and Related Parties (continued)

#### (3) Guarantees from related parties

*Receiving guarantees from related parties*

2021

	Amount of guarantees	Inception date of guarantee	Expiration date of guarantee	Whether guarantee has been performed
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 1)	162,000,000.00	2020/5/15	2022/5/15	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 2)	416,250,000.00	2019/6/20	2029/6/20	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 2)	128,000,000.00	2019/12/19	2029/12/19	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 2)	289,000,000.00	2020/1/17	2030/1/17	No
CHE Jianxing (車建興) (Note 3)	230,000,000.00	2016/6/8	2026/6/8	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 4)	348,640,000.00	2020/12/18	2030/12/18	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 5)	940,000,000.00	2020/10/23	2023/10/22	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 6)	575,000,000.00	2020/6/16	2030/6/16	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 7)	517,000,000.00	2020/12/26	2035/12/25	No

## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 5. Major Transactions between the Group and Related Parties (continued)

#### (3) Guarantees from related parties (continued)

*Receiving guarantees from related parties (continued)*

	Amount of guarantees	Inception date of guarantee	Expiration date of guarantee	Whether guarantee has been performed
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 8)	228,670,000.00	2018/2/26	2026/2/26	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 9)	660,000,000.00	2019/8/30	2031/6/15	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 10)	383,500,000.00	2019/9/25	2026/9/17	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 11)	330,000,000.00	2020/6/30	2030/6/29	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 12)	400,000,000.00	2019/12/27	2031/12/27	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 13)	430,000,000.00	2020/3/25	2030/3/25	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 14)	109,000,000.00	2019/12/30	2027/12/20	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 15)	82,000,000.00	2019/12/30	2027/12/20	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 16)	67,500,000.00	2020/7/22	2030/7/27	No

# 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 17)	430,000,000.00	2020/3/20	2028/3/20	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 18)	212,000,000.00	2019/7/1	2029/6/20	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 18)	50,600,000.00	2019/9/20	2029/6/20	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 18)	4,600,000.00	2019/11/21	2029/6/20	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 18)	110,000,000.00	2020/1/3	2029/6/20	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 18)	11,000,000.00	2020/3/10	2029/6/20	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 18)	4,600,000.00	2020/3/18	2029/6/20	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 18)	12,656,600.00	2020/4/1	2029/6/20	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 18)	101,000,000.00	2020/12/31	2029/6/20	No

## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 5. Major Transactions between the Group and Related Parties (continued)

#### (3) Guarantees from related parties (continued)

*Receiving guarantees from related parties (continued)*

	Amount of guarantees	Inception date of guarantee	Expiration date of guarantee	Whether guarantee has been performed
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 19)	54,379,471.01	2020/11/3	2025/11/2	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 20)	192,000,000.00	2018/7/13	2028/7/12	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 18)	52,743,400.00	2021/4/20	2029/6/20	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 21)	439,200,000.00	2018/6/11	2025/6/11	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 22)	350,000,000.00	2021/6/7	2023/6/7	No
CHE Jianxing (車建興) (Note 23)	700,000,000.00	2021/12/24	2024/12/24	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 24)	230,000,000.00	2021/2/22	2028/2/21	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 25)	400,000,000.00	2021/8/20	2024/8/19	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 18)	129,060,000.00	2019/7/5	2022/7/5	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 18)	40,000,000.00	2021/5/31	2022/5/31	No

# 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 1:* The loan is also secured by the investment property of Tianjin Red Star Macalline Home Living and Decorating Plaza Company Limited, a subsidiary of the Group.

*Note 2:* The loan is also secured by the investment property of Zhengzhou Red Star Macalline International Home Furnishing Company Limited, a subsidiary of the Group.

*Note 3:* The loan is also secured by the investment property of Chongqing Red Star Macalline Expo Home Furnishing Plaza Company Limited, a subsidiary of the Group.

*Note 4:* The loan is also secured by the investment property of Hefei Red Star Macalline Shibo Furniture Plaza Company Limited, a subsidiary of the Group.

*Note 5:* The loan is also secured by the investment property of Tianjin Red Star Macalline International Home Furnishing Expo Company Limited, a subsidiary of the Group.

*Note 6:* The loan is also secured by the investment property of Suzhou Industry Park Red Star Macalline Home Furnishing Company Limited, a subsidiary of the Group.

*Note 7:* The loan is also secured by the investment property of Shanghai Red Star Macalline Xinglong Home Furnish Company Limited, a subsidiary of the Group.

*Note 8:* The loan is also secured by the investment property of Chengdu Tianfu New District Red Star Macalline World Trade Home Furnishing Company Limited, a subsidiary of the Group.

*Note 9:* The loan is also secured by the investment property of Dalian Red Star Macalline Shibo Home Furnishing Plaza Company Limited, a subsidiary of the Group.

*Note 10:* The loan is also secured by the investment property of Nanchang Red Star Macalline Global Home Expo Center Company Limited, a subsidiary of the Group.

*Note 11:* The loan is also secured by the investment property of Chongqing Red Star Macalline International Home Furnishing Plaza Company Limited, a subsidiary of the Group.

*Note 12:* The loan is also secured by the investment property of Ningbo Red Star Macalline Home Shopping Plaza Company Limited, a subsidiary of the Group.

*Note 13:* The loan is also secured by the investment property of Nanning Red Star Macalline Shibo Home Furnishing Exhibition Centre Company Limited, a subsidiary of the Group.

*Note 14:* The loan is also secured by the investment property of Shanghai Jianliu Enterprise Management Company Limited, a subsidiary of the Group.

*Note 15:* The loan is also secured by the investment property of Shanghai Enliu Enterprise Management Company Limited, a subsidiary of the Group.

*Note 16:* The loan is also secured by the investment property of Shanghai Bencheng Enterprise Management Company Limited, a subsidiary of the Group.



## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 5. Major Transactions between the Group and Related Parties (continued)

#### (3) Guarantees from related parties (continued)

##### *Receiving guarantees from related parties (continued)*

*Note 17:* The loan is also secured by the investment property of Foshan Junda Enterprise Management Co., Ltd., a subsidiary of the Group.

*Note 18:* The loan is also secured by the investment property of Hangzhou Weiliang electromechanical hardware market Co., Ltd., a subsidiary of the Group.

*Note 19:* The loan is also secured by the investment property of Shaanxi Red Star Heji Home Shopping Plaza Company Limited, a subsidiary of the Group.

*Note 20:* The loan is also secured by the investment property of Suzhou Red Star Macalline Shibo Home Furnishing Plaza Company Limited, a subsidiary of the Group.

*Note 21:* The loan is also secured by the investment property of Chongqing Xingkaike Home Furnishing Company Limited, a subsidiary of the Group.

*Note 22:* The loan is also secured by the investment property of Dongguan Red Star Macalline Shibo Furniture Plaza Company Limited, a subsidiary of the Group.

*Note 23:* The loan is also secured by the investment property of Changzhou World Furniture and Home Plaza Co., Ltd., a subsidiary of the Group.

*Note 24:* The loan is also secured by the investment property of Nantong Hongmei Shibo Home Furnishing Plaza Company Limited, a subsidiary of the Group.

*Note 25:* The loan is also secured by the investment property of Changzhou Hongyang Home Furnishing Plaza Company Limited, a subsidiary of the Group.

# 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)*

2020

	Amount of guarantees	Inception date of guarantee	Expiration date of guarantee	Whether guarantee has been performed
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 1)	282,000,000.00	2020/5/15	2022/5/15	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 2)	483,000,000.00	2019/6/20	2029/6/20	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 3)	144,000,000.00	2019/12/19	2029/12/19	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 4)	323,000,000.00	2020/1/17	2030/1/17	No
CHE Jianxing (車建興) (Note 5)	270,000,000.00	2016/6/8	2026/6/8	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 6)	204,000,000.00	2020/12/18	2030/12/18	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 7)	1,000,000,000.00	2020/10/23	2023/10/22	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 8)	625,000,000.00	2020/6/16	2030/6/16	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 9)	550,000,000.00	2020/12/26	2035/12/25	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 10)	270,666,666.62	2018/2/26	2026/2/26	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 11)	47,750,000.00	2020/9/18	2025/8/29	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 12)	697,500,000.00	2019/8/30	2031/6/15	No



## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 5. Major Transactions between the Group and Related Parties (continued)

#### (3) Guarantees from related parties (continued)

*Receiving guarantees from related parties (continued)*

	Amount of guarantees	Inception date of guarantee	Expiration date of guarantee	Whether guarantee has been performed
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 13)	84,368,993.67	2020/4/3	2030/4/3	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 14)	469,500,000.00	2019/9/25	2026/9/17	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 15)	93,000,000.00	2020/12/11	2033/6/10	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 16)	355,000,000.00	2020/6/30	2030/6/29	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 17)	425,000,000.00	2019/12/27	2031/12/27	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 18)	180,000,000.00	2020/3/25	2030/3/25	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 19)	114,000,000.00	2019/12/30	2027/12/20	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 20)	84,000,000.00	2019/12/30	2027/12/20	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 21)	75,000,000.00	2020/7/22	2030/7/27	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 22)	530,000,000.00	2020/3/20	2028/3/20	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 23)	232,400,000.00	2019/7/1	2029/6/20	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 23)	55,000,000.00	2019/9/20	2029/6/20	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 23)	5,000,000.00	2019/11/21	2029/6/20	No

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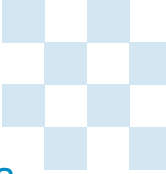
## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 5. Major Transactions between the Group and Related Parties (continued)

#### (3) Guarantees from related parties (continued)

*Receiving guarantees from related parties (continued)*

	Amount of guarantees	Inception date of guarantee	Expiration date of guarantee	Whether guarantee has been performed
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 23)	120,000,000.00	2020/1/3	2029/6/20	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 23)	12,000,000.00	2020/3/10	2029/6/20	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 23)	5,000,000.00	2020/3/18	2029/6/20	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 23)	13,856,600.00	2020/4/1	2029/6/20	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 23)	110,000,000.00	2020/12/31	2029/6/20	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 24)	48,042,129.01	2020/11/3	2025/11/2	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 25)	360,000,000.00	2018/7/13	2028/7/12	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 26)	300,000,000.00	2019/7/9	2020/7/8	Yes
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 27)	585,600,000.00	2018/6/11	2025/6/11	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司)	157,000,000.00	2019/7/10	2020/7/9	Yes
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司)	143,000,000.00	2019/7/10	2020/7/9	Yes



## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 5. Major Transactions between the Group and Related Parties (continued)

#### (3) Guarantees from related parties (continued)

##### *Receiving guarantees from related parties (continued)*

- Note 1:* The loan is also secured by the investment property of Tianjin Red Star Macalline Home Living and Decorating Plaza Company Limited, a subsidiary of the Group.
- Note 2:* The loan is also secured by the investment property of Zhengzhou Red Star Macalline International Home Furnishing Company Limited, a subsidiary of the Group.
- Note 3:* The loan is also secured by the investment property of Zhengzhou Red Star Macalline International Home Furnishing Company Limited, a subsidiary of the Group.
- Note 4:* The loan is also secured by the investment property of Zhengzhou Red Star Macalline International Home Furnishing Company Limited, a subsidiary of the Group.
- Note 5:* The loan is also secured by the investment property of Chongqing Red Star Macalline Expo Home Furnishing Plaza Company Limited, a subsidiary of the Group.
- Note 6:* The loan is also secured by the investment property of Hefei Red Star Macalline Shibo Furniture Plaza Company Limited, a subsidiary of the Group.
- Note 7:* The loan is also secured by the investment property of Tianjin Red Star Macalline International Home Furnishing Expo Company Limited, a subsidiary of the Group.
- Note 8:* The loan is also secured by the investment property of Suzhou Industry Park Red Star Macalline Home Furnishing Company Limited, a subsidiary of the Group.
- Note 9:* The loan is also secured by the investment property of Shanghai Red Star Macalline Xinglong Home Furnish Company Limited, a subsidiary of the Group.
- Note 10:* The loan is also secured by the investment property of Chengdu Tianfu New District Red Star Macalline World Trade Home Furnishing Company Limited, a subsidiary of the Group.
- Note 11:* The loan is also secured by the investment property of Hefei Red Star Macalline Logistics Company Limited, a subsidiary of the Group.
- Note 12:* The loan is also secured by the investment property of Dalian Red Star Macalline Shibo Home Furnishing Plaza Company Limited, a subsidiary of the Group.
- Note 13:* The loan is also secured by the investment property of Shaanxi Red Star Macalline Logistics Company Limited, a subsidiary of the Group.



# 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 14:*The loan is also secured by the investment property of Nanchang Red Star Macalline Global Home Expo Center Company Limited, a subsidiary of the Group.

*Note 15:*The loan is also secured by the investment property of Guizhou Red Star Macalline Logistics Company Limited, a subsidiary of the Group.

*Note 16:*The loan is also secured by the investment property of Chongqing Red Star Macalline International Home Furnishing Plaza Company Limited, a subsidiary of the Group.

*Note 17:*The loan is also secured by the investment property of Ningbo Red Star Macalline Home Shopping Plaza Company Limited, a subsidiary of the Group.

*Note 18:*The loan is also secured by the investment property of Nanning Red Star Macalline Shibo Home Furnishing Exhibition Centre Company Limited, a subsidiary of the Group.

*Note 19:*The loan is also secured by the investment property of Shanghai Jianliu Enterprise Management Company Limited, a subsidiary of the Group.

*Note 20:*The loan is also secured by the investment property of Shanghai Enliu Enterprise Management Company Limited, a subsidiary of the Group.

*Note 21:*The loan is also secured by the investment property of Shanghai Bencheng Enterprise Management Company Limited, a subsidiary of the Group.

*Note 22:*The loan is also secured by the investment property of Foshan Junda Enterprise Management Co., Ltd., a subsidiary of the Group.

*Note 23:*The loan is also secured by the investment property of Hangzhou Weiliang electromechanical hardware market Co., Ltd., a subsidiary of the Group.

*Note 24:*The loan is also secured by the investment property of Shaanxi Red Star Heji Home Shopping Plaza Company Limited, a subsidiary of the Group.

*Note 25:*The loan is also secured by the investment property of Suzhou Red Star Macalline Shibo Home Furnishing Plaza Company Limited, a subsidiary of the Group.

*Note 26:*The loan is also secured by the 6.0 million tradable shares of Oppein Home Group Inc. held by Red Star Xizhao Investment Company Limited, a subsidiary of the Group.

*Note 27:*The loan is also secured by the investment property of Chongqing Xingkaike Home Furnishing Company Limited, a subsidiary of the Group.

## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 5. Major Transactions between the Group and Related Parties (continued)

#### (4) Loans and borrowings of the related parties

##### Borrowings

2021

	Opening balance	Accumulated borrowing amount (Excluding interest)	Interest of loan (if have)	Accumulated repayment amount	Closing balance	Inception date	Expiration date	Others
Shenyudao Cultural Tourism Holding Co., Ltd. (神玉島文化旅遊控股股份有限公司)	16,300,000.00	-	-	16,300,000.00	-	2018/11/5	N/A	No rate
Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司)	19,379,218.91	-	193,079.67	-	19,572,298.58	2020/12/31	2022/12/31	31 Dec 2020-31 Dec 2021, interest rate: 6.65%; 1 Jan 2021-Dec 2022, interest rate: 5.15%
Wuhu Red Star Macalline Equity Investment Fund Management Company Limited (蕪湖紅星美凱龍股權投資基金管理有限公司)	9,800,000.00	-	-	-	9,800,000.00	2020/12/31	2025/12/30	Without agreed
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司)	-	480,000,000.00	-	480,000,000.00	-	N/A	N/A	The debt has been repaid as of the reporting date
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司)	-	300,000,000.00	-	300,000,000.00	-	N/A	N/A	The debt has been repaid as of the reporting date
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司)	-	120,000,000.00	-	120,000,000.00	-	N/A	N/A	The debt has been repaid as of the reporting date
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司)	-	84,000,000.00	-	84,000,000.00	-	N/A	N/A	The debt has been repaid as of the reporting date
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司)	-	280,000,000.00	-	280,000,000.00	-	N/A	N/A	The debt has been repaid as of the reporting date
CSSC Cruise Industry Development (Shanghai) Co., Ltd. (中郵輪產業發展(上海)有限公司)	-	80,000,000.00	182,000.00	-	80,182,000.00	2021/11/23	2022/11/23	Interest rate: 2.1%

# 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)*

	Opening balance	Accumulated borrowing amount (Excluding interest)	Interest of loan (if have)	Accumulated repayment amount	Closing balance	Inception date	Expiration date	Others
Shanghai Red Star Macalline Commercial Factoring Company Limited (上海紅星美凱龍商業保 理有限公司)(Note 1)	-	47,722,140.30	4,101,102.39	14,101,102.39	37,722,140.30	2020/9/26	2022/9/28	Interest rate:15.4%
Shandong Inzone Green Home Co., Ltd. (山東銀座家居有限公 司)	-	50,000,000.00	341,666.67	-	50,341,666.67	2021/12/1	2022/11/30	Interest rate:8.2%
Shandong Inzone Green Home Co., Ltd. (山東銀座家居有限公 司)	-	30,000,000.00	120,722.22	-	30,120,722.22	2021/12/16	2022/3/31	Interest rate:8.2%
<b>Total</b>	<b>45,479,218.91</b>	<b>1,471,722,140.30</b>	<b>4,938,570.95</b>	<b>1,294,401,102.39</b>	<b>227,738,827.77</b>	-	-	-

*Note 1:* The Group no longer includes Shanghai Red Star Macalline Commercial Factoring Company Limited (上海紅星美凱龍商業保理有限公司) into the scope of consolidation since 31 July 2021, and the amount incurred is the loans and borrowings of the related parties that occurred after 31 July 2021.

## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 5. Major Transactions between the Group and Related Parties (continued)

#### (4) Loans and borrowings of the related parties (continued)

*Borrowings (continued)*

2020

	Opening balance	Accumulated borrowing amount (Excluding interest)	Interest of loan (if have)	Accumulated repayment amount	Closing balance	Inception date	Expiration date	Others
Shenyudao Cultural Tourism Holding Co., Ltd. (神玉島文化旅 遊控股股份有限公司)	25,600,000.00	(9,300,000.00)	-	-	16,300,000.00	2018/11/5	N/A	No rate
Chengdu Dongtai Shopping Mall Company Limited (成都東泰商 城有限公司)	41,437,944.45	81,600,000.00	2,941,274.46	106,600,000.00	19,379,218.91	2019/5/21	2020/12/31	May 2019-Sep 2019, interest rate: 4.75%; Oct 2019-Dec 2020, interest rate: 7.20%
Chongqing Red Star Macalline Enterprise Development Co., Ltd (重慶紅星美凱龍企業發展有 限公司)	-	500,000,000.00	-	500,000,000.00	-	-	-	Without agreed
Wuhu Red Star Macalline Equity Investment Fund Management Company Limited (蕪湖紅星美 凱龍股權投資基金管理有限公司)	-	9,800,000.00	-	-	9,800,000.00	2020/12/31	2025/12/30	Without agreed
<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

For the year 2021

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## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 5. Major Transactions between the Group and Related Parties (continued)

#### (4) Loans and borrowings of the related parties (continued)

Lendings

2021

	Opening balance	Accumulated lending amount (Excluding interest)	Interest of loan (if have)	Accumulated recovered amount	Closing balance	Inception date	Expiration date	Others
Shanghai Mingyi Enterprise Development Co., Ltd. (上海名藝商業企業發展有限公司)	144,200,000.50	18,800,000.00	-	-	163,000,000.50	-	-	Repayable on demand and interest-free
Shanghai Mingyi Enterprise Development Co., Ltd. (上海名藝商業企業發展有限公司)	5,760,000.00		460,800.00		6,220,800.00	2020/12/29	2023/12/28	Interest rate: 8%
Baoxiang Red Star Macalline (Xiamen) Global Home Plaza Co., Ltd. (寶象紅星美凱龍(廈門)全球家居廣場有限公司)	32,500,000.00	9,979,328.91		-	42,479,328.91	-	-	Repayable on demand and interest-free
Baoxiang Red Star Macalline (Xiamen) Global Home Plaza Co., Ltd. (寶象紅星美凱龍(廈門)全球家居廣場有限公司)	10,944,953.26	-	738,362.78	7,613,150.89	4,070,165.15	2019/6/21	2022/6/21	Interest rate: 6.18%
Xiamen Red Star Macalline Home Furnishing Plaza Co., Ltd. (廈門紅星美凱龍家居生活廣場有限責任公司) (Note)	30,043,099.85	*	*	*	*	*	*	*
Xiamen Red Star Macalline Home Furnishing Plaza Co., Ltd. (廈門紅星美凱龍家居生活廣場有限責任公司) (Note)	4,559,000.00	*	*	*	*	*	*	*
Xiamen Red Star Macalline Home Furnishing Plaza Co., Ltd. (廈門紅星美凱龍家居生活廣場有限責任公司) (Note)	94,280,000.00	*	*	*	*	*	*	*
Wuhu Minghui Business Management Co., Ltd. (蕪湖明輝商業管理有限公司)	-	25,840,000.00	-	-	25,840,000.00	-	-	Repayable on demand and interest-free
Wuhu Minghui Business Management Co., Ltd. (蕪湖明輝商業管理有限公司)	3,600,000.00	-	-	3,600,000.00	-	2020/12/29	2021/12/28	Annual interest rate: 8%



## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 5. Major Transactions between the Group and Related Parties (continued)

#### (4) Loans and borrowings of the related parties (continued)

*Lendings (continued)*

	Opening balance	Accumulated lending amount (Excluding interest)	Interest of loan (if have)	Accumulated recovered amount	Closing balance	Inception date	Expiration date	Others
Shenzhen Red Star Macalline Expo Home Plaza Co., Ltd. (深 圳紅星美凱龍世博家居廣場有 限公司)	1,746,373.14	-	103,200.00	1,824,633.14	24,940.00	2020/8/6	2022/12/31	Annual interest rate: 6% Payment of the interest of the last quarter's loan within 30 days after the end of each quarter
Guangzhou Red Star Macalline Expo Home Plaza Co., Ltd. (廣 州紅星美凱龍世博家居廣場有 限公司)	-	3,500,000.00	67,666.67	67,666.67	3,500,000.00	2021/8/9	2024/12/31	interest rate: 6%
Total	327,633,426.75	58,119,328.91	1,370,029.45	13,105,450.70	245,135,234.56			

*Note:* During the year, the Group acquired Xiamen Baoxiang Red Star Macalline Home Furnishing Plaza Company Limited, which was renamed Xiamen Red Star Macalline Home Furnishing Plaza Company Limited, so the above-mentioned companies are subsidiaries of the Group during the year.

# 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

2020

	Opening balance	Accumulated borrowing amount (Excluding interest)	Interest of loan (if have)	Accumulated repayment amount	Closing balance	Inception date	Expiration date	Others
Shaanxi Red Star Heji Home Shopping Plaza Company Limited (陝西紅星和記家居購物廣場有限公司) (Note)	150,000,000.00	*	*	*	*	*	*	*
Shaanxi Red Star Heji Home Shopping Plaza Company Limited (陝西紅星和記家居購物廣場有限公司) (Note)	34,508,345.20	*	*	*	*	*	*	*
Shaanxi Red Star Heji Home Shopping Plaza Company Limited (陝西紅星和記家居購物廣場有限公司) (Note)	36,339,041.62	*	*	*	*	*	*	*
Shaanxi Red Star Heji Home Shopping Plaza Company Limited (陝西紅星和記家居購物廣場有限公司) (Note)	3,800,000.00	*	*	*	*	*	*	*
Shanghai Mingyi Enterprise Development Co., Ltd. (上海名藝商業企業發展有限公司)	131,600,000.50	14,600,000.00	-	2,000,000.00	144,200,000.50	-	-	Repayable on demand and interest-free
Shanghai Mingyi Enterprise Development Co., Ltd. (上海名藝商業企業發展有限公司)	-	5,760,000.00	-	-	5,760,000.00	2020/12/29	2021/12/28	Interest rate: 8%
Baoxiang Red Star Macalline (Xiamen) Global Home Plaza Co., Ltd. (寶象紅星美凱龍(廈門)全球家居廣場有限公司)	35,500,000.00	-	-	3,000,000.00	32,500,000.00	-	-	Repayable on demand and interest-free
Baoxiang Red Star Macalline (Xiamen) Global Home Plaza Co., Ltd. (寶象紅星美凱龍(廈門)全球家居廣場有限公司)	13,061,439.14	-	(3,985.88)	2,112,500.00	10,944,953.26	2019/6/21	2022/6/21	Interest rate: 6.18%
Hangzhou Red Star Macalline Global Home Living Co., Ltd. (杭州紅星美凱龍環球家居有限公司) (Note)	332,148,745.00	*	*	*	*	*	*	*

## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 5. Major Transactions between the Group and Related Parties (continued)

#### (4) Loans and borrowings of the related parties (continued)

*Lendings (continued)*

	Opening balance	Accumulated borrowing amount (Excluding interest)	Interest of loan (if have)	Accumulated repayment amount	Closing balance	Inception date	Expiration date	Others
Xiamen Baoxiang Red Star Macalline Home Furnishing Plaza Company Limited (廈門寶 象紅星美凱龍家居生活廣場有限 公司)	25,100,000.00	4,943,099.85	-	-	30,043,099.85	-	-	Repayable on demand and interest-free
Xiamen Baoxiang Red Star Macalline Home Furnishing Plaza Company Limited (廈門寶 象紅星美凱龍家居生活廣場有限 公司)	-	4,500,000.00	59,000.00	-	4,559,000.00	2020/11/3	2021/11/2	Interest rate: 8%
Xiamen Baoxiang Red Star Macalline Home Furnishing Plaza Company Limited (廈門寶 象紅星美凱龍家居生活廣場有限 公司)	-	90,000,000.00	4,280,000.00	-	94,280,000.00	2020/6/1	2020/12/31	Interest rate: 8%
Wuhu Minghui Business Management Co., Ltd. (蕪湖明 輝商業管理有限公司)	-	3,600,000.00	-	-	3,600,000.00	2020/12/29	2021/12/28	Annual interest rate: 8% Repayable on maturity with a one-off payment of the principal and the interest
Shenzhen Red Star Macalline Expo Home Plaza Co., Ltd. (深 圳紅星美凱龍世博家居廣場有限 公司)	-	1,720,000.00	42,426.66	16,053.52	1,746,373.14	2020/8/6	2022/12/31	Annual interest rate: 6% Payment of the interest of the last quarter's loan within 30 days after the end of each quarter
Total	762,057,571.46	125,123,099.85	4,377,440.78	7,128,553.52	327,633,426.75	-	-	-

*Note:* During the year, the Group acquired Hangzhou Red Star Macalline Global Home Living Company Limited and Shaanxi Red Star Heji Home Shopping Plaza Company Limited, so the above-mentioned companies are subsidiaries of the Group during the year.

# 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)

#### (5) Asset transfer to related parties

	Details of Transactions	2021	2020
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (Note 1)	Subsidiaries	<b>1,209,108,900.00</b>	–
Chongqing Kaixing Business Management Co., Ltd. (重慶凱幸商業管理有限公司) (Note 2)	Other equity instrument investments	–	20,240,935.95

Note 1: In May 2021, Red Star Macalline Group Corporation Ltd. transferred 100% equity of Shanghai Red Star Macalline Financial Leasing Company Limited (上海紅星美凱龍融資租賃有限公司) and 100% equity of Shanghai Red Star Macalline Commercial Factoring Company Limited (上海紅星美凱龍商業保理有限公司) to Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) at a transfer price of RMB1,209,108,900.00. Red Star Macalline Group Corporation Ltd. transferred 90% equity of Shanghai Macalline Property Management Service Co., Ltd. (上海美凱龍物業管理服務有限公司) to Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) at a transfer price of nil.

Note 2: In April 2020, Red Star Macalline Group Corporation Ltd. (紅星美凱龍家居集團股份有限公司) transferred 2.26% of the equity of Beijing Haozu Technology Development Co., Ltd. (北京好租科技發展有限公司) to Chongqing Kaixing Business Management Co., Ltd. (重慶凱幸商業管理有限公司) at a transfer price of RMB20,240,935.95.

#### (6) Other related parties transactions

	2021	2020
Remuneration for key management personnel	<b>29,806,631.52</b>	24,874,048.38

## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 6. Amounts due from/to related parties

	2021		2020	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
<b>Accounts receivable</b>				
Zhanjiang Haixin Meikai Investment Co., Ltd. (湛江市海新美凱投資有限公司)	60,736,394.59	3,639,391.50	5,483,309.29	260,457.19
Xining Aegean Real Estate Development Co., Ltd. (西寧愛琴海房地產開發有限公司)	19,104,819.23	1,167,304.45	16,775,697.35	796,845.62
Shanghai Xinhua Chengcheng Asset Management Co., Ltd. (上海新華成城資產管理有限公司)	13,333,333.23	600,000.00	13,333,333.36	600,000.00
Shanghai Jiazhan Construction Engineering Company Limited (上海嘉展建築裝潢工程有限公司)	13,000,000.00	13,000,000.00	13,000,000.00	13,000,000.00
Yangzhou Xinglong Real Estate Development Co., Ltd. (揚州星龍房地產開發有限公司)	10,000,000.00	611,000.00	10,100,000.00	475,000.00
Suqian Xingkai Real Estate Development Co., Ltd. (宿遷星凱房地產開發有限公司)	8,921,984.13	545,133.23	–	–
Shanghai Luochang Enterprise Management Co., Ltd. (上海洛昶企業管理有限公司)	7,246,848.08	442,782.42	–	–
Quzhou Huicheng Ole Business Management Co., Ltd. (衢州市慧城奧萊商業管理有限公司)	6,205,750.00	379,171.33	–	–
Danyang Rongjin Hongxing Real Estate Development Co., Ltd. (丹陽市融錦宏星置業發展有限公司)	6,085,557.07	273,850.07	13,276,292.60	597,433.17

# 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)

	2021		2020	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
Shuyang Xinglong Real Estate Development Co., Ltd. (沈陽星龍房地產開發有限公司)	5,527,616.94	154,806.63	3,700,796.86	175,787.85
Baoshan Red Star Urban and Rural Investment and Real Estate Co., Ltd. (保山紅星城鄉投資業有限公司)	5,192,964.85	311,259.13	6,642,048.30	315,497.29
Ganzhou Kaiyue Real Estate Co., Ltd. (贛州凱越置業有限公司)	3,481,573.24	313,539.12	–	–
Jinhua Hangkai Real Estate Co., Ltd. (金華航凱置業有限公司)	4,988,921.85	304,823.13	–	–
Xishuangbanna cloud investment construction Pan Asia Real Estate Co., Ltd. (西雙版納雲投建設泛亞置業有限公司)	4,405,405.57	266,376.69	6,465,742.14	306,688.96
Shenzhen Huasheng Home Furnishing Group Co., Ltd. (深圳華生大家居集團有限公司)	3,999,999.99	3,999,999.99	3,999,999.99	3,999,999.99
Changchun Red Star Macalline Real Estate Development Co., Ltd. (長春紅星美凱龍房地產開發有限公司)	3,952,937.38	241,524.47	497,052.37	23,609.99
Changxing Ronghao Trading Co., Ltd. (長興榮皓貿易有限公司)	3,686,542.39	165,894.41	3,136,419.36	141,138.87
Zhejiang Zhongguang Electric Appliances Co., Ltd. (浙江中廣電器股份有限公司)	3,499,999.97	3,499,999.97	3,499,999.97	3,499,999.97
Cixi Xingkai Real Estate Co., Ltd. (慈溪星凱置業有限公司)	3,433,200.00	209,768.52	–	–
Henan Chenbo Real Estate Co., Ltd. (河南宸博置業有限公司)	2,719,543.08	122,379.44	1,544,511.44	69,503.01
Yiwu Meilong Real Estate Co., Ltd. (義烏美龍置業有限公司)	2,027,836.95	141,752.72	–	–
Changzhou Yuanhong Real Estate Co., Ltd. (常州遠弘置業有限公司)	2,267,340.00	–	137,340.00	6,523.65
Suning.com Group Co., Ltd. (蘇寧易購集團股份有限公司) and its subsidiaries	1,255,822.24	–	–	–
Tianjin Xingkai Real Estate Development Co., Ltd. (天津星凱房地產開發有限公司)	1,650,000.00	318,450.00	1,650,000.00	78,375.00
Changzhou Jintan Weiyi Construction Engineering Co., Ltd. (常州市金壇維億建設工程有限公司)	1,500,000.00	856,200.00	1,500,000.00	503,550.00

## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 6. Amounts due from/to related parties (continued)

	2021		2020	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
Shanghai Xingyue Property Service Co., Ltd. (上海星悦物業服務有限公司) and its branches	1,469,368.34	–	–	–
Ningbo Kailong Property Company Limited (寧波凱龍置業有限公司)	1,419,838.25	274,028.78	1,419,838.25	127,785.44
Xuzhou Maoxing Real Estate Co., Ltd. (徐州茂星置業有限公司)	1,390,000.00	84,929.00	–	–
Changzhou Aegean Ole Business Management Co., Ltd. (常州愛琴海奧萊商業管理有限公司)	1,337,960.00	60,208.20	–	–
Nanning Haoran Real Estate Co., Ltd. (南昌浩然置業有限公司)	1,274,999.99	246,470.70	1,278,000.00	60,705.00
Xining Red Star Macalline Real Estate Development Co., Ltd. (西寧紅星美凱龍房地產開發有限公司)	1,169,988.18	71,486.28	2,632,763.96	125,056.29
Jinan Xinglong Real Estate Development Co., Ltd. (濟南星龍房地產開發有限公司)	1,100,000.00	192,515.00	900,000.00	42,750.00
Tianjin Meilong Real Estate Development Co., Ltd. (天津美龍房地產開發有限公司)	1,065,000.00	144,211.50	600,000.00	28,500.00
Nantong Xinglong Real Estate Development Co., Ltd. (南通星龍房地產開發有限公司)	960,000.00	58,656.00	–	–
Shanghai Macalline Property Management Service Co., Ltd. (上海美凱龍物業管理服務有限公司) and its branches	774,823.00	–	–	–
Anka Household Products (Shanghai) Co., Ltd. (安咖家居用品(上海)有限公司)	640,000.00	28,800.00	640,000.00	28,800.00
Shanghai CTME Economy & Trade Development Co., Ltd. (上海中貿美凱龍經貿發展有限公司)	604,295.88	214,464.61	668,263.10	31,742.50
Jining Kaixing Shopping Plaza Co., Ltd. (濟寧凱星購物廣場有限公司)	600,000.00	36,660.00	–	–
Shanghai Kaixin Cinema Management Co., Ltd. (上海凱昕影院管理有限公司)	577,619.31	25,992.87	350,500.00	15,772.50
Xiangshan Meilong Real Estate Co., Ltd. (象山美龍置業有限公司)	443,758.72	37,691.21	80,193.73	3,809.20

# Notes to the Financial Statements

For the year 2021

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## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 6. Amounts due from/to related parties (continued)

	2021		2020	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
Chongqing Jinke Zhongjun Real Estate Development Co., Ltd. (重慶金科中俊房地產開發有限公司)	409,032.36	24,991.88	4,804,542.78	228,215.78
Liuzhou Red Star Macalline Real Estate Co., Ltd. (柳州紅星美凱龍置業有限公司)	323,684.17	14,108.38	1,006,303.96	47,007.68
Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司)	261,300.00	11,758.50	21,450.00	965.25
Shenzhen Red Star Macalline Business Management Company Limited (深圳紅星美凱龍商業管理有限公司)	210,682.42	40,661.71	210,682.42	10,007.41
Hengshui Xinglong Real Estate Development Co., Ltd. (衡水星龍房地產開發有限公司)	209,044.96	9,407.02	2,434,648.54	115,071.13
Guangzhou Red Star Macalline Expo Home Plaza Co., Ltd. (廣州紅星美凱龍世博家居廣場有限公司)	161,762.35	7,279.31	–	–
Shanghai Shimao Macalline Home Technology Co., Ltd. (上海世茂美凱龍家居科技有限公司)	114,382.89	5,147.23	–	–
Shaoxing Xingkai Real Estate Co., Ltd. (紹興星凱置業有限公司)	106,070.40	6,480.90	–	–
Baoxiang Red Star Macalline (Xiamen) Global Home Plaza Co., Ltd. (寶象紅星美凱龍(廈門)全球家居廣場有限公司)	100,000.00	4,500.00	100,000.00	4,500.00
Xiangshan Kaisheng Real Estate Co., Ltd. (象山凱勝置業有限公司)	88,895.07	9,882.02	1,637,282.88	77,770.94
Yuyao Xingkai Real Estate Co., Ltd. (余姚星凱置業有限公司)	32,000.00	1,440.00	32,000.00	1,440.00
Xiangshan Xinglong Real Estate Co., Ltd. (象山星龍置業有限公司)	30,500.00	1,372.50	610,000.00	27,450.00
Taiyuan Shuangmingzhikun Real Estate Development Co., Ltd. (太原雙明智坤房地產開發有限公司)	30,276.37	1,849.89	1,000,422.88	47,520.09
Wuhan Zhengkai Logistics Co., Ltd. (武漢市正凱物流有限公司)	30,000.00	1,350.00	–	–
Tianjin Macalline Real Estate Co., Ltd. (天津美凱龍置業有限公司)	14,700.00	661.50	14,700.00	661.50



## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 6. Amounts due from/to related parties (continued)

	2021		2020	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
Shanghai Longhong Cinema Management Co., Ltd. (上海龍紅影院管理有限公司)	12,000.00	540.00	17,000.00	765.00
Shenzhen Red Star Macalline Expo Home Plaza Co., Ltd. (深圳紅星美凱龍世博家居廣場有限公司)	8,050.00	362.25	31,530.00	1,418.85
Shanghai Aegean Ole Business Management Co., Ltd. (上海愛琴海奧萊商業管理有限公司)	5,812.00	261.54	5,812.00	261.54
Super Smart Home (Shanghai) Internet of Things Technology Co., Ltd. (超級智慧家(上海)物聯網科技有限公司)	5,200.00	234.00	5,200.04	234.00
Beijing Meichen Home Property Agency Co., Ltd. (北京美晨家園房地產經紀有限公司)	4,209.56	189.43	-	-
Shanghai Meiying Enterprise Management Co., Ltd. (上海美影企業管理有限公司)	2,655.00	119.48	6,655.00	299.48
Wuhu Minghui Business Management Co., Ltd. (蕪湖明輝商業管理有限公司)	-	-	1,632,453.42	548,014.61
Shaanxi Hongrui Home Furnishings Plaza Co., Ltd. (陝西鴻瑞家居生活廣場有限公司)	-	-	1,397.12	62.87
Tianjin Hongxing Pacific Cinema Management Co., Ltd. (天津紅星太平洋影院管理有限公司)	-	-	61,666.00	2,774.97
Tianjin Laina Huakai Film Co., Ltd. (天津萊納華開影業有限公司)	-	-	40,696.33	1,831.33
Changzhou Hongmei Cinema Management Co., Ltd. (常州紅美影院管理有限公司)	-	-	70,722.48	3,182.51
Suzhou Hongmei Cinema Management Co., Ltd. (蘇州紅美影院管理有限公司)	-	-	56,000.00	2,520.00
Ningbo Kaixing Cinema Management Co., Ltd. (寧波凱星影院管理有限公司)	-	-	36,396.39	1,637.84
Changzhou Xingchen Interactive Entertainment Co., Ltd. (常州星琛娛樂科技有限公司)	-	-	88,933.74	4,002.02

# 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)

	2021		2020	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
Shenzhen Long Life Basics Sleep Science and Technology Co., Ltd. (深圳市朗樂福睡眠科技有限公司)	-	-	100,014.10	4,500.63
Tianjin Cameo Film Co., Ltd. (天津卡美奧影業有限公司)	-	-	9,934.00	447.03
Yancheng Kailong Property Company Limited (鹽城凱龍置業有限公司)	-	-	1,834,000.00	87,115.00
Xuzhou Red Star Macalline International Furniture Decoration City Co., Ltd. (徐州紅星美凱龍國際傢俱裝飾城有限公司)	-	-	112,292.13	37,696.47
Shanghai AEGEAN Commercial Group Co., Ltd. (上海愛琴海商業集團股份有限公司)	-	-	100,000.00	4,500.00
Qingdao Dana International Studios Co., Ltd. (青島德納國際影城有限公司)	-	-	69,174.60	3,112.86
Qingdao Hongying Cinema Management Co., Ltd. (青島紅影院管理有限公司)	-	-	6,300.00	283.50
Shanghai Hongxin Cinema Management Co., Ltd. (上海紅昕影院管理有限公司)	-	-	9,946.00	447.57
Shanghai Huojing Business Management Company Limited (上海或京商業管理有限公司) and its subsidiaries	-	-	19,920.56	896.43
Shanghai Kaihong Cinema Management Co., Ltd. (上海凱紅影院管理有限公司)	-	-	7,933.00	356.99
Shanghai Linsai Fitness Club Co., Ltd. (上海林賽健身俱樂部有限公司)	-	-	105,000.00	4,725.00
Shanghai Linwu Fitness Club Co., Ltd. (上海林戊健身俱樂部有限公司)	-	-	216,000.00	9,720.00
Shanghai Lingsi Fitness Club Co., Ltd. (上海玲思健身俱樂部有限公司)	-	-	80,000.00	3,600.00
Shanghai Xinhong Cinema Management Co., Ltd. (上海昕紅影院管理有限公司)	-	-	13,350.00	600.75

## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 6. Amounts due from/to related parties (continued)

	2021		2020	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
Shanghai Xingkai Cinema Management Co., Ltd. (上海星凱影院管理有限公司)	-	-	7,000.00	315.00
Shanghai Xinglong Cinema Management Co., Ltd. (上海星龍影院管理有限公司)	-	-	3,000.00	135.00
Suzhou Kaimei Cinema Management Co., Ltd. (蘇州凱美影院管理有限公司)	-	-	121,905.37	5,485.74
Xiaogan Honghe Studios Management Co., Ltd. (孝感泓河影城管理有限公司)	-	-	18,000.00	810.00
Yixing Chenxing Digital Cinema Co., Ltd. (宜興市晨興數字影院有限公司)	-	-	54,724.30	2,462.59
Guangdong VIFA Customized Home Furnishings Co., Ltd. (廣東威法定制家居股份有限公司)	-	-	-	-
Shanghai Macalline Aijia Real Estate Management Consulting Co., Ltd. (上海美凱龍愛家房地產管理諮詢有限公司)	-	-	223,746.72	10,627.97
Taiyuan Shuangming Kailong Real Estate Development Co., Ltd. (太原雙明凱龍房地產開發有限公司)	-	-	-	-
Xiamen Baoxiang Red Star Macalline Home Furnishing Plaza Company Limited (廈門寶象紅星美凱龍家居生活廣場有限公司)	N/A	N/A	100,000.00	4,500.00
	<b>215,212,300.00</b>	<b>33,184,118.91</b>	130,450,838.83	26,625,284.82

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## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 6. Amounts due from/to related parties (continued)

	2021		2020	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
<b>Prepayments</b>				
Shanghai Xingyue Property Service Co., Ltd. (上海星悦物業服務有限公司) and its branches	2,819,206.45	-	-	-
Hangzhou Alimama Software Services Co., Ltd. (杭州阿里媽媽軟體服務有限公司)	1,821,794.13	-	1,974,900.22	-
Shanghai Huojing Business Management Company Limited (上海或京商業管理有限公司)	1,068,049.17	-	2,136,672.37	-
Zhejiang Alibaba Communication Technology Co., Ltd. (浙江阿里巴巴通信技術有限公司)	960,333.36	-	-	-
Shanghai Jiazhan Construction Engineering Company Limited (上海嘉展建築裝潢工程有限公司)	572,805.00	-	572,805.00	-
Zhejiang Tmall Technology Co., Ltd. (浙江天貓技術有限公司)	495,718.69	-	684,024.31	-
Shanghai AI.Pure Intelligent Technology Co., Ltd. (上海智諦智能科技有限公司)	420,194.00	-	750,875.00	-
Shenyang Red Star Macalline Property Management Co., Ltd. (瀋陽紅星美凱龍物業管理有限公司) and its branches	368,349.20	-	138,775.00	-
Alibaba Cloud Computing Co., Ltd. (阿里雲計算有限公司)	341,681.80	-	150,102.12	-
Shanghai Macalline Property Management Service Co., Ltd. (上海美凱龍物業管理服務有限公司) and its branches	287,749.18	-	-	-
Dream Maker Home (Shenzhen) Co., Ltd. (造夢者家居(深圳)有限公司)	N/A	N/A	35,110.87	-
Jining Hongrui Market Management Company Limited (濟寧鴻瑞市場經營管理有限公司)	223,332.32	-	101,603.14	-
Wuhu Minghui Business Management Co., Ltd. (蕪湖明輝商業管理有限公司)	215,079.47	-	214,788.44	-
Changzhou Red Star Furniture General Factory Co., Ltd. (常州市紅星傢俱總廠有限公司)	210,180.00	-	210,180.00	-

## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 6. Amounts due from/to related parties (continued)

	2021		2020	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
Shanghai CTME Economy & Trade Development Co., Ltd. (上海中貿美凱龍經貿發展有限公司)	194,560.00	-	-	-
Shanghai Red Star Cloud Computing Technology Co., Ltd. (上海紅星雲計算科技有限公司)	121,800.00	-	1,086,700.00	-
Tao Bao (China) Software Co., Ltd. (淘寶(中國)軟件有限公司)	118,803.20	-	137,840.80	-
Yangzhou Red Star Macalline Global Home Furnishings Plaza Property Co., Ltd. (揚州紅星美凱龍全球家居生活廣場置業有限公司)	92,327.97	-	-	-
Xuzhou Red Star Macalline Global Home Furnishings Plaza Co., Ltd. (徐州紅星美凱龍全球家居生活廣場有限公司)	74,805.18	-	-	-
Shandong Inzone Green Home Co., Ltd. (山東銀座家居有限公司)	65,749.23	-	-	-
Shenzhen Red Star Macalline Expo Home Plaza Co., Ltd. (深圳紅星美凱龍世博家居廣場有限公司)	34,250.23	-	-	-
Shanghai Zhenyang Decoration Co., Ltd. (上海振洋建築裝潢工程有限公司)	23,157.15	-	-	-
Suning.com Group Co., Ltd. (蘇寧易購集團股份有限公司) and its subsidiaries	11,117.71	-	-	-
Alibaba (China) Technology Co., Ltd. (阿里巴巴(中國)網絡技術有限公司)	10,988.00	-	10,000.00	-
Meinian Onehealth Healthcare (Group) Co., Ltd. (美年大健康產業(集團)有限公司) and its subsidiaries	9,800.00	-	-	-
Hangzhou Nabel Ceramics Co., Ltd. (杭州諾貝爾陶瓷有限公司) and its branches	4,252.05	-	-	-
Shaanxi Hongrui Home Furnishings Plaza Co., Ltd. (陝西鴻瑞家居生活廣場有限公司)	4,126.98	-	47,460.42	-
Beijing Allgf Cultural and Scientific Consultation Co., Ltd. (北京國富縱橫文化科技諮詢股份有限公司)	4,000.00	-	66,669.81	-

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## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 6. Amounts due from/to related parties (continued)

	2021		2020	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
Asia New Materials (Beijing) Building Materials Co., Ltd. (亞細亞新材(北京)建築材料有限公司)	2,532.78	-	-	-
Chongqing Jinke Zhongjun Real Estate Development Co., Ltd. (重慶金科中俊房地產開發有限公司)	950.22	-	254,469.73	-
Shanghai Aegean Business Management Co., Ltd. (上海愛琴海商務管理有限公司)	-	-	169,410.85	-
Baoxiang Red Star Macalline (Xiamen) Global Home Furnishing Plaza Company Limited (寶象紅星美凱龍(廈門)全球家居廣場有限公司)	-	-	14,905.28	-
Shanghai Xingzhiyu Commercial Management Co., Ltd. (上海星之域商業經營管理有限公司)	-	-	3,351,717.60	-
Changzhou Aegean Ole Business Management Co., Ltd. (常州愛琴海奧萊商業管理有限公司)	-	-	60,000.00	-
Shanghai CONJOINT Construction Technology Co., Ltd. (上海開裝建築科技有限公司)	-	-	33,800.88	-
	<b>10,577,693.47</b>	<b>-</b>	<b>12,202,811.84</b>	<b>-</b>

## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 6. Amounts due from/to related parties (continued)

	2021		2020	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
<b>Other receivables</b>				
Shanghai Mingyi Enterprise Development Co., Ltd. (上海名藝商業企業發展有限公司)	163,000,000.50	8,150,000.03	149,960,000.50	7,498,000.03
Baoxiang Red Star Macalline (Xiamen) Global Home Furnishing Plaza Company Limited (寶象紅星美凱龍(廈門)全球家居廣場有限公司)	46,559,094.06	25,370,394.94	43,111,229.38	10,511,344.89
Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司)	31,000,000.00	–	31,011,166.70	505.73
Wuhu Minghui Business Management Co., Ltd. (蕪湖明輝商業管理有限公司)	22,240,480.00	1,814,097.54	3,632,480.00	257,919.52
Shenzhen Red Star Macalline Century Center Home Furnishing Plaza Company Limited (深圳紅星美凱龍世紀中心家居生活廣場有限公司)	5,265,234.65	5,265,234.65	5,265,234.65	2,029,406.27
Yunnan Red Star Macalline Real Estate Co., Ltd. (雲南紅星美凱龍置業有限公司)	4,031,492.11	4,031,492.11	4,031,492.11	4,031,492.11
Guangzhou Red Star Macalline Expo Home Plaza Co., Ltd. (廣州紅星美凱龍世博家居廣場有限公司)	3,500,000.00	285,416.43	–	–
Shanghai Yunshen Intelligent Technology Co., Ltd. (上海雲紳智能科技有限公司)	1,200,000.00	1,200.00	–	–
Shanghai Huojing Business Management Company Limited (上海或京商業管理有限公司)	786,007.21	23,145.37	634,375.89	8,717.63
Hangzhou Alimama Software Services Co., Ltd. (杭州阿里媽媽軟件服務有限公司)	526,417.43	526.42	198,421.42	198.42
Anhui Tenghui Investment Group Hefei Co., Ltd. (安徽騰輝投資集團合肥有限公司)	500,000.00	175,380.85	500,000.00	34,255.38
Shaanxi Hongrui Home Furnishings Plaza Co., Ltd. (陝西鴻瑞家居生活廣場有限公司)	345,886.88	23,307.58	1,375,341.55	94,225.70
Zhengzhou Xingbo Real Estate Development Co., Ltd. (鄭州星鉞房地產開發有限公司)	336,885.60	22,701.03	–	–

# 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)

	2021		2020	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
Chongqing Jinke Zhongjun Real Estate Development Co., Ltd. (重慶金科中俊房地產開發有限公司)	240,000.00	240.00	240,000.00	–
Zhejiang Tmall Technology Co., Ltd. (浙江天貓技術有限公司)	210,000.00	14,150.85	410,000.00	410.00
Shenzhen Red Star Macalline Business Management Company Limited (深圳紅星美凱龍商業管理有限公司)	200,000.00	13,477.00	–	–
Yancheng Kailong Property Company Limited (鹽城凱龍置業有限公司)	100,000.00	–	100,000.00	–
Jinan Xinglong Real Estate Development Co., Ltd. (濟南星龍房地產開發有限公司)	100,000.00	–	–	–
Shenzhen Red Star Macalline Expo Home Plaza Co., Ltd. (深圳紅星美凱龍世博家居廣場有限公司)	24,944.25	2,033.80	1,746,373.14	119,645.36
Baoshan Red Star Urban and Rural Investment and Real Estate Co., Ltd. (保山紅星城鄉投資置業有限公司)	10,000.00	10.00	10,000.00	–
Tao Bao (China) Software Co., Ltd. (淘寶(中國)軟件有限公司)	1,755.85	118.32	3,765.21	3.77
Shanghai Aegean Business Management Co., Ltd. (上海愛琴海商務管理有限公司)	–	–	256,900.00	–
Suzhou Supin Home Culture Co., Ltd. (蘇州市蘇品宅配文化有限公司)	–	–	82,155.56	–
Wenzhou Xinglong Real Estate Development Co., Ltd. (溫州星龍房地產開發有限責任公司)	–	–	100,000.00	–
Xuzhou Red Star Macalline Global Home Furnishings Plaza Co., Ltd. (徐州紅星美凱龍全球家居生活廣場有限公司)	–	–	10,111.00	692.71
Handan Fengfengkuang District Royal Property Development Company Limited (邯鄲市峰峰礦區皇室房地產開發有限公司)	N/A	N/A	2,000,000.00	137,021.53
	<b>280,178,198.54</b>	<b>45,192,926.92</b>	244,679,047.11	24,723,839.05



## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 6. Amounts due from/to related parties (continued)

	2021		2020	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
<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)	N/A	N/A	30,043,099.85	300,431.00
	-	-	30,043,099.85	300,431.00

	2021		2020	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
<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	N/A	247,705,000.00	-
Aibi (Beijing) Intelligent Technology Co., Ltd. (愛筆(北京)智能科技有限公司)	N/A	42,644.00	100,000,000.00	-
Shenzhen Red Star Macalline Business Management Company Limited (深圳紅星美凱龍商業管理有限公司)	4,264,400.00	-	-	-
	251,969,400.00	42,644.00	347,705,000.00	-

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## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 6. Amounts due from/to related parties (continued)

	2021		2020	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
<b>Other current assets</b>				
Shanghai Mingyi Enterprise Development Co., Ltd. (上海名藝商業企業發展有限公司)	6,220,800.00	62,208.00	–	–
Wuhu Minghui Business Management Co., Ltd. (蕪湖明輝商業管理有限公司)	3,600,000.00	36,000.00	–	–
Xiamen Baoxiang Red Star Macalline Home Furnishing Plaza Company Limited (廈門寶象紅星美凱龍家居生活廣場有限公司)	N/A	N/A	98,839,000.00	988,390.00
	<b>9,820,800.00</b>	<b>98,208.00</b>	98,839,000.00	988,390.00

	2021		2020	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
<b>Contract assets</b>				
Zhanjiang Haixin Meikai Investment Co., Ltd. (湛江市海新美凱投資有限公司)	56,190,670.97	333,891.98	–	–
Xining Aegean Real Estate Development Co., Ltd. (西寧愛琴海房地產開發有限公司)	37,983,103.79	225,700.34	14,868,995.22	46,093.89
Shanghai Luochang Enterprise Management Co., Ltd. (上海洛昶企業管理有限公司)	31,943,721.29	189,813.58	46,008,051.21	142,624.96
Quzhou Huicheng Ole Business Management Co., Ltd. (衢州市慧城奧萊商業管理有限公司)	23,161,657.81	137,629.46	–	–
Xishuangbanna cloud investment construction Pan Asia Real Estate Co., Ltd. (西雙版納雲投建設泛亞置業有限公司)	12,430,842.70	73,865.62	16,358,778.89	50,712.21
Changchun Red Star Macalline Real Estate Development Co., Ltd. (長春紅星美凱龍房地產開發有限公司)	4,250,331.30	25,256.00	–	–
Hengshui Xinglong Real Estate Development Co., Ltd. (衡水星龍房地產開發有限公司)	3,400,442.47	20,205.85	–	–

## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 6. Amounts due from/to related parties (continued)

	2021		2020	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
Jinhua Hangkai Real Estate Co., Ltd. (金華航凱置業有限公司)	3,178,974.51	18,889.86	-	-
Ganzhou Kaiyue Real Estate Co., Ltd. (贛州凱越置業有限公司)	2,831,615.70	16,825.81	-	-
Henan Chenbo Real Estate Co., Ltd. (河南宸博置業有限公司)	2,763,645.25	16,421.92	-	-
Taiyuan Shuangming Kailong Real Estate Development Co., Ltd. (太原雙明凱龍房地產開發有限公司)	2,377,029.89	14,124.61	-	-
Baoshan Red Star Urban and Rural Investment and Real Estate Co., Ltd. (保山紅星城鄉投資置業有限公司)	2,338,412.44	13,895.14	-	-
Suqian Xingkai Real Estate Development Co., Ltd. (宿遷星凱房地產開發有限公司)	2,183,444.24	12,974.30	-	-
Shuyang Xinglong Real Estate Development Co., Ltd. (沭陽星龍房地產開發有限公司)	2,179,569.83	12,951.28	-	-
Xining Red Star Macalline Real Estate Development Co., Ltd. (西寧紅星美凱龍房地產開發有限公司)	2,035,038.92	12,092.46	-	-
Taiyuan Shuangmingzhikun Real Estate Development Co., Ltd. (太原雙明智坤房地產開發有限公司)	756,343.86	4,494.29	-	-
Xiangshan Kaisheng Real Estate Co., Ltd. (象山凱勝置業有限公司)	345,536.59	2,053.22	589,156.72	1,826.39
Chongqing Jinke Zhongjun Real Estate Development Co., Ltd. (重慶金科中俊房地產開發有限公司)	-	-	17,125,491.85	53,089.02
	<b>136,404,267.67</b>	<b>1,019,236.85</b>	94,950,473.89	294,346.47

# 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)

	2021	2020
<b>Other payables</b>		
Shandong Inzone Green Home Co., Ltd. (山東銀座家居有限公司)	80,462,388.89	–
CSSC Cruise Industry Development (Shanghai) Co., Ltd. (中船郵輪產業發展(上海)有限公司)	80,000,000.00	–
Shenzhen Red Star Macalline Home Furnishing Plaza Company Limited (深圳紅星美凱龍家居生活廣場有限公司)	35,955,102.14	47,803,820.31
Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司)	20,811,095.33	19,379,218.91
Greenland Group Chengdu Jinniu Real Estate Development Co., Ltd. (綠地集團成都金牛房地產開發有限公司)	17,613,815.75	9,418,454.28
Wuhu Minghui Business Management Co., Ltd. (蕪湖明輝商業管理有限公司)	15,957,660.19	1.00
Wuhan Zhengkai Logistics Co., Ltd. (武漢市正凱物流有限公司)	9,076,485.00	9,561,813.98
Shanghai Xincheng'an Construction Co., Ltd. (上海鑫誠安建設有限公司)	5,191,895.94	5,154,230.89
Shanghai Zhenyang Decoration Co., Ltd. (上海振洋建築裝潢工程有限公司)	4,489,414.11	5,381,599.51
Xiamen Xiazhe Investment Partnership (LIMITED PARTNERSHIP) (廈門廈柘投資合夥企業(有限合夥))	2,800,643.59	–
Hangzhou Nabel Ceramics Co., Ltd. (杭州諾貝爾陶瓷有限公司) and its branches	2,236,971.02	1,718,112.79
Shanghai Huojing Business Management Company Limited (上海或京商業管理有限公司)	1,646,863.29	49,893.00
Super Smart Home (Shanghai) Internet of Things Technology Co., Ltd. (超級智慧家(上海)物聯網科技有限公司)	1,064,404.89	1,129,893.88
Shanghai Jiazhan Construction Engineering Company Limited (上海嘉展建築裝潢工程有限公司)	929,500.00	1,195,040.32
Xinjiang Jinkeyutai Real Estate Development Co., Ltd. (新疆金科宇泰房地產開發有限公司)	716,702.00	–
Hangzhou Nabel Group Co., Ltd. (杭州諾貝爾集團有限公司) and its branches	610,200.47	58,934.47
LEAWOD Door and Window Group Co., Ltd. (良木道門窗集團有限公司)	530,000.00	630,000.00
Baoshan Red Star Urban and Rural Investment and Real Estate Co., Ltd. (保山紅星城鄉投資置業有限公司)	490,875.41	–

## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 6. Amounts due from/to related parties (continued)

	2021	2020
Klas International Home Living Company Limited (克拉斯國際家居有限公司)	N/A	472,952.65
Shenzhen Yatai Macalline Life Space Technology Co., Ltd. (深圳市亞泰美凱龍空間科技有限公司)	468,679.23	–
Shanghai Red Star Macalline Real Estate Group Co., Ltd. (上海紅星美凱龍房地產集團有限公司)	424,400.00	–
Shengbao (Shanghai) Intelligent Technology Co., Ltd. (晟葆(上海)智能科技有限公司)	232,265.00	287,941.56
Chongqing Red Star Macalline Enterprise Development Co., Ltd. (重慶紅星美凱龍企業發展有限公司)	199,956.99	199,956.99
Meinian Onehealth Healthcare (Group) Co., Ltd. (美年大健康產業(集團)有限公司) and its subsidiaries	211,295.82	
Beijing Allgf Cultural and Scientific Consultation Co., Ltd. (北京國富縱橫文化科技諮詢股份有限公司)	112,529.65	31,384.00
Business Division of Nanjing Pukou Lilicheng Furniture (南京市浦口區立力成傢俱經營部)	110,818.75	54,500.00
Changzhou Yizhi International Trade Co., Ltd. (常州市藝致國際貿易有限公司)	102,846.00	24,000.00
Mex Smart Home (Shen Zhen) Co., Ltd. (美時智能家居(深圳)有限公司)	100,000.00	–
Jiangsu Baili Aijia Home Technology Co., Ltd. (江蘇佰麗愛家家居科技有限公司)	94,600.00	94,600.00
Shanghai Macalline Aijia Real Estate Management Consulting Co., Ltd. (上海美凱龍愛家房地產管理諮詢有限公司)	61,539.93	71,539.93
Shanghai Weilaishi Decoration Technology Company Limited (上海威來適裝飾科技有限公司)	60,296.00	89,605.28
Shanghai Tianhe Smart Home Technology Company Ltd. (上海天合智能科技股份有限公司)	56,536.00	177,752.86
Suzhou Supin Home Culture Co., Ltd. (蘇州市蘇品宅配文化有限公司)	51,015.32	51,015.32
Changzhou Red Star Furniture General Factory Co., Ltd. (常州市紅星傢俱總廠有限公司)	41,960.87	164,183.44
Anka Household Products (Shanghai) Co., Ltd. (安咖家居用品(上海)有限公司)	41,528.40	–
QIAN Yumei (錢玉梅)	40,003.20	40,003.20
Shenzhen Huasheng Home Furnishing Group Co., Ltd. (深圳華生大家居集團有限公司)	40,000.00	40,000.00

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## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 6. Amounts due from/to related parties (continued)

	2021	2020
Shenzhen Long Life Basics Sleep Science and Technology Co., Ltd. (深圳市朗樂福睡眠科技有限公司)	30,000.00	30,000.00
Shanghai Qiangshang Environmental Technology Company Limited (上海牆尚環保科技有限公司)	30,000.00	30,000.00
Asia New Materials (Beijing) Building Materials Co., Ltd. (亞細亞新材(北京)建築材料有限公司)	27,580.00	–
Hangzhou Feishi Bath & Kitchen Products Co., Ltd. (杭州菲氏浴廚用品有限公司)	20,000.00	20,000.00
Yangzhou Kailong Consulting Co., Ltd. (揚州凱龍管理諮詢有限公司)	19,697.53	15,263.42
Jiangyin Tishang Home Furnishing Co., Ltd. (江陰提尚家居有限公司)	10,000.00	10,000.00
CAO Zhongmin (曹仲民)	6,000.00	6,000.00
CHE Jianxing (車建興)	–	33,544.98
Shanghai Red Star Macalline Commercial Property Investment Co., Ltd. (上海紅星美凱龍商用物業投資有限公司)	2,400.00	–
Xuzhou Red Star Macalline International Furniture Decoration City Co., Ltd. (徐州紅星美凱龍國際家具裝飾城有限公司)	1,975.20	1,228.44
Baoxiang Red Star Macalline (Xiamen) Global Home Furnishing Plaza Company Limited (寶象紅星美凱龍(廈門)全球家居廣場有限公司)	577.83	20.00
Shaanxi Hongrui Home Furnishings Plaza Co., Ltd. (陝西鴻瑞家居生活廣場有限公司)	20.90	36.00
Xuzhou Red Star Macalline Global Home Furnishings Plaza Co., Ltd. (徐州紅星美凱龍全球家居生活廣場有限公司)	–	10,111.00
Chongqing Jinke Zhongjun Real Estate Development Co., Ltd. (重慶金科中俊房地產開發有限公司)	–	163,804,744.96
Shenyudao Cultural Tourism Holding Co., Ltd. (神玉島文化旅遊控股股份有限公司)	–	16,300,000.00
Shanghai Yunshen Intelligent Technology Co., Ltd. (上海雲紳智能科技有限公司)	–	279,000.00
Guangdong Sanweijia Information Technology Co., Ltd. (廣東三維家信息科技有限公司)	–	10,000.00
Xiamen Baoxiang Red Star Macalline Home Furnishing Plaza Company Limited (廈門寶象紅星美凱龍家居生活廣場有限公司)	N/A	3,101.00
Handan Fengfengkuang District Royal Property Development Company Limited (邯鄲市峰峰礦區皇室房地產開發有限公司)	N/A	196,910.15
	<b>418,169,157.62</b>	<b>284,030,408.52</b>

## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 6. Amounts due from/to related parties (continued)

	2021	2020
<b>Advance from customers</b>		
Super Smart Home (Shanghai) Internet of Things Technology Co., Ltd. (超級智慧家(上海)物聯網科技有限公司)	1,415,606.72	636,009.21
Hangzhou Nabel Ceramics Co., Ltd. (杭州諾貝爾陶瓷有限公司) and its branches	1,024,396.72	442,869.67
Klas International Home Living Company Limited (克拉斯國際家居有限公司)	N/A	246,834.65
Anka Household Products (Shanghai) Co., Ltd. (安咖家居用品(上海)有限公司)	299,738.40	–
Zhengzhou Xingbo Real Estate Development Co., Ltd. (鄭州星鉑房地產開發有限公司)	231,525.00	220,500.00
Hangzhou Nabel Group Co., Ltd. (杭州諾貝爾集團有限公司) and its branches	155,557.53	115.00
Shengbao (Shanghai) Intelligent Technology Co., Ltd. (晟葆(上海)智能科技有限公司)	149,266.40	129,197.97
Shanghai Weilaishi Decoration Technology Company Limited (上海威來適裝飾科技有限公司)	144,144.00	–
Shanghai Huojing Business Management Company Limited (上海或京商業管理有限公司)	135,174.43	–
Business Division of Nanjing Pukou Lilicheng Furniture (南京市浦口區立力成傢俱經營部)	73,733.45	106,520.34
Shanghai Tianhe Smart Home Technology Company Ltd. (上海天合智能科技股份有限公司) and its branches	51,089.65	2,306.26
Shanghai Macalline Aijia Real Estate Management Consulting Co., Ltd. (上海美凱龍愛家房地產管理諮詢有限公司)	42,263.10	–
Changzhou Yizhi International Trade Co., Ltd. (常州市藝致國際貿易有限公司)	29,497.25	6,974.77
Mex Smart Home (Shen Zhen) Co., Ltd. (美時智能家居(深圳)有限公司)	20,459.84	–
Jiangyin Tishang Home Furnishing Co., Ltd. (江陰提尚家居有限公司)	4,118.52	6,621.01
QIAN Zhongxiang (錢忠祥)	2,873.99	2,873.99
Asia New Materials (Beijing) Building Materials Co., Ltd. (亞細亞新材(北京)建築材料有限公司)	2,812.50	–
Shanghai Xingzhiyu Commercial Management Co., Ltd. (上海星之域商業經營管理有限公司)	–	100,800.00
Shanghai Qiaotong Enterprise Management Co., Ltd. (上海喬彤企業管理有限公司)	–	1,000,000.00
CHE Yuqin (車玉琴)	–	766,736.93
Shanghai Macalline Seven Star Hotel Management Co., Ltd. (上海美凱龍七星酒店管理有限公司)	–	358,382.58
CHE Jianguo (車建國)	–	252,101.86
Jiangsu Baili Aijia Home Technology Co., Ltd. (江蘇佰麗愛家家居科技有限公司)	–	128,242.40
Changzhou Red Star Furniture General Factory Co., Ltd. (常州市紅星傢俱總廠有限公司)	–	108,585.45
Ningbo Qiangshang Home Living Company Limited (寧波牆尚家居有限公司)	–	72,208.50
Shanghai Zhenyang Decoration Co., Ltd. (上海振洋建築裝潢工程有限公司)	–	67,916.50
ZHANG Jianfang (張建芳)	–	17,187.52

# 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)

	2021	2020
<b>Advance from customers</b>		
Changzhou Longyao Equity Investment Management Co., Ltd. (常州龍耀股權投資管理有限公司)	–	2,940.91
	<b>3,782,257.50</b>	4,675,925.52

	2021	2020
<b>Accounts Payable</b>		
Shanghai Zhenyang Decoration Co., Ltd. (上海振洋建築裝潢工程有限公司)	44,353,053.20	68,537,477.95
Shanghai Xincheng'an Construction Co., Ltd. (上海鑫誠安建設有限公司)	22,111,498.09	39,473,502.92
Shanghai Jiazhan Construction Engineering Company Limited (上海嘉展建築裝潢工程有限公司)	15,052,226.52	9,807,364.91
Shanghai Red Star Macalline Real Estate Group Co., Ltd. (上海紅星美凱龍房地產集團有限公司)	2,586,900.00	–
Alibaba Cloud Computing Limited (阿里雲計算有限公司)	757,523.17	–
Beijing Allgf Cultural and Scientific Consultation Co., Ltd. (北京國富縱橫文化科技諮詢股份有限公司)	486,342.52	213,636.49
Shanghai AI.Pure Intelligent Technology Co., Ltd. (上海智諦智能科技有限公司)	369,631.72	912,388.51
Meinian Onehealth Healthcare (Group) Co., Ltd. (美年大健康產業(集團)有限公司) and its subsidiaries	186,351.00	–
Hangzhou Nabel Ceramics Co., Ltd. (杭州諾貝爾陶瓷有限公司) and its branches	119,974.22	727,233.56
Shanghai Red Star Cloud Computing Technology Co., Ltd. (上海紅星雲計算科技有限公司)	85,800.00	20,000.00
Changzhou Red Star Furniture General Factory Co., Ltd. (常州市紅星傢俱總廠有限公司)	64,486.50	803,190.50
Shanghai Macalline Aijia Real Estate Management Consulting Co., Ltd. (上海美凱龍愛家房地產管理諮詢有限公司)	3,085.25	–
CHE Guoxing (車國興)	–	291,500.00
Shenyang Red Star Macalline Property Management Co., Ltd. (瀋陽紅星美凱龍物業管理有限公司) and its branches	–	138,775.00
	<b>86,176,872.19</b>	120,925,069.84

	2021	2020
<b>Lease Liabilities</b>		
Changzhou Red Star Home Furnishing City (常州市紅星裝飾城)	19,920,780.44	–
Shanghai Huojing Business Management Company Limited (上海或京商業管理有限公司)	2,905,426.81	–
	<b>22,826,207.25</b>	–



## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 6. Amounts due from/to related parties (continued)

	2021	2020
<b>Contract liabilities</b>		
Chongqing Jinke Real Estate Development Co., Ltd. (重慶金科房地產開發有限公司)	240,566,037.74	229,729,729.73
Zhejiang Zhongguang Electric Appliances Group Co., Ltd. (浙江中廣電器股份集團有限公司)	4,424,778.76	–
Liuzhou Red Star Macalline Real Estate Co., Ltd. (柳州紅星美凱龍置業有限公司)	4,162,547.25	290,552.29
Wuhu Meihe Asset Management Company Limited (蕪湖美和資產管理有限公司)	3,459,119.53	2,669,989.27
Xinjiang Jinkeyutai Real Estate Development Co., Ltd. (新疆金科宇泰房地產開發有限公司)	3,000,000.00	–
Shanghai Qiaotong Enterprise Management Co., Ltd. (上海喬彤企業管理有限公司)	3,069,002.97	3,069,002.97
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司)	2,549,149.74	3,414,014.53
Greenland Group Chengdu Jinniu Real Estate Development Co., Ltd. (綠地集團成都金牛房地產開發有限公司)	2,419,229.80	2,419,229.79
Xuzhou Red Star Macalline Global Home Furnishings Plaza Co., Ltd. (徐州紅星美凱龍全球家居生活廣場有限公司)	2,290,621.69	2,290,621.69
Hangzhou Nabel Ceramics Co., Ltd. (杭州諾貝爾陶瓷有限公司) and its branches	2,248,681.93	2,591,839.99
Kunming Hongxing Haihui Real Estate Co., Ltd. (昆明紅星海匯房地產有限公司)	2,050,530.37	922,061.32
Wuhan Zhengkai Logistics Co., Ltd. (武漢市正凱物流有限公司)	1,952,054.79	1,952,054.79
Shanghai Macalline Aijia Real Estate Management Consulting Co., Ltd. (上海美凱龍愛家房地產管理諮詢有限公司)	1,946,008.48	–
Shanghai CTME Economy & Trade Development Co., Ltd. (上海中貿美凱龍經貿發展有限公司)	1,935,741.76	3,671,235.22
Shenzhen Long Life Basics Sleep Science and Technology Co., Ltd. (深圳市朗樂福睡眠科技有限公司)	1,300,440.24	156,037.74
Jining Hongrui Market Management Company Limited (濟寧鴻瑞市場經營管理有限公司)	1,165,487.79	–
Shanghai Jingdi Catering Management Co., Ltd. (上海景帝餐飲管理有限公司)	625,415.93	3,181,686.73

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## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 6. Amounts due from/to related parties (continued)

	2021	2020
Anka Household Products (Shanghai) Co., Ltd. (安咖家居用品(上海)有限公司)	621,359.22	587,155.96
Shenzhen Red Star Macalline Business Management Company Limited (深圳紅星美凱龍商業管理有限公司)	548,328.77	3,269,563.22
Mex Smart Home (Shen Zhen) Co., Ltd. (美時智能家居(深圳)有限公司)	471,698.11	–
Xishuangbanna cloud investment construction Pan Asia Real Estate Co., Ltd. (西雙版納雲投建設泛亞置業有限公司)	145,631.07	37,521.47
Chengdu Rhine Etam Furniture Co., Ltd. (成都艾格傢俱有限公司)	87,082.73	–
Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司)	69,724.77	–
Tianjin Macalline Real Estate Co., Ltd. (天津美凱龍置業有限公司)	59,513.45	75,109.78
Suzhou Supin Home Culture Co., Ltd. (蘇州市蘇品宅配文化有限公司)	31,000.00	11,792.45
Shanghai Hongmei Real Estate Co., Ltd. (上海洪美置業有限公司)	15,567.02	72,668.39
Shanghai Shimao Macalline Home Technology Co., Ltd. (上海世茂美凱龍家居科技有限公司)	13,782.06	132,642.62
Shanghai Xingzhiyu Commercial Management Co., Ltd. (上海星之域商業經營管理有限公司)	–	13,267,730.09
Anhui Tenghui Investment Group Hefei Co., Ltd. (安徽騰輝投資集團合肥有限公司)	–	3,229,923.19
Xiangshan Meilong Real Estate Co., Ltd. (象山美龍置業有限公司)	–	796,738.85
Kunming Guangyuan Real Estate Development Co., Ltd. (昆明廣遠房地產開發有限公司)	–	13,165.14
Handan Fengfeng kuang District Royal Property Development Company Limited (邯鄲市峰峰礦區皇室房地產開發有限公司)	N/A	462,651.85
Dream Maker Home (Shenzhen) Co., Ltd. (造夢者家居(深圳)有限公司)	N/A	30,417.92
	<b>281,228,535.97</b>	278,345,136.99

## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

### 6. Amounts due from/to related parties (continued)

	2021	2020
<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	9,800,000.00
Shanghai Red Star Macalline Financial Leasing Company Limited (上海紅星美凱龍融資租賃有限公司)	3,482,818.34	–
	<b>13,282,818.34</b>	9,800,000.00
<b>Non-current Liabilities Due Within One Year</b>		
Changzhou Red Star Home Furnishing City (常州市紅星裝飾城)	22,439,217.03	–
Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司)	4,572,298.58	–
Shanghai Huojing Business Management Company Limited (上海或京商業管理有限公司)	2,149,917.35	–
CSSC Cruise Industry Development (Shanghai) Co., Ltd. (中船郵輪產業發展(上海)有限公司)	182,000.00	–
	<b>29,343,432.96</b>	–
<b>Short-term Loans</b>		
Shanghai Red Star Macalline Commercial Factoring Company Limited (上海紅星美凱龍商業保理有限公司)	57,322,140.30	–
	<b>57,322,140.30</b>	–

# Notes to the Financial Statements

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## XI. COMMITMENTS AND CONTINGENCIES

### 1. Significant Commitments

	2021	2020
Contracted but not provisioned		
Capital commitments	<b>1,479,228,370.91</b>	2,373,804,000.00
Investment commitments	<b>348,198,831.45</b>	606,347,000.00
	<b>1,827,427,202.36</b>	2,980,151,000.00

### 2. Contingencies

As of the date of approval of the financial report, the Company has no significant contingencies that should be disclosed.

## XII. EVENTS AFTER THE BALANCE SHEET DATE

As of the date of approval of the financial report, the Company has no events after the balance sheet date.

## XIII. OTHER SIGNIFICANT EVENTS

### 1. Segment Reporting

#### Operating segment

For management purposes, the Group is organized into business units based on their products and services and has 5 reporting segments as follows:

- (1) Owned/Leased Portfolio Shopping Malls
- (2) Managed Shopping Malls
- (3) Construction and design
- (4) Related home decoration and sales of merchandise
- (5) Others

The management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance are evaluated based on the segment profits reported. It represents the indicator after adjustments have been made to total profit of continuing operation, and other than the exclusion of interest income, financial expenses, dividend income, gains from changes in fair value of financial instruments, and headquarters expenses, the indicator is consistent with the Group's total profit of continuing operation.

# Notes to the Financial Statements

For the year 2021

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## XIII. OTHER SIGNIFICANT EVENTS (continued)

### 1. Segment Reporting (continued)

#### Operating segment (continued)

2021

	Owned/Leased Portfolio Shopping Malls	Managed Shopping Malls	Construction and design	Related home decoration and sales of merchandise	Others	Unallocated item	Combination
External revenue	8,094,818,286.35	3,256,244,786.68	1,498,607,716.09	1,395,546,601.53	1,267,574,825.19		15,512,792,215.84
Inter-segment revenue							
<b>Total segment operating revenue</b>	<b>8,094,818,286.35</b>	<b>3,256,244,786.68</b>	<b>1,498,607,716.09</b>	<b>1,395,546,601.53</b>	<b>1,267,574,825.19</b>		<b>15,512,792,215.84</b>
Less: Cost of sales	1,853,279,832.71	1,551,333,485.38	1,089,089,511.78	1,108,772,190.30	344,001,354.12		5,946,476,374.29
Taxes and surcharges	364,960,178.67	27,945,839.10	7,060,968.13	6,851,988.38	37,394,475.12		444,213,449.40
Sale expenses	1,229,279,195.35	514,130,942.25	2,413,055.36	243,152,829.88	74,532,506.61		2,063,508,529.45
Management expenses	817,415,276.09	422,134,590.64	150,107,712.13	195,557,644.78	418,853,079.86		2,004,068,303.50
Research and development expenses						60,662,404.01	60,662,404.01
Financial expenses						2,461,030,413.09	2,461,030,413.09
Add: Other income						157,986,045.42	157,986,045.42
Investment income						539,056,113.92	539,056,113.92
Gain on changes in fair value						371,721,560.94	371,721,560.94
Impairment losses of credit						(482,324,412.32)	(482,324,412.32)
Impairment losses of assets						(270,517,522.20)	(270,517,522.20)
Gain from disposal of assets						13,583,009.15	13,583,009.15
<b>Operating profit/(loss)</b>	<b>3,829,883,803.53</b>	<b>740,699,929.31</b>	<b>249,936,468.69</b>	<b>(158,788,051.81)</b>	<b>392,793,409.48</b>	<b>(2,192,188,022.19)</b>	<b>2,862,337,537.01</b>
Add: Non-operating income						43,461,098.33	43,461,098.33
Less: Non-operating expenses						103,823,054.44	103,823,054.44
<b>Total profit/(loss)</b>	<b>3,829,883,803.53</b>	<b>740,699,929.31</b>	<b>249,936,468.69</b>	<b>(158,788,051.81)</b>	<b>392,793,409.48</b>	<b>(2,252,549,978.30)</b>	<b>2,801,975,580.90</b>
Less: Income tax expenses						612,975,607.73	612,975,607.73
<b>Net profit/(loss)</b>	<b>3,829,883,803.53</b>	<b>740,699,929.31</b>	<b>249,936,468.69</b>	<b>(158,788,051.81)</b>	<b>392,793,409.48</b>	<b>(2,865,525,586.03)</b>	<b>2,188,999,973.17</b>

## 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	Others	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
Operating profit/(loss)	3,274,876,535.08	1,190,385,302.06	405,574,683.42	(68,400,378.90)	201,809,822.50	(2,058,188,241.42)	2,946,057,722.74
Add: Non-operating income						57,938,296.96	57,938,296.96
Less: Non-operating expenses						189,847,568.12	189,847,568.12
<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>

# 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 1-4 years, forming an operating lease. According to the lease contract, the rent needs to be adjusted every year according to the market rent status. In 2021, the Group's revenue from housing and building leases was RMB8,094,818,286.35(2020 : RMB6,682,569,916.85), please refer to Note V.47. The leased houses and buildings are listed in investment properties, please refer to Note V.16.

#### *Operating lease*

The profit and loss related to operating leases are listed as follows:

	2021	2020
Rental income	<b>8,094,818,286.35</b>	6,682,569,916.85

According to the lease contract signed with the lessee, minimum lease payment under irrevocable lease is as follows:

	2021	2020
Within 1 year (including 1 year)	<b>3,465,411,355.05</b>	3,029,451,265.53
1 to 2 years (including 2 years)	<b>67,811,132.07</b>	56,010,046.06
2 to 3 years (including 3 years)	<b>8,226,224.80</b>	9,665,365.00
3 to 4 years (including 4 years)	<b>1,685,811.81</b>	4,950,494.31
	<b>3,543,134,523.73</b>	3,100,077,170.90

For fixed assets rented out under operating leases, please refer to Note V.16.



### XIII. OTHER SIGNIFICANT EVENTS (continued)

#### 2. Leases (continued)

##### (2) As a lessee

	2021	2020
Interest expenses of lease liabilities	235,673,789.22	221,715,442.83
Short-term lease expenses included in the current profit and loss under simplified treatment	18,637,831.24	82,506,126.15
Revenue from subletting right-of-use assets	1,389,451,549.12	1,210,546,002.76
Total cash outflows related to leases	885,734,192.37	664,268,421.44

The leased assets leased by the Group include houses and buildings and other equipments used in the course of operation. The lease period of houses and buildings and other equipments is usually 3-30 years.

*Potential future cash outflows not included in the measurement of lease liabilities*

Leases committed but not yet started

Excepted future cash outflows of the leases committed by the Group but not yet started are as follows:

	2021	2020
Within 1 year (including 1 year)	3,750,000.00	56,454,019.60
1 to 2 years (including 2 years)	8,750,000.00	79,204,039.20
2 to 3 years (including 3 years)	12,875,000.00	81,796,039.20
Over 3 years	127,894,000.00	1,251,524,360.34
	153,269,000.00	1,468,978,458.34

# Notes to the Financial Statements

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## XIII. OTHER SIGNIFICANT EVENTS (continued)

### \*3. Remuneration of Directors and Supervisors

#### Remuneration of Directors

	2021	2020
Directors' fees	3,000,000.00	2,476,190.48
Salaries and allowances	9,007,516.16	8,210,919.20
Bonuses	3,544,790.40	3,661,197.60
Pensions	297,435.12	194,321.80
Social insurance and reserve funds other than pensions	322,056.50	235,613.90
	<b>16,171,798.18</b>	14,778,242.98

#### Executive directors

The remuneration of executive Directors is set out as follows:

2021	Directors' fees	Salaries and allowances	Bonuses	Pensions	Other social security fund	Total
CHE Jianxing	-	2,136,000.00	900,000.00	56,669.76	64,659.24	3,157,329.00
GUO Binghe	-	1,736,000.00	416,000.00	55,808.16	63,419.54	2,271,227.70
CHE Jianfang	-	1,936,000.00	751,651.20	56,669.76	64,659.24	2,808,980.20
JIANG Xiaozhong	-	1,836,000.00	1,402,960.00	56,669.76	64,659.24	3,360,289.00
	-	7,644,000.00	3,470,611.20	225,817.44	257,397.26	11,597,825.90

2020	Directors' fees	Salaries and allowances	Bonuses	Pensions	Other social security fund	Total
CHE Jianxing	-	1,818,000.00	3,000,000.00	36,749.54	47,122.78	4,901,872.32
GUO Binghe	-	1,458,000.00	104,000.00	36,749.54	47,122.78	1,645,872.32
CHE Jianfang	-	1,918,000.00	187,912.80	36,749.54	47,122.78	2,189,785.12
JIANG Xiaozhong	-	1,818,000.00	350,740.00	36,749.54	47,122.78	2,252,612.32
	-	7,012,000.00	3,642,652.80	146,998.16	188,491.12	10,990,142.08

### XIII. OTHER SIGNIFICANT EVENTS (continued)

#### \*3. Remuneration of Directors and Supervisors (continued)

##### Remuneration of Directors (continued)

##### Non-executive directors

The remuneration of non-executive Directors is set out as follows:

2021	Directors' fees	Salaries and allowances	Bonuses	Pensions	Social security fund	Total
XU Guofeng (Note 1)	-	-	-	-	-	-
CHEN Shuhong	-	1,363,516.16	74,179.20	71,617.68	64,659.24	1,573,972.28
JIANG Xiangyu (Note 2)	-	-	-	-	-	-
XU Hong (Note 3)	-	-	-	-	-	-
CHEN Zhaochui (Note 2)	-	-	-	-	-	-
JING Jie (Note 2)	-	-	-	-	-	-
LIU Jin (Note 4)	-	-	-	-	-	-
	-	1,363,516.16	74,179.20	71,617.68	64,659.24	1,573,972.28

2020	Directors' fees	Salaries and allowances	Bonuses	Pensions	Social security fund	Total
XU Guofeng	-	-	-	-	-	-
CHEN Shuhong	-	1,198,919.20	18,544.80	47,323.64	47,122.78	1,311,910.42
XU Hong	-	-	-	-	-	-
JING Jie	-	-	-	-	-	-
LIU Jin	-	-	-	-	-	-
	-	1,198,919.20	18,544.80	47,323.64	47,122.78	1,311,910.42

Note 1: Resigned on 8 February 2021, and not received any remuneration from the Company.

Note 2: Not received any remuneration from the Company.

Note 3: Resigned on 19 January 2022, and not received any remuneration from the Company.

Note 4: Resigned on 5 August 2021, and not received any remuneration from the Company.

# Notes to the Financial Statements

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## XIII. OTHER SIGNIFICANT EVENTS (continued)

### \*3. Remuneration of Directors and Supervisors (continued)

#### Remuneration of Directors (continued)

##### Independent non-executive directors

	2021	2020
LEE Kwan Hung, Eddie (李均雄)	600,000.00	600,000.00
QIAN Shizheng (錢世政)	600,000.00	600,000.00
ZHAO Chongyi (趙崇佚)	600,000.00	600,000.00
WANG Xiao (王嘯)	600,000.00	600,000.00
QIN Hong (秦虹)	600,000.00	76,190.48
	<b>3,000,000.00</b>	<b>2,476,190.48</b>

There is no other remuneration payable to independent non-executive Directors for the year (2021: nil).

#### Remuneration of Supervisors

2021	Supervisors' fees	Salaries and allowances	Bonuses	Pensions	Other social security fund	Total
PAN Ning (潘寧)	-	1,236,000.00	312,000.00	56,669.79	64,659.24	1,669,329.03
CHAO Yanping (巢艷萍)	-	624,000.00	14,560.00	56,669.79	64,659.24	759,889.03
CHEN Gang (陳崗)	-	180,000.00	-	-	-	180,000.00
ZHENG Hongtao (鄭洪濤)	-	180,000.00	-	-	-	180,000.00
	-	<b>2,220,000.00</b>	<b>326,560.00</b>	<b>113,339.58</b>	<b>129,318.48</b>	<b>2,789,218.06</b>

### XIII. OTHER SIGNIFICANT EVENTS (continued)

#### \*3. Remuneration of Directors and Supervisors (continued)

##### Remuneration of Supervisors (continued)

2020	Supervisors' fees	Salaries and allowances	Bonuses	Pensions	Other social security fund	Total
PAN Ning (潘寧)	-	1,218,000.00	78,000.00	36,749.54	47,122.78	1,379,872.32
CHAO Yanping (巢艷萍)	-	600,000.00	3,640.00	36,749.54	47,122.78	687,512.32
CHEN Gang (陳崗)	-	180,000.00	-	-	-	180,000.00
ZHENG Hongtao (鄭洪濤)	-	180,000.00	-	-	-	180,000.00
	-	2,178,000.00	81,640.00	73,499.08	94,245.56	2,427,384.64

Pursuant to the remuneration system of the Company, the remuneration, allowances, benefits in kind and discretionary bonuses accrued for the executive directors are subject to the approval of the remuneration committee and the annual general meeting.

# 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 0 director (2020: one director) and two executives, and details of their remuneration are set out in Note XIII. 3. Details of the remaining three non-directors of the highest paid employees (2020: four) are set out as follows:

	2021	2020
Salaries and allowances	<b>10,965,332.00</b>	13,444,021.05
Bonuses	<b>6,149,600.00</b>	3,023,800.00
Pensions	<b>149,664.96</b>	96,859.48
Social insurance and reserve funds other than pensions	<b>167,242.71</b>	180,012.11

The number of the non-directors and non-supervisors of highest paid employees whose pre-tax remuneration fell within the following bands is as follows:

	2021	2020
HK\$3,000,001 to HK\$3,500,000 (equivalent to RMB2,687,000 to RMB3,135,000)	–	–
HK\$3,500,001 to HK\$4,000,000 (equivalent to RMB3,135,000 to RMB3,583,000)	–	1
HK\$4,000,001 to HK\$4,500,000 (equivalent to RMB3,583,000 to RMB4,031,000)	–	1
HK\$4,500,001 to HK\$5,000,000 (equivalent to RMB4,031,000 to RMB4,479,000)	–	1
Over HK\$5,000,000 (equivalent to over RMB4,479,000)	<b>3</b>	

### \*5. Pension Plans

	2021	2020
Net contributions to pension plans	<b>284,797,601.62</b>	73,986,625.76

On 31 December 2021, the Group was not forced to waive its contributions to reduce its contributions to pension plan for future years.

### XIII. OTHER SIGNIFICANT EVENTS (continued)

#### \*6. Total Assets Less Current Liabilities

	31 December 2021 The Group	31 December 2020 The Group
Total assets	135,187,542,000.02	131,547,918,635.49
Less: current liabilities	32,131,538,615.37	31,638,847,386.67
Total assets less current liabilities	103,056,003,384.65	99,909,071,248.82

	31 December 2021 The Company	31 December 2020 The Company
Total assets	58,901,208,577.21	60,735,934,997.03
Less: current liabilities	30,873,104,037.33	37,338,235,750.77
Total assets less current liabilities	28,028,104,539.88	23,397,699,246.26

#### 7. Comparative Information

During the current fiscal year, the Group did not adjust the comparative information.

#### 8. Other Important Transactions and Events that Affect Investors' Decisions

As of the approval date of the financial report, the Group has no other important transactions and events that have an impact on investors' decisions should be disclosed.

# Notes to the Financial Statements

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## XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY

### 1. Accounts Receivable

	2021	2020
Accounts receivable	<b>1,004,793,893.63</b>	1,070,598,215.58
Less: Allowance for bad debts for accounts receivable	<b>747,272,827.19</b>	710,901,123.63
	<b>257,521,066.44</b>	359,697,091.95

The movements on the allowance for bad debts in relation to accounts receivable are as follows:

	Opening balance	Provision for the current year	Reversal for the current year	Charge off for the current year	Write-off for the current year	Closing balance
2021	710,901,123.63	86,721,703.56	(19,525,000.00)		(30,825,000.00)	747,272,827.19
2020	909,070,574.54	9,311,179.73	(169,380,630.64)	-	(38,100,000.00)	710,901,123.63

	2021		Bad debt allowance Amount	Bad debt allowance Proportion(%)
	Book balance Amount	Book balance Percentage(%)		
Receivables for which bad debts are provided individually	627,416,523.62	62.44	566,754,206.57	90.33
Receivables for which bad debt allowance is provided by portfolio of credit risk characteristics	377,377,373.01	37.56	180,518,620.62	47.84
	<b>1,004,793,896.63</b>	<b>100.00</b>	<b>747,272,827.19</b>	<b>74.37</b>



## XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

### 1. Accounts Receivable (continued)

	2020			
	Book balance Amount	Proportion(%)	Bad debt allowance Amount	Proportion(%)
Receivables for which bad debts are provided individually	636,247,285.70	59.43	564,772,285.69	88.77
Receivables for which bad debt allowance is provided by portfolio of credit risk characteristics	434,350,929.88	40.57	146,128,837.94	33.64
	1,070,598,215.58	100.00	710,901,123.63	66.40

The aging analysis of accounts receivable is as follows:

	2021	2020
Within 1 year	<b>77,497,926.11</b>	141,247,442.34
1 to 2 years	<b>60,143,074.05</b>	138,497,721.76
2 to 3 years	<b>106,865,783.18</b>	110,046,974.44
Over 3 years	<b>760,287,110.29</b>	680,806,077.04
	<b>1,004,793,893.63</b>	1,070,598,215.58
Less: Allowance for bad debts for accounts receivable	<b>747,272,827.19</b>	710,901,123.63
	<b>257,521,066.44</b>	359,697,091.95

# Notes to the Financial Statements

For the year 2021

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## XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

### 1. Accounts Receivable (continued)

As at 31 December 2021, the top five debtors by the balances of accounts receivable which bad debts are provided individually are as follows:

	Book balance	Bad debt allowance	ECL rate (%)	Reason for accruing bad debt
Changzhou Wujin Construction Engineering Co., Ltd. (常州市武進建設工程有限公司)	55,000,000.00	55,000,000.00	100.00	Expected account receivables cannot be recovered
Jiangsu Provincial Construction Group Co., Ltd. (江蘇省建築工程集團有限公司)	26,000,000.00	26,000,000.00	100.00	Expected account receivables cannot be recovered
Xuanwei Xintiandi Real Estate Development Co., Ltd. (宣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 account receivables cannot be recovered
Jiangsu Jiangdu Construction Group Co.,Ltd. (江蘇江都建設集團有限公司)	16,000,000.00	16,000,000.00	100.00	Expected account receivables cannot be recovered

## XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

### 1. Accounts Receivable (continued)

As at 31 December 2020, the top five debtors by the balances of accounts receivable which bad debts are provided individually are as follows:

	Book balance	Bad debt allowance	ECL rate (%)	Reason for accruing bad debt
Changzhou Wujin Construction Engineering Co., Ltd. (常州市武進建設工程有限公司)	55,000,000.00	55,000,000.00	100.00	Expected account receivables cannot be recovered
Jiangsu Provincial Construction Group Co., Ltd. (江蘇省建築工程集團有限公司)	26,000,000.00	23,000,000.00	88.46	Expected partial account receivables cannot be recovered
Xuanwei Xintiandi Real Estate Development Co., Ltd. (宣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

# Notes to the Financial Statements

For the year 2021

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## XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

### 1. Accounts Receivable (continued)

Our Company's accounts receivable for which bad debts are provided by aging analysis method are as follows:

	2021		
	Book balance expected to incur credit loss	ECL rate (%)	Lifetime ECL
Portfolio One: Brand consulting and management services for the early stage of project			
Within 1 year	5,000,000.00	15.59	779,500.00
1 to 2 years	10,500,000.00	22.23	2,334,150.00
2 to 3 years	24,800,000.00	26.96	6,686,080.00
3 to 4 years	47,500,000.00	33.50	15,912,500.00
4 to 5 years	55,300,000.00	57.95	32,046,350.00
5 to 6 years	25,890,000.00	64.69	16,748,241.00
Over 6 years	37,750,000.00	100.00	37,750,000.00
	206,740,000.00	54.30	112,256,821.00

	2021		
	Book balance expected to incur credit loss	ECL rate (%)	Lifetime ECL
Portfolio Two: Other consulting services			
Within 1 year	62,302,124.86	16.18	10,080,483.80
1 to 2 years	39,764,321.68	33.53	13,332,977.06
2 to 3 years	40,215,574.49	57.08	22,955,049.95
Over 3 years	21,588,793.69	100.00	21,588,793.68
	163,870,814.72	41.47	67,957,304.49

## XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

### 1. Accounts Receivable (continued)

Our Company's accounts receivable for which bad debts are provided by aging analysis method are as follows:  
(continued)

	Book balance expected to incur credit loss	2021	
		ECL rate (%)	Lifetime ECL
Portfolio Three: Rental and related income	2,552,775.98	4.50	114,874.92

	Book balance expected to incur credit loss	2021	
		ECL rate (%)	Lifetime ECL
Portfolio Four: Others	4,213,782.30	4.50	189,620.20

Accounts receivable actually written off in 2021 are RMB30,825,000.00, of which, the important written-off account receivables include receivables from Shaanxi Haixing Real Estate Development Co., Ltd. (陝西海興房地產開發有限責任公司) amounting to RMB18,750,000.00 for brand consulting and management services for the early stage of project, receivables from Shanxi Xinghe Real Estate Development Co., Ltd. (山西星河房地產開發有限公司) amounting to RMB8,000,000.00 for brand consulting and management services for the early stage of project, and receivables from Yong'an Haoyuan Real Estate Co., Ltd. (永安市昊元置業有限公司) amounting to RMB4,075,000.00 for brand consulting and management services for the early stage of project, which was written off after approval by the management because it cannot be recovered. (2020: the actual write-off account receivables is RMB38,100,000.00, of which, the important written-off account receivables include receivables from Dalian Yongle Hongye Group Co., Ltd. (大連永樂宏業集團有限公司) amounting to RMB13,500,000.00 for brand consulting and management services for the early stage of project, which was written off after approval by the management because it cannot be recovered; receivables from Zhejiang Huaxia Real Estate Co., Ltd. (浙江華夏置業有限公司) amounting to RMB9,250,000.00 for brand consulting and management services for the early stage of project, which was written off after approval by the management because it cannot be recovered; and receivables from Jinzhong Tianhe Real Estate Development Co., Ltd. (晉中市天河房地產開發有限公司) amounting to RMB6,000,000.00 for brand consulting and management services for the early stage of project, which was written off after approval by the management because it cannot be recovered.)

# Notes to the Financial Statements

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## XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

### 1. Accounts Receivable (continued)

As at 31 December 2021, the top five accounts receivable were as follows:

	Closing balance	Proportion to total balance of accounts Receivable(%)	Bad debt allowance Closing balance
Changzhou Wujin Construction Engineering Co., Ltd. (常州市武進建設工程有限公司)	55,000,000.00	5.47	55,000,000.00
Jiangsu Provincial Construction Group Co., Ltd. (江蘇省建築工程集團有限公司)	26,000,000.00	2.59	26,000,000.00
Xuanwei Xintiandi Real Estate Development Co., Ltd. (宣威市新天地房地產開發有限公司)	20,000,000.00	1.99	20,000,000.00
Fujian vogu Investment Development Co., Ltd. (福建沃谷投資發展有限公司)	17,000,000.00	1.69	17,000,000.00
Jiangsu Jiangdu Construction Group Co.,Ltd. (江蘇江都建設集團有限公司)	16,000,000.00	1.59	16,000,000.00

## XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

### 2. Other Receivables

	2021	2020
Interest receivables	9,069,537.29	9,069,537.32
Dividend receivables	2,215,821,972.63	2,958,106,450.36
Other receivables	27,139,182,027.44	29,492,800,730.56
	<b>29,364,073,537.36</b>	32,459,976,718.24

#### Interest receivables

	2021	2020
Borrowings interest	9,069,537.29	9,069,537.32

# Notes to the Financial Statements

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## XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

### 2. Other Receivables (continued)

#### Dividend receivables

	2021	2020
Red Star Macalline Home Furnishing Mall Management Company Limited (紅星美凱龍家居商場管理有限公司)	1,137,000,000.00	1,137,000,000.00
Red Star Xizhao Investment Company Limited (紅星喜兆投資有限公司)	900,000,000.00	–
Shanghai Xingkai Chengpeng Business Management Company Limited (上海星凱程鵬企業管理有限公司)	80,000,000.00	1,188,856,949.26
Nanjing Mingdu Home Furnishing Plaza Company Limited (南京名都家居廣場有限公司)	62,400,000.00	62,400,000.00
Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司)	31,000,000.00	31,000,000.00
Yunnan Red Star Macalline Home Furnishing Plaza Company Limited (雲南紅星美凱龍家居生活廣場有限公司)	5,421,972.63	–
Shanghai Red Star Macalline Global Home Furnishing Company Limited (上海紅星美凱龍全球家居有限公司)	–	352,000,000.00
Red Star Macalline Enterprise Management and Consultancy Company Limited (紅星美凱龍企業管理諮詢有限公司)	–	150,000,000.00
Shanghai Red Star Macalline Business Consulting Company Limited (上海紅星美凱龍商務諮詢有限公司)	–	19,849,501.10
Jinan Red Star Macalline Shibo Home Living Plaza Company Limited (濟南紅星美凱龍世博家居生活廣場有限公司)	–	8,000,000.00
Shanghai Jisheng Wellborn Global Home Furnishing Brand Management Company Limited (上海吉盛偉邦環球家居品牌管理有限公司)	–	6,000,000.00
Changsha Red Star Macalline International Home Furnishing Art Expo Company Limited (長沙紅星美凱龍國際家居藝術博覽中心有限公司)	–	3,000,000.00
	<b>2,215,821,972.63</b>	<b>2,958,106,450.36</b>

The aging analysis of other receivables is as follows:

	2021	2020
Within 1 year	15,116,898,991.97	24,346,291,045.31
1 to 2 years	9,528,482,864.52	1,723,263,304.56
2 to 3 years	841,923,035.34	972,902,915.32
Over 3 years	2,377,148,935.18	3,131,958,949.01
	<b>27,864,453,827.01</b>	<b>30,174,416,214.20</b>
Less: Bad debt allowance for other receivables	725,271,799.57	681,615,483.64
	<b>27,139,182,027.44</b>	<b>29,492,800,730.56</b>



## XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

### 2. Other Receivables (continued)

#### Dividend receivables (continued)

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

2021

	Stage 1 Expected credit losses in the next 12 months	Stage 2 Lifetime expected credit losses	Stage 3 Credit-impaired financial assets (Lifetime)	Total
Balance on 1 January 2021	36,954,347.13	-	644,661,136.51	681,615,483.64
- Transfer to stage 2	-	-	-	-
- Transfer to stage 3	-	-	-	-
- Reverse to stage 2	-	-	-	-
- Reverse to stage 1	-	-	-	-
Provision for the current year	100,355,699.35	-	-	100,355,699.35
Reversal for the current year	-	-	-	-
Write-off for the current year	-	-	(56,699,383.43)	(56,699,383.43)
	137,310,046.48	-	587,961,753.08	725,271,799.56

# Notes to the Financial Statements

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## XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

### 2. Other Receivables (continued)

#### Dividend receivables (continued)

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

2020

	Stage 1 Expected credit losses in the next 12 months	Stage 2 Lifetime expected credit losses	Stage 3 Credit-impaired financial assets (Lifetime)	Total
Balance on 1 January 2020	24,328,214.62	–	648,173,336.97	672,501,551.59
– Transfer to stage 2	–	–	–	–
– Transfer to stage 3	(35,000,000.00)	–	35,000,000.00	–
– Reverse to stage 2	–	–	–	–
– Reverse to stage 1	–	–	–	–
Provision for the current year	47,626,132.51	–	–	47,626,132.51
Reversal for the current year	–	–	(3,512,200.46)	(3,512,200.46)
Write-off for the current year	–	–	(35,000,000.00)	(35,000,000.00)
	36,954,347.13	–	644,661,136.51	681,615,483.64

Note: In 2021, bad debt allowance amounted to RMB100,355,699.35 (2020: RMB12,626,132.51), and the recovery or transfer of bad debt allowance amounted to RMB0.00 (2020: RMB3,512,200.46).

In 2021, actual written-off of other receivable amounted to RMB56,699,383.43 (2020: RMB35,000,000.00).

## XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

### 2. Other Receivables (continued)

#### Dividend receivables (continued)

Other receivables are classified by nature as follows:

	2021	2020
Loan and advances		
– to related parties	27,066,889,910.95	28,854,749,147.69
– to third parties	68,722,115.83	637,100,532.94
Deposits	828,302.59	553,364.04
Others	2,741,698.07	397,685.89
	<b>27,139,182,027.44</b>	<b>29,492,800,730.56</b>

As at 31 December 2021, the top five entities with the largest amounts of other receivables are as follows:

	Closing balance	Proportion to the total amount of other receivables (%)	Nature	Aging	Bad debt allowance Closing balance
Shanghai Red Star Macalline Home Furnishing Design Expo Company Limited (上海紅星美凱龍家居藝術設計博覽有限公司)	2,324,658,736.28	8.34	Amounts due to and from subsidiaries	Within 4 years	114,895,284.17
Hangzhou Red Star Macalline Global Furniture Co., Ltd. (杭州紅星美凱龍環球家居有限公司)	1,134,043,718.24	4.07	Amounts due to and from subsidiaries	Within 1 year, within 2 years	-
Tianjin Red Star Macalline World Trade Home Furnishing Company Limited (天津紅星美凱龍世貿家居有限公司)	1,066,679,866.38	3.83	Amounts due to and from subsidiaries	Within 1 year, within 3 years	-
Shanghai Red Star Macalline Industrial Company Limited (上海紅星美凱龍實業有限公司)	1,014,387,549.38	3.64	Amounts due to and from subsidiaries	Within 1 year, within 2 years	-
Shanghai Hongxin Oukai Home Furnishing Company Limited (上海虹欣歐凱家居有限公司)	850,731,708.01	3.05	Amounts due to and from subsidiaries	Within 1 year, within 2 years	-
	<b>6,390,501,578.29</b>	<b>22.93</b>			<b>114,895,284.17</b>

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## XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

### 2. Other Receivables (continued)

#### Dividend receivables (continued)

As at 31 December 2020, the top five entities with the largest amounts of other receivables are as follows:

	Closing balance	Proportion to the total amount of other receivables (%)	Nature	Aging	Bad debt allowance Closing balance
Shanghai Red Star Macalline Home Furnishing Design Expo Company Limited (上海紅星美凱龍家居藝術設計博覽有限公司)	2,713,940,372.82	8.99	Amounts due to and from subsidiaries	Within 3 years	114,895,284.17
Tianjin Red Star Macalline World Trade Home Furnishing Company Limited (天津紅星美凱龍世貿家居有限公司)	1,375,346,571.06	4.56	Amounts due to and from subsidiaries	Within 3 years	-
Hangzhou Red Star Macalline Global Furniture Co., Ltd. (杭州紅星美凱龍環球家居有限公司)	1,055,996,500.29	3.50	Amounts due to and from subsidiaries	Within 1 year	-
Red Star Macalline Shibo (Tianjin) Home Furnishing Plaza Company Limited (紅星美凱龍世博(天津)家居生活廣場有限公司)	988,336,391.64	3.28	Amounts due to and from subsidiaries	Within 3 years	80,000,000.00
Wuhan Red Star Macalline Global Home Furnishing Plaza Development Company Limited (武漢紅星美凱龍環球家居廣場發展有限公司)	926,182,191.84	3.07	Amounts due to and from subsidiaries	Within 2 years	-
	7,059,802,027.65	23.40			194,895,284.17

## XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

### 3. Long-term Equity Investments

2021

	Opening balance	Increase/decrease during the year			Book value at the end of the year
		Increase in investment	Decrease in investment	Investment gain/loss under equity method	
<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 Macalline International Home Furnishing Company Limited (無錫紅星美凱龍國際傢俱裝飾有限公司)	47,998,405.33	30,000,000.00	-	-	77,998,405.33
Lianyungang Red Star International Home Furnishing Plaza Company Limited (連雲港紅星美凱龍國際家居廣場有限公司)	3,465,415.12	-	-	-	3,465,415.12
Nanjing Red Star International Home Furnishing Mall Company Limited (南京紅星國際傢俱裝飾城有限公司)	59,689,261.20	-	-	-	59,689,261.20
Nanjing Mingdu Home Furnishing Plaza Company Limited (南京名都家居廣場有限公司)	47,227,734.43	-	-	-	47,227,734.43
Shanghai Red Star Macalline Decorative Furniture Mall Company Limited (上海紅星美凱龍裝飾傢俱城有限公司)	296,115,702.30	-	-	-	296,115,702.30
Shanghai Red Star Macalline Global Home Furnishing Company Limited (上海紅星美凱龍全球家居有限公司)	138,455,620.20	-	-	-	138,455,620.20
Shanghai Hongxin Oukai Home Living Company Limited (上海虹欣歐凱家居有限公司)	92,508,623.92	-	-	-	92,508,623.92
Shanghai Xinwei Home Purchasing Company Limited (上海新偉置業有限公司)	272,756,078.13	-	-	-	272,756,078.13
Changsha Red Star Macalline Shibo Home Furnishing Plaza Company Limited (長沙紅星美凱龍家居生活廣場有限公司)	5,000,000.00	-	-	-	5,000,000.00

# Notes to the Financial Statements

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## XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

### 3. Long-term Equity Investments (continued)

2021 (continued)

	Opening balance	Increase/decrease during the year			Book value at the end of the year
		Increase in investment	Decrease in investment	Investment gain/loss under equity method	
<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	210,000,000.00	-	-	230,000,000.00
Shanghai Red Star Macalline Brand Management Company Limited (上海紅星美凱龍品牌管理有限公司)	5,000,000.00	-	-	-	5,000,000.00

## XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

### 3. Long-term Equity Investments (continued)

2021 (continued)

	Opening balance	Increase/decrease during the year			Book value at the end of the year
		Increase in investment	Decrease in investment	Investment gain/loss under equity method	
<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公司)	280,000,000.00	-	-	-	280,000,000.00
Changsha Yinhong Home Furnishing Company Limited (長沙市銀紅家居有限公司)	249,990,049.97	-	-	-	249,990,049.97
Shanghai Jingdu Investment Company Limited (上海晶都投資有限公司)	5,100,000.00	-	-	-	5,100,000.00
Tianjin Red Star Macalline Home Living and Decorating Plaza Company Limited (天津紅星美凱龍家居傢飾生活廣場有限公司)	424,878,664.00	-	-	-	424,878,664.00

# Notes to the Financial Statements

For the year 2021

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## XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

### 3. Long-term Equity Investments (continued)

2021 (continued)

	Opening balance	Increase/decrease during the year			Book value at the end of the year
		Increase in investment	Decrease in investment	Investment gain/loss under equity method	
<b>Investments in subsidiaries (continued)</b>					
Panjin Red Star Macalline Global Home Furnishings Plaza Co., Ltd. (盤錦紅星美凱龍全球家居生活廣場有限公司)	214,087,000.00	-	-	-	214,087,000.00
Shanghai Red Star Macalline Business Consulting Company Limited (上海紅星美凱龍商務諮詢有限公司)	650,000.00	-	-	-	650,000.00
Shenyang Red Star Macalline Home Furnishing Company Limited (瀋陽紅星美凱龍家居有限公司)	28,058,441.28	-	-	-	28,058,441.28
Shanghai Xingkai Chengpeng Business Management Company Limited (上海星凱程鵬企業管理有限公司)	10,000,000.00	-	-	-	10,000,000.00
Changzhou Hongyang Home Furnishing Plaza Company Limited (常州紅陽家居生活廣場有限公司)	139,400,000.00	-	-	-	139,400,000.00
Shanghai Red Star Macalline Trading Company Limited (上海紅星美凱龍商貿有限公司)	50,000,000.00	-	-	-	50,000,000.00
Harbin Red Star Macalline Shibo Furniture Plaza Company Limited (哈爾濱紅星美凱龍世博家居廣場有限公司)	310,000,000.00	-	-	-	310,000,000.00
Chongqing Red Star Macalline Zhongkun Home Living Plaza Company Limited (重慶紅星美凱龍中坤家居生活廣場有限公司)	55,000,000.00	-	-	-	55,000,000.00
Zhongshan Red Star Macalline Shibo Furniture Plaza Company Limited (中山紅星美凱龍世博家居廣場有限公司)	149,939,332.00	-	-	-	149,939,332.00



## XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

### 3. Long-term Equity Investments (continued)

2021 (continued)

	Opening balance	Increase/decrease during the year			Book value at the end of the year
		Increase in investment	Decrease in investment	Investment gain/loss under equity method	
<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

# Notes to the Financial Statements

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## XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

### 3. Long-term Equity Investments (continued)

2021 (continued)

	Opening balance	Increase/decrease during the year			Book value at the end of the year
		Increase in investment	Decrease in investment	Investment gain/loss under equity method	
<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

## XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

### 3. Long-term Equity Investments (continued)

2021 (continued)

	Opening balance	Increase/decrease during the year			Book value at the end of the year
		Increase in investment	Decrease in investment	Investment gain/loss under equity method	
<b>Investments in subsidiaries (continued)</b>					
Shanghai Red Star Macalline Longmei Home Furnishing Market Management Company Limited (上海紅星美凱龍龍美家居市場經營管理有限公司)	1,000,000.00	-	-	-	1,000,000.00
Shenyang Red Star Macalline Shibo Home Furnishing Company Limited (瀋陽紅星美凱龍世博家居有限公司)	81,443,441.90	-	-	-	81,443,441.90
Shanghai Red Star Macalline Bulk Purchasing of Construction and Furnishing Materials Trading Company (上海紅星美凱龍住建集採商貿有限公司)	10,000,000.00	-	-	-	10,000,000.00
Shenyang Red Star Macalline Home Living Expo Company Limited (瀋陽紅星美凱龍博覽家居有限公司)	50,000,000.00	-	-	-	50,000,000.00
Lanzhou Red Star Macalline Shibo Home Furnishing Plaza Company Limited (蘭州紅星美凱龍世博家居廣場有限公司)	30,000,000.00	-	-	-	30,000,000.00
Shanghai Jisheng Wellborn Global Home Furnishing Brand Management Company Limited (上海吉盛偉邦環球家居品牌管理有限公司)	5,000,000.00	-	-	-	5,000,000.00
Yunnan Red Star Macalline Home Furnishing Plaza Company Limited (雲南紅星美凱龍家居生活廣場有限公司)	69,976,000.00	-	-	-	69,976,000.00
Urumchi Red Star Macalline Shibo Furniture Plaza Company Limited (烏魯木齊紅星美凱龍家居世博廣場有限公司)	50,000,000.00	-	-	-	50,000,000.00

# Notes to the Financial Statements

For the year 2021

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## XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

### 3. Long-term Equity Investments (continued)

2021 (continued)

	Opening balance	Increase/decrease during the year			Book value at the end of the year
		Increase in investment	Decrease in investment	Investment gain/loss under equity method	
<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公司)	123,280,264.00	200,000,000.00	-	-	323,280,264.00
Kunming Diken Trading Company Limited (昆明迪肯商貿有限公司)	177,690,900.00	-	-	-	177,690,900.00
Suzhou Industry Park Red Star Macalline Home Furnishing Company Limited (蘇州工業園區紅星美凱龍家居有限公司)	160,934,831.55	-	-	-	160,934,831.55
Shanghai Xinghe Zhaipei Home Furnishing Service Company Limited (上海星和宅配家居服務有限公司)	38,000,000.00	-	-	-	38,000,000.00
Red Star Macalline Group (Shanghai) Logistics Company Limited (紅星美凱龍家居集團(上海)物流有限公司)	106,560,000.00	7,800,000.00	-	-	114,360,000.00
Shanghai Red Star Macalline Industrial Company Limited (上海紅星美凱龍實業有限公司)	206,841,181.40	-	-	-	206,841,181.40
Shanghai Red Star Macalline Xinglong Home Furnish Company Limited (上海紅星美凱龍星龍家居有限公司)	39,000,000.00	-	-	-	39,000,000.00
Chengdu Red Star Macalline Tianfu Expo Home Furnishing Plaza Company Limited (成都紅星美凱龍天府世博家居廣場有限公司)	50,000,000.00	-	-	-	50,000,000.00
Chengdu Tianfu New District Red Star Macalline World Trade Home Furnishing Company Limited (成都天府新區紅星美凱龍世貿家居有限公司)	210,000,000.00	-	-	-	210,000,000.00

## XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

### 3. Long-term Equity Investments (continued)

2021 (continued)

	Opening balance	Increase/decrease during the year			Book value at the end of the year
		Increase in investment	Decrease in investment	Investment gain/loss under equity method	
<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

# Notes to the Financial Statements

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## XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

### 3. Long-term Equity Investments (continued)

2021 (continued)

	Opening balance	Increase/decrease during the year			Book value at the end of the year
		Increase in investment	Decrease in investment	Investment gain/loss under equity method	
<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)	121,000,000.00	-	-	-	121,000,000.00
Shanghai Red Star Macalline Financial Leasing Company Limited (上海紅星美凱龍融資租賃有限公司)	1,000,751,635.68	-	1,000,751,635.68	-	-

## XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

### 3. Long-term Equity Investments (continued)

2021 (continued)

	Opening balance	Increase/decrease during the year			Book value at the end of the year
		Increase in investment	Decrease in investment	Investment gain/loss under equity method	
<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
Hainan Hongju Enterprise Management Co., Ltd. (海南紅居企業管理有限公司)	7,000,000.00	6,000,000.00	-	-	13,000,000.00
Chengdu Red Star Macalline Xinnan Business Management Company Limited (成都紅星美凱龍新南商業管理有限公司)	5,000,000.00	-	-	-	5,000,000.00
Shanghai Red Star Ogloria Brand Management Company Limited (上海紅星歐麗洛雅品牌管理有限公司)	5,000,000.00	-	-	-	5,000,000.00
Khorgos Red Star Yiming Venture Capital Company Limited (霍爾果斯紅星易鳴創業投資有限公司)	9,000,000.00	-	-	-	9,000,000.00
Kunshan Red Star Macalline Decoration Materials Company Limited (昆山紅星美凱龍裝飾材料有限公司)	50,487,866.71	-	-	-	50,487,866.71
Shanghai Red Star Macalline Commercial Factoring Company Limited (上海紅星美凱龍商業保理有限公司)	206,060,071.54	-	206,060,071.54	-	-
Tianjin Jinrui Corporate Management Company Limited (天津津瑞企業管理有限公司)	1,220,000,000.00	-	-	-	1,220,000,000.00
Ningbo Red Star Macalline Home Shopping Plaza Company Limited (寧波紅星美凱龍家居購物廣場有限公司)	1.00	-	-	-	1.00
Shanghai Huaixing Culture Company Limited (上海懷星文化發展有限公司)	1,600,000.00	-	-	-	1,600,000.00

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## XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

### 3. Long-term Equity Investments (continued)

2021 (continued)

	Opening balance	Increase/decrease during the year			Book value at the end of the year
		Increase in investment	Decrease in investment	Investment gain/loss under equity method	
<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)	300,000,000.00	-	300,000,000.00	-	-
Taiyuan Red Star Macalline Global Home Furnishing Plaza Company Limited (太原紅星美凱龍全球家居廣場有限公司)	5,100,000.00	-	-	-	5,100,000.00
Changzhou Meilong Trading Company Limited (常州美龍貿易有限公司)	30,000.00	-	-	-	30,000.00
Zhengzhou Red Star Macalline Shibo Home Living Company Limited (鄭州紅星美凱龍世博家居有限公司)	5,500,000.00	-	-	-	5,500,000.00
Nantong Hongmei Shibo Home Furnishing Plaza Company Limited (南通紅美世博家居廣場有限公司)	150,000,000.00	77,000,000.00	-	-	227,000,000.00
Nanning Red Star Macalline Shibo Home Furnishing Exhibition Centre Company Limited (南寧紅星美凱龍世博家居展覽中心有限公司)	305,000,000.00	-	-	-	305,000,000.00
Red Star Macalline (Zhejiang) Information Service Company Limited (紅星美凱龍(浙江)信息技術有限公司)	11,100,000.00	-	-	-	11,100,000.00
Qianzhi (Shanghai) Home Living Company Limited (乾智(上海)家居有限公司)	3,000,000.00	-	-	-	3,000,000.00
Shanghai Yingtai Lijin Technology Co., Ltd. (上海英太利金科技有限公司)	4,800,000.00	-	-	-	4,800,000.00



## XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

### 3. Long-term Equity Investments (continued)

2021 (continued)

	Opening balance	Increase/decrease during the year			Book value at the end of the year
		Increase in investment	Decrease in investment	Investment gain/loss under equity method	
<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)	12,000,000.00	-	-	-	12,000,000.00
Red Star Macalline Life Aesthetics Center Management Co., Ltd. (紅星美凱龍生活美學中心管理有限公司)	23,480,000.00	-	-	-	23,480,000.00
Wuhu Red Star Macalline World Trade Home Furnishing Plaza Company Limited (蕪湖紅星美凱龍世貿家居廣場有限公司)	27,422,989.40	-	-	-	27,422,989.40
Shanghai Macalline Decoration Engineering Group Co., Ltd. (上海美凱龍裝飾工程集團有限公司)	38,000,000.00	-	-	-	38,000,000.00
Betterhome Construction Technology Co.,Ltd (家倍得建築科技有限公司)	180,000,000.00	-	-	-	180,000,000.00
Haikou Tangong Industrial Company Limited (海口檀宮實業有限公司)	10,000,000.00	160,000,000.00	-	-	170,000,000.00
Red Star Daojia (Shanghai) Technology Company Limited (紅星到家(上海)科技有限公司)	41,500,000.00	-	-	-	41,500,000.00
Xinsheng Property Management (Shanghai) Co., Ltd. (鑫生物業管理(上海)有限公司)	701,226,300.00	-	-	-	701,226,300.00
Foshan Junda Enterprise Management Co., Ltd. (佛山郡達企業管理有限公司)	1,101,049,000.00	-	-	-	1,101,049,000.00
Shanghai Red Star Macalline Fanjia Information Service Company Limited (上海紅星美凱龍泛家信息服務有限公司)	1,020,000.00	-	-	-	1,020,000.00
Shanghai Macalline Wenshang Business Management Co., Ltd. (上海美凱龍文商商務企業管理有限公司)	2,800,000.00	4,500,000.00	-	-	7,300,000.00

# Notes to the Financial Statements

For the year 2021

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## XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

### 3. Long-term Equity Investments (continued)

2021 (continued)

	Opening balance	Increase/decrease during the year			Book value at the end of the year
		Increase in investment	Decrease in investment	Investment gain/loss under equity method	
<b>Investments in subsidiaries (continued)</b>					
Hangzhou Red Star Macalline Global Home Living Company Limited (杭州紅星美凱龍環球家居有限公司)	931,344,793.89	-	-	-	931,344,793.89
Shaanxi Red Star Heji Home Shopping Plaza Company Limited (陝西紅星和記家居購物廣場有限公司)	199,914,861.15	-	-	-	199,914,861.15
Red Star Macalline Commercial Management Co., Ltd. (紅星美凱龍商業經營管理有限公司)	20,000,000.00	-	-	-	20,000,000.00
Shanghai Macalline Xingshang Modular Decoration Technology Co., Ltd. (上海美凱龍星尚模數裝飾科技有限公司)	6,000,000.00	-	-	-	6,000,000.00
Beijing Red Star Macalline International Home Furnishing Plaza Company Limited (北京紅星美凱龍國際傢俱建材廣場有限公司)	344,780,641.87	-	-	-	344,780,641.87
Beijing Red Star Macalline Shibo Home Furnishing Plaza Company Limited (北京紅星美凱龍世博傢俱廣場有限公司)	31,856,462.57	-	-	-	31,856,462.57
Beijing Macalline Home Furnishing Material Market Company Limited (北京美凱龍傢俱建材市場有限公司)	630,335.17	-	-	-	630,335.17
Red Star Macalline Shibo (Tianjin) Home Furnishing Plaza Company Limited (紅星美凱龍世博(天津)家居生活廣場有限公司)	230,851,821.21	577,900,000.00	-	-	808,751,821.21
Kunshan Red Star Macalline Global Home Furnishing Company Limited (昆山紅星美凱龍全球家居有限公司)	1,000,000.00	-	-	-	1,000,000.00
Tongxiang Red Star Macalline Shibo Home Furnishing Plaza Management Company Limited (桐鄉紅星美凱龍世博家居廣場管理有限公司)	500,000.00	-	-	-	500,000.00

## XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

### 3. Long-term Equity Investments (continued)

2021 (continued)

	Opening balance	Increase/decrease during the year			Book value at the end of the year
		Increase in investment	Decrease in investment	Investment gain/loss under equity method	
<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 (無錫紅星美凱龍企業經營管理有限公司)	700,000.00	-	-	-	700,000.00
Suzhou Red Star Macalline Shibo Home Furnishing Plaza Company Limited (蘇州紅星美凱龍世博家居廣場有限公司)	151,611,912.79	-	-	-	151,611,912.79
Changzhou Macalline International Computer and Electronics Furnishing Plaza Company Limited (常州美凱龍國際電腦家電裝飾城有限公司)	(1,955,167.87)	-	-	-	(1,955,167.87)
Shanghai Red Star Macalline Home Furnishing Market Management Company Limited (上海紅星美凱龍家居市場經營管理有限公司)	(1,408,244.71)	-	-	-	(1,408,244.71)
Ganzhou Red Star Macalline Shibo Furniture Plaza Company Limited (贛州紅星美凱龍世博家居廣場有限公司)	-	70,000,000.00	-	-	70,000,000.00
Hong Kong Red Star Macalline Business Management Company Limited (香港紅星美凱龍商業管理有限公司)	-	32,835,489.01	-	-	32,835,489.01
Shanghai Red Star Macalline Technology Development Co., Ltd. (上海紅星美凱龍科技發展有限公司)	-	48,000,000.00	-	-	48,000,000.00
Chengdu Red Star Macalline Global Home Furnishing Company Limited (成都紅星美凱龍全球家居有限公司)	-	31,500,000.00	-	-	31,500,000.00
Red Star Macalline Management Consulting Service Co., Ltd. (紅星美凱龍管理諮詢服務有限公司)	-	50,000,000.00	-	-	50,000,000.00
Liuzhou Red Star Macalline Home Furnishing Company Limited (柳州紅星美凱龍家居有限公司)	-	23,000,000.00	-	-	23,000,000.00
Hainan Red Star Macalline Enterprise Management Co., Ltd. (海南紅星美凱龍企業管理有限公司)	-	200,000.00	-	-	200,000.00
Suzhou Xingfeng Enterprise Management Consulting Co., Ltd. (宿州市星豐企業管理諮詢有限公司)	-	85,000,000.00	-	-	85,000,000.00
Yangzhou Hongxing Macalline Global Expo Home Co., Ltd. (揚州紅星美凱龍全球博覽家居有限公司)	-	10,000,000.00	-	-	10,000,000.00
Xiamen Red Star Macalline Home Furnishing Plaza Company Limited (廈門紅星美凱龍家居生活廣場有限責任公司)	-	1.00	-	-	1.00
Sub-total	18,757,923,541.87	1,623,735,490.01	1,614,535,560.97	-	18,767,123,470.91

# Notes to the Financial Statements

For the year 2021

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## XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

### 3. Long-term Equity Investments (continued)

2021 (continued)

	Opening balance	Increase/decrease during the year			Book value at the end of the year
		Increase in investment	Decrease in investment	Investment gain/loss under equity method Cash dividend or profit declared	
<b>Joint ventures</b>					
Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司)	808,261,211.75	-	-	24,841,179.83	833,102,391.58
Shanghai Mingyi Enterprise Development Co., Ltd. (上海名藝商業企業發展有限公司)	64,873,166.27	-	-	26,785,607.25	91,658,773.52
Baoxiang Red Star Macalline (Xiamen) Global Home Plaza Co., Ltd. (寶象紅星美凱龍(廈門)全球家居廣場有限公司)	9,399,204.16	-	-	(9,399,204.16)	-
Shenzhen Red Star Macalline Business Management Company Limited (深圳紅星美凱龍商業管理有限公司)	3,111,638.02	-	-	(3,111,638.02)	-
Xiamen Baoxiang Red Star Macalline Home Furnishing Plaza Company Limited (廈門寶象紅星美凱龍家居生活廣場有限公司)	-	-	-	-	-
<b>Sub-total</b>	<b>885,645,220.20</b>	<b>-</b>	<b>-</b>	<b>39,115,944.90</b>	<b>924,761,165.10</b>

## XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

### 3. Long-term Equity Investments (continued)

2021 (continued)

	Opening balance	Increase/decrease during the year			Book value at the end of the year
		Increase in investment	Decrease in investment	Investment gain/loss under equity method Cash dividend or profit declared	
<b>Associates</b>					
Shandong Inzone Green Home Co., Ltd. (山東銀座家居有限公司)	379,110,565.50	-	-	47,516,427.66	- 426,626,993.16
Shenyudao Cultural Tourism Holding Co., Ltd. (神玉島文化旅遊控股股份有限公司)	180,995,432.77	-	-	(6,574,089.56)	- 174,421,343.21
Zhejiang Mingdu Investment Company Limited (浙江名都投資有限公司)	165,300,000.00	-	-	-	- 165,300,000.00
Wuhan Zhengkai Logistics Co., Ltd. (武漢市正凱物流有限公司)	127,075,701.74	-	-	(44,009,792.48)	- 83,065,909.26
Shanghai Jinjiang United Purchasing Supply Chain Co., Ltd. (上海錦江聯採供應鏈有限公司)	30,138,903.75	-	-	(1,027,600.07)	- 29,111,303.68
Shenzhen Yatai Macalline Life Space Technology Co., Ltd. (深圳市亞泰美凱龍空間科技有限公司)	9,341,711.18	-	9,055,734.19	(285,976.99)	-
Shanghai Jiazhan Construction Engineering Company Limited (上海嘉展建築裝潢工程有限公司)	5,352,588.39	-	-	(145,691.30)	- 5,206,897.09
Sub-total	897,314,903.33	-	9,055,734.19	(4,526,722.74)	- 883,732,446.40
Total	20,540,883,665.40	1,623,735,490.01	1,623,591,295.16	34,589,222.16	- 20,575,617,082.41

# 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

	Opening balance	Increase/decrease during the year			Book value at the end of the year
		Increase in investment	Decrease in investment	Investment gain/loss under equity method	
<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 Macalline International Home Furnishing Company Limited (無錫紅星美凱龍國際傢俱裝飾有限公司)	47,998,405.33	-	-	-	47,998,405.33
Lianyungang Red Star International Home Furnishing Plaza Company Limited (連雲港紅星美凱龍國際家居廣場有限公司)	3,465,415.12	-	-	-	3,465,415.12
Nanjing Red Star International Home Furnishing Mall Company Limited (南京紅星國際傢俱裝飾城有限公司)	59,689,261.20	-	-	-	59,689,261.20
Nanjing Mingdu Home Furnishing Plaza Company Limited (南京名都家居廣場有限公司)	47,227,734.43	-	-	-	47,227,734.43
Shanghai Red Star Macalline Decorative Furniture Mall Company Limited (上海紅星美凱龍裝飾傢俱城有限公司)	296,115,702.30	-	-	-	296,115,702.30
Shanghai Red Star Macalline Global Home Furnishing Company Limited (上海紅星美凱龍全球家居有限公司)	138,455,620.20	-	-	-	138,455,620.20
Shanghai Hongxin Oukai Home Living Company Limited (上海虹欣歐凱家居有限公司)	92,508,623.92	-	-	-	92,508,623.92
Shanghai Xinwei Home Purchasing Company Limited (上海新偉置業有限公司)	272,756,078.13	-	-	-	272,756,078.13

## XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

### 3. Long-term Equity Investments (continued)

2020 (continued)

	Opening balance	Increase/decrease during the year			Book value at the end of the year
		Increase in investment	Decrease in investment	Investment gain/loss under equity method	
<b>Investments in subsidiaries (continued)</b>					
Changsha Red Star Macalline Shibo Home Furnishing Plaza Company Limited (長沙紅星美凱龍家居生活廣場有限公司)	5,000,000.00	-	-	-	5,000,000.00
Changsha Red Star Macalline International Home Furnishing Art Expo Company Limited (長沙紅星美凱龍國際家居藝術博覽中心有限公司)	871,353.75	-	-	-	871,353.75
Jinan Red Star Macalline Shibo Home Living Plaza Company Limited (濟南紅星美凱龍世博家居生活廣場有限公司)	71,243,669.12	-	-	-	71,243,669.12
Chengdu Red Star Macalline Shibo Home Living Plaza Company Limited (成都紅星美凱龍世博家居生活廣場有限公司)	30,275,655.03	-	-	-	30,275,655.03
Zhengzhou Red Star Macalline International Home Furnishing Company Limited (鄭州紅星美凱龍國際家居有限公司)	15,300,000.00	-	-	-	15,300,000.00
Shanghai Red Star Macalline Home Furnishing and Decorating Market Management Company Limited (上海紅星美凱龍傢俱裝飾市場經營管理有限公司)	1,349,876.56	-	-	-	1,349,876.56
Zhengzhou Red Star Macalline Global Home Living Plaza Management Company Limited (鄭州紅星美凱龍全球家居生活廣場經營管理有限公司)	510,000.00	-	-	-	510,000.00
Hangzhou Red Star Macalline Shibo Furniture Plaza Company Limited (杭州紅星美凱龍世博家居有限公司)	20,000,000.00	-	-	-	20,000,000.00
Shanghai Red Star Macalline Brand Management Company Limited (上海紅星美凱龍品牌管理有限公司)	5,000,000.00	-	-	-	5,000,000.00

# 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)

	Opening balance	Increase/decrease during the year			Book value at the end of the year
		Increase in investment	Decrease in investment	Investment gain/loss under equity method	
<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 (上海鼎都投資有限公司)	5,100,000.00	-	-	-	5,100,000.00
Tianjin Red Star Macalline Home Living and Decorating Plaza Company Limited (天津紅星美凱龍家居傢飾生活廣場有限公司)	424,878,664.00	-	-	-	424,878,664.00



## XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

### 3. Long-term Equity Investments (continued)

2020 (continued)

	Opening balance	Increase/decrease during the year			Book value at the end of the year
		Increase in investment	Decrease in investment	Investment gain/loss under equity method	
<b>Investments in subsidiaries (continued)</b>					
Panjin Red Star Macalline Global Home Furnishings Plaza Co., Ltd. (盤錦紅星美凱龍全球家居生活廣場有限公司)	214,087,000.00	-	-	-	214,087,000.00
Shanghai Red Star Macalline Business Consulting Company Limited (上海紅星美凱龍商務諮詢有限公司)	650,000.00	-	-	-	650,000.00
Shenyang Red Star Macalline Home Furnishing Company Limited (瀋陽紅星美凱龍家居有限公司)	28,058,441.28	-	-	-	28,058,441.28
Shanghai Xingkai Chengpeng Business Management Company Limited (上海星凱程鵬企業管理有限公司)	10,000,000.00	-	-	-	10,000,000.00
Changzhou Hongyang Home Furnishing Plaza Company Limited (常州紅陽家居生活廣場有限公司)	139,400,000.00	-	-	-	139,400,000.00
Shanghai Red Star Macalline Trading Company Limited (上海紅星美凱龍商貿有限公司)	50,000,000.00	-	-	-	50,000,000.00
Harbin Red Star Macalline Shibo Furniture Plaza Company Limited (哈爾濱紅星美凱龍世博家居廣場有限公司)	310,000,000.00	-	-	-	310,000,000.00
Chongqing Red Star Macalline Zhongkun Home Living Plaza Company Limited (重慶紅星美凱龍中坤家居生活廣場有限公司)	55,000,000.00	-	-	-	55,000,000.00
Zhongshan Red Star Macalline Shibo Furniture Plaza Company Limited (中山紅星美凱龍世博家居廣場有限公司)	149,939,332.00	-	-	-	149,939,332.00

# 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)

	Opening balance	Increase/decrease during the year			Book value at the end of the year
		Increase in investment	Decrease in investment	Investment gain/loss under equity method	
<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)

	Opening balance	Increase/decrease during the year			Book value at the end of the year
		Increase in investment	Decrease in investment	Investment gain/loss under equity method	
<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

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## XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

### 3. Long-term Equity Investments (continued)

2020 (continued)

	Opening balance	Increase/decrease during the year		Book value at the end of the year	
		Increase in investment	Decrease in investment		Investment gain/loss under equity method
<b>Investments in subsidiaries (continued)</b>					
Shanghai Red Star Macalline Longmei Home Furnishing Market Management Company Limited (上海紅星美凱龍龍美家居市場經營管理有限公司)	1,000,000.00	-	-	-	1,000,000.00
Shenyang Red Star Macalline Shibo Home Furnishing Company Limited (瀋陽紅星美凱龍世博家居有限公司)	81,443,441.90	-	-	-	81,443,441.90
Shanghai Red Star Macalline Bulk Purchasing of Construction and Furnishing Materials Trading Company (上海紅星美凱龍住建集採商貿有限公司)	10,000,000.00	-	-	-	10,000,000.00
Shenyang Red Star Macalline Home Living Expo Company Limited (瀋陽紅星美凱龍博覽家居有限公司)	50,000,000.00	-	-	-	50,000,000.00
Hohhot Red Star Macalline Shibo Home Furnishing Plaza Company Limited (蘭州紅星美凱龍世博家居廣場有限公司)	30,000,000.00	-	-	-	30,000,000.00
Shanghai Jisheng Wellborn Global Home Furnishing Brand Management Company Limited (上海吉盛偉邦環球家居品牌管理有限公司)	5,000,000.00	-	-	-	5,000,000.00
Yunnan Red Star Macalline Home Furnishing Plaza Company Limited (雲南紅星美凱龍家居生活廣場有限公司)	69,976,000.00	-	-	-	69,976,000.00
Urumchi Red Star Macalline Shibo Furniture Plaza Company Limited (烏魯木齊紅星美凱龍家居世博廣場有限公司)	50,000,000.00	-	-	-	50,000,000.00

## XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

### 3. Long-term Equity Investments (continued)

2020 (continued)

	Opening balance	Increase/decrease during the year			Book value at the end of the year
		Increase in investment	Decrease in investment	Investment gain/loss under equity method	
<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公司)	123,280,264.00	-	-	-	123,280,264.00
Kunming Diken Trading Company Limited (昆明迪肯商貿有限公司)	177,690,900.00	-	-	-	177,690,900.00
Suzhou Industry Park Red Star Macalline Home Furnishing Company Limited (蘇州工業園區紅星美凱龍家居有限公司)	160,934,831.55	-	-	-	160,934,831.55
Shanghai Xinghe Zhaipei Home Furnishing Service Company Limited (上海星和宅配家居服務有限公司)	38,000,000.00	-	-	-	38,000,000.00
Red Star Macalline Group (Shanghai) Logistics Company Limited (紅星美凱龍家居集團(上海)物流有限公司)	99,480,000.00	7,080,000.00	-	-	106,560,000.00
Shanghai Red Star Macalline Industrial Company Limited (上海紅星美凱龍實業有限公司)	206,841,181.40	-	-	-	206,841,181.40
Shanghai Red Star Macalline Xinglong Home Furnish Company Limited (上海紅星美凱龍星龍家居有限公司)	39,000,000.00	-	-	-	39,000,000.00
Chengdu Red Star Macalline Tianfu Expo Home Furnishing Plaza Company Limited (成都紅星美凱龍天府世博家居廣場有限公司)	-	50,000,000.00	-	-	50,000,000.00
Chengdu Tianfu New District Red Star Macalline World Trade Home Furnishing Company Limited (成都天府新區紅星美凱龍世貿家居有限公司)	210,000,000.00	-	-	-	210,000,000.00

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## XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

### 3. Long-term Equity Investments (continued)

2020 (continued)

	Opening balance	Increase/decrease during the year			Book value at the end of the year
		Increase in investment	Decrease in investment	Investment gain/loss under equity method	
<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)

	Opening balance	Increase/decrease during the year			Book value at the end of the year
		Increase in investment	Decrease in investment	Investment gain/loss under equity method	
<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

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## XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

### 3. Long-term Equity Investments (continued)

2020 (continued)

	Opening balance	Increase/decrease during the year			Book value at the end of the year
		Increase in investment	Decrease in investment	Investment gain/loss under equity method	
<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)

	Opening balance	Increase/decrease during the year		Book value at the end of the year
		Increase in investment	Decrease in investment	
<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 Home Furnishing Plaza Company Limited (南通紅美世博家居廣場有限公司)	150,000,000.00	-	-	150,000,000.00
Nanning Red Star Macalline Shibo Home Furnishing Exhibition Centre Company Limited (南寧紅星美凱龍世博家居展覽中心有限公司)	50,000,000.00	255,000,000.00	-	305,000,000.00
Red Star Macalline (Zhejiang) Information Service Company Limited (紅星美凱龍(浙江)信息技術有限公司)	10,000,000.00	1,100,000.00	-	11,100,000.00
Qianzhi (Shanghai) Home Furnishing Co., Ltd. (乾智(上海)家居有限公司)	3,000,000.00	-	-	3,000,000.00
Shanghai Yingtai Lijin Technology Co., Ltd. (上海英太利金科技有限公司)	4,800,000.00	-	-	4,800,000.00

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## XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

### 3. Long-term Equity Investments (continued)

2020 (continued)

	Opening balance	Increase/decrease during the year		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>					
Xi'an Comfort Meijia Housekeeping Service Co., Ltd. (西安舒適美佳家政服務有限責任公司)	1,852,500.00	-	-	-	1,852,500.00
Shanghai Red Star Macalline Construction Decoration (Group) Co., Limited (上海紅星美凱龍建築裝飾(集團)有限公司)	2,000,000.00	10,000,000.00	-	-	12,000,000.00
Red Star Macalline Life Aesthetics Center Management Co., Ltd. (紅星美凱龍生活美學中心管理有限公司)	5,600,000.00	17,880,000.00	-	-	23,480,000.00
Wuhu Red Star Macalline World Trade Home Furnishing Plaza Company Limited (蕪湖紅星美凱龍世貿家居廣場有限公司)	27,527,706.00	-	(104,716.60)	-	27,422,989.40
Shanghai Macalline Decoration Engineering Group Co., Ltd. (上海美凱龍裝飾工程集團有限公司)	20,000,000.00	18,000,000.00	-	-	38,000,000.00
Betterhome Construction Technology Co., Ltd. (家倍得建築科技有限公司)	50,000,000.00	130,000,000.00	-	-	180,000,000.00
Haikou Tangong Industrial Company Limited (海口檀宮實業有限公司)	-	10,000,000.00	-	-	10,000,000.00
Red Star Daojia (Shanghai) Technology Company Limited (紅星到家(上海)科技有限公司)	5,000,000.00	36,500,000.00	-	-	41,500,000.00
Xinsheng Property Management (Shanghai) Co., Ltd. (鑫笙物業管理(上海)有限公司)	631,060,000.00	70,166,300.00	-	-	701,226,300.00
Foshan Junda Enterprise Management Co., Ltd. (佛山郡達企業管理有限公司)	540,607,000.00	560,442,000.00	-	-	1,101,049,000.00
Shanghai Red Star Macalline Fanjia Information Service Company Limited (上海紅星美凱龍泛家信息服務有限公司)	1,020,000.00	-	-	-	1,020,000.00
Shanghai Macalline Wenshang Business Management Co., Ltd. (上海美凱龍文商商務企業管理有限公司)	-	2,800,000.00	-	-	2,800,000.00

## XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

### 3. Long-term Equity Investments (continued)

2020 (continued)

	Opening balance	Increase/decrease during the year		Book value at the end of the year
		Increase in investment	Decrease in investment	
<b>Investments in subsidiaries (continued)</b>				
Hangzhou Red Star Macalline Global Home Living Company Limited (杭州紅星美凱龍環球家居有限公司)	-	931,344,793.89	-	931,344,793.89
Shaanxi Red Star Heji Home Shopping Plaza Company Limited (陝西紅星和記家居購物廣場有限公司)	-	199,914,861.15	-	199,914,861.15
Red Star Macalline Commercial Management Co., Ltd. (紅星美凱龍商業經營管理有限公司)	-	20,000,000.00	-	20,000,000.00
Shanghai Macalline Xingshang Modular Decoration Technology Co., Ltd. (上海美凱龍星尚模數裝飾科技有限公司)	-	6,000,000.00	-	6,000,000.00
Beijing Red Star Macalline International Home Furnishing Plaza Company Limited (北京紅星美凱龍國際傢俱建材廣場有限公司)	344,780,641.87	-	-	344,780,641.87
Beijing Red Star Macalline Shibo Home Furnishing Plaza Company Limited (北京紅星美凱龍世博傢俱廣場有限公司)	31,856,462.57	-	-	31,856,462.57
Beijing Macalline Home Furnishing Material Market Company Limited (北京美凱龍傢俱建材市場有限公司)	630,335.17	-	-	630,335.17
Red Star Macalline Shibo (Tianjin) Home Furnishing Plaza Company Limited (紅星美凱龍世博(天津)家居生活廣場有限公司)	230,851,821.21	-	-	230,851,821.21
Kunshan Red Star Macalline Global Home Furnishing Company Limited (昆山紅星美凱龍全球家居有限公司)	1,000,000.00	-	-	1,000,000.00
Tongxiang Red Star Macalline Shibo Home Furnishing Plaza Management Company Limited (桐鄉紅星美凱龍世博家居廣場管理有限公司)	500,000.00	-	-	500,000.00

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## XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

### 3. Long-term Equity Investments (continued)

2020 (continued)

	Opening balance	Increase/decrease during the year			Book value at the end of the year
		Increase in investment	Decrease in investment	Investment gain/loss under equity method	
<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 2021

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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. (杭州紅星美凱環球家居有限公司)	106,989,597.24	-	(104,334,793.89)	(2,654,803.35)	-	-
Meiwu 365 (Tianjin) Technology Company Limited (美屋三六五(天津)科技有限公司)	15,268,421.15	-	(14,844,225.94)	(424,195.21)	-	-
Shaanxi Red Star Heji Home Shopping Plaza Company Limited (陝西紅星和記家居購物廣場有限公司)	5,827,764.83	-	(4,414,861.16)	(1,412,903.67)	-	-
Shenzhen Red Star Macalline Century Center Home Furnishing Plaza Company Limited (深圳紅星美凱龍世紀中心家居生活廣場有限公司)	-	-	-	-	-	-
Sub-total	1,005,557,251.25	-	(123,593,880.99)	29,023,322.66	(13,671,789.59)	897,314,903.33
Total	18,193,185,632.84	2,438,497,955.04	(123,698,597.59)	46,570,464.70	(13,671,789.59)	20,540,883,665.40

## XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

### 4. Revenue and Cost of Sales

	2021		2020	
	Revenue	Costs	Revenue	Costs
Principal business	1,255,723,772.13	309,437,779.17	1,146,122,660.87	268,533,477.13
Other business	357,389,978.42	-	405,797,692.57	-
	<b>1,613,113,750.55</b>	<b>309,437,779.17</b>	1,551,920,353.44	268,533,477.13

The revenue of sales set out as follows:

	2021	2020
Revenue from contracts with customers	<b>831,468,183.94</b>	926,540,268.66
Rental and related revenue	<b>781,645,566.61</b>	625,380,084.78
	<b>1,613,113,750.55</b>	1,551,920,353.44

# Notes to the Financial Statements

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## XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

### 4. Revenue and Cost of Sales (continued)

The breakdown of operating income from contracts with customers is as follows:

2021

Reporting segments	Entrusted Management related	Others	Total
Principal operating region Mainland China	325,665,667.08	505,802,516.86	831,468,183.94
Time of recognizing revenue			
Recognizing revenue at certain point			
Other revenues	–	11,534,326.02	11,534,326.02
Recognize revenue within a period of time			
Revenue from the brand consulting and management service for the early stage of the project	25,969,601.68	–	25,969,601.68
Revenue from annual brand consulting and management service for the project	268,563,989.93	–	268,563,989.93
Revenue from commercial consultation fees and tenant sourcing commissions	31,132,075.47	–	31,132,075.47
Other revenues	–	494,268,190.84	494,268,190.84
	325,665,667.08	505,802,516.86	831,468,183.94



## XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

### 4. Revenue and Cost of Sales (continued)

2020

Reporting segments	Entrusted Management related	Others	Total
Principal operating region			
Mainland China	349,750,414.26	576,789,854.40	926,540,268.66
Time of recognizing revenue			
Recognizing revenue at certain point			
Revenue from commercial management and consultation service for construction project	–	–	–
Other revenues	–	15,420,004.83	15,420,004.83
Recognize revenue within a period of time			
Revenue from the brand consulting and management service for the early stage of the project	–	–	–
Revenue from annual brand consulting and management service for the project	290,316,452.00	–	290,316,452.00
Revenue from commercial consultation fees and tenant sourcing commissions	59,433,962.26	–	59,433,962.26
Other revenues	–	561,369,849.57	561,369,849.57
	349,750,414.26	576,789,854.40	926,540,268.66

# Notes to the Financial Statements

For the year 2021

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## XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

### 4. Revenue and Cost of Sales (continued)

The revenue recognized in the current year included in the book value of contract liabilities at the beginning of this year is as follows:

	2021	2020
Brand consulting and management service for the early stage of the project	4,764,150.94	5,692,685.46
Annual brand consulting and management service for the project	80,907,623.55	90,533,976.89
Other	324,336,351.31	125,135,042.42
	<b>410,008,125.80</b>	221,361,704.77

The Company's Information in relation to the performance obligations is as follows:

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

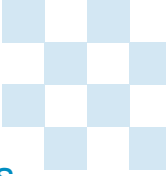
The Company performs the performance obligations when providing relevant service. The contract consideration is generally paid in a way as agreed in the contract and part of it generally needs to be paid before the performance obligations of the contract take place.

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

The Company performs the performance obligations when providing relevant service. The contract consideration is generally paid in a way as agreed in the contract and part of it generally needs to be paid before the performance obligations of the contract take place.

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

The Company fulfills the performance obligations when providing relevant service and obtaining the confirmation letter for relevant services issued by customers. The contract consideration is generally paid in a way as agreed in the contract and part of it generally needs to be paid before the performance obligations of the contract take place.



## XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

### 4. Revenue and Cost of Sales (continued)

#### Revenue from commercial consultation fees

The Company performs the performance obligations when providing relevant service. The contract consideration is generally paid in a way as agreed in the contract and part of it generally needs to be paid before the performance obligations of the contract take place.

#### Revenue from tenant sourcing commissions

The Company performs the performance obligations when providing relevant service. The contract consideration is generally paid in a way as agreed in the contract and part of it generally needs to be paid before the performance obligations of the contract take place.

#### Revenue from strategic consultation fees

The Company performs the performance obligations when providing relevant service. The contract consideration is generally paid in a way as agreed in the contract and part of it generally needs to be paid before the performance obligations of the contract take place.

The total transaction price of the performance obligations amortised to the end of the year which remained outstanding or partly outstanding was RMB5,440,049,796.64, of which RMB550,197,777.86 was estimated to be recognised as revenue in 2022.

# Notes to the Financial Statements

For the year 2021

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## XIV. NOTES TO THE MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (continued)

### 5. Investment Income

	2021	2020
Gain on long-term equity investment based on cost method	<b>1,513,738,768.42</b>	1,603,098,556.82
Gain on long-term equity investment based on equity method	<b>34,589,222.16</b>	46,570,464.70
Investment gain from disposal of financial assets held for trading	<b>1,006,301.36</b>	951,752.93
Bonuses received from other equity instruments	<b>34,003,411.10</b>	16,987,370.21
Bonuses received from other non-current financial assets	<b>3,718,770.75</b>	1,096.07
Investment gain from disposal of long-term equity investments	<b>388,089,686.06</b>	(14,103,665.55)
	<b>1,975,146,159.85</b>	1,653,505,575.18

## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY

### 1. Other Related Parties of the Company

In addition to subsidiaries referred in Financial Reports VII, other related parties of the Company please refer to Financial Reports X.

### 2. Major Transactions between the Company and Related Parties

The following related party transactions are necessary for the development of the Company's business. The transactions between the Company and related parties are related to daily operations. The transactions follow the principles of openness, fairness and justice. The transactions between the both parties are settled at fair market prices.

Purchase of goods and receipt of services from related parties

#### (1) Related party goods and services transactions

*Purchase of goods and receipt of services from related parties*

	Details of Transactions	2021	2020
Shanghai Yueying Technology Co., Ltd. (上海躍影科技有限公司)	Purchase of goods	36,000.00	522,000.00
Shanghai AI.Pure Intelligent Technology Co., Ltd. (上海智諦智能科技有限公司)	Purchase of goods	27,230.00	425,840.77
Shanghai Hema Network Technology Co., Ltd. (上海盒馬網絡科技有限公司)	Purchase of goods	-	70,000.00
		<b>63,230.00</b>	1,017,840.77

*Note:* Purchase of goods from related parties: during the year, the Company conducted transactions with related parties based on market prices.

# Notes to the Financial Statements

For the year 2021

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## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (1) Related party goods and services transactions (continued)

*Purchase of goods and receipt of services from related parties (continued)*

	Details of Transactions	2021	2020
Shanghai Hongxing Cloud Computing Technology Co., Ltd. (上海紅星雲計算科技有限公司)	Receipt of services	26,484,103.00	27,326,971.70
Shanghai Xingzhiyu Commercial Management Co., Ltd. (上海星之域商業經營管理有限公司)	Receipt of services	12,647,990.94	12,053,132.23
Alibaba Cloud Computing Limited (阿里雲計算有限公司)	Receipt of services	4,020,158.06	3,190,614.40
Guangzhou Red Star Macalline Expo Home Plaza Co., Ltd. (廣州紅星美凱龍世博家居廣場有限公司)	Receipt of services	599,934.53	142,264.15
Wuhu Minghui Business Management Co., Ltd. (蕪湖明輝商業管理有限公司)	Receipt of services	270,951.12	171,700.57
Shenzhen Red Star Macalline Expo Home Plaza Co., Ltd. (深圳紅星美凱龍世博家居廣場有限公司)	Receipt of services	135,245.28	–
Zhejiang Alibaba Communication Technology Co., Ltd. (浙江阿里巴巴通信技術有限公司)	Receipt of services	–	566,037.74
Beijing Allgf Cultural and Scientific Consultation Co., Ltd. (北京國富縱橫文化科技諮詢股份有限公司)	Receipt of services	–	141,509.13
Baoxiang Red Star Macalline (Xiamen) Global Home Plaza Co., Ltd. (寶象紅星美凱龍(廈門)全球家居廣場有限公司)	Receipt of services	–	8,258.49
Xiamen Baoxiang Red Star Macalline Home Furnishing Plaza Company Limited (廈門寶象紅星美凱龍家居生活廣場有限公司)	Receipt of services	N/A	3,301.89
		<b>44,158,382.93</b>	43,603,790.30

*Note:* Receipt of services from related parties: during the year, the Company conducted transactions with related parties based on market prices.

## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (1) Related party goods and services transactions (continued)

*Sales of goods and rendering of services to related parties*

	Details of Transactions	2021	2020
Hangzhou Nabel Ceramics Co., Ltd. (杭州諾貝爾陶瓷有限公司) and its branches	Sales of goods	1,868.23	–
Asia New Materials (Beijing) Building Materials Co., Ltd. (亞細亞新材(北京)建築材料有限公司)	Sales of goods	199.11	–
Ultimate IOT (Shanghai) Technology Co., Ltd. (超級智慧家(上海)物聯網科技有限公司)	Sales of goods	192.27	141.60
Shanghai Zhenyang Decoration Co., Ltd. (上海振洋建築裝潢工程有限公司)	Sales of goods	44.25	–
Klas International Home Living Company Limited (克拉斯國際家居有限公司)	Sales of goods	N/A	743.36
		<b>2,303.86</b>	884.96

*Note:* Sales of goods to related parties: during the year, the Company conducted transactions with related parties based on market prices.

# Notes to the Financial Statements

For the year 2021

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## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (1) Related party goods and services transactions (continued)

*Sales of goods and rendering of services to related parties (continued)*

	Details of Transactions	2021	2020
Hangzhou Nabel Ceramics Co., Ltd. (杭州諾貝爾陶瓷有限公司) and its branches	Service income	<b>317,882.80</b>	1,284,200.39
Ultimate IOT (Shanghai) Technology Co., Ltd. (超級智慧家(上海)物聯網科技有限公司)	Service income	<b>65,027.50</b>	45,229.30
Shenzhen Red Star Macalline Expo Home Plaza Co., Ltd. (深圳紅星美凱龍世博家居廣場有限公司)	Service income	<b>35,512.74</b>	–
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	<b>30,600.00</b>	–
Asia New Materials (Beijing) Building Materials Co., Ltd. (亞細亞新材(北京)建築材料有限公司)	Service income	<b>4,798.85</b>	–
Shanghai Zhenyang Decoration Co., Ltd. (上海振洋建築裝潢工程有限公司)	Service income	<b>4,552.67</b>	–
Zhejiang Zhongguang Electric Appliances Co., Ltd. (浙江中廣電器股份有限公司)	Service income	–	1,650,943.38
Brewster Wallpaper International Trading (Shanghai) Co., Ltd. (布魯斯特牆紙國際貿易(上海)有限公司)	Service income	–	314,465.40
Klas International Home Living Company Limited (克拉斯國際家居有限公司)	Service income	<b>N/A</b>	218,759.81
Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司)	Service income	–	50,968.87
		<b>458,374.56</b>	3,564,567.15

*Note:* Rendering services to related parties: during the year, the Company conducted transactions with related parties based on market prices.



## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (1) Related party goods and services transactions (continued)

*Sales of goods and rendering of services to related parties (continued)*

	Details of Transactions	2021	2020
Greenland Group Chengdu Jinniu Real Estate Development Co., Ltd. (綠地集團成都金牛房地產開發有限公司)	Brand management service	<b>3,773,584.90</b>	3,816,662.34
Xuzhou Red Star Macalline Global Home Furnishings Plaza Co., Ltd. (徐州紅星美凱龍全球家居生活廣場有限公司)	Brand management service	<b>3,623,263.21</b>	2,680,817.58
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
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>2,830,188.68</b>	2,594,339.62
Shaanxi Hongrui Home Furnishings Plaza Co., Ltd. (陝西鴻瑞家居生活廣場有限公司)	Brand management service	<b>2,830,188.68</b>	2,594,339.62
Xuzhou Red Star Macalline International Furniture Decoration City Co., Ltd. (徐州紅星美凱龍國際傢俱裝飾城有限公司)	Brand management service	<b>1,792,452.83</b>	1,643,081.74
Wuhu Minghui Business Management Co., Ltd. (蕪湖明輝商業管理有限公司)	Brand management service	<b>158,062.81</b>	2,751,603.77
Jining Hongrui Market Management Company Limited (濟寧鴻瑞市場經營管理有限公司)	Brand management service	<b>4,600,637.95</b>	4,139,480.78
		<b>22,438,567.74</b>	23,050,514.13

*Note:* Provision of brand management services for related parties: during the year, the Company conducted transactions with related parties based on market prices.

# Notes to the Financial Statements

For the year 2021

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## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (1) Related party goods and services transactions (continued)

*Sales of goods and rendering of services to related parties (continued)*

	Details of Transactions	2021	2020
Shenzhen Huasheng Home Furnishing Group Co., Ltd. (深圳華生大家居集團有限公司)	Rendering of services	–	786,163.52
Business Division of Nanjing Pukou Lilicheng Furniture (南京市浦口區立力成傢俱經營部)	Rendering of services	–	57,109.37
Baoxiang Red Star Macalline (Xiamen) Global Home Plaza Co., Ltd. (寶象紅星美凱龍(廈門)全球家居廣場有限公司)	Rendering of services	–	29,107.08
Shanghai Zhenyang Decoration Co., Ltd. (上海振洋建築裝潢工程有限公司)	Rendering of services	–	11,613.32
		–	883,993.29

*Note:* Rendering services to related parties: during the year, the Company conducted transactions with related parties based on market prices.

## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (2) Leases with related parties

*As lessees*

	Type of leased assets	2021	2020
Shanghai Huojing Business Management Company Limited (上海或京商業管理有限公司) and its branches	Office	5,519,763.12	2,325,205.72
		<b>5,519,763.12</b>	2,325,205.72

*Note:* The related party provides property leasing for the Company: during the year, the Company conducted transactions with related parties based on market prices.

# Notes to the Financial Statements

For the year 2021

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## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (2) Leases with related parties (continued)

*As the lessor*

	Type of leased assets	2021	2020
Shanghai Xingzhiyu Commercial Management Co., Ltd. (上海星之域商業經營管理有限公司)	Office	<b>51,260,168.81</b>	43,256,990.85
Shanghai Yunshen Intelligent Technology Co., Ltd. (上海雲紳智能科技有限公司)	Shop(s) in shopping mall	<b>2,370,000.00</b>	–
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	<b>7,668,866.60</b>	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	<b>5,681,740.83</b>	926,107.49
Shanghai Zhenyang Decoration Co., Ltd. (上海振洋建築裝潢工程有限公司) and its branches	Shop(s) in shopping mall	<b>625,000.43</b>	86,296.62
Klas International Home Living Company Limited (克拉斯國際家居有限公司)	Lease of shop(s) in shopping mall	<b>N/A</b>	2,863,479.24
Business Division of Nanjing Pukou Lilicheng Furniture (南京市浦口區立力成傢俱經營部)	Lease of shop(s) in shopping mall	–	78,013.14
		<b>67,605,776.67</b>	49,090,584.06

*Note:* Provision of leasing for related parties: during the year, the Company conducted transactions with related parties based on market prices.

## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (3) Guarantees from related parties

*Receiving guarantees from related parties*

2021

	Amount of guarantees	Inception date of guarantee	Expiration date of guarantee	Whether guarantee has been performed
Shanghai Red Star Macalline Global Home Furnishing Company Limited (上海紅星美凱龍全球家居有限公司) (Note 1)	400,500,000.00	2020/3/20	2027/2/19	No
Shanghai Red Star Macalline Global Home Furnishing Company Limited (上海紅星美凱龍全球家居有限公司) (Note 2)	300,000,000.00	2021/12/28	2024/12/27	No
Changsha YinHong Home Furnishing Company Limited (長沙市銀紅家居有限公司) (Note 3)	500,000,000.00	2021/9/13	2022/9/12	No
Wuhu Red Star Macalline World Trade Home Furnishing Plaza Company Limited (蕪湖紅星美凱龍世貿家居廣場有限公司) (Note 4)	280,000,000.00	2020/11/23	2022/11/23	No
Wuhu Red Star Macalline World Trade Home Furnishing Plaza Company Limited (蕪湖紅星美凱龍世貿家居廣場有限公司) (Note 4)	108,000,000.00	2020/3/17	2023/3/17	No
Shanghai Ozing Digital Technology Company Limited (上海好記星數碼科技有限公司) (Note 5)	175,000,000.00	2020/9/18	2023/9/18	No
Nanjing Mingdu Home Furnishing Plaza Company Limited (南京名都家居廣場有限公司), Nanjing Red Star International Home Furnishing Mall Company Limited (南京紅星國際傢俱裝飾城有限公司) (Note 6)	1,299,331,000.00	2018/9/4	2033/9/3	No

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## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (3) Guarantees from related parties (continued)

*Receiving guarantees from related parties (continued)*

2021 (continued)

	Amount of guarantees	Inception date of guarantee	Expiration date of guarantee	Whether guarantee has been performed
Chongqing Xingkaike Home Furnishing Company Limited (重慶星凱科家居有限公司) (Note 7)	439,200,000.00	2018/6/25	2025/6/4	No
Shanghai Red Star Macalline Global Home Furnishing Company Limited (上海紅星美凱龍全球家居有限公司) (Note 2)	450,000,000.00	2021/4/12	2022/4/1	No
Shanghai Red Star Macalline Global Home Furnishing Company Limited (上海紅星美凱龍全球家居有限公司) (Note 2)	300,000,000.00	2021/4/14	2022/3/23	No
Shanghai Red Star Macalline Global Home Furnishing Company Limited (上海紅星美凱龍全球家居有限公司) (Note 2)	135,000,000.00	2021/4/14	2022/4/13	No
Shanghai Red Star Macalline Global Home Furnishing Company Limited (上海紅星美凱龍全球家居有限公司) (Note 2)	USD17,400,000	2021/4/15	2022/4/07	No
Tianjin Red Star Macalline Home Living and Decorating Plaza Company Limited (天津紅星美凱龍家居傢飾生活廣場有限公司) (Note 9)	162,000,000.00	2020/5/15	2022/5/15	No
Yunnan Red Star Macalline Home Furnishing Plaza Company Limited (雲南紅星美凱龍家居生活廣場有限公司) (Note 8)	490,000,000.00	2021/4/6	2022/4/6	No

## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (3) Guarantees from related parties (continued)

*Receiving guarantees from related parties (continued)*

2021 (continued)

	Amount of guarantees	Inception date of guarantee	Expiration date of guarantee	Whether guarantee has been performed
Changzhou World Furniture and Home Plaza Co., Ltd. (常州世界傢俱家居廣場有限公司) (Note 10)	700,000,000.00	2021/12/24	2024/12/24	No
Tianjin Red Star Macalline World Trade Home Furnishing Company Limited (天津紅星美凱龍世貿家居有限公司) (Note 11)	400,000,000.00	2021/7/23	2022/1/16	No
Shanghai Red Star Macalline Global Home Design Expo Company Limited (上海紅星美凱龍環球家居設計博覽有限公司) (Note 12)	138,000,000.00	2021/8/11	2022/7/1	No
Wuhan Red Star Macalline Global Home Furnishing Plaza Development Company Limited (武漢紅星美凱龍環球家居廣場發展有限公司) (Note 13)	500,000,000.00	2021/1/7	2024/1/7	No



# 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)*

##### 2021 (continued)

*Note 1:* The loan is secured by all investment properties of Shanghai Red Star Macalline Global Home Furnishing Company Limited, and pledged by 90% equity of Xinsheng Property Management (Shanghai) Co., Ltd. held by Red Star Macalline Group Corporation Ltd.

*Note 2:* The loan is secured by all investment properties of Shanghai Red Star Macalline Global Home Furnishing Company Limited.

*Note 3:* The loan is secured by all investment properties of Changsha Yinhong Home Furnishing Company Limited, and pledged by 100% equity of Changsha Yinhong Home Furnishing Company Limited held by Red Star Macalline Group Corporation Ltd.

*Note 4:* The loan is secured by all investment properties of Wuhu Red Star Macalline World Trade Home Furnishing Plaza Company Limited.

*Note 5:* The loan is secured by all investment properties of Shanghai Ozing Digital Technology Company Limited.

*Note 6:* The loan is pledged by the account receivables from operating property and secured by investment property held by Nanjing Mingdu Home Furnishing Plaza Company Limited and is pledged by 40% equity Nanjing Mingdu Home Furnishing Plaza Company Limited held by Nanjing Red Star International Home Furnishing Company Limited.

*Note 7:* The loan is secured by all investment properties of Chongqing Xingkaik Home Furnishing Company Limited.

*Note 8:* The loan is secured by all investment properties of Yunnan Red Star Macalline Home Furnishing Plaza Company Limited.

*Note 9:* The loan is secured by all investment properties of Tianjin Red Star Macalline Home Living and Decorating Plaza Company Limited.

*Note 10:* The loan is secured by all investment properties of Changzhou World Furniture and Home Plaza Co., Ltd.

*Note 11:* The loan is secured by all investment properties of Tianjin Red Star Macalline World Trade Home Furnishing Company Limited.

*Note 12:* The loan is secured by all investment properties of Shanghai Red Star Macalline Global Home Design Expo Company Limited.

*Note 13:* The loan is secured by all investment properties of Wuhan Red Star Macalline Global Home Furnishing Plaza Development Company Limited.



## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (3) Guarantees from related parties (continued)

*Receiving guarantees from related parties (continued)*

2020

	Amount of guarantees	Inception date of guarantee	Expiration date of guarantee	Whether guarantee has been performed
Shanghai Red Star Macalline Decorative Furniture Mall Company Limited (上海紅星美凱龍裝飾傢俱城有限公司) (Note 1)	189,000,000.00	2020/1/9	2020/1/8	No
Shanghai Red Star Macalline Global Home Furnishing Company Limited (上海紅星美凱龍全球家居有限公司) (Note 2)	435,000,000.00	2020/4/14	2021/4/13	No
Shanghai Red Star Macalline Global Home Furnishing Company Limited (上海紅星美凱龍全球家居有限公司) (Note 2)	450,000,000.00	2020/4/17	2021/4/8	No
Changzhou Hongyang Home Furnishing Plaza Company Limited (常州紅陽家居生活廣場有限公司)	470,882,700.00	2020/3/27	2021/3/26	No
Shanghai Red Star Macalline Global Home Furnishing Company Limited (上海紅星美凱龍全球家居有限公司) (Note 2)	115,000,000.00	2020/2/12	2021/2/5	No

# 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)*

2020 (continued)

	Amount of guarantees	Inception date of guarantee	Expiration date of guarantee	Whether guarantee has been performed
Red Star Macalline Shibo (Tianjin) Home Living Plaza Company Limited (紅星美凱龍世博(天津)家居生活廣場有限公司)	861,626,525.00	2020/4/27	2021/4/27	No
Shanghai Red Star Macalline Decorative Furniture Mall Company Limited (上海紅星美凱龍裝飾傢俱城有限公司) (Note 1)	300,000,000.00	2020/7/10	2021/4/10	No
Tianjin Red Star Macalline World Trade Home Furnishing Company Limited (天津紅星美凱龍世貿家居有限公司) (Note 3)	52,000,000.00	2020/1/17	2022/1/16	No
Tianjin Red Star Macalline World Trade Home Furnishing Company Limited (天津紅星美凱龍世貿家居有限公司) (Note 3)	13,000,000.00	2020/1/17	2022/1/16	No
Tianjin Red Star Macalline Home Living and Decorating Plaza Company Limited (天津紅星美凱龍家居傢飾生活廣場有限公司)	282,000,000.00	2020/5/15	2022/5/15	No
Shanghai Red Star Macalline Global Home Furnishing Company Limited (上海紅星美凱龍全球家居有限公司) (Note 4)	372,150,000.00	2020/1/19	2028/1/19	No
Wuhu Red Star Macalline World Trade Home Furnishing Plaza Company Limited (蕪湖紅星美凱龍世貿家居廣場有限公司) (Note 5)	290,000,000.00	2020/9/23	2022/9/23	No
Shanghai Ozing Digital Technology Company Limited (上海好記星數碼科技有限公司) (Note 6)	195,000,000.00	2020/9/18	2023/9/18	No
Nanjing Mingdu Home Furnishing Plaza Company Limited (南京名都家居廣場有限公司), Nanjing Red Star International Home Furnishing Mall Company Limited (南京紅星國際傢俱裝飾城有限公司) (Note 7)	1,376,903,000.00	2018/9/4	2033/9/3	No
Dongguan Red Star Macalline Shibo Furniture Plaza Company Limited (東莞紅星美凱龍世博家居廣場有限公司), Zhongshan Red Star Macalline Shibo Furniture Plaza Company Limited (中山紅星美凱龍世博家居廣場有限公司) (Note 8)	900,000,000.00	2019/6/26	2021/6/26	No
Chongqing Xingkaike Home Furnishing Company Limited (重慶星凱科家居有限公司) (Note 8)	585,600,000.00	2018/6/25	2025/6/4	No
Shanghai Red Star Macalline Global Home Furnishing Company Limited (上海紅星美凱龍全球家居有限公司) (Note 2)	461,350,000.00	2018/11/6	2021/11/6	No
Shanghai Red Star Macalline Home Furnishing Design Expo Company Limited (上海紅星美凱龍家居藝術設計博覽有限公司) (Note 8)	270,000,000.00	2019/7/3	2021/6/25	No

## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (3) Guarantees from related parties (continued)

*Receiving guarantees from related parties (continued)*

2020 (continued)

	Amount of guarantees	Inception date of guarantee	Expiration date of guarantee	Whether guarantee has been performed
Shanghai Red Star Macalline Decorative Furniture Mall Company Limited (上海紅星美凱龍裝飾傢俱城有限公司), Ningbo Red Star Macalline Home Shopping Plaza Company Limited (寧波紅星美凱龍家居購物廣場有限公司) (Note 9)	Nil	2018/9/3	2023/9/1	Yes

*Note 1:* The loan is secured by all investment properties of Shanghai Red Star Macalline Decorative Furniture Mall Company Limited.

*Note 2:* The loan is secured by all investment properties of Shanghai Red Star Macalline Global Home Furnishing Company Limited.

*Note 3:* The loan is secured by all investment properties of Tianjin Red Star Macalline World Trade Home Furnishing Company Limited.

*Note 4:* The loan is secured by all investment properties of Shanghai Red Star Macalline Global Home Furnishing Company Limited, and pledged by 90% equity of Xinsheng Property Management (Shanghai) Co., Ltd. held by Red Star Macalline Group Corporation Ltd.

*Note 5:* The loan is secured by all investment properties of Wuhu Red Star Macalline World Trade Home Furnishing Plaza Company Limited.

*Note 6:* The loan is secured by all investment properties of Shanghai Ozing Digital Technology Company Limited.

*Note 7:* The loan is pledged by the account receivables from operating property and secured by investment property held by Nanjing Mingdu Home Furnishing Plaza Company Limited and is pledged by 40% equity Nanjing Mingdu Home Furnishing Plaza Company Limited held by Nanjing Red Star International Home Furnishing Company Limited.

*Note 8:* The loan is secured by all the investment property held by the guarantor.

*Note 9:* The loan is secured by all the investment properties held by Shanghai Red Star Macalline Decorative Furniture Mall Company Limited (上海紅星美凱龍裝飾傢俱城有限公司) and Ningbo Red Star Macalline Home Shopping Plaza Company Limited (寧波紅星美凱龍家居購物廣場有限公司).

# 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*

2021

	Amount of guarantees	Inception date of guarantee	Expiration date of guarantee	Whether guarantee has been performed
Hong Kong Red Star Macalline Global Home Furnishing Company Limited (香港紅星美凱龍全球家居有限公司) (Note 1)	1,906,608,681.60	2017/9/21	2022/9/20	No
Nanjing Red Star International Home Living Company Limited (南京紅星美凱龍國際家居有限責任公司) (Note 2)	712,100,000.00	2019/3/14	2034/3/8	No
Shanghai Hongxin Oukai Home Living Company Limited (上海虹欣歐凱家居有限公司) (Note 3)	370,000,000.00	2019/11/28	2029/11/19	No
Changsha Red Star Macalline Jinxia Home Living Plaza Company Limited (長沙紅星美凱龍金霞家居生活廣場有限公司) (Note 4)	235,000,000.00	2018/4/23	2028/4/23	No
Langfang Kaihong Home Living Plaza Company Limited (廊坊市凱宏家居廣場有限公司) (Note 4)	152,200,000.00	2017/4/1	2027/2/14	No
Kunming Diken Trading Company Limited (昆明迪肯商貿有限公司) (Note 4)	283,985,985.66	2018/4/11	2025/4/11	No

## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (3) Guarantees from related parties (continued)

*Rendering guarantees to related parties*

2021 (continued)

	Amount of guarantees	Inception date of guarantee	Expiration date of guarantee	Whether guarantee has been performed
Shenyang Mingdu Home Furnishing Plaza Company Limited (瀋陽名都家居廣場有限公司) (Note 4)	230,000,000.00	2020/12/28	2028/12/28	No
Haikou Tangong Industrial Company Limited (海口檀宮實業有限公司) (Note 5)	270,000,000.00	2021/10/18	2031/10/18	No
Ganzhou Red Star Macalline Shibo Furniture Plaza Company Limited (贛州紅星美凱龍世博家居廣場有限公司) (Note 4)	35,000,000.00	2021/2/5	2029/2/5	No
Ganzhou Red Star Macalline Shibo Furniture Plaza Company Limited (贛州紅星美凱龍世博家居廣場有限公司) (Note 4)	80,000,000.00	2021/2/26	2029/2/26	No
Ganzhou Red Star Macalline Shibo Furniture Plaza Company Limited (贛州紅星美凱龍世博家居廣場有限公司) (Note 4)	15,000,000.00	2021/3/1	2029/3/1	No
Ganzhou Red Star Macalline Shibo Furniture Plaza Company Limited (贛州紅星美凱龍世博家居廣場有限公司) (Note 4)	43,000,000.00	2021/8/13	2029/8/13	No
Changchun Red Star Macalline Shibo Home Living Plaza Company Limited (長春紅星美凱龍世博家居生活廣場有限公司) (Note 4)	320,000,000.00	2021/4/13	2029/2/26	No
Shanghai Yumu Enterprise Management Company Limited (上海宇慕企業管理有限公司) (Note 4)	216,200,000.00	2017/6/14	2024/6/13	No
Shanghai Yuxv Enterprise Management Company Limited (上海宇煦企業管理有限公司) (Note 4)	214,500,000.00	2017/6/14	2024/6/13	No
Shanghai Yuzhu Enterprise Management Company Limited (上海宇築企業管理有限公司) (Note 4)	229,000,000.00	2017/6/14	2024/6/13	No
Shanghai Yuxiao Enterprise Management Company Limited (上海宇霄企業管理有限公司) (Note 4)	213,000,000.00	2017/6/14	2024/6/13	No
Red Star Macalline Shibo (Tianjin) Home Furnishing Plaza Company Limited (紅星美凱龍世博(天津)家居生活廣場有限公司) (Note 4)	292,654,738.77	2021/11/19	2024/11/18	No



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## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (3) Guarantees from related parties (continued)

*Rendering guarantees to related parties (continued)*

##### **2021 (continued)**

*Note 1:* The US dollar bond is guaranteed by the Company's keepwell agreement.

*Note 2:* The loan is pledged by the account receivables from operating property and mortgaged by investment property held by the guaranteed party.

*Note 3:* The loan is pledged by 50% equity of the Company and the account receivables from operating property and mortgaged by investment property held by the guaranteed party.

*Note 4:* The loan is mortgaged by the guaranteed party's all investment property.

*Note 5:* The loan is also secured by all investment properties of Haikou Tangong Industrial Company Limited held by Red Star Macalline Group Corporation Ltd., and pledged by 10,000,000 shares of the Company.

## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (3) Guarantees from related parties (continued)

*Rendering guarantees to related parties (continued)*

2020

	Amount of guarantees	Inception date of guarantee	Expiration date of guarantee	Whether guarantee has been performed
Hong Kong Red Star Macalline Global Home Furnishing Company Limited (香港紅星美凱龍全球家居有限公司) (Note 1)	1,943,219,775.16	2017/9/21	2022/9/20	No
Nanjing Red Star International Home Living Company Limited (南京紅星美凱龍國際家居有限責任公司) (Note 2)	750,900,000.00	2019/3/14	2034/3/8	No
Shanghai Hongxin Oukai Home Living Company Limited (上海虹欣歐凱家居有限公司) (Note 3)	390,000,000.00	2019/11/28	2029/11/29	No
Shanghai Yuzhu Enterprise Management Company Limited (上海宇築企業管理有限公司)	267,300,000.00	2017/6/14	2024/6/13	No
Shanghai Yumu Enterprise Management Company Limited (上海宇慕企業管理有限公司)	259,050,000.00	2017/6/14	2024/6/13	No
Shanghai Yuxv Enterprise Management Company Limited (上海宇煦企業管理有限公司)	256,750,000.00	2017/6/14	2024/6/13	No
Shanghai Yuxiao Enterprise Management Company Limited (上海宇霄企業管理有限公司)	255,750,000.00	2017/6/14	2024/6/13	No

# 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)*

2020 (continued)

	Amount of guarantees	Inception date of guarantee	Expiration date of guarantee	Whether guarantee has been performed
Urumchi Red Star Macalline Shibo Furniture Plaza Company Limited (烏魯木齊紅星美凱龍家居世博廣場有限公司) (Note 4)	Nil	2017/4/28	2022/4/28	Yes
Changsha Red Star Macalline Jinxia Home Living Plaza Company Limited (長沙紅星美凱龍金霞家居生活廣場有限公司) (Note 4)	235,000,000.00	2018/4/23	2028/4/23	No
Hefei Red Star Macalline Shibo Furniture Plaza Company Limited (合肥紅星美凱龍世博家居廣場有限公司) (Note 2)	Nil	2018/12/28	2028/12/28	Yes
Changsha Yinhong Home Furnishing Company Limited (長沙市銀紅家居有限公司) (Note 4)	160,000,000.00	2015/3/3	2025/3/3	No
Langfang Kaihong Home Living Plaza Company Limited (廊坊市凱宏家居廣場有限公司) (Note 4)	175,000,000.00	2017/2/14	2027/2/14	No
Kunming Diken Trading Company Limited (昆明迪肯商貿有限公司) (Note 4)	274,948,644.64	2018/4/11	2025/4/11	No
Chongqing Red Star Macalline Logistics Company Limited (重慶紅星美凱龍物流有限公司) (Note 5)	116,654,050.16	2019/1/2	2030/1/2	No



## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (3) Guarantees from related parties (continued)

*Rendering guarantees to related parties (continued)*

#### 2020 (continued)

	Amount of guarantees	Inception date of guarantee	Expiration date of guarantee	Whether guarantee has been performed
Shenyang Mingdu Home Furnishing Plaza Company Limited (瀋陽名都家居廣場有限公司) (Note 4)	Nil	2013/8/17	2021/8/17	Yes
Tianjin Red Star Macalline Logistics Company Limited (天津紅星美凱龍物流有限公司) (Note 6)	40,464,276.85	2018/9/13	2021/9/12	No
Daqing Red Star Macalline Shibo Furniture Company Limited (大慶紅星美凱龍世博家居有限公司) (Note 4)	Nil	2015/5/27	2021/5/27	Yes
Zhongshan Red Star Macalline Shibo Furniture Plaza Company Limited (中山紅星美凱龍世博家居廣場有限公司) (Note 4)	Nil	2014/10/31	2022/10/31	Yes
Dongguan Red Star Macalline Shibo Furniture Plaza Company Limited (東莞紅星美凱龍世博家居廣場有限公司)	Nil	2017/1/12	2022/1/12	Yes
Shenyang Mingdu Home Furnishing Plaza Company Limited (瀋陽名都家居廣場有限公司) (Note 4)	250,000,000.00	2020/12/28	2028/12/28	No



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## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (3) Guarantees from related parties (continued)

*Rendering guarantees to related parties (continued)*

##### **2020 (continued)**

*Note 1:* The US dollar bond is guaranteed by the Company's keepwell agreement.

*Note 2:* The loan is pledged by the account receivables from operating property and mortgaged by investment property held by the guaranteed party.

*Note 3:* The loan is pledged by 50% equity of the Company and the account receivables from operating property and mortgaged by investment property held by the guaranteed party.

*Note 4:* The loan is mortgaged by the guaranteed party's all investment property.

*Note 5:* The loan is pledged by the 100% equity of the guaranteed party held by Red Star Macalline (Shanghai) Business Management Company Limited, and is mortgaged with all its investment property held by the guaranteed party.

*Note 6:* The loan is provided by Suzhou Kinetic Home Furnishing Co., Ltd. with joint liability guarantee, and is mortgaged by all the investment property held by the guaranteed party.

## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (4) Loans and borrowings of the related parties

2021

Related party	Opening balance of 2021	Lending amount	Closing balance of 2021	Other instructions
<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)	2,713,940,372.82	(389,295,093.10)	2,324,645,279.72	Non fixed term
Hangzhou Red Star Macalline Global Home Living Company Limited (杭州紅星美凱龍環球家居有限公司)	1,055,996,500.29	78,047,217.95	1,134,043,718.24	Non fixed term
Tianjin Red Star Macalline World Trade Home Furnishing Company Limited (天津紅星美凱龍世貿家居有限公司)	1,375,346,571.06	(308,666,704.68)	1,066,679,866.38	Non fixed term
Shanghai Red Star Macalline Industrial Company Limited (上海紅星美凱龍實業有限公司)	706,236,981.99	308,150,567.39	1,014,387,549.38	Non fixed term
Shanghai Hongxin Oukai Home Living Company Limited (上海虹欣歐凱家居有限公司)	381,316,352.94	469,415,355.07	850,731,708.01	Non fixed term
Chongqing Red Star Ogloria Home Furnishing Company Limited (重慶紅星歐麗洛雅家居有限公司)	579,811,726.26	253,340,606.87	833,152,333.13	Non fixed term
Chengdu Tianfu New District Red Star Macalline World Trade Home Furnishing Company Limited (成都天府新區紅星美凱龍世貿家居有限公司)	609,237,067.23	217,516,597.71	826,753,664.94	Non fixed term
Wuhan Red Star Macalline Global Home Furnishing Plaza Development Company Limited (武漢紅星美凱龍環球家居廣場發展有限公司)	926,182,191.84	(100,549,427.61)	825,632,764.23	Non fixed term

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## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (4) Loans and borrowings of the related parties (continued)

2021 (continued)

Related party	Opening balance of 2021	Lending amount	Closing balance of 2021	Other instructions
Wuhan Red Star Macalline Shibo Home Furnishing Plaza Development Company Limited (武漢紅星美凱龍世 博家居廣場發展有限公司)	701,375,719.19	(4,540,270.32)	696,835,448.87	Non fixed term
Shanghai Yuxv Enterprise Management Company Limited (上海宇煦企業管理 有限公司)	606,523,887.23	81,502,837.98	688,026,725.21	Non fixed term
Nanjing Mingdu Home Furnishing Plaza Company Limited (南京名都家居廣場 有限公司)	762,441,226.07	(95,567,585.08)	666,873,640.99	Non fixed term
Urumchi Red Star Macalline Shibo Furniture Plaza Company Limited (烏 魯木齊紅星美凱龍家居世博廣場有 限公司)	560,185,548.08	27,357,514.32	587,543,062.40	Non fixed term
Shanghai Yuxiao Enterprise Management Company Limited (上 海宇霄企業管理有限公司)	453,494,594.82	109,471,757.71	562,966,352.53	Non fixed term
Haerbin Red Star Macalline Shibo Home Living Plaza Company Limited (哈爾濱紅星美凱龍世博家居廣場有 限公司)	602,870,275.23	(68,071,641.62)	534,798,633.61	Non fixed term
Shenyang Mingdu Home Furnishing Plaza Company Limited (瀋陽名都家 居廣場有限公司)	784,719,505.06	(261,848,010.68)	522,871,494.38	Non fixed term
Tianjin Red Star Macalline International Home Furnishing Expo Company Limited (天津紅星美凱龍國際家居博 覽有限公司)	473,395,861.68	42,597,907.77	515,993,769.45	Non fixed term

## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (4) Loans and borrowings of the related parties (continued)

2021 (continued)

Related party	Opening balance of 2021	Lending amount	Closing balance of 2021	Other instructions
Tianjin Red Star Macalline Home Living and Decorating Plaza Company Limited (天津紅星美凱龍家居傢飾生活廣場有限公司)	498,987,474.75	4,562,370.80	503,549,845.55	Non fixed term
Zhengzhou Red Star Macalline Shibo Home Living Company Limited (鄭州紅星美凱龍世博家居有限公司)	479,172,272.18	13,227,702.91	492,399,975.09	Non fixed term
Shanghai Yuzhu Enterprise Management Company Limited (上海宇築企業管理有限公司)	431,971,213.45	59,882,515.26	491,853,728.71	Non fixed term
Shanghai Yumu Enterprise Management Company Limited (上海宇慕企業管理有限公司)	430,565,332.50	27,814,001.70	458,379,334.20	Non fixed term
Changzhou Hongyang Home Furnishing Plaza Company Limited (常州紅陽家居生活廣場有限公司)	523,809,400.00	(87,400,000.00)	436,409,400.00	Non fixed term
Lanzhou Red Star Macalline Shibo Home Living Plaza Company Limited (蘭州紅星美凱龍世博家居廣場有限公司)	437,339,961.62	(20,656,820.08)	416,683,141.54	Non fixed term
Khorgos Red Star Yiming Venture Capital Company Limited (霍爾果斯紅星易鳴創業投資有限公司)	356,980,133.34	21,495,566.66	378,475,700.00	Non fixed term
Daqing Red Star Macalline Shibo Furniture Company Limited (大慶紅星美凱龍世博家居有限公司)	352,081,008.95	6,122,604.02	358,203,612.97	Non fixed term

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## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (4) Loans and borrowings of the related parties (continued)

2021 (continued)

Related party	Opening balance of 2021	Lending amount	Closing balance of 2021	Other instructions
Liuzhou Red Star Macalline Home Furnishing Company Limited (柳州紅星美凱龍家居有限公司)	-	350,964,136.13	350,964,136.13	Non fixed term
Red Star Macalline Management Consulting Service Co., Ltd. (紅星美凱龍管理諮詢服務有限公司)	50,000.00	333,759,555.13	333,809,555.13	Non fixed term
Chengdu Red Star Macalline Tianfu Expo Home Furnishing Plaza Company Limited (成都紅星美凱龍天府世博家居廣場有限公司)	331,500,000.00	-	331,500,000.00	2017/11/14-2022/8/12, interest rate: 6.00%
Chengdu Tianfu New District Red Star Macalline World Trade Home Furnishing Company Limited (成都天府新區紅星美凱龍世貿家居有限公司)	331,500,000.00	-	331,500,000.00	2017/11/14-2022/8/12, interest rate: 6.00%
Haikou Red Star Macalline Global Home Furnishing Company Limited (海口紅星美凱龍全球家居有限公司) (Note 4)	414,701,783.42	(123,030,314.38)	291,671,469.04	Non fixed term
Kunming Diken Trading Company Limited (昆明迪肯商貿有限公司)	210,977,805.61	77,136,914.54	288,114,720.15	Non fixed term
Nanchang Red Star Macalline Global Home Expo Center Company Limited (南昌紅星美凱龍環球家居博覽中心有限責任公司)	139,005,647.10	140,178,135.59	279,183,782.69	Non fixed term
Yunnan Red Star Macalline Home Furnishing Plaza Company Limited (雲南紅星美凱龍家居生活廣場有限公司)	385,987,936.00	(107,973,591.56)	278,014,344.44	Non fixed term
Suzhou Red Star Macalline Shibo Home Furnishing Plaza Company Limited (蘇州紅星美凱龍世博家居廣場有限公司)	275,918,622.06	910,000.00	276,828,622.06	Non fixed term

## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (4) Loans and borrowings of the related parties (continued)

2021 (continued)

Related party	Opening balance of 2021	Lending amount	Closing balance of 2021	Other instructions
Changsha YinHong Home Furnishing Company Limited (長沙市銀紅家居有限公司)	128,902,352.65	130,453,863.66	259,356,216.31	Non fixed term
Hangzhou Weiliang Electromechanical Hardware Market Co., Ltd. (杭州偉量機電五金市場有限公司)	254,149,742.13	(4,354,931.32)	249,794,810.81	Non fixed term
Hohhot Red Star Macalline Shibo Home Furnishing Plaza Company Limited (呼和浩特市紅星美凱龍世博家居廣場有限責任公司)	265,933,085.38	(17,448,675.63)	248,484,409.75	Non fixed term
Foshan Junda Enterprise Management Co., Ltd. (佛山郡達企業管理有限公司)	99,479,990.00	148,488,000.00	247,967,990.00	Non fixed term
Changsha Red Star Macalline Jinxia Home Living Plaza Company Limited (長沙紅星美凱龍金霞家居生活廣場有限公司)	227,242,353.15	19,759,655.41	247,002,008.56	Non fixed term
Beijing Century Europe and America Business Investment Company Limited (北京世紀歐美商業投資有限公司)	223,664,573.49	19,807,345.00	243,471,918.49	Non fixed term
Nanning Red Star Macalline Shibo Home Furnishing Exhibition Centre Company Limited (南寧紅星美凱龍世博家居展覽中心有限公司)	38,728,655.32	196,104,431.58	234,833,086.90	Non fixed term
Shenyang Red Star Macalline Home Living Expo Company Limited (瀋陽紅星美凱龍博覽家居有限公司)	271,933,808.54	(37,113,784.82)	234,820,023.72	Non fixed term
Shanghai Red Star Macalline Yuejia Network Technology Company Limited (上海紅星美凱龍悅家互聯網科技有限公司)	214,195,441.66	15,445,649.99	229,641,091.65	Non fixed term

# Notes to the Financial Statements

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## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (4) Loans and borrowings of the related parties (continued)

2021 (continued)

Related party	Opening balance of 2021	Lending amount	Closing balance of 2021	Other instructions
Xining Red Star Macalline Shibo Home Furnishing Plaza Company Limited (西寧紅星美凱龍世博家居廣場有限公司)	168,224,664.48	60,804,242.56	229,028,907.04	Non fixed term
Shanghai Jinshan Red Star Macalline Global Home Furnishing Company Limited (上海金山紅星美凱龍全球家居有限公司)	177,727,409.22	48,540,606.61	226,268,015.83	Non fixed term
Chengdu Red Star Macalline Tianfu Expo Home Furnishing Plaza Company Limited (成都紅星美凱龍天府世博家居廣場有限公司)	522,444,560.84	(298,334,366.73)	224,110,194.11	Non fixed term
Chongqing Red Star Macalline Zhongkun Home Living Plaza Company Limited (重慶紅星美凱龍中坤家居生活廣場有限責任公司)	203,981,060.00	11,662,813.33	215,643,873.33	Non fixed term
Red Star Zhongying Investment Company Limited (紅星眾盈投資有限公司)	331,817,906.67	(116,290,455.00)	215,527,451.67	Non fixed term
Shanghai Red Star Macalline Xinglong Home Furnish Company Limited (上海紅星美凱龍星龍家居有限公司)	200,330,466.47	2,182,515.51	202,512,981.98	Non fixed term
Kunming Diken Trading Company Limited (昆明迪肯商貿有限公司)	179,565,152.35	-	179,565,152.35	2019/7/9-2022/9/8, interest rate: 6.65%
Shanghai Red Star Macalline Home Furnishing Market Management Company Limited (上海紅星美凱龍家居市場經營管理有限公司)	220,663,887.66	(47,929,147.96)	172,734,739.70	Non fixed term
Shanghai Hongmei E-Commerce Company Limited (上海紅美電子商務有限公司)	239,653,662.81	(69,600,000.00)	170,053,662.81	Non fixed term



## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (4) Loans and borrowings of the related parties (continued)

2021 (continued)

Related party	Opening balance of 2021	Lending amount	Closing balance of 2021	Other instructions
Shanghai Mingyi Enterprise Development Co., Ltd. (上海名藝商業企業發展有限公司)	144,200,000.50	18,800,000.00	163,000,000.50	Repayable on demand and interest-free
Taiyuan Red Star Macalline Global Home Furnishing Plaza Company Limited (太原紅星美凱龍全球家居廣場有限公司)	145,832,445.92	7,118,112.89	152,950,558.81	Non fixed term
Shanghai Red Star Macalline Design Cloud Information Technology Company Limited (上海紅星美凱龍設計雲信息科技有限公司)	69,260,984.79	82,225,261.13	151,486,245.92	Non fixed term
Betterhome Construction Technology Company Limited (家倍得建築科技有限公司)	-	148,470,800.00	148,470,800.00	Non fixed term
Wuhu Red Star Macalline World Trade Home Furnishing Plaza Company Limited (蕪湖紅星美凱龍世貿家居廣場有限公司)	145,705,758.65	1,424,658.40	147,130,417.05	Non fixed term
Xiamen Red Star Macalline Home Furnishing Plaza Company Limited (廈門紅星美凱龍家居生活廣場有限責任公司)	-	143,501,231.44	143,501,231.44	Non fixed term
Xining Red Star Macalline Shibo Home Furnishing Plaza Company Limited (西寧紅星美凱龍世博家居廣場有限公司)	138,900,000.00	-	138,900,000.00	2017/11/14-2022/8/12, interest rate: 6.00%
Shanghai Ozing Digital Technology Company Limited (上海好記星數碼科技有限公司)	4,500,472.56	126,167,783.48	130,668,256.04	Non fixed term
Chongqing Red Star Macalline Expo Home Living Plaza Company Limited (重慶紅星美凱龍博覽家居生活廣場有限責任公司)	135,813,456.48	(17,152,988.75)	118,660,467.73	Non fixed term

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## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (4) Loans and borrowings of the related parties (continued)

2021 (continued)

Related party	Opening balance of 2021	Lending amount	Closing balance of 2021	Other instructions
Ningbo Red Star Macalline Home Shopping Plaza Company Limited (寧波紅星美凱龍家居購物廣場有限公司)	140,030,458.87	(25,849,114.39)	114,181,344.48	Non fixed term
Shaanxi Red Star Heji Home Shopping Plaza Company Limited (陝西紅星和記家居購物廣場有限公司)	95,705,739.73	17,179,326.72	112,885,066.45	Non fixed term
Kunshan Red Star Macalline Decoration Materials Company Limited (昆山紅星美凱龍裝飾材料有限公司)	93,720,911.54	15,784,833.34	109,505,744.88	Non fixed term
Xiamen Red Star Macalline Home Furnishing Plaza Company Limited (廈門紅星美凱龍家居生活廣場有限責任公司) (Note 2)	94,280,000.00	14,619,131.59	108,899,131.59	interest rate: 8%
Beijing Xingkai Jingzhou Furniture Plaza Company Limited (北京星凱京洲傢俱廣場有限公司)	130,636,717.93	(24,368,850.00)	106,267,867.93	Non fixed term
Chengdu Red Star Macalline Global Home Furnishing Company Limited (成都紅星美凱龍全球家居有限公司)	-	100,664,515.61	100,664,515.61	Non fixed term
Dongguan Red Star Macalline Shibo Furniture Plaza Company Limited (東莞紅星美凱龍世博家居廣場有限公司)	438,123,376.21	(342,247,725.24)	95,875,650.97	Non fixed term
Shanghai Jingdu Investment Company Limited (上海晶都投資有限公司)	120,390,868.24	(25,348,270.85)	95,042,597.39	Non fixed term
Ganzhou Red Star Macalline Shibo Furniture Plaza Company Limited (贛州紅星美凱龍世博家居廣場有限公司)	145,706,180.68	(55,943,168.58)	89,763,012.10	Non fixed term

## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (4) Loans and borrowings of the related parties (continued)

2021 (continued)

Related party	Opening balance of 2021	Lending amount	Closing balance of 2021	Other instructions
Khorgos Yarui Venture Capital Company Limited (霍爾果斯雅睿創業投資有限公司)	88,188,855.00	437,074.18	88,625,929.18	Non fixed term
Nanjing Red Star International Home Living Company Limited (南京紅星美凱龍國際家居有限責任公司)	–	81,936,699.61	81,936,699.61	Non fixed term
Shanghai Red Star Macalline Global Home Furnishing Company Limited (上海紅星美凱龍全球家居有限公司)	–	74,540,905.70	74,540,905.70	Non fixed term
Hainan Hongju Enterprise Management Co., Ltd. (海南紅居企業管理有限公司) (Note 3)	7,466.67	71,892,533.33	71,900,000.00	Non fixed term
Shanghai Xingjia Decoration and Building Materials Company Limited (上海星家裝飾建材有限公司)	70,650,000.00	–	70,650,000.00	Non fixed term
Changsha Red Star Macalline Home Living Plaza Company Limited (長沙紅星美凱龍家居生活廣場有限公司)	31,508,340.56	36,264,090.65	67,772,431.21	Non fixed term
Shanghai Jianliu Enterprise Management Co., Ltd. (上海簡柳企業管理有限公司)	57,955,443.67	9,667,627.09	67,623,070.76	Non fixed term
Qianzhi (Shanghai) Home Furnishing Co., Ltd. (乾智(上海)家居有限公司)	27,739,909.99	38,939,250.01	66,679,160.00	Non fixed term
Nanchang Red Star Macalline Global Home Furnishing Plaza Company Limited (南昌紅星美凱龍全球家居廣場有限公司)	53,086,873.12	10,927,186.17	64,014,059.29	Non fixed term

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## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (4) Loans and borrowings of the related parties (continued)

2021 (continued)

Related party	Opening balance of 2021	Lending amount	Closing balance of 2021	Other instructions
Red Star Macalline Glory Casa (Shanghai) Home Furnishing Company Limited (紅星美凱龍凱撒至尊(上海)家居有限公司)	251,914,727.79	(189,667,796.67)	62,246,931.12	Non fixed term
Shanghai Red Star Ogloria Brand Management Company Limited (上海紅星歐麗洛雅品牌管理有限公司)	52,316,138.75	7,163,690.83	59,479,829.58	Non fixed term
Shijiazhuang Bochen Industrial Company Limited (石家莊博宸實業有限公司)	51,924,920.58	2,206,090.42	54,131,011.00	Non fixed term
Panjin Red Star Macalline Global Home Living Plaza Company Limited (盤錦紅星美凱龍全球家居生活廣場有限公司)	30,907,333.46	22,336,634.93	53,243,968.39	Non fixed term
Shenyang Dadong Red Star Macalline Home Furnishing Company Limited (瀋陽大東紅星美凱龍傢俱建材市場有限公司)	46,122,000.00	4,380,000.00	50,502,000.00	Non fixed term
Huaihua Xingxin Commercial Management Co., Ltd. (懷化星欣商業管理有限公司)	50,265,500.00	-	50,265,500.00	Non fixed term
Shanghai Macalline Smart Decoration Technology Co., Ltd. (上海美凱龍智裝科技有限公司) (Note 1)	5,044,073.53	42,563,172.38	47,607,245.91	Non fixed term
Yantai Red Star Macalline Home Living Company Limited (煙台紅星美凱龍家居有限公司)	87,944,430.05	(40,699,601.53)	47,244,828.52	Non fixed term
Shanghai enliu Enterprise Management Co., Ltd. (上海慈柳企業管理有限公司)	38,468,327.67	8,620,958.35	47,089,286.02	Non fixed term

## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (4) Loans and borrowings of the related parties (continued)

##### 2021 (continued)

Related party	Opening balance of 2021	Lending amount	Closing balance of 2021	Other instructions
Shanghai Red Star Macalline Decorating Public Network Technology Company Limited (上海 紅星美凱龍裝修公網絡技術有限公司)	42,473,111.12	2,190,000.00	44,663,111.12	Non fixed term
Baoxiang Red Star Macalline (Xiamen) Global Home Furnishing Plaza Company Limited (寶象紅星美凱龍 (廈門)全球家居廣場有限公司)	32,500,000.00	9,979,328.91	42,479,328.91	Non fixed term
Baotou Red Star Macalline Home Living Plaza Company Limited (包頭 紅星美凱龍家居生活廣場有限責任公 司)	38,334,779.63	-	38,334,779.63	Non fixed term
Shanghai Red Star Macalline Trading Company Limited (上海紅星美凱龍商 貿有限公司)	136,723,151.31	(99,075,923.31)	37,647,228.00	Non fixed term
Nantong Longmei International Home Furnishing Company Limited (南通龍 美國際家居生活廣場有限公司)	35,466,209.65	1,429,239.96	36,895,449.61	Non fixed term
Shanghai Red Star Macalline Bulk Purchasing of Construction and Furnishing Materials Trading Company Limited (上海紅星美凱龍住 建集採商貿有限公司)	29,716,000.00	7,024,273.34	36,740,273.34	Non fixed term
Guangzhou Red Star Macalline Market Management Company Limited (廣 州紅星美凱龍市場經營管理有限公司)	13,226,368.40	21,021,455.80	34,247,824.20	Non fixed term
Xiamen Red Star Macalline Home Furnishing Plaza Company Limited (廈門紅星美凱龍家居生活廣場有限責 任公司) (Note 2)	30,043,099.85	-	30,043,099.85	Repayable on demand and interest- free
Nantong Hongmei Shibo Home Furnishing Plaza Company Limited (南通紅美世博家居廣場有限公司)	41,414,782.66	(14,042,383.75)	27,372,398.91	Non fixed term

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## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (4) Loans and borrowings of the related parties (continued)

2021 (continued)

Related party	Opening balance of 2021	Lending amount	Closing balance of 2021	Other instructions
Nanjing Mingdu Home Furnishing Plaza Company Limited (南京名都家居廣場有限公司)	-	26,594,859.57	26,594,859.57	Non fixed term
Chengdu Changyi Red Star Macalline Home Living Market Management Company Limited (成都長益紅星美凱龍家居市場經營管理有限公司)	17,147,876.08	8,969,271.39	26,117,147.47	Non fixed term
Shanghai Laicheng Enterprise Management Limited (上海賽程企業管理有限公司)	8,294,096.21	17,479,576.29	25,773,672.50	Non fixed term
Shanghai Dingshi Enterprise Management Partnership (Limited Partnership) (上海鼎識企業管理合夥企業(有限合夥))	24,155,555.56	1,216,666.67	25,372,222.23	Non fixed term
Changchun Red Star Macalline Shibo Home Living Plaza Company Limited (長春紅星美凱龍世博家居生活廣場有限公司)	396,642,748.84	(375,130,000.00)	21,512,748.84	Non fixed term
Shanghai Anjia Network Technology Company Limited (上海安家網絡科技有限公司)	9,230,333.33	11,044,715.00	20,275,048.33	Non fixed term
Suzhou Xingfeng Enterprise Management Consulting Co., Ltd. (宿州市星豐企業管理諮詢有限公司)	-	17,442,000.00	17,442,000.00	Non fixed term
Shanghai Betterhome Industrial Company Limited (上海家倍得實業有限公司)	11,983,999.99	1,727,333.33	13,711,333.32	Non fixed term
Shanghai Red Star Macalline Home Furnishing Company Limited (上海紅星美凱龍家居用品有限公司)	11,400,977.86	1,782,273.61	13,183,251.47	Non fixed term

## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (4) Loans and borrowings of the related parties (continued)

2021 (continued)

Related party	Opening balance of 2021	Lending amount	Closing balance of 2021	Other instructions
Shanghai Macalline Wenshang Business Management Co., Ltd. (上海美凱龍文商商務企業管理有限公司)	3,954,391.58	8,738,102.18	12,692,493.76	Non fixed term
Zhengzhou Juankai Enterprise Management Consultation Company Limited (鄭州雋鎧企業管理諮詢有限公司)	11,536,279.70	(400,000.00)	11,136,279.70	Non fixed term
Shanghai Hongmei Network Technology Company Limited (上海紅美網絡科技有限公司)	10,900,000.00	-	10,900,000.00	Non fixed term
Beijing Century Kailong Business Investment Company Limited (北京世紀凱隆商業投資有限公司)	10,106,940.90	473,138.21	10,580,079.11	Non fixed term
Xi'an Red Star Macalline Home Living Plaza Company Limited (西安紅星美凱龍家居生活廣場有限公司)	10,240,642.23	-	10,240,642.23	Non fixed term
Quzhou Red Star Macalline Shibo Market Management Service Company Limited (衢州紅星美凱龍世博市場管理服務有限公司)	7,422,683.33	-	7,422,683.33	Non fixed term
Chongqing Red Star Macalline International Home Furnishing Plaza Company Limited (重慶紅星美凱龍國際家居生活廣場有限責任公司)	27,538,491.67	(20,170,434.56)	7,368,057.11	Non fixed term
Xi'an Red Star Macalline Shibo Home Furnishing Company Limited (西安紅星美凱龍世博家居有限公司)	1,650,000.00	5,700,000.00	7,350,000.00	Non fixed term
Shanghai Red Star Macalline Home Furnishing Trading Company Limited (上海紅星美凱龍美居商貿有限公司)	-	6,800,000.00	6,800,000.00	Non fixed term

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## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (4) Loans and borrowings of the related parties (continued)

2021 (continued)

Related party	Opening balance of 2021	Lending amount	Closing balance of 2021	Other instructions
Jilin Red Star Macalline Logistics Company Limited (吉林紅星美凱龍物流有限公司)	3,517,790.00	3,214,271.66	6,732,061.66	Non fixed term
Shanghai Red Star Ogloria Brand Management Company Limited Zibo Branch (上海紅星歐麗洛雅品牌管理有限公司淄博分公司)	6,430,000.00	200,000.00	6,630,000.00	Non fixed term
Shanghai Red Star Macalline Exhibition Service Company Limited (上海紅星美凱龍展覽服務有限公司)	6,325,570.93	-	6,325,570.93	Non fixed term
Shanghai Mingyi Enterprise Development Co., Ltd. (上海名藝商業企業發展有限公司)	5,760,000.00	460,800.00	6,220,800.00	2020/12/29-2023/12/28, interest rate: 8%
Suzhou Xingtong Enterprise Management Consultation Company Limited (宿州星通企業管理諮詢有限公司)	300,000.00	5,860,000.00	6,160,000.00	Non fixed term
Changshu Red Star Macalline Global Home Furnishing Company Limited (常熟紅星美凱龍全球家居有限公司)	5,309,100.00	-	5,309,100.00	Non fixed term
Shanghai Red Star Macalline Brand Management Company Limited Lanzhou Gaoxin Branch(上海紅星美凱龍品牌管理有限公司蘭州高新分公司)	-	5,000,000.00	5,000,000.00	Non fixed term
Shanghai Hezhu Enterprise Management Partnership (Limited Partnership) (上海合祝企業管理合夥企業(有限合夥))	4,649,555.55	243,333.33	4,892,888.88	Non fixed term



## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (4) Loans and borrowings of the related parties (continued)

2021 (continued)

Related party	Opening balance of 2021	Lending amount	Closing balance of 2021	Other instructions
Shanghai Juzun Enterprise Management Partnership (Limited Partnership) (上海聚尊企業管理合夥企業(有限合夥))	4,649,555.55	243,333.33	4,892,888.88	Non fixed term
Xiamen Red Star Macalline Home Furnishing Plaza Company Limited (廈門紅星美凱龍家居生活廣場有限責任公司) (Note 2)	4,559,000.00	-	4,559,000.00	interest rate: 8%
Shanghai Red Star Macalline Creative Design Company Limited (上海麗浩創意設計有限公司)	2,841,966.66	1,300,000.00	4,141,966.66	Non fixed term
Shanghai Macalline Xingshang Modular Decoration Technology Co., Ltd. (上海美凱龍星尚模數裝飾科技有限公司)	-	3,760,000.00	3,760,000.00	Non fixed term
Wuhu Red Star Macalline World Trade Home Furnishing Plaza Company Limited Jinghu Branch (蕪湖紅星美凱龍世貿家居廣場有限公司鏡湖分公司)	1,000,000.00	1,700,000.00	2,700,000.00	Non fixed term
Shanghai Jiliang Enterprise Management Partnership (Limited Partnership) (上海集量企業管理合夥企業(有限合夥))	2,324,777.77	121,666.67	2,446,444.44	Non fixed term
Taiyuan Red Star Macalline Shimao Home Furnishing Company Limited (太原紅星美凱龍世貿家居廣場有限公司)	-	2,139,300.00	2,139,300.00	Non fixed term
Shanghai Red Star Macalline Brand Management Company Limited Guizhou Branch (上海紅星美凱龍品牌管理有限公司貴州分公司)	-	1,600,000.00	1,600,000.00	Non fixed term
Shanghai Red Star Macalline Longmei Home Furnishing Market Management Company Limited (上海紅星美凱龍美家居市場經營管理有限公司)	5,054,979.17	(3,642,395.84)	1,412,583.33	Non fixed term
Chengdu Red Star Macalline Xinnan Business Management Company Limited Gaoxin Branch (成都紅星美凱龍新南商業管理有限公司高新分公司)	950,000.00	-	950,000.00	Non fixed term

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## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (4) Loans and borrowings of the related parties (continued)

2021 (continued)

Related party	Opening balance of 2021	Lending amount	Closing balance of 2021	Other instructions
Shanghai Xingyijia Brand Management Company Limited (上海星藝佳品牌管理有限公司)	-	206,404.17	206,404.17	Non fixed term
Shanghai Red Star Macalline Brand Management Company Limited Xinxiang Branch (上海紅星美凱龍品牌管理有限公司新鄉分公司)	-	11,075.00	11,075.00	Non fixed term
Red Star Macalline Shibo (Tianjin) Home Furnishing Plaza Company Limited (紅星美凱龍世博(天津)家居生活廣場有限公司)	988,336,391.64	(988,336,391.64)	-	Non fixed term
Red Star Macalline Home Furnishing Mall Management Company Limited (紅星美凱龍家居商場管理有限公司)	590,403,522.53	(590,403,522.53)	-	Non fixed term
Shanghai Xingkai Chengpeng Business Management Company Limited (上海星凱程鵬企業管理有限公司)	269,997,918.75	(269,997,918.75)	-	Non fixed term
Red Star Macalline (Shanghai) Business Management Company Limited (紅星美凱龍(上海)企業管理有限公司) (Note 5)	216,549,448.29	(216,549,448.29)	N/A	Non fixed term
Hefei Red Star Macalline Shibo Furniture Plaza Company Limited (合肥紅星美凱龍世博家居廣場有限公司)	195,219,616.66	(195,219,616.66)	-	Non fixed term
Chongqing Red Star Macalline Logistics Company Limited (重慶紅星美凱龍物流有限公司) (Note 5)	192,986,934.87	(192,986,934.87)	N/A	Non fixed term
Tibet Red Star Macalline Business Management Company Limited (西藏紅星美凱龍企業管理有限公司) (Note 5)	155,813,047.49	(155,813,047.49)	N/A	Non fixed term

## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (4) Loans and borrowings of the related parties (continued)

##### 2021 (continued)

Related party	Opening balance of 2021	Lending amount	Closing balance of 2021	Other instructions
Anhui Shengshi Dingtong Logistics Company Limited (安徽盛世鼎通物流有限公司) (Note 5)	131,081,271.66	(131,081,271.66)	N/A	Non fixed term
Zhongshan Red Star Macalline Shibo Furniture Plaza Company Limited (中山紅星美凱龍世博家居廣場有限公司)	122,389,493.57	(122,389,493.57)		- Non fixed term
Tianjin Red Star Macalline Home Fashion Plaza Company Limited (天津紅星美凱龍時尚家居廣場有限公司)	55,665,808.79	(55,665,808.79)		- Non fixed term
Shaanxi Red Star Macalline Logistics Company Limited (陝西紅星美凱龍物流有限公司) (Note 5)	46,463,385.11	(46,463,385.11)	N/A	Non fixed term
Shanghai Red Star Macalline Brand Management Company Limited Wuhan Zhuyeshan Branch (上海紅星美凱龍品牌管理有限公司武漢竹葉山分公司)	39,676,842.59	(39,676,842.59)		- Non fixed term
Wuxi Red Star Macalline Home Living Plaza Company Limited (無錫紅星美凱龍家居生活廣場有限公司)	39,210,097.54	(39,210,097.54)		- Non fixed term
Beijing Red Star Macalline Shibo Home Furnishing Plaza Company Limited (北京紅星美凱龍世博傢俱建材廣場有限公司)	15,000,000.00	(15,000,000.00)		- Non fixed term
Hefei Red Star Macalline Logistics Company Limited (合肥紅星美凱龍物流有限公司) (Note 5)	11,793,445.29	(11,793,445.29)	N/A	Non fixed term
Tianjin Red Star Macalline Logistics Company Limited (天津紅星美凱龍物流有限公司) (Note 5)	10,083,346.66	(10,083,346.66)	N/A	Non fixed term

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## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (4) Loans and borrowings of the related parties (continued)

2021 (continued)

Related party	Opening balance of 2021	Lending amount	Closing balance of 2021	Other instructions
Guizhou Red Star Macalline Logistics Company Limited (貴州紅星美凱龍物流有限公司) (Note 5)	1,773,970.32	(1,773,970.32)	N/A	Non fixed term
Red Star Macalline Global (Beijing) Home Furnishing Plaza Company Limited (紅星美凱龍環球(北京)傢俱建材廣場有限公司)	808,253.56	(808,253.56)		- Non fixed term
Shanghai Red Star Macalline International Trading Company Limited (上海紅星美凱龍國際貿易有限公司)	372,020.98	(372,020.98)		- Non fixed term
Red Star Macalline Shibo Business Management Co., Ltd. (紅星美凱龍世博商業管理有限公司)	200,000.00	(200,000.00)		- Non fixed term
Red Star Macalline Life Aesthetics Center Management Company Limited (紅星美凱龍生活美學中心管理有限公司)	20,707.67	(20,707.67)		- Non fixed term
Shanghai Xinghe Zhaipei Home Furnishing Service Company Limited (上海星和宅配家居服務有限公司)	14,360.13	(14,360.13)		- Non fixed term

## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (4) Loans and borrowings of the related parties (continued)

##### 2021 (continued)

Related party	Opening balance of 2021	Lending amount	Closing balance of 2021	Other instructions
Shanghai Jiajinsuo Investment Holding Company Limited (上海家金所投資控股有限公司)	10,000.00	(10,000.00)		- Non fixed term
Red Star Macalline Group (Shanghai) Logistics Company Limited (紅星美凱龍家居集團(上海)物流有限公司)	6,080.00	(6,080.00)		- Non fixed term
Shanghai Ersai Enterprise Management Consultation Company Limited (上海邇賽企業管理有限公司) (Note 5)	5,221.12	(5,221.12)		N/A Non fixed term
Shanghai Rongmei Industrial Co., Ltd. (上海榮美實業有限公司)	2,021.51	(2,021.51)		- Non fixed term
	<b>29,948,771,480.79</b>	<b>(1,936,085,704.94)</b>	<b>28,012,685,775.85</b>	

Note 1: In 2021, Shanghai Betterhome Decoration Engineering Company Limited was renamed Shanghai Macalline Smart Decoration Technology Co., Ltd.

Note 2: In 2021, the Group acquired Xiamen Baoxiang Red Star Macalline Home Furnishing Plaza Company Limited, which was renamed Xiamen Red Star Macalline Home Furnishing Plaza Company Limited.

Note 3: In 2021, Khorgos Hongju Corporate Management Co., Ltd. was renamed Hainan Hongju Enterprise Management Co., Ltd.

Note 4: In 2021, Haikou Tangong Industrial Company Limited was renamed Haikou Red Star Macalline Global Home Furnishing Company Limited.

Note 5: In 2021, the Group disposed of Red Star Macalline (Shanghai) Business Management Company Limited (紅星美凱龍(上海)企業管理有限公司), Chongqing Red Star Macalline Logistics Company Limited (重慶紅星美凱龍物流有限公司), Tibet Red Star Macalline Business Management Company Limited (西藏紅星美凱龍企業管理有限公司), Anhui Shengshi Dingtong Logistics Company Limited (安徽盛世鼎通物流有限公司), Shaanxi Red Star Macalline Logistics Company Limited (陝西紅星美凱龍物流有限公司), Hefei Red Star Macalline Logistics Company Limited (合肥紅星美凱龍物流有限公司), Tianjin Red Star Macalline Logistics Company Limited (天津紅星美凱龍物流有限公司), Guizhou Red Star Macalline Logistics Company Limited (貴州紅星美凱龍物流有限公司), and Shanghai Ersai Enterprise Management Company Limited (上海邇賽企業管理有限公司). Therefore, the disclosure does not apply to the balance of the above companies at the end of 2021.

# 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

Related party	Opening balance of 2020	Lending amount	Closing balance of 2020	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)	1,613,404,986.91	1,100,535,385.91	2,713,940,372.82	Non fixed term
Nanjing Mingdu Home Living Plaza Company Limited (南京名都家居廣場有限公司)	990,593,286.66	(228,152,060.59)	762,441,226.07	Non fixed term
Red Star Macalline Shibo (Tianjin) Home Living Plaza Company Limited (紅星美凱龍世博(天津)家居生活廣場有限公司)	935,356,411.66	52,979,979.98	988,336,391.64	Non fixed term
Tianjin Red Star Macalline World Trade Home Furnishing Company Limited (天津紅星美凱龍世貿家居有限公司)	913,814,821.73	461,531,749.33	1,375,346,571.06	Non fixed term
Yintai (Yongqing) New City Investment Co., Ltd. (銀泰(永清)新城投資有限公司)	750,385,131.93	(750,385,131.93)	–	Non fixed term
Shanghai Macalline Decoration Engineering Group Co., Ltd. (上海美凱龍裝飾工程集團有限公司)	735,393,442.26	(735,393,442.26)	–	Non fixed term
Shenyang Mingdu Home Furnishing Plaza Company Limited (瀋陽名都家居廣場有限公司)	719,019,505.06	65,700,000.00	784,719,505.06	Non fixed term
Urumchi Red Star Macalline Shibo Furniture Plaza Company Limited (烏魯木齊紅星美凱龍家居世博廣場有限公司)	703,594,017.06	(143,408,468.98)	560,185,548.08	Non fixed term
Wuhan Red Star Macalline Shibo Home Living Plaza Development Company Limited (武漢紅星美凱龍世博家居廣場發展有限公司)	640,259,868.06	61,115,851.13	701,375,719.19	Non fixed term

## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (4) Loans and borrowings of the related parties (continued)

##### 2020 (continued)

Related party	Opening balance of 2020	Lending amount	Closing balance of 2020	Other instructions
Wuhan Red Star Macalline Global Home Living Plaza Development Company Limited (武漢紅星美凱龍環球家居廣場發展有限公司)	593,860,209.80	332,321,982.04	926,182,191.84	Non fixed term
Shanghai Yuxu Enterprise Management Company Limited (上海宇煦企業管理有限公司)	574,365,132.55	32,158,754.68	606,523,887.23	Non fixed term
Haerbin Red Star Macalline Shibo Home Living Plaza Company Limited (哈爾濱紅星美凱龍世博家居廣場有限公司)	518,742,300.91	84,127,974.32	602,870,275.23	Non fixed term
Shanghai Red Star Macalline Industrial Company Limited (上海紅星美凱龍實業有限公司)	507,850,311.05	198,386,670.94	706,236,981.99	Non fixed term
Changzhou Hongyang Home Furnishing Plaza Company Limited (常州紅陽家居生活廣場有限公司)	478,759,400.00	45,050,000.00	523,809,400.00	Non fixed term
Tianjin Red Star Macalline Home Living and Decorating Plaza Company Limited (天津紅星美凱龍家居傢飾生活廣場有限公司)	475,347,389.44	23,640,085.31	498,987,474.75	Non fixed term
Zhengzhou Red Star Macalline Shibo Home Furnishing Company Limited (鄭州紅星美凱龍世博家居有限公司)	453,072,592.40	26,099,679.78	479,172,272.18	Non fixed term
Shanghai Hongxin Oukai Home Living Company Limited (上海虹欣歐凱家居有限公司)	430,779,291.34	(49,462,938.40)	381,316,352.94	Non fixed term

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## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (4) Loans and borrowings of the related parties (continued)

2020 (continued)

Related party	Opening balance of 2020	Lending amount	Closing balance of 2020	Other instructions
Shanghai Jiliang Enterprise Management Partnership (Limited Partnership) (上海集量企業管理合夥企業(有限合夥))	2,202,777.77	122,000.00	2,324,777.77	Non fixed term
Guangzhou Red Star Macalline Market Management Company Limited (廣州紅星美凱龍市場經營管理有限公司)	1,921,540.06	11,304,828.34	13,226,368.40	Non fixed term
Xi'an Red Star Macalline Shibo Home Furnishing Company Limited (西安紅星美凱龍世博家居有限公司)	1,650,000.00	–	1,650,000.00	Non fixed term
Guizhou Red Star Macalline Logistics Company Limited (貴州紅星美凱龍物流有限公司)	1,484,015.31	289,955.01	1,773,970.32	Non fixed term
Chengdu Red Star Macalline Xinnan Business Management Company Limited Gaoxin Branch (成都紅星美凱龍新南商業管理有限公司高新分公司)	950,000.00	–	950,000.00	Non fixed term
Shanghai Red Star Macalline Creative Design Company Limited (上海麗浩創意設計有限公司)	910,950.00	1,931,016.66	2,841,966.66	Non fixed term
Red Star Macalline Life Aesthetics Center Management Company Limited (紅星美凱龍生活美學中心管理有限公司)	756,888.00	(736,180.33)	20,707.67	Non fixed term
Red Star Macalline Group (Shanghai) Logistics Company Limited (紅星美凱龍家居集團(上海)物流有限公司)	535,626.36	(529,546.36)	6,080.00	Non fixed term



## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (4) Loans and borrowings of the related parties (continued)

##### 2020 (continued)

Related party	Opening balance of 2020	Lending amount	Closing balance of 2020	Other instructions
Suzhou Industry Park Red Star Macalline Home Furnishing Company Limited (蘇州工業園區紅星美凱龍家居有限公司)	121,108.65	(121,108.65)	–	Non fixed term
Foshan Red Star Macalline Home Furnishing Plaza Company Limited (佛山紅星美凱龍家居生活廣場有限公司)	103,939.17	(103,939.17)	–	Non fixed term
Chengdu Tianfu New District Red Star Macalline World Trade Home Furnishing Company Limited (成都天府新區紅星美凱龍世貿家居有限公司)	413,993,421.77	195,243,645.46	609,237,067.23	Non fixed term
Dongguan Red Star Macalline Shibo Furniture Plaza Company Limited (東莞紅星美凱龍世博家居廣場有限公司)	411,033,777.56	27,089,598.65	438,123,376.21	Non fixed term
Shanghai Yumu Enterprise Management Company Limited (上海宇慕企業管理有限公司)	407,560,560.19	23,004,772.31	430,565,332.50	Non fixed term
Lanzhou Red Star Macalline Shibo Home Living Plaza Company Limited (蘭州紅星美凱龍世博家居廣場有限公司)	403,966,471.04	33,373,490.58	437,339,961.62	Non fixed term
Shanghai Yuxiao Enterprise Management Company Limited (上海宇霄企業管理有限公司)	393,302,559.18	60,192,035.64	453,494,594.82	Non fixed term
Chongqing Red Star Macalline International Home Furnishing Plaza Company Limited (重慶紅星美凱龍國際家居生活廣場有限責任公司)	388,919,112.50	(361,380,620.83)	27,538,491.67	Non fixed term

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## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (4) Loans and borrowings of the related parties (continued)

##### 2020 (continued)

Related party	Opening balance of 2020	Lending amount	Closing balance of 2020	Other instructions
Shanghai Yuzhu Enterprise Management Company Limited (上海宇築企業管理有限公司)	383,689,383.82	48,281,829.63	431,971,213.45	Non fixed term
Ningbo Red Star Macalline Home Shopping Plaza Company Limited (寧波紅星美凱龍家居購物廣場有限公司)	372,624,084.54	(232,593,625.67)	140,030,458.87	Non fixed term
Haikou Tangong Industrial Company Limited (海口檀宮實業有限公司)	362,278,175.83	52,423,607.59	414,701,783.42	Non fixed term
Hangzhou Red Star Macalline Global Home Living Company Limited (杭州紅星美凱龍環球家居有限公司)	332,148,745.00	723,847,755.29	1,055,996,500.29	Non fixed term
Foshan Junda Enterprise Management Co., Ltd. (佛山郡達企業管理有限公司)	330,442,657.54	(230,962,667.54)	99,479,990.00	Non fixed term
Red Star Macalline Glory Casa (Shanghai) Home Furnishing Company Limited (紅星美凱龍凱撒至尊(上海)家居有限公司)	326,041,637.79	(74,126,910.00)	251,914,727.79	Non fixed term
Chengdu Red Star Macalline Tianfu Expo Home Furnishing Plaza Company Limited (成都紅星美凱龍天府世博家居廣場有限公司)	314,688,175.61	207,756,385.23	522,444,560.84	Non fixed term
Daqing Red Star Macalline Shibo Furniture Company Limited (大慶紅星美凱龍世博家居有限公司)	299,786,566.32	52,294,442.63	352,081,008.95	Non fixed term

## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (4) Loans and borrowings of the related parties (continued)

##### 2020 (continued)

Related party	Opening balance of 2020	Lending amount	Closing balance of 2020	Other instructions
Nanning Red Star Macalline Shibo Home Furnishing Exhibition Centre Company Limited (南寧紅星美凱龍世博家居展覽中心有限公司)	281,860,311.25	(243,131,655.93)	38,728,655.32	Non fixed term
Yunnan Red Star Macalline Home Furnishing Plaza Company Limited (雲南紅星美凱龍家居生活廣場有限公司)	278,461,894.33	107,526,041.67	385,987,936.00	Non fixed term
Shenyang Red Star Macalline Home Living Expo Company Limited (瀋陽紅星美凱龍博覽家居有限公司)	260,876,521.64	11,057,286.90	271,933,808.54	Non fixed term
Red Star Zhongying Investment Company Limited (紅星眾盈投資有限公司)	254,516,775.00	77,301,131.67	331,817,906.67	Non fixed term
Suzhou Red Star Macalline Shibo Home Furnishing Plaza Company Limited (蘇州紅星美凱龍世博家居廣場有限公司)	245,488,622.06	30,430,000.00	275,918,622.06	Non fixed term
Hohhot Red Star Macalline Shibo Home Furnishing Plaza Company Limited (呼和浩特市紅星美凱龍世博家居廣場有限責任公司)	240,544,212.33	25,388,873.05	265,933,085.38	Non fixed term
Kunshan Red Star Macalline Decoration Materials Company Limited (昆山紅星美凱龍裝飾材料有限公司)	231,347,446.66	(137,626,535.12)	93,720,911.54	Non fixed term
Shanghai Hongmei E-Commerce Company Limited (上海紅美電子商務有限公司)	219,092,136.81	20,561,526.00	239,653,662.81	Non fixed term

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## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (4) Loans and borrowings of the related parties (continued)

##### 2020 (continued)

Related party	Opening balance of 2020	Lending amount	Closing balance of 2020	Other instructions
Beijing Century Europe and America Business Investment Company Limited (北京世紀歐美商業投資有限公司)	210,695,591.95	12,968,981.54	223,664,573.49	Non fixed term
Khorgos Red Star Yiming Venture Capital Company Limited (霍爾果斯紅星易鳴創業投資有限公司)	194,095,333.34	162,884,800.00	356,980,133.34	Non fixed term
Khorgos Yarui Venture Capital Company Limited (霍爾果斯雅睿創業投資有限公司)	193,013,770.83	(104,824,915.83)	88,188,855.00	Non fixed term
Chongqing Red Star Macalline Zhongkun Home Living Plaza Company Limited (重慶紅星美凱龍中坤家居生活廣場有限責任公司)	191,059,321.67	12,921,738.33	203,981,060.00	Non fixed term
Nanchang Red Star Macalline Global Home Expo Center Co., Ltd. (南昌紅星美凱龍環球家居博覽中心有限責任公司)	186,769,430.35	(47,763,783.25)	139,005,647.10	Non fixed term
Red Star Macalline (Shanghai) Business Management Company Limited (紅星美凱龍(上海)企業管理有限公司)	171,222,332.71	45,327,115.58	216,549,448.29	Non fixed term
Shanghai Red Star Macalline Trading Company Limited (上海紅星美凱龍商貿有限公司)	170,469,629.73	(33,746,478.42)	136,723,151.31	Non fixed term
Changsha Red Star Macalline Jinxia Home Living Plaza Company Limited (長沙紅星美凱龍金霞家居生活廣場有限公司)	169,789,405.73	57,452,947.42	227,242,353.15	Non fixed term

## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (4) Loans and borrowings of the related parties (continued)

##### 2020 (continued)

Related party	Opening balance of 2020	Lending amount	Closing balance of 2020	Other instructions
Panjin Red Star Macalline Global Home Living Plaza Company Limited (盤錦紅星美凱龍全球家居生活廣場有限公司)	162,029,852.17	(131,122,518.71)	30,907,333.46	Non fixed term
Shanghai Xinwei Home Purchasing Company Limited (上海新偉置業有限公司)	158,908,275.34	(158,908,275.34)	–	Non fixed term
Shanghai Laicheng Enterprise Management Limited (上海賽程企業管理有限公司)	156,512,835.42	(148,218,739.21)	8,294,096.21	Non fixed term
Chongqing Red Star Macalline Logistics Company Limited (重慶紅星美凱龍物流有限公司)	151,351,139.29	41,635,795.58	192,986,934.87	Non fixed term
Shanghai Jinshan Red Star Macalline Global Home Furnishing Company Limited (上海金山紅星美凱龍全球家居有限公司)	147,434,934.38	30,292,474.84	177,727,409.22	Non fixed term
Kunming Diken Trading Company Limited (昆明迪肯商貿有限公司)	137,777,834.23	73,199,971.38	210,977,805.61	Non fixed term
Wuhu Red Star Macalline World Trade Home Furnishing Plaza Company Limited (蕪湖紅星美凱龍世貿家居廣場有限公司)	133,609,521.31	12,096,237.34	145,705,758.65	Non fixed term
Beijing Xingkai Jingzhou Furniture Plaza Company Limited (北京星凱京洲傢俱廣場有限公司)	133,507,766.22	(2,871,048.29)	130,636,717.93	Non fixed term

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## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (4) Loans and borrowings of the related parties (continued)

##### 2020 (continued)

Related party	Opening balance of 2020	Lending amount	Closing balance of 2020	Other instructions
Zhongshan Red Star Macalline Shibo Home Living Plaza Company Limited (中山紅星美凱龍世博家居廣場有限公司)	132,397,951.90	(10,008,458.33)	122,389,493.57	Non fixed term
Changsha Yin hong Home Furnishing Company Limited (長沙市銀紅家居有限公司)	126,998,361.24	1,903,991.41	128,902,352.65	Non fixed term
Xining Red Star Macalline Shibo Home Furnishing Plaza Company Limited (西寧紅星美凱龍世博家居廣場有限公司)	124,784,638.62	43,440,025.86	168,224,664.48	Non fixed term
Anhui Shengshi Dingtong Logistics Company Limited (安徽盛世鼎通物流有限公司)	124,615,271.66	6,466,000.00	131,081,271.66	Non fixed term
Taiyuan Red Star Macalline Global Home Furnishing Plaza Company Limited (太原紅星美凱龍全球家居廣場有限公司)	122,125,970.00	23,706,475.92	145,832,445.92	Non fixed term
Chongqing Red Star Macalline Shibo Home Living Plaza Company Limited (重慶紅星美凱龍世博家居生活廣場有限責任公司)	121,683,010.60	(121,683,010.60)	–	Non fixed term
Chongqing Red Star Macalline Expo Home Living Plaza Company Limited (重慶紅星美凱龍博覽家居生活廣場有限責任公司)	118,511,590.16	17,301,866.32	135,813,456.48	Non fixed term
Shanghai Jingdu Investment Company Limited (上海晶都投資有限公司)	115,300,851.98	5,090,016.26	120,390,868.24	Non fixed term

## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (4) Loans and borrowings of the related parties (continued)

##### 2020 (continued)

Related party	Opening balance of 2020	Lending amount	Closing balance of 2020	Other instructions
Jinan Red Star Macalline Shibo Home Living Plaza Company Limited (濟南紅星美凱龍世博家居生活廣場有限公司)	107,614,589.83	(107,614,589.83)	–	Non fixed term
Yantai Red Star Macalline Home Living Company Limited (煙台紅星美凱龍家居有限公司)	107,571,813.97	(19,627,383.92)	87,944,430.05	Non fixed term
Shanghai Red Star Macalline Exhibition Service Company Limited (上海紅星美凱龍展覽服務有限公司)	98,656,335.42	(92,330,764.49)	6,325,570.93	Non fixed term
Ganzhou Red Star Macalline Shibo Furniture Plaza Company Limited (贛州紅星美凱龍世博家居廣場有限公司)	96,985,674.08	48,720,506.60	145,706,180.68	Non fixed term
Hefei Red Star Macalline Shibo Furniture Plaza Company Limited (合肥紅星美凱龍世博家居廣場有限公司)	91,497,139.17	103,722,477.49	195,219,616.66	Non fixed term
Shanghai Red Star Macalline Yuejia Network Technology Company Limited (上海紅星美凱龍悅家互聯網科技有限公司)	87,801,308.32	126,394,133.34	214,195,441.66	Non fixed term
Shanghai Xingkai Chengpeng Business Management Company Limited (上海星凱程鵬企業管理有限公司)	73,705,860.05	196,292,058.70	269,997,918.75	Non fixed term
Shanghai Jiajinsuo Investment Holding Company Limited (上海家金所投資控股有限公司)	72,135,000.00	(72,125,000.00)	10,000.00	Non fixed term

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## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (4) Loans and borrowings of the related parties (continued)

##### 2020 (continued)

Related party	Opening balance of 2020	Lending amount	Closing balance of 2020	Other instructions
Shaanxi Red Star Heji Home Shopping Plaza Company Limited (陝西紅星和記家居購物廣場有限公司)	74,647,386.82	21,058,352.91	95,705,739.73	Non fixed term
Shanghai Xingjia Home Decorating Material Company Limited (上海星家裝飾建材有限公司)	70,650,000.00	–	70,650,000.00	Non fixed term
Tianjin Red Star Macalline Home Fashion Plaza Company Limited (天津紅星美凱龍時尚家居廣場有限公司)	54,559,655.10	1,106,153.69	55,665,808.79	Non fixed term
Hefei Red Star Macalline Logistics Company Limited (合肥紅星美凱龍物流有限公司)	52,364,608.20	(40,571,162.91)	11,793,445.29	Non fixed term
Shanghai Red Star Macalline Assets Management Company Limited (上海紅星美凱龍資產管理有限公司)	51,116,666.66	(51,116,666.66)	–	Non fixed term
Shanghai Jisheng Wellborn Global Home Living Brand Management Company Limited (上海吉盛偉邦環球家居品牌管理有限公司)	50,772,259.43	(50,772,259.43)	–	Non fixed term
Nantong Longmei International Home Furnishing Plaza Co., Ltd. (南通龍美國際家居生活廣場有限公司)	49,126,005.09	(13,659,795.44)	35,466,209.65	Non fixed term
Shanghai Jianliu Enterprise Management Co., Ltd. (上海簡柳企業管理有限公司)	48,103,201.67	9,852,242.00	57,955,443.67	Non fixed term



## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (4) Loans and borrowings of the related parties (continued)

##### 2020 (continued)

Related party	Opening balance of 2020	Lending amount	Closing balance of 2020	Other instructions
Red Star Macalline Global (Beijing) Home Furnishing Plaza Company Limited (紅星美凱龍環球(北京)傢俱建材廣場有限公司)	46,484,693.28	(45,676,439.72)	808,253.56	Non fixed term
Shaanxi Red Star Macalline Logistics Company Limited (陝西紅星美凱龍物流有限公司)	45,348,755.28	1,114,629.83	46,463,385.11	Non fixed term
Shanghai Youmei Home Furnishing Company Limited (上海悠美家居有限公司)	44,395,456.79	(44,395,456.79)		Non fixed term
Jilin Red Star Macalline Logistics Company Limited (吉林紅星美凱龍物流有限公司)	42,037,230.00	(38,519,440.00)	3,517,790.00	Non fixed term
Nantong Hongmei Shibo Home Furnishing Plaza Company Limited (南通紅美世博家居廣場有限公司)	40,348,672.70	1,066,109.96	41,414,782.66	Non fixed term
Shanghai Red Star Macalline Decorating Public Network Technology Company Limited (上海紅星美凱龍裝修公網絡技術有限公司)	40,277,111.12	2,196,000.00	42,473,111.12	Non fixed term
Beijing Red Star Macalline Shibo Home Furnishing Plaza Company Limited (北京紅星美凱龍世博傢俱建材廣場有限公司)	40,000,000.00	(25,000,000.00)	15,000,000.00	Non fixed term
Baotou Red Star Macalline Home Living Plaza Company Limited (包頭紅星美凱龍家居生活廣場有限責任公司)	38,324,779.63	10,000.00	38,334,779.63	Non fixed term

# Notes to the Financial Statements

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## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (4) Loans and borrowings of the related parties (continued)

##### 2020 (continued)

Related party	Opening balance of 2020	Lending amount	Closing balance of 2020	Other instructions
Baoxiang Red Star Macalline (Xiamen) Global Home Furnishing Plaza Company Limited (寶象紅星美凱龍(廈門)全球家居廣場有限公司)	35,500,000.00	(3,000,000.00)	32,500,000.00	Non fixed term
Shanghai Red Star Ogloria Brand Management Company Limited (上海紅星歐麗洛雅品牌管理有限公司)	32,385,216.66	19,930,922.09	52,316,138.75	Non fixed term
Shanghai enliu Enterprise Management Co., Ltd. (上海蕙柳企業管理有限公司)	31,580,567.33	6,887,760.34	38,468,327.67	Non fixed term
Nanchang Red Star Macalline Global Home Furnishing Plaza Company Limited (南昌紅星美凱龍全球家居廣場有限公司)	31,019,817.49	22,067,055.63	53,086,873.12	Non fixed term
Shenyang Dadong Red Star Macalline Home Furnishing Company Limited (瀋陽大東紅星美凱龍傢俱建材市場有限公司)	30,991,751.11	15,130,248.89	46,122,000.00	Non fixed term
Wuxi Red Star Macalline Home Living Plaza Company Limited (無錫紅星美凱龍家居生活廣場有限公司)	28,284,764.80	10,925,332.74	39,210,097.54	Non fixed term
Shanghai Red Star Macalline Design Cloud Information Technology Company Limited (上海紅星美凱龍設計雲信息科技有限公司)	23,448,962.79	45,812,022.00	69,260,984.79	Non fixed term
Shanghai Dingshi Enterprise Management Partnership (Limited Partnership) (上海鼎識企業管理合夥企業(有限合夥))	22,932,222.22	1,223,333.34	24,155,555.56	Non fixed term

## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (4) Loans and borrowings of the related parties (continued)

##### 2020 (continued)

Related party	Opening balance of 2020	Lending amount	Closing balance of 2020	Other instructions
Shanghai BetterHome Industrial Limited (上海家倍得實業有限公司)	20,208,333.33	(8,224,333.34)	11,983,999.99	Non fixed term
Qianzhi (Shanghai) Home Furnishing Co., Ltd. (乾智(上海)家居有限公司)	14,401,166.66	13,338,743.33	27,739,909.99	Non fixed term
Zhengzhou Juankai Enterprise Management Consultation Company Limited (鄭州雋鑑企業管理諮詢有限公司)	12,536,279.70	(1,000,000.00)	11,536,279.70	Non fixed term
Shanghai Hongmei Network Technology Company Limited (上海紅美網絡科技有限公司)	10,900,000.00	–	10,900,000.00	Non fixed term
Xi'an Red Star Macalline Home Living Plaza Company Limited (西安紅星美凱龍家居生活廣場有限公司)	10,240,642.23	–	10,240,642.23	Non fixed term
Beijing Century Kailong Business Investment Company Limited (北京世紀凱隆商業投資有限公司)	9,688,155.04	418,785.86	10,106,940.90	Non fixed term
Changchun Red Star Macalline Shibo Home Living Plaza Company Limited (長春紅星美凱龍世博家居生活廣場有限公司)	8,972,748.84	387,670,000.00	396,642,748.84	Non fixed term
Chongqing Red Star Ogloria Home Furnishing Company Limited (重慶紅星歐麗洛雅家居有限公司)	7,839,730.75	571,971,995.51	579,811,726.26	Non fixed term

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## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (4) Loans and borrowings of the related parties (continued)

##### 2020 (continued)

Related party	Opening balance of 2020	Lending amount	Closing balance of 2020	Other instructions
Quzhou Red Star Macalline Shibo Market Management Service Company Limited (衢州紅星美凱龍世博市場管理服務有限公司)	7,422,683.33	–	7,422,683.33	Non fixed term
Chengdu Changyi Red Star Macalline Home Living Market Management Company Limited (成都長益紅星美凱龍家居市場經營管理有限公司)	6,355,215.13	10,792,660.95	17,147,876.08	Non fixed term
Changshu Red Star Macalline Global Home Furnishing Company Limited (常熟紅星美凱龍全球家居有限公司)	5,958,075.69	(648,975.69)	5,309,100.00	Non fixed term
Shanghai Red Star Macalline International Trading Company Limited (上海紅星美凱龍國際貿易有限公司)	5,775,611.11	(5,403,590.13)	372,020.98	Non fixed term
Guangzhou Red Star Macalline Home Furnishing Building Material Co., Ltd. (廣州紅星美凱龍家居建材有限公司)	5,712,916.67	(5,712,916.67)	–	Non fixed term
Shanghai Red Star Macalline Longmei Home Furnishing Market Management Company Limited (上海紅星美凱龍美家居市場經營管理有限公司)	5,220,520.83	(165,541.66)	5,054,979.17	Non fixed term
Shanghai Huaixing Culture Development Co., Ltd. (上海懷星文化發展有限公司)	5,075,525.00	(5,075,525.00)	–	Non fixed term
Shanghai Hezhu Enterprise Management Partnership (Limited Partnership) (上海合祝企業管理合夥企業(有限合夥))	4,405,555.55	244,000.00	4,649,555.55	Non fixed term

## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (4) Loans and borrowings of the related parties (continued)

##### 2020 (continued)

Related party	Opening balance of 2020	Lending amount	Closing balance of 2020	Other instructions
Shanghai Juzun Enterprise Management Partnership (Limited Partnership) (上海聚尊企業管理合夥企業(有限合夥))	4,405,555.55	244,000.00	4,649,555.55	Non fixed term
Tibet Red Star Macalline Business Management Company Limited (西藏紅星美凱龍企業管理有限公司)	3,110,575.82	152,702,471.67	155,813,047.49	Non fixed term
Shanghai Red Star Macalline Bulk Purchasing of Construction and Furnishing Materials Trading Company Limited (上海紅星美凱龍住建集採商貿有限公司)	3,240,169.43	26,475,830.57	29,716,000.00	Non fixed term
Shanghai Red Star Macalline Commercial Factoring Company Limited (上海紅星美凱龍商業保理有限公司)	2,744,509.84	(2,744,509.84)	–	Non fixed term
Shanghai Red Star Macalline Brand Management Company Limited Liu'an Yingbin Branch (上海紅星美凱龍品牌管理有限公司六安迎賓分公司)	5,482.00	(5,482.00)	–	Non fixed term
Shanghai Ersai Enterprise Management Consultation Company Limited (上海邇賽企業管理有限公司)	5,023.56	197.56	5,221.12	Non fixed term
Changsha Red Star Macalline International Home Furnishing Art Expo Company Limited (長沙紅星美凱龍國際家居藝術博覽中心有限公司)	4,624.79	(4,624.79)	–	Non fixed term
Shanghai Red Star Macalline Home Furnishing Market Management Company Limited (上海紅星美凱龍家居市場經營管理有限公司)	–	220,663,887.66	220,663,887.66	Non fixed term

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## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (4) Loans and borrowings of the related parties (continued)

##### 2020 (continued)

Related party	Opening balance of 2020	Lending amount	Closing balance of 2020	Other instructions
Tianjin Red Star Macalline International Home Furnishing Expo Company Limited (天津紅星美凱龍國際家居博覽有限公司)	–	473,395,861.68	473,395,861.68	Non fixed term
Red Star Macalline Home Furnishing Mall Management Company Limited (紅星美凱龍家居商場管理有限公司)	–	590,403,522.53	590,403,522.53	Non fixed term
Shanghai Anjia Network Technology Company Limited (上海安家網絡科技有限公司)	–	9,230,333.33	9,230,333.33	Non fixed term
Shanghai Xinghe Zhaipei Home Furnishing Service Company Limited (上海星和宅配家居服務有限公司)	–	14,360.13	14,360.13	Non fixed term
Shanghai Red Star Macalline Xinglong Home Furnish Company Limited (上海紅星美凱龍星龍家居有限公司)	–	200,330,466.47	200,330,466.47	Non fixed term
Tianjin Red Star Macalline Logistics Company Limited (天津紅星美凱龍物流有限公司)	–	10,083,346.66	10,083,346.66	Non fixed term
Changsha Red Star Macalline Home Living Plaza Company Limited (長沙紅星美凱龍家居生活廣場有限公司)	–	31,508,340.56	31,508,340.56	Non fixed term
Khorgos Hongju Corporate Management Co., Ltd. (霍爾果斯紅居企業管理有限公司)	–	7,466.67	7,466.67	Non fixed term

## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (4) Loans and borrowings of the related parties (continued)

##### 2020 (continued)

Related party	Opening balance of 2020	Lending amount	Closing balance of 2020	Other instructions
Shanghai Ozing Digital Technology Company Limited (上海好記星數碼科技有限公司)	–	4,500,472.56	4,500,472.56	Non fixed term
Shanghai Red Star Ogloria Brand Management Company Limited Zibo Branch (上海紅星歐麗洛雅品牌管理有限公司淄博分公司)	–	6,430,000.00	6,430,000.00	Non fixed term
Shijiazhuang Bochen Industrial Company Limited (石家莊博宸實業有限公司)	–	51,924,920.58	51,924,920.58	Non fixed term
Suzhou Xingtong Enterprise Management Consultation Company Limited (宿州星通企業管理諮詢有限公司)	–	300,000.00	300,000.00	Non fixed term
Shanghai Red Star Macalline Home Furnishing Company Limited (上海紅星美凱龍星家居用品有限公司)	–	11,400,977.86	11,400,977.86	Non fixed term
Hangzhou Weiliang Electromechanical Hardware Market Co., Ltd. (杭州偉量機電五金市場有限公司)	–	254,149,742.13	254,149,742.13	Non fixed term
Shanghai Macalline Wenshang Business Management Co., Ltd. (上海美凱龍文商務企業管理有限公司)	–	3,954,391.58	3,954,391.58	Non fixed term
Wuhu Red Star Macalline World Trade Home Furnishing Plaza Company Limited Jinghu Branch (蕪湖紅星美凱龍世貿家居廣場有限公司鏡湖分公司)	–	1,000,000.00	1,000,000.00	Non fixed term

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## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (4) Loans and borrowings of the related parties (continued)

##### 2020 (continued)

Related party	Opening balance of 2020	Lending amount	Closing balance of 2020	Other instructions
Shanghai Rongmei Industrial Co., Ltd. (上海榮美實業有限公司)	–	2,021.51	2,021.51	Non fixed term
Huaihua Xingxin Commercial Management Co., Ltd. (懷化星欣商業管理有限公司)	–	50,265,500.00	50,265,500.00	Non fixed term
Red Star Macalline Shibo Business Management Co., Ltd. (紅星美凱龍世博商業管理有限公司)	–	200,000.00	200,000.00	Non fixed term
Red Star Macalline Management Consulting Service Co., Ltd. (紅星美凱龍管理諮詢服務有限公司)	–	50,000.00	50,000.00	Non fixed term
Shanghai Red Star Macalline Brand Management Company Limited Wuhan Zhuyeshan Branch (上海紅星美凱龍品牌管理有限公司武漢竹葉山分公司)	–	39,676,842.59	39,676,842.59	Non fixed term
Shanghai Betterhome Decoration Engineering Company Limited (上海家倍得裝飾工程有限公司)	–	5,044,073.53	5,044,073.53	Non fixed term
Xiamen Baoxiang Red Star Macalline Home Furnishing Plaza Company Limited (廈門寶象紅星美凱龍家居生活廣場有限公司)	25,100,000.00	4,943,099.85	30,043,099.85	Repayable on demand and interest-free
Xiamen Baoxiang Red Star Macalline Home Furnishing Plaza Company Limited (廈門寶象紅星美凱龍家居生活廣場有限公司)	–	4,559,000.00	4,559,000.00	Interest rate: 8%



## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (4) Loans and borrowings of the related parties (continued)

##### 2020 (continued)

Related party	Opening balance of 2020	Lending amount	Closing balance of 2020	Other instructions
Xiamen Baoxiang Red Star Macalline Home Furnishing Plaza Company Limited (廈門寶象紅星美凱龍家居生活廣場有限公司)	-	94,280,000.00	94,280,000.00	Interest rate: 8%
Shanghai Mingyi Enterprise Development Co., Ltd. (上海名藝商業企業發展有限公司)	131,600,000.50	12,600,000.00	144,200,000.50	Repayable on demand and interest-free
Shanghai Mingyi Enterprise Development Co., Ltd. (上海名藝商業企業發展有限公司)	-	5,760,000.00	5,760,000.00	2020/12/29-2021/12/28, interest rate: 8%
Kunming Diken Trading Company Limited (昆明迪肯商貿有限公司)	179,565,152.35	-	179,565,152.35	2019/7/9-2020/9/26, interest rate: 6.09%
Chengdu Red Star Macalline Tianfu Expo Home Furnishing Plaza Company Limited (成都紅星美凱龍天府世博家居廣場有限公司)	331,500,000.00	-	331,500,000.00	2017/11/14-2022/8/12, interest rate: 6.00%
Chengdu Tianfu New District Red Star Macalline World Trade Home Furnishing Company Limited (成都天府新區紅星美凱龍世貿家居有限公司)	331,500,000.00	-	331,500,000.00	2017/11/14-2022/8/12, interest rate: 6.00%
Xining Red Star Macalline Shibo Home Furnishing Plaza Company Limited (西寧紅星美凱龍世博家居廣場有限公司)	138,900,000.00	-	138,900,000.00	2017/11/14-2022/8/12, interest rate: 6.00%
	25,905,624,572.45	4,043,146,908.34	29,948,771,480.79	

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## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (4) Loans and borrowings of the related parties (continued)

2021

Related party	Opening	Lending amount	Closing	Other instructions
	balance of 2021		balance of 2021	
<b>Borrowing</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	16,815,556.90	1,735,999,223.56	Non fixed term
Beijing Red Star Macalline Shibo Furniture Plaza Company Limited (北京紅星美凱龍世博傢俱廣場有限公司)	1,514,993,353.48	124,531,416.04	1,639,524,769.52	Non fixed term
Khorgos Red Star Macalline Business Management Company Limited (霍爾果斯紅星美凱龍商業管理有限公司)	1,164,858,681.17	94,248,836.01	1,259,107,517.18	Non fixed term
Shanghai Xinwei Property Company Limited (上海新偉置業有限公司)	1,373,963,096.18	(179,469,850.93)	1,194,493,245.25	Non fixed term
Jiangsu Sunan Construction Company Limited (江蘇蘇南建築安裝工程有限公司)	1,263,005,303.19	(178,687,402.34)	1,084,317,900.85	Non fixed term
Hong Kong Red Star Macalline Global Home Furnishing Company Limited (香港紅星美凱龍全球家居有限公司)	987,883,139.57	37,755,289.74	1,025,638,429.31	Non fixed term
Wuxi Red Star Macalline International Home Furnishing Company Limited (無錫紅星美凱龍國際傢俱裝飾有限公司)	833,209,811.79	52,917,151.91	886,126,963.70	Non fixed term
Shenyang Red Star Macalline Home Furnishing Company Limited (瀋陽紅星美凱龍家居有限公司)	1,102,856,627.85	(310,916,335.47)	791,940,292.38	Non fixed term

## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (4) Loans and borrowings of the related parties (continued)

2021 (continued)

Related party	Opening	Lending amount	Closing	Other instructions
	balance of 2021		balance of 2021	
Shanghai Red Star Macalline Decorative Furniture Mall Company Limited (上海紅星美凱龍裝飾傢俱城有限公司)	770,453,180.73	4,929,399.16	775,382,579.89	Non fixed term
Jinan Red Star Macalline Shibo Home Living Plaza Company Limited (濟南紅星美凱龍世博家居生活廣場有限公司)	64,561,265.16	652,504,749.34	717,066,014.50	Non fixed term
Red Star Macalline Group Corporation Ltd. Jiangsu Branch (紅星美凱龍家居集團股份有限公司江蘇分公司)	-	715,690,329.61	715,690,329.61	Non fixed term
Zhengzhou Red Star Macalline International Home Furnishing Company Limited (鄭州紅星美凱龍國際家居有限公司)	685,300,000.00	(37,095,000.00)	648,205,000.00	Non fixed term
Red Star Macalline Group Corporation Ltd. Beijing East Fourth Ring Branch (紅星美凱龍家居集團股份有限公司北京東四環分公司)	-	644,300,000.00	644,300,000.00	Non fixed term
Chongqing Red Star Macalline Global Home Furnishing Plaza Company Limited (重慶紅星美凱龍環球家居生活廣場有限責任公司)	573,193,559.98	(61,048,011.59)	512,145,548.39	Non fixed term
Red Star Macalline Chengdu Business Management Company Limited (紅星美凱龍成都商業管理有限公司)	538,584,774.56	(46,029,745.74)	492,555,028.82	Non fixed term
Red Star Xizhao Investment Company Limited (紅星喜兆投資有限公司)	606,315,826.11	(121,823,566.06)	484,492,260.05	Non fixed term
Red Star Macalline Group Corporation Ltd. North Fourth Ring Branch (紅星美凱龍家居集團股份有限公司北四環分公司)	-	431,250,000.00	431,250,000.00	Non fixed term

# Notes to the Financial Statements

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## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (4) Loans and borrowings of the related parties (continued)

2021 (continued)

Related party	Opening		Closing	
	balance of 2021	Lending amount	balance of 2021	Other instructions
Red Star Macalline Chengdu Enterprise Management Consulting Company Limited (紅星美凱龍成都企業管理諮詢有限公司)	1,634,446,624.60	(1,215,252,496.71)	419,194,127.89	Non fixed term
Shenyang Red Star Macalline Shibo Home Furnishing Company Limited (瀋陽紅星美凱龍世博家居有限公司)	373,992,415.78	2,774,919.59	376,767,335.37	Non fixed term
Suzhou Industry Park Red Star Macalline Home Furnishing Company Limited (蘇州工業園區紅星美凱龍家居有限公司)	404,802,386.11	(34,802,386.11)	370,000,000.00	Non fixed term
Shanghai Red Star Macalline Building Design Company Limited (上海紅星美凱龍建築設計有限公司)	270,069,719.46	90,766,146.50	360,835,865.96	Non fixed term
Red Star Macalline Group Corporation Ltd. Shenyang Tiexi Branch (紅星美凱龍家居集團股份有限公司瀋陽鐵西分公司)	-	353,500,000.00	353,500,000.00	Non fixed term
Red Star Macalline Group Corporation Ltd. Beijing West Fourth Ring Branch (紅星美凱龍家居集團股份有限公司北京西四環分公司)	-	347,600,000.00	347,600,000.00	Non fixed term
Red Star Macalline Group Corporation Ltd. Jinan Branch (紅星美凱龍家居集團股份有限公司濟南分公司)	-	319,250,000.00	319,250,000.00	Non fixed term
Hangzhou Red Star Macalline Shibo Furniture Plaza Company Limited (杭州紅星美凱龍世博家居有限公司)	88,211,566.67	229,433,132.66	317,644,699.33	Non fixed term
Red Star Macalline Enterprise Management Consulting Co., Ltd. (紅星美凱龍企業管理諮詢有限公司)	511,057,121.47	(196,927,741.12)	314,129,380.35	Non fixed term

## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (4) Loans and borrowings of the related parties (continued)

##### 2021 (continued)

Related party	Opening		Closing	
	balance of 2021	Lending amount	balance of 2021	Other instructions
Chongqing Red Star Macalline Shibo Home Living Plaza Company Limited (重慶紅星美凱龍世博家居生活廣場有限公司)	145,185,344.24	164,596,161.28	309,781,505.52	Non fixed term
Red Star Macalline Business Management Company Limited (紅星美凱龍商業經營管理有限公司)	60,361,138.33	247,841,658.09	308,202,796.42	Non fixed term
Shanghai Red Star Macalline Global Home Design Expo Company Limited (上海紅星美凱龍環球家居設計博覽有限公司)	224,707,633.57	80,578,429.49	305,286,063.06	Non fixed term
Chengdu Red Star Macalline Shibo Home Living Plaza Company Limited (成都紅星美凱龍世博家居生活廣場有限公司)	344,325,031.53	(54,472,221.22)	289,852,810.31	Non fixed term
Shanghai Shanhai Art Furniture Company Limited (上海山海藝術傢俱有限公司)	1,614,470,508.38	(1,342,032,413.32)	272,438,095.06	Non fixed term
Zhongshan Red Star Macalline Shibo Furniture Plaza Company Limited (中山紅星美凱龍世博家居廣場有限公司)	-	231,702,504.98	231,702,504.98	Non fixed term
Shanghai Xingkai Chengpeng Business Management Company Limited (上海星凱程鵬企業管理有限公司)	-	217,998,816.11	217,998,816.11	Non fixed term
Harbin Red Star Macalline International Home Furnishing Company Limited (哈爾濱紅星美凱龍國際家居有限公司)	184,808,673.33	7,518,407.50	192,327,080.83	Non fixed term
Chongqing Liangjiang New Area Red Star Macalline Business Management Co., Ltd. (重慶兩江新區紅星美凱龍商業管理有限公司)	80,173,861.11	104,124,096.67	184,297,957.78	Non fixed term

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## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (4) Loans and borrowings of the related parties (continued)

2021 (continued)

Related party	Opening	Lending amount	Closing	Other instructions
	balance of 2021		balance of 2021	
Shanghai Red Star Macalline Brand Management Company Limited (上海紅星美凱龍品牌管理有限公司)	229,534,770.35	(45,554,112.65)	183,980,657.70	Non fixed term
Shanghai Red Star Macalline Business Consulting Company Limited (上海紅星美凱龍商務諮詢有限公司)	76,277,142.54	94,410,916.32	170,688,058.86	Non fixed term
Shanghai Xingyi Tonghui Business Service Company Limited (上海星易通匯商務服務有限公司)	155,900,889.18	12,991,717.69	168,892,606.87	Non fixed term
Kunming Red Star Macalline Shibo Home Furnishing Plaza Company Limited (昆明紅星美凱龍世博家居廣場有限公司)	86,297,366.67	64,344,686.97	150,642,053.64	Non fixed term
Hefei Red Star Macalline Shibo Furniture Plaza Company Limited (合肥紅星美凱龍世博家居廣場有限公司)	-	144,784,809.38	144,784,809.38	Non fixed term
Chongqing Xingkaike Home Furnishing Company Limited (重慶星凱科家居有限公司)	93,897,098.09	33,900,478.47	127,797,576.56	Non fixed term
Red Star Macalline Group Corporation Ltd. Changsha Shaoshan Road Branch (紅星美凱龍家居集團股份有限公司長沙韶山路分公司)	-	118,000,000.00	118,000,000.00	Non fixed term
Changzhou Macalline International Computer and Electronics Furnishing Plaza Company Limited (常州美凱龍國際電腦家電裝飾城有限公司)	460,259,801.59	(355,757,564.02)	104,502,237.57	Non fixed term
Changzhou World Furniture and Home Plaza Co., Ltd. (常州世界傢俱家居廣場有限公司)	915,939,313.02	(828,477,309.19)	87,462,003.83	Non fixed term

## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (4) Loans and borrowings of the related parties (continued)

2021 (continued)

Related party	Opening		Closing	
	balance of 2021	Lending amount	balance of 2021	Other instructions
Red Star Macalline Group Corporation Ltd. Zhengzhou Shangdu Road Branch (紅星美凱龍家居集團股份有限公司鄭州商都路分公司)	-	87,430,000.00	87,430,000.00	Non fixed term
Chengdu Red Star Macalline Xinnan Business Management Company Limited (成都紅星美凱龍新南商業管理有限公司)	42,937,022.22	34,769,860.31	77,706,882.53	Non fixed term
Red Star Macalline Home Furnishing Mall Management Company Limited (紅星美凱龍家居商場管理有限公司)	-	74,739,630.59	74,739,630.59	Non fixed term
Red Star Macalline Global (Beijing) Home Furnishing Plaza Company Limited (紅星美凱龍環球(北京)傢俱建材廣場有限公司)	-	73,089,649.51	73,089,649.51	Non fixed term
Shanghai Jisheng Wellborn Global Home Living Brand Management Company Limited (上海吉盛偉邦環球家居品牌管理有限公司)	91,937,213.85	(20,144,942.12)	71,792,271.73	Non fixed term
Beijing Red Star Macalline Furnishing Market Company Limited (北京紅星美凱龍家居市場有限公司)	8,009,319.44	56,965,779.59	64,975,099.03	Non fixed term
Shanghai Xingyijia Business Management Company Limited (上海星藝佳商業管理有限公司)	55,693,041.67	8,217,694.83	63,910,736.50	Non fixed term
Dalian Red Star Macalline Shibo Home Furnishing Plaza Company Limited (大連紅星美凱龍世博家居廣場有限公司)	64,324,065.29	(758,233.07)	63,565,832.22	Non fixed term
Yangzhou Red Star Macalline International Home Living Plaza Company Limited (揚州紅星美凱龍國際家居廣場有限公司)	43,390,761.76	18,656,269.80	62,047,031.56	Non fixed term

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## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (4) Loans and borrowings of the related parties (continued)

2021 (continued)

Related party	Opening	Lending amount	Closing	Other instructions
	balance of 2021		balance of 2021	
Chengdu Red Star Ogloria Brand Management Company Limited (成都紅星歐麗洛雅品牌管理有限公司)	63,464,031.79	(8,350,422.73)	55,113,609.06	Non fixed term
Shanghai Jiajinsuo Financial Technology Information Services Company Limited (上海家金所金融科技信息服務有限公司)	50,139,027.78	1,784,949.39	51,923,977.17	Non fixed term 2021/12/1-
Shandong Inzone Green Home Co., Ltd. (山東銀座家居有限公司)	-	50,341,666.67	50,341,666.67	2022/11/30, interest rate: 8.2%
Red Star Macalline Group (Shanghai) Logistics Company Limited (紅星美凱龍家居集團(上海)物流有限公司)	-	48,184,972.43	48,184,972.43	Non fixed term
Shanghai Red Star Macalline Assets Management Company Limited (上海紅星美凱龍資產管理有限公司)	20,007,333.33	16,181,000.25	36,188,333.58	Non fixed term
Zhejiang Xingzhuo Decoration Company Limited (浙江星卓裝飾有限公司)		35,508,117.67	35,508,117.67	Non fixed term 2021/12/16-
Shandong Inzone Green Home Co., Ltd. (山東銀座家居有限公司)	-	30,120,722.22	30,120,722.22	2022/3/31, interest rate: 8.2%
Xinsheng Property Management (Shanghai) Co., Ltd. (鑫生物業管理(上海)有限公司)	30,167,750.00	(2,084,333.33)	28,083,416.67	Non fixed term
Nanjing Red Star International Home Furnishing Mall Company Limited (南京紅星國際傢俱裝飾城有限公司)	27,000,000.00	-	27,000,000.00	Non fixed term



## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (4) Loans and borrowings of the related parties (continued)

2021 (continued)

Related party	Opening	Lending amount	Closing	Other instructions
	balance of 2021		balance of 2021	
Red Star Ogloria Enterprise Management Company Limited (紅星歐麗洛雅企業管理有限公司)	82,197,792.32	(55,740,383.53)	26,457,408.79	Non fixed term
Red Star Macalline Shibo (Tianjin) Home Furnishing Plaza Company Limited (紅星美凱龍世博(天津)家居生活廣場有限公司)		21,335,534.52	21,335,534.52	Non fixed term
Shanghai Red Star Macalline Home Furnishing and Decorating Market Management Company Limited (上海紅星美凱龍傢俱裝飾市場經營管理有限公司)	16,000,000.00	4,100,000.00	20,100,000.00	Non fixed term 31 December 2020 to 31 December 2021, interest rate: 6.65%; 1 January 2021 to December 2022, interest rate: 5.15%
Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司)	19,379,218.91	193,079.67	19,572,298.58	5.15%
Shanghai Red Star Macalline Global Home Furnishing Market Management Company Limited (上海紅星美凱龍全球家居市場經營管理有限公司)	7,000,000.00	10,950,000.00	17,950,000.00	Non fixed term
Beijing Red Star Macalline Shibo Home Furnishing Plaza Company Limited (北京紅星美凱龍世博傢俱建材廣場有限公司)	-	17,250,000.00	17,250,000.00	Non fixed term
Lianyungang Red Star Macalline International Home Living Plaza Company Limited (連雲港紅星美凱龍國際家居廣場有限公司)	13,579,225.55	3,419,481.70	16,998,707.25	Non fixed term
Red Star Home (Shanghai) Technology Co., Ltd. (紅星到家(上海)科技有限公司)	-	15,545,879.17	15,545,879.17	Non fixed term
Shanghai Macalline Xinghe Asset Management Company Limited (上海美凱龍星荷資產管理有限公司)	15,049,625.00	(1,002,780.55)	14,046,844.45	Non fixed term

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## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (4) Loans and borrowings of the related parties (continued)

2021 (continued)

Related party	Opening	Lending amount	Closing	Other instructions
	balance of 2021		balance of 2021	
Shanghai Interface Marketing Planning Co., Ltd. (上海英太翡思營銷策劃有限公司)	-	14,045,911.19	14,045,911.19	Non fixed term
Beijing Red Star Macalline Business Management Company Limited (北京紅星美凱龍企業經營管理有限公司)	4,000,000.00	8,900,000.00	12,900,000.00	Non fixed term
Shanghai Red Star Macalline Kaiheng Household Company Limited (上海紅星美凱龍楷恒家居有限公司)	9,626,693.33	3,204,840.00	12,831,533.33	Non fixed term
Shanghai Kaichun Investment Management Company Limited (上海凱淳投資管理有限公司)	-	11,030,586.11	11,030,586.11	Non fixed term
Beijing Macalline Home Furnishing Material Market Company Limited (北京美凱龍傢俱建材市場有限公司)	-	10,990,000.00	10,990,000.00	Non fixed term
Yangzhou Red Star Macalline Global Home Living Expo Company Limited (揚州紅星美凱龍全球博覽家居有限公司)	-	8,003,422.22	8,003,422.22	Non fixed term
Shanghai Hongmei E-commerce Company Limited (上海紅星美凱龍家品會電子商務有限公司)	12,037,338.89	(5,359,533.33)	6,677,805.56	Non fixed term
Longzhihui (Shanghai) Facility Management Services Company Limited (龍之惠(上海)設施管理服務有限公司)	7,013,963.89	(1,033,593.60)	5,980,370.29	Non fixed term
Changzhou Red Star Macalline Home Furnishing and Decorating Market Company Limited (常州紅星美凱龍裝飾家居用品市場有限公司)	-	5,590,000.00	5,590,000.00	Non fixed term

## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (4) Loans and borrowings of the related parties (continued)

2021 (continued)

Related party	Opening	Lending amount	Closing	Other instructions
	balance of 2021		balance of 2021	
Red Star Macalline Group Corporation Ltd. Nanjing Branch (紅星美凱龍家居集團股份有限公司南京分公司)	-	5,280,295.57	5,280,295.57	Non fixed term
Shanghai Red Star Macalline Home Decorating and Furnishing Market Management Company Limited (上海紅星美凱龍裝飾家居市場經營管理有限公司)	-	4,240,000.00	4,240,000.00	Non fixed term
Shanghai Beibang Logistics Company Limited (上海倍邦物流有限公司)	-	4,006,477.78	4,006,477.78	Non fixed term
Wuxi Red Star Macalline Home Living Plaza Company Limited (無錫紅星美凱龍家居生活廣場有限公司)	-	4,005,128.52	4,005,128.52	Non fixed term
Shanghai Red Star Macalline International Trading Company Limited (上海紅星美凱龍國際貿易有限公司)	-	3,671,222.22	3,671,222.22	Non fixed term
Langfang Kaihong Home Living Plaza Company Limited (廊坊市凱宏家居廣場有限公司)	4,132,133.70	(664,489.54)	3,467,644.16	Non fixed term
Shanghai Beimei Logistics Company Limited (上海倍美物流有限公司)	-	3,004,858.33	3,004,858.33	Non fixed term
Shanghai Red Star Macalline Brand Management Company Limited Kaili Branch (上海紅星美凱龍品牌管理有限公司凱裡分公司)	-	2,900,000.00	2,900,000.00	Non fixed term
Shanghai Xingyijia Business Management Co., Ltd. Yunyan Branch (上海星藝佳商業管理有限公司雲岩分公司)	-	2,607,229.44	2,607,229.44	Non fixed term

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## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (4) Loans and borrowings of the related parties (continued)

2021 (continued)

Related party	Opening	Lending amount	Closing	Other instructions
	balance of 2021		balance of 2021	
Shanghai Red Star Macalline Brand Management Company Limited Kunming Branch (上海紅星美凱龍品牌管理有限公司昆明分公司)	2,011,183.33	(5,622.22)	2,005,561.11	Non fixed term
Shanghai Red Star Ogloria Home Living Market Management Company Limited (上海紅星歐麗洛雅家居市場經營管理有限公司)	-	2,000,000.00	2,000,000.00	Non fixed term
Shanghai Mengsheng Industrial Company Limited (上海夢晟實業有限公司)	1,984,502.72	-	1,984,502.72	Non fixed term
Tongxiang Red Star Macalline Shibo Home Furnishing Plaza Management Company Limited (桐鄉紅星美凱龍世博家居廣場管理有限公司)	-	1,002,688.89	1,002,688.89	Non fixed term
Red Star Macalline Shibo Business Management Co., Ltd. (紅星美凱龍世博商業管理有限公司)	-	692,474.69	692,474.69	Non fixed term
Shanghai Red Star Macalline Brand Management Company Limited Baotou Branch (上海紅星美凱龍品牌管理有限公司包頭分公司)	500,000.00	-	500,000.00	Non fixed term
Shanghai Red Star Macalline Fanjia Information Service Company Limited (上海紅星美凱龍泛家信息服務有限公司)	-	48,644.44	48,644.44	Non fixed term
Shanghai Red Star Macalline Brand Management Company Limited Zhengzhou Erqi Branch (上海紅星美凱龍品牌管理有限公司鄭州二七分公司)	-	6,762.00	6,762.00	Non fixed term
Red Star Macalline Group Corporation Ltd. Nanjing Branch (紅星美凱龍家居集團股份有限公司南京分公司)	-	6,721.74	6,721.74	Non fixed term

## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (4) Loans and borrowings of the related parties (continued)

2021 (continued)

Related party	Opening	Lending amount	Closing	
	balance of 2021		balance of 2021	Other instructions
Shanghai Red Star Macalline Brand Management Company Limited Xinyang Branch (上海紅星美凱龍品牌管理有限公司信陽分公司)		2,842.00	2,842.00	Non fixed term
Shanghai Xinghe Zhaipei Home Furnishing Service Company Limited (上海星和宅配家居服務有限公司)		1,246.67	1,246.67	Non fixed term
Shanghai Red Star Macalline Global Home Furnishing Company Limited (上海紅星美凱龍全球家居有限公司)	880,414,803.91	(880,414,803.91)		- Non fixed term
Shanghai Red Star Macalline Financial Leasing Company Limited (上海紅星美凱龍融資租賃有限公司)	591,808,583.33	(591,808,583.33)		- Non fixed term
Shanghai Red Star Macalline Commercial Factoring Company Limited (上海紅星美凱龍商業保理有限公司)	29,970,463.89	(29,970,463.89)		- Non fixed term
Nanjing Red Star Macalline International Home Furnishing Company Limited (南京紅星美凱龍國際家居有限責任公司)	21,116,372.67	(21,116,372.67)		- Non fixed term
Shenyudao Cultural Tourism Holding Co., Ltd. (神玉島文化旅遊控股股份有限公司)	16,300,000.00	(16,300,000.00)		- Non fixed term
Changsha Red Star Macalline International Home Furnishing Art Expo Company Limited (長沙紅星美凱龍國際家居藝術博覽中心有限公司)	773,404.66	(773,404.66)		- Non fixed term
	23,385,045,565.68	(298,788,868.41)	23,086,256,697.27	

# 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

Name of other related parties	Opening balance of 2020	Lending amount	Closing balance of 2020	Other instructions
<b>Borrowing</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)	1,736,539,571.12	(17,355,904.46)	1,719,183,666.66	Non fixed term
Red Star Macalline Chengdu Enterprise Management Consulting Company Limited (紅星美凱龍成都企業管理諮詢有限公司)	1,747,619,546.16	(113,172,921.56)	1,634,446,624.60	Non fixed term
Shanghai Shanhai Art Furniture Company Limited (上海山海藝術傢俱有限公司)	735,856,128.37	878,614,380.01	1,614,470,508.38	Non fixed term
Beijing Red Star Macalline Shibo Home Furnishing Plaza Company Limited (北京紅星美凱龍世博傢俱廣場有限公司)	1,022,652,334.88	492,341,018.60	1,514,993,353.48	Non fixed term
Shanghai Xinwei Property Company Limited (上海新偉置業有限公司)	-	1,373,963,096.18	1,373,963,096.18	Non fixed term
Jiangsu Sunan Construction and Installation Engineering Co., Ltd. (江蘇蘇南建築安裝工程有限公司)	816,041,647.95	446,963,655.24	1,263,005,303.19	Non fixed term
Khorgos Red Star Macalline Business Management Company Limited (霍爾果斯紅星美凱龍商業管理有限公司)	541,515,199.54	623,343,481.63	1,164,858,681.17	Non fixed term
Shenyang Red Star Macalline Home Living Company Limited (瀋陽紅星美凱龍家居有限公司)	1,016,557,487.84	86,299,140.01	1,102,856,627.85	Non fixed term

## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (4) Loans and borrowings of the related parties (continued)

##### 2020 (continued)

Name of other related parties	Opening balance of 2020	Lending amount	Closing balance of 2020	Other instructions
Hong Kong Red Star Macalline Global Home Furnishing Company Limited (香港紅星美凱龍全球家居有限公司)	1,020,270,337.58	(32,387,198.01)	987,883,139.57	Non fixed term
Changzhou World Furniture and Home Plaza Co., Ltd. (常州世界傢俱家居廣場有限公司)	816,187,984.50	99,751,328.52	915,939,313.02	Non fixed term
Shanghai Red Star Macalline Global Home Furnishing Company Limited (上海紅星美凱龍全球家居有限公司)	131,425,441.67	748,989,362.24	880,414,803.91	Non fixed term
Wuxi Red Star Macalline International Home Furnishing Company Limited (無錫紅星美凱龍國際傢俱裝飾有限公司)	279,750,135.34	553,459,676.45	833,209,811.79	Non fixed term
Shanghai Red Star Macalline Decorative Furniture Mall Company Limited (上海紅星美凱龍裝飾傢俱城有限公司)	583,592,083.34	186,861,097.39	770,453,180.73	Non fixed term
Zhengzhou Red Star Macalline International Home Furnishing Company Limited (鄭州紅星美凱龍國際家居有限公司)	608,916,862.38	76,383,137.62	685,300,000.00	Non fixed term
Red Star Xizhao Investment Company Limited (紅星喜兆投資有限公司)	266,671,680.55	339,644,145.56	606,315,826.11	Non fixed term
Shanghai Red Star Macalline Financial Leasing Company Limited (上海紅星美凱龍融資租賃有限公司)	899,855,883.33	(308,047,300.00)	591,808,583.33	Non fixed term
Chongqing Red Star Macalline Global Home Furnishing Plaza Company Limited (重慶紅星美凱龍環球家居生活廣場有限責任公司)	639,610,861.02	(66,417,301.04)	573,193,559.98	Non fixed term

# 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)

Name of other related parties	Opening balance of 2020	Lending amount	Closing balance of 2020	Other instructions
Red Star Macalline Chengdu Business Management Company Limited (紅星美凱龍成都商業管理有限公司)	718,138,910.48	(179,554,135.92)	538,584,774.56	Non fixed term
Red Star Macalline Enterprise Management Consulting Co., Ltd. (紅星美凱龍企業管理諮詢有限公司)	718,992,619.84	(207,935,498.37)	511,057,121.47	Non fixed term
Changzhou Macalline International Computer and Home Appliance City Company Limited (常州美凱龍國際電腦家電裝飾城有限公司)	434,026,657.39	26,233,144.20	460,259,801.59	Non fixed term
Suzhou Industry Park Red Star Macalline Home Furnishing Company Limited (蘇州工業園區紅星美凱龍家居有限公司)	–	404,802,386.11	404,802,386.11	Non fixed term
Shenyang Red Star Macalline Shibo Home Furnishing Company Limited (瀋陽紅星美凱龍世博家居有限公司)	390,498,065.90	(16,505,650.12)	373,992,415.78	Non fixed term
Chengdu Red Star Macalline Shibo Home Living Plaza Company Limited (成都紅星美凱龍世博家居生活廣場有限責任公司)	325,714,061.32	18,610,970.21	344,325,031.53	Non fixed term
Shanghai Red Star Macalline Building Design Company Limited (上海紅星美凱龍建築設計有限公司)	122,503,409.12	147,566,310.34	270,069,719.46	Non fixed term
Shanghai Red Star Macalline Brand Management Company Limited (上海紅星美凱龍品牌管理有限公司)	271,053,188.28	(41,518,417.93)	229,534,770.35	Non fixed term
Shanghai Red Star Macalline Global Home Design Expo Company Limited (上海紅星美凱龍環球家居設計博覽有限公司)	102,572,393.00	122,135,240.57	224,707,633.57	Non fixed term



## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (4) Loans and borrowings of the related parties (continued)

##### 2020 (continued)

Name of other related parties	Opening balance of 2020	Lending amount	Closing balance of 2020	Other instructions
Harbin Red Star Macalline International Home Furnishing Company Limited (哈爾濱紅星美凱龍國際家居有限公司)	121,353,905.56	63,454,767.77	184,808,673.33	Non fixed term
Shanghai Xingyi Tonghui Business Service Company Limited (上海星易通匯商務服務有限公司)	144,006,653.22	11,894,235.96	155,900,889.18	Non fixed term
Chongqing Red Star Macalline Shibo Home Living Plaza Company Limited (重慶紅星美凱龍世博家居生活廣場有限公司)	–	145,185,344.24	145,185,344.24	Non fixed term
Chongqing Xingkaikē Home Furnishing Company Limited (重慶星凱科家居有限公司)	47,804,429.86	46,092,668.23	93,897,098.09	Non fixed term
Shanghai Jisheng Wellborn Global Home Living Brand Management Company Limited (上海吉盛偉邦環球家居品牌管理有限公司)	–	91,937,213.85	91,937,213.85	Non fixed term
Hangzhou Red Star Macalline Shibo Home Living Company Limited (杭州紅星美凱龍世博家居有限公司)	38,446,477.78	49,765,088.89	88,211,566.67	Non fixed term
Kunming Red Star Macalline Shibo Home Furnishing Plaza Company Limited (昆明紅星美凱龍世博家居廣場有限公司)	54,281,538.89	32,015,827.78	86,297,366.67	Non fixed term
Red Star Ogloria Enterprise Management Company Limited (紅星歐麗洛雅企業管理有限公司)	50,653,461.14	31,544,331.18	82,197,792.32	Non fixed term
Chongqing Liangjiang New Area Red Star Macalline Business Management Co., Ltd. (重慶兩江新區紅星美凱龍商業管理有限公司)	–	80,173,861.11	80,173,861.11	Non fixed term

# 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)

Name of other related parties	Opening balance of 2020	Lending amount	Closing balance of 2020	Other instructions
Shanghai Red Star Macalline Business Consulting Company Limited (上海紅星美凱龍商務諮詢有限公司)	25,302,739.29	50,974,403.25	76,277,142.54	Non fixed term
Jinan Red Star Macalline Shibo Home Living Plaza Company Limited (濟南紅星美凱龍世博家居生活廣場有限公司)	–	64,561,265.16	64,561,265.16	Non fixed term
Dalian Red Star Macalline Shibo Home Furnishing Plaza Company Limited (大連紅星美凱龍世博家居廣場有限公司)	97,663,424.15	(33,339,358.86)	64,324,065.29	Non fixed term
Chengdu Red Star Ogloria Brand Management Company Limited (成都紅星歐麗洛雅品牌管理有限公司)	78,993,975.99	(15,529,944.20)	63,464,031.79	Non fixed term
Red Star Macalline Commercial Management Co., Ltd. (紅星美凱龍商業經營管理有限公司)	–	60,361,138.33	60,361,138.33	Non fixed term
Shanghai Xingyijia Business Management Company Limited (上海星藝佳商業管理有限公司)	20,609,777.78	35,083,263.89	55,693,041.67	Non fixed term
Shanghai Jiajinsuo Financial Technology Information Services Company Limited (上海家金所金融科技信息服務有限公司)	–	50,139,027.78	50,139,027.78	Non fixed term
Yangzhou Red Star Macalline International Home Furnishing Plaza Company Limited (揚州紅星美凱龍國際家居廣場有限公司)	17,561,573.89	25,829,187.87	43,390,761.76	Non fixed term
Chengdu Red Star Macalline Xinnan Business Management Company Limited (成都紅星美凱龍新南商業管理有限公司)	18,050,750.00	24,886,272.22	42,937,022.22	Non fixed term

## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (4) Loans and borrowings of the related parties (continued)

##### 2020 (continued)

Name of other related parties	Opening balance of 2020	Lending amount	Closing balance of 2020	Other instructions
Xinsheng Property Management (Shanghai) Co., Ltd. (鑫生物業管理(上海)有限公司)	–	30,167,750.00	30,167,750.00	Non fixed term
Shanghai Red Star Macalline Commercial Factoring Company Limited (上海紅星美凱龍商業保理有限公司)	–	29,970,463.89	29,970,463.89	Non fixed term
Nanjing Red Star International Home Furnishing Mall Company Limited (南京紅星國際傢俱裝飾城有限公司)	27,000,000.00	–	27,000,000.00	Non fixed term
Nanjing Red Star Macalline International Home Living Company Limited (南京紅星美凱龍國際家居有限責任公司)	91,122,868.72	(70,006,496.05)	21,116,372.67	Non fixed term
Shanghai Red Star Macalline Assets Management Company Limited (上海紅星美凱龍資產管理有限公司)	–	20,007,333.33	20,007,333.33	Non fixed term
Shenyudao Cultural Tourism Holding Co., Ltd. (神玉島文化旅遊控股股份有限公司)	25,600,000.00	(9,300,000.00)	16,300,000.00	Non fixed term
Shanghai Red Star Macalline Home Furnishing and Decorating Market Management Company Limited (上海紅星美凱龍傢俱裝飾市場經營管理有限公司)	10,000,000.00	6,000,000.00	16,000,000.00	Non fixed term
Shanghai Macalline Xinghe Asset Management Company Limited (上海美凱龍星荷資產管理有限公司)	15,175,208.34	(125,583.34)	15,049,625.00	Non fixed term
Lianyungang Red Star International Home Furnishing Plaza Company Limited (連雲港紅星美凱龍國際家居廣場有限公司)	13,692,598.59	(113,373.04)	13,579,225.55	Non fixed term

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## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (4) Loans and borrowings of the related parties (continued)

##### 2020 (continued)

Name of other related parties	Opening balance of 2020	Lending amount	Closing balance of 2020	Other instructions
Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司)	41,437,944.45	(22,058,725.54)	19,379,218.91	2019/5/21 -2020/12/31, May 2019-Sep 2019, interest rate: 4.75%; Oct 2019-Dec 2020, interest rate: 7.20%
Shanghai Hongmei E-commerce Company Limited (上海紅星美凱龍家居電子商務有限公司)	-	12,037,338.89	12,037,338.89	Non fixed term
Shanghai Red Star Macalline Kaiheng Household Company Limited (上海紅星美凱龍楷恒家居有限公司)	20,222,994.44	(10,596,301.11)	9,626,693.33	Non fixed term
Beijing Red Star Macalline Furnishing Market Company Limited (北京紅星美凱龍家居市場有限公司)	-	8,009,319.44	8,009,319.44	Non fixed term
Longzhihui (Shanghai) Facility Management Services Co., Ltd. (龍之惠(上海)設施管理服務有限公司)	-	7,013,963.89	7,013,963.89	Non fixed term
Shanghai Red Star Macalline Global Home Furnishing Market Management Company Limited (上海紅星美凱龍全球家居市場經營管理有限公司)	-	7,000,000.00	7,000,000.00	Non fixed term
Langfang Kaihong Home Living Plaza Company Limited (廊坊市凱宏家居廣場有限公司)	3,933,575.71	198,557.99	4,132,133.70	Non fixed term
Beijing Red Star Macalline Business Management Company Limited (北京紅星美凱龍企業經營管理有限公司)	-	4,000,000.00	4,000,000.00	Non fixed term
Shanghai Red Star Macalline Brand Management Company Limited Kunming Branch (上海紅星美凱龍品牌管理有限公司昆明分公司)	2,022,305.55	(11,122.22)	2,011,183.33	Non fixed term

## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (4) Loans and borrowings of the related parties (continued)

##### 2020 (continued)

Name of other related parties	Opening balance of 2020	Lending amount	Closing balance of 2020	Other instructions
Shanghai Mengsheng Industrial Company Limited (上海夢晟實業有限公司)	2,406,885.89	(422,383.17)	1,984,502.72	Non fixed term
Changsha Red Star Macalline International Home Furnishing Art Expo Company Limited (長沙紅星美凱龍國際家居藝術博覽中心有限公司)	-	773,404.66	773,404.66	Non fixed term
Shanghai Red Star Macalline Brand Management Company Limited Baotou Branch (上海紅星美凱龍品牌管理有限公司包頭分公司)	500,000.00	-	500,000.00	Non fixed term
Shanghai Xingkai Chengpeng Business Management Company Limited (上海星凱程鵬企業管理有限公司)	-	-	-	Non fixed term
Wuxi Red Star Macalline Home Living Plaza Company Limited (無錫紅星美凱龍家居生活廣場有限公司)	-	-	-	Non fixed term
Tianjin Red Star Macalline International Home Furnishing Expo Company Limited (天津紅星美凱龍國際家居博覽有限公司)	180,343,724.09	(180,343,724.09)	-	Non fixed term
Shanghai Red Star Macalline Home Furnishing Market Management Company Limited (上海紅星美凱龍家居市場經營管理有限公司)	116,467,423.29	(116,467,423.29)	-	Non fixed term
Changsha Red Star Macalline Shibo Home Furnishing Plaza Company Limited (長沙紅星美凱龍家居生活廣場有限公司)	1,478,248.38	(1,478,248.38)	-	Non fixed term
Beijing Macalline Home Furnishing Material Market Company Limited (北京美凱龍傢俱建材市場有限公司)	10,000,000.00	(10,000,000.00)	-	Non fixed term

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## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 2. Major Transactions between the Company and Related Parties (continued)

#### (4) Loans and borrowings of the related parties (continued)

2020 (continued)

Name of other related parties	Opening balance of 2020	Lending amount	Closing balance of 2020	Other instructions
Shanghai Betterhome Decoration Engineering Company Limited (上海家倍得裝飾工程有限公司)	44,907.45	(44,907.45)		- Non fixed term
Shanghai Red Star Macalline Labour Dispatch Company Limited (上海英太翡思營銷策劃有限公司)	2,021,298.65	(2,021,298.65)		- Non fixed term
Red Star Macalline Home Furnishing Mall Management Company Limited (紅星美凱龍家居商場管理有限公司)	34,584,620.88	(34,584,620.88)		- Non fixed term
Shanghai Anjia Network Technology Company Limited (上海安家網絡科技有限公司)	15,263,079.24	(15,263,079.24)		- Non fixed term
Shanghai Red Star Macalline Xinglong Home Furnish Company Limited (上海紅星美凱龍星龍家居有限公司)	45,818.99	(45,818.99)		- Non fixed term
Shanghai Xingyijia Business Management Co., Ltd. Yunyan Branch (上海星藝佳商業管理有限公司雲岩分公司)	3,972.22	(3,972.22)		- Non fixed term
	17,274,658,673.33	6,110,386,892.35	23,385,045,565.68	

## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 3. Amounts due from/to related parties

	2021		2020	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
<b>Accounts receivable</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	3,999,999.99	3,999,999.99
Zhejiang Zhongguang Electric Appliances Co., Ltd. (浙江中廣電器股份有限公司)	3,499,999.97	3,499,999.97	3,499,999.97	3,499,999.97
Shanghai Hongmei E-Commerce Company Limited (上海紅美電子商務有限公司)	1,911,567.06	-	-	-
Xuzhou Red Star Macalline International Furniture Decoration City Co., Ltd. (徐州紅星美凱龍國際傢俱裝飾城有限公司)	112,292.13	18,168.87	112,292.13	37,696.47
Wuhu Minghui Business Management Co., Ltd. (蕪湖明輝商業管理有限公司)	-	-	1,632,453.42	548,014.61
<b>Total</b>	<b>22,523,859.15</b>	<b>20,518,168.83</b>	<b>22,244,745.51</b>	<b>21,085,711.04</b>

Note: Amounts due to or from related companies are interest-free, unsecured and have no fixed repayment terms.

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## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 3. Amounts due from/to related parties (continued)

	2021		2020	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
<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)	2,324,658,736.28	114,895,284.17	2,713,940,372.82	129,552,550.73
Hangzhou Red Star Macalline Global Furniture Co., Ltd. (杭州紅星美凱龍環球家居有限公司)	1,134,043,718.24	-	1,055,996,500.29	-
Tianjin Red Star Macalline World Trade Home Furnishing Company Limited (天津紅星美凱龍世貿家居有限公司)	1,066,679,866.38	-	1,375,346,571.06	-
Shanghai Red Star Macalline Industrial Company Limited (上海紅星美凱龍實業有限公司)	1,014,387,549.38	-	706,236,981.99	-
Shanghai Hongxin Oukai Home Furnishing Company Limited (上海虹欣歐凱家居有限公司)	850,731,708.01	-	381,316,352.94	-
Chongqing Red Star Ogloria Home Furnishing Company Limited (重慶紅星歐麗洛雅家居有限公司)	833,152,333.13	-	579,811,726.26	-
Chengdu Tianfu New District Red Star Macalline World Trade Home Furnishing Company Limited (成都天府新區紅星美凱龍世貿家居有限公司)	826,753,664.94	-	609,237,067.23	-
Wuhan Red Star Macalline Global Home Living Plaza Development Company Limited (武漢紅星美凱龍環球家居廣場發展有限公司)	825,632,764.23	-	926,182,191.84	-
Wuhan Red Star Macalline Shibo Home Furnishing Plaza Development Company Limited (武漢紅星美凱龍世博家居廣場發展有限公司)	696,835,448.87	100,000,000.00	701,375,719.19	100,000,000.00



## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 3. Amounts due from/to related parties (continued)

	2021		2020	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
Nanjing Mingdu Home Furnishing Plaza Company Limited (南京名都家居廣場有限公司)	694,000,805.11	-	780,017,872.29	-
Shanghai Yuxu Enterprise Management Company Limited (上海宇煦企業管理有限公司)	688,026,725.21	-	606,523,887.23	-
Urumchi Red Star Macalline Shibo Furniture Plaza Company Limited (烏魯木齊紅星美凱龍家居世博廣場有限公司)	587,543,062.40	-	560,185,548.08	-
Shanghai Yuxiao Enterprise Management Company Limited (上海宇霄企業管理有限公司)	562,966,352.53	-	453,494,594.82	-
Harbin Red Star Macalline Shibo Furniture Plaza Company Limited (哈爾濱紅星美凱龍世博家居廣場有限公司)	534,798,633.61	-	602,870,275.23	-
Shenyang Mingdu Home Furnishing Plaza Company Limited (瀋陽名都家居廣場有限公司)	522,871,494.38	-	784,719,505.06	-
Tianjin Red Star Macalline International Home Furnishing Expo Company Limited (天津紅星美凱龍國際家居博覽有限公司)	515,993,769.45	-	473,395,861.68	-
Tianjin Red Star Macalline Home Living and Decorating Plaza Company Limited (天津紅星美凱龍家居傢飾生活廣場有限公司)	503,549,845.55	-	498,987,474.75	-
Zhengzhou Red Star Macalline Shibo Home Living Company Limited (鄭州紅星美凱龍世博家居有限公司)	492,399,975.09	-	479,172,272.18	-
Shanghai Yuzhu Enterprise Management Company Limited (上海宇築企業管理有限公司)	491,853,728.71	-	431,971,213.45	-

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## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 3. Amounts due from/to related parties (continued)

	2021		2020	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
Shanghai Yumu Enterprise Management Company Limited (上海宇慕企業管理有限公司)	458,379,334.20	-	430,565,332.50	-
Changzhou Hongyang Home Furnishing Plaza Company Limited (常州紅陽家居生活廣場有限公司)	436,409,400.00	-	523,809,400.00	-
Lanzhou Red Star Macalline Shibo Home Living Plaza Company Limited (蘭州紅星美凱龍世博家居廣場有限公司)	416,683,141.54	-	437,339,961.62	-
Khorgos Red Star Yiming Venture Capital Company Limited (霍爾果斯紅星易鳴創業投資有限公司)	378,475,700.00	-	356,980,133.34	-
Red Star Macalline Management Consulting Service Co., Ltd. (紅星美凱龍管理諮詢服務有限公司)	371,809,555.13	-	50,000.00	-
Daqing Red Star Macalline Shibo Furniture Company Limited (大慶紅星美凱龍世博家居有限公司)	358,203,612.97	-	352,081,008.95	-
Liuzhou Red Star Macalline Home Furnishing Company Limited (柳州紅星美凱龍家居有限公司)	350,964,136.13	-	-	-
Haikou Red Star Macalline Global Home Furnishing Company Limited (海口紅星美凱龍全球家居有限公司) (Note 3)	291,671,469.04	-	414,701,783.42	-
Kunming Diken Trading Company Limited (昆明迪肯商貿有限公司)	288,114,720.15	-	210,977,805.61	-
Nanchang Red Star Macalline Global Home Expo Center Company Limited (南昌紅星美凱龍環球家居博覽中心有限責任公司)	279,183,782.69	-	139,005,647.10	-

## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 3. Amounts due from/to related parties (continued)

	2021		2020	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
Yunnan Red Star Macalline Home Furnishing Plaza Company Limited (雲南紅星美凱龍家居生活廣場有限公司)	278,247,097.11	-	386,407,097.11	-
Suzhou Red Star Macalline Shibo Home Furnishing Plaza Company Limited (蘇州紅星美凱龍世博家居廣場有限公司)	276,828,622.06	-	275,918,622.06	-
Changsha Yinhong Home Furnishing Company Limited (長沙市銀紅家居有限公司)	259,356,216.31	-	128,902,352.65	-
Hangzhou Weiliang Electromechanical Hardware Market Co., Ltd. (杭州偉量機電五金市場有限公司)	249,794,810.81	-	254,149,742.13	-
Hohhot Red Star Macalline Shibo Home Furnishing Plaza Company Limited (呼和浩特市紅星美凱龍世博家居廣場有限責任公司)	248,484,409.75	-	265,933,085.38	-
Foshan Junda Enterprise Management Co., Ltd. (佛山郡達企業管理有限公司)	247,967,990.00	-	99,479,990.00	-
Changsha Red Star Macalline Jinxia Home Living Plaza Company Limited (長沙紅星美凱龍金霞家居生活廣場有限公司)	247,002,008.56	-	227,242,353.15	-
Beijing Century Europe and America Business Investment Company Limited (北京世紀歐美商業投資有限公司)	243,471,918.49	-	223,664,573.49	-
Nanning Red Star Macalline Shibo Home Furnishing Exhibition Centre Company Limited (南寧紅星美凱龍世博家居展覽中心有限公司)	234,833,086.90	-	38,728,655.32	-
Shenyang Red Star Macalline Home Living Expo Company Limited (瀋陽紅星美凱龍博覽家居有限公司)	234,820,023.72	-	271,933,808.54	-

# 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)

	2021		2020	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
Shanghai Red Star Macalline Yuejia Network Technology Company Limited (上海紅星美凱龍悅家互聯網科技有限公司)	229,641,091.65	-	214,195,441.66	-
Xining Red Star Macalline Shibo Home Furnishing Plaza Company Limited (西寧紅星美凱龍世博家居廣場有限公司)	229,028,907.04	-	168,224,664.48	-
Shanghai Jinshan Red Star Macalline Global Home Furnishing Company Limited (上海金山紅星美凱龍全球家居有限公司)	226,268,015.83	-	177,727,409.22	-
Chengdu Red Star Macalline Tianfu Expo Home Furnishing Plaza Company Limited (成都紅星美凱龍天府世博家居廣場有限公司)	224,110,194.11	-	522,444,560.84	-
Chongqing Red Star Macalline Zhongkun Home Living Plaza Company Limited (重慶紅星美凱龍中坤家居生活廣場有限責任公司)	215,643,873.33	-	203,981,060.00	-
Red Star Zhongying Investment Company Limited (紅星眾盈投資有限公司)	215,527,451.67	-	331,817,906.67	-
Shanghai Red Star Macalline Xinglong Home Furnish Company Limited (上海紅星美凱龍星龍家居有限公司)	202,512,981.98	-	200,330,466.47	-
Shanghai Red Star Macalline Home Furnishing Market Management Company Limited (上海紅星美凱龍家居市場經營管理有限公司)	172,734,739.70	-	220,663,887.66	-
Shanghai Hongmei E-Commerce Company Limited (上海紅美電子商務有限公司)	170,053,662.81	-	239,653,662.81	-
Shanghai Mingyi Enterprise Development Co., Ltd. (上海名藝商業企業發展有限公司)	163,000,000.50	8,150,000.03	149,960,000.50	7,498,000.03

## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 3. Amounts due from/to related parties (continued)

	2021		2020	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
Taiyuan Red Star Macalline Global Home Furnishing Plaza Company Limited (太原紅星美凱龍全球家居廣場有限公司)	152,950,558.81	-	145,832,445.92	-
Shanghai Red Star Macalline Design Cloud Information Technology Company Limited (上海紅星美凱龍設計雲信息科技有限公司)	151,486,245.92	-	69,260,984.79	-
Betterhome Construction Technology Company Limited (家倍得建築科技有限公司)	148,470,800.00	-	-	-
Wuhu Red Star Macalline World Trade Home Furnishing Plaza Company Limited (蕪湖紅星美凱龍世貿家居廣場有限公司)	147,130,417.05	-	145,705,758.65	-
Xiamen Red Star Macalline Home Furnishing Plaza Company Limited (廈門紅星美凱龍家居生活廣場有限責任公司)	143,501,231.44	-	-	-
Panjin Red Star Macalline Global Home Furnishings Plaza Co., Ltd. (盤錦紅星美凱龍全球家居生活廣場有限公司)	138,043,968.39	84,800,000.00	30,907,333.46	-
Shanghai Red Star Macalline Brand Management Company Limited (上海紅星美凱龍品牌管理有限公司)	134,637,651.60	-	97,372,096.01	-
Shanghai Ozing Digital Technology Company Limited (上海好記星數碼科技有限公司)	130,668,256.04	-	4,500,472.56	-
Chongqing Red Star Macalline Expo Home Living Plaza Company Limited (重慶紅星美凱龍博覽家居生活廣場有限責任公司)	118,660,467.73	30,772,151.83	135,813,456.48	30,772,151.83
Ningbo Red Star Macalline Home Shopping Plaza Company Limited (寧波紅星美凱龍家居購物廣場有限公司)	115,308,264.54	-	140,228,264.54	-

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## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 3. Amounts due from/to related parties (continued)

	2021		2020	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
Shaanxi Red Star Heji Home Shopping Plaza Company Limited (陝西紅星和記家居購物廣場有限公司)	112,885,066.45	-	95,705,739.73	-
Kunshan Red Star Macalline Decoration Materials Company Limited (昆山紅星美凱龍裝飾材料有限公司)	109,585,468.09	-	93,720,911.54	-
Beijing Xingkai Jingzhou Furniture Plaza Co., Ltd. (北京星凱京洲傢俱廣場有限公司)	106,267,867.93	17,874,886.21	130,636,717.93	17,874,886.21
Chengdu Red Star Macalline Global Home Furnishing Company Limited (成都紅星美凱龍全球家居有限公司)	100,664,515.61	-	-	-
Red Star Xizhao Investment Company Limited (紅星喜兆投資有限公司)	100,000,000.00	-	100,000,000.00	-
Dongguan Red Star Macalline Shibo Furniture Plaza Company Limited (東莞紅星美凱龍世博家居廣場有限公司)	95,875,650.97	-	438,123,376.21	-
Shanghai Jingdu Investment Company Limited (上海晶都投資有限公司)	95,042,597.39	-	120,390,868.24	-
Shanghai Xinwei Home Purchasing Company Limited (上海新偉置業有限公司)	91,000,000.00	-	91,000,000.00	-
Ganzhou Red Star Macalline Shibo Furniture Plaza Company Limited (贛州紅星美凱龍世博家居廣場有限公司)	89,763,012.10	-	145,706,180.68	-
Khorgos Yarui Venture Capital Company Limited (霍爾果斯雅睿創業投資有限公司)	88,625,929.18	-	88,188,855.00	-

## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 3. Amounts due from/to related parties (continued)

	2021		2020	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
Nanjing Red Star Macalline International Home Living Company Limited (南京紅星美凱龍國際家居有限責任公司)	80,703,293.40	-	7,611,975.66	-
Red Star Macalline Shibo (Tianjin) Home Furnishing Plaza Company Limited (紅星美凱龍世博(天津)家居生活廣場有限公司)	80,000,000.00	80,000,000.00	988,336,391.64	80,000,000.00
Shanghai Red Star Macalline Global Home Furnishing Company Limited (上海紅星美凱龍全球家居有限公司)	74,540,905.70	-	21,236,976.09	-
Hainan Hongju Enterprise Management Co., Ltd. (海南紅居企業管理有限公司) (Note 2)	71,900,000.00	-	7,466.67	-
Shanghai Xingjia Decoration and Building Materials Company Limited (上海星家裝飾建材有限公司)	70,650,000.00	61,811,558.73	70,650,000.00	61,811,558.73
Changsha Red Star Macalline Home Furnishing Plaza Company Limited (長沙紅星美凱龍家居生活廣場有限公司)	67,772,431.21	-	31,530,261.91	-
Shanghai Jianliu Enterprise Management Company Limited (上海簡柳企業管理有限公司)	67,623,070.76	-	57,955,443.67	-
Qianzhi (Shanghai) Home Furnishing Co., Ltd. (乾智(上海)家居有限公司)	66,679,160.00	-	27,739,909.99	-
Nanchang Red Star Macalline Global Home Furnishing Plaza Company Limited (南昌紅星美凱龍全球家居廣場有限公司)	64,014,059.29	-	53,086,873.12	-
Tianjin Red Star Macalline Home Fashion Plaza Company Limited (天津紅星美凱龍時尚家居廣場有限公司)	63,609,980.00	63,609,980.00	55,665,808.79	50,219,635.10

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## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 3. Amounts due from/to related parties (continued)

	2021		2020	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
Red Star Macalline Glory Casa (Shanghai) Home Furnishing Company Limited (紅星美凱龍凱撒至尊(上海)家居有限公司)	62,246,931.12	-	251,914,727.79	-
Shanghai Red Star Ogloria Brand Management Company Limited (上海紅星歐麗洛雅品牌管理有限公司)	59,479,829.58	-	52,316,138.75	-
Shijiazhuang Bochen Industrial Company Limited (石家莊博宸實業有限公司)	54,131,011.00	-	51,924,920.58	-
Shenyang Dadong Red Star Macalline Home Furnishing Company Limited (瀋陽大東紅星美凱龍傢俱建材市場有限公司)	50,502,000.00	20,000,000.00	46,122,000.00	20,000,000.00
Huaihua Xingxin Commercial Management Co., Ltd. (懷化星欣商業管理有限公司)	50,265,500.00	-	50,265,500.00	-
Shanghai Macalline Smart Decoration Technology Co., Ltd. (上海美凱龍智裝科技有限公司)	47,647,192.24	-	5,097,373.53	-
Yantai Red Star Macalline Home Living Company Limited (煙台紅星美凱龍家居有限公司)	47,244,828.52	-	87,944,430.05	-
Shanghai Enliu Enterprise Management Co., Ltd. (上海蔥柳企業管理有限公司)	47,089,286.02	-	38,468,327.67	-
Shanghai Red Star Macalline Decorating Public Network Technology Company Limited (上海紅星美凱龍裝修公網絡技術有限公司)	44,663,111.12	-	42,473,111.12	-
Baoxiang Red Star Macalline (Xiamen) Global Home Furnishing Plaza Company Limited (寶象紅星美凱龍(廈門)全球家居廣場有限公司)	42,479,328.91	22,520,669.60	32,500,000.00	7,772,631.31



## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 3. Amounts due from/to related parties (continued)

	2021		2020	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
Baotou Red Star Macalline Home Living Plaza Company Limited (包頭紅星美凱龍家居生活廣場有限責任公司)	38,334,779.63	20,674,970.00	38,334,779.63	20,674,970.00
Shanghai Red Star Macalline Trading Company Limited (上海紅星美凱龍商貿有限公司)	37,647,228.00	-	136,723,151.31	-
Nantong Longmei International Home Furnishing Plaza Company Limited (南通龍美國際家居生活廣場有限公司)	36,895,449.61	-	35,466,209.65	-
Shanghai Red Star Macalline Bulk Purchasing of Construction and Furnishing Materials Trading Company Limited (上海紅星美凱龍住建集採商貿有限公司)	36,740,273.34	-	29,716,000.00	-
Guangzhou Red Star Macalline Market Management Company Limited (廣州紅星美凱龍市場經營管理有限公司)	34,247,824.20	-	13,226,368.40	-
Nantong Hongmei Shibo Home Furnishing Plaza Company Limited (南通紅美世博家居廣場有限公司)	27,372,398.91	-	41,414,782.66	-
Chengdu Changyi Red Star Macalline Home Living Market Management Company Limited (成都長益紅星美凱龍家居市場經營管理有限公司)	26,117,147.47	-	17,147,876.08	-
Shanghai Bencheng Enterprise Management Company Limited (上海賽程企業管理有限公司)	25,773,672.50	-	8,294,096.21	-
Shanghai Dingshi Enterprise Management Partnership (Limited Partnership) (上海鼎識企業管理合夥企業(有限合夥))	25,372,222.23	-	24,155,555.56	-
Changchun Red Star Macalline Shibo Home Living Plaza Company Limited (長春紅星美凱龍世博家居生活廣場有限公司)	21,512,748.84	-	396,642,748.84	-

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## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 3. Amounts due from/to related parties (continued)

	2021		2020	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
Wuxi Red Star Macalline Home Living Plaza Company Limited (無錫紅星美凱龍家居生活廣場有限公司)	21,276,644.20	-	39,210,097.54	-
Shanghai Anjia Network Technology Company Limited (上海安家網絡科技有限公司)	20,277,833.33	-	9,230,333.33	-
Red Star Macalline Global (Beijing) Home Furnishing Plaza Company Limited (紅星美凱龍環球(北京)傢俱建材廣場有限公司)	18,404,586.87	-	14,576,526.01	-
Dalian Red Star Macalline Shibo Home Furnishing Plaza Company Limited (大連紅星美凱龍世博家居廣場有限公司)	17,893,029.83	-	17,644,796.76	-
Shanghai Xingkai Chengpeng Business Management Company Limited (上海星凱程鵬企業管理有限公司)	17,874,886.21	-	269,997,918.75	-
Suzhou Xingfeng Enterprise Management and Consultancy Company Limited(宿州市星豐企業管理諮詢有限公司)	17,442,000.00	-	-	-
Jinan Red Star Macalline Shibo Home Living Plaza Company Limited (濟南紅星美凱龍世博家居生活廣場有限公司)	15,387,700.57	-	23,583,791.24	-
Beijing Red Star Macalline Shibo Home Furnishing Plaza Company Limited (北京紅星美凱龍世博家具廣場有限公司)	15,219,518.64	-	9,529,332.69	-
Khorgos Red Star Macalline Business Management Company Limited (霍爾果斯紅星美凱龍商業管理有限公司)	15,000,000.00	-	-	-
Shanghai BetterHome Industrial Limited (上海家倍得實業有限公司)	13,711,333.32	-	11,983,999.99	-

## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 3. Amounts due from/to related parties (continued)

	2021		2020	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
Shanghai Red Star Macalline Home Furnishing Company Limited (上海紅星美凱龍星家居用品有限公司)	13,183,251.47	-	11,400,977.86	-
Shanghai Macalline Wenshang Business Management Co., Ltd. (上海美凱龍文商務企業管理有限公司)	12,692,493.76	-	3,954,391.58	-
Wuxi Red Star Macalline International Home Furnishing Company Limited (無錫紅星美凱龍國際傢俱裝飾有限公司)	12,515,556.06	-	55,500,000.00	-
Shanghai Red Star Macalline Decorative Furniture Mall Company Limited (上海紅星美凱龍裝飾傢俱城有限公司)	12,478,125.00	-	12,478,125.00	-
Hefei Red Star Macalline Shibo Furniture Plaza Company Limited (合肥紅星美凱龍世博家居廣場有限公司)	12,000,000.00	-	195,219,616.66	-
Shenyang Red Star Macalline Home Furnishing Company Limited (瀋陽紅星美凱龍家居有限公司)	11,170,165.46	-	7,519,147.06	-
Zhengzhou Juankai Enterprise Management Consultation Company Limited (鄭州雋鎧企業管理諮詢有限公司)	11,136,279.70	-	11,536,279.70	-
Shanghai Hongmei Network Technology Company Limited (上海紅美網絡科技有限公司)	10,900,000.00	-	10,900,000.00	-
Beijing Century Kailong Business Investment Company Limited (北京世紀凱隆商業投資有限公司)	10,580,079.11	-	10,106,940.90	-
Xi'an Red Star Macalline Home Furnishing Plaza Company Limited (西安紅星美凱龍家居生活廣場有限公司)	10,240,642.23	-	10,240,642.23	-

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## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 3. Amounts due from/to related parties (continued)

	2021		2020	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
Red Star Macalline Home Furnishing Mall Management Company Limited (紅星美凱龍家居商場管理有限公司)	10,085,902.08	-	590,403,522.53	-
Harbin Red Star Macalline International Home Furnishing Company Limited (哈爾濱紅星美凱龍國際家居有限公司)	10,000,000.00	-	10,000,000.00	-
Langfang Kaihong Home Living Plaza Company Limited (廊坊市凱宏家居廣場有限公司)	9,332,544.05	-	9,327,529.51	-
Beijing Red Star Macalline International Home Furnishing Plaza Company Limited (北京紅星美凱龍國際傢俱建材廣場有限公司)	9,020,739.45	-	5,589,173.99	-
Red Star Macalline Enterprise Management and Consultancy Company Limited (紅星美凱龍企業管理諮詢有限公司)	8,500,000.00	-	75,500,000.00	-
Chongqing Red Star Macalline International Home Furnishing Plaza Company Limited (重慶紅星美凱龍國際家居生活廣場有限責任公司)	7,460,000.00	-	27,600,000.00	-
Quzhou Red Star Macalline Shibo Market Management Service Company Limited (衢州紅星美凱龍世博市場管理服務有限公司)	7,422,683.33	7,350,000.00	7,422,683.33	7,350,000.00
Xi'an Red Star Macalline Shibo Home Furnishing Company Limited (西安紅星美凱龍世博家居有限公司)	7,350,000.00	-	1,667,228.30	-
Shanghai Red Star Macalline Home Furnishing Trading Company Limited (上海紅星美凱龍美居商貿有限公司)	6,800,000.00	-	-	-
Jilin Red Star Macalline Logistics Company Limited (吉林紅星美凱龍物流有限公司)	6,732,061.66	-	3,517,790.00	-

## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 3. Amounts due from/to related parties (continued)

	2021		2020	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
Shanghai Red Star Ogloria Brand Management Company Limited Zibo Branch (上海紅星歐麗洛雅品牌管理有限公司淄博分公司)	6,630,000.00	-	6,430,000.00	-
Shanghai Red Star Macalline Exhibition Service Company Limited (上海紅星美凱龍展覽服務有限公司)	6,325,570.93	-	6,325,570.93	-
Suzhou Xingtong Enterprise Management Consultation Company Limited (宿州星通企業管理諮詢有限公司)	6,160,000.00	-	300,000.00	-
Changshu Red Star Macalline Global Home Furnishing Company Limited (常熟紅星美凱龍全球家居有限公司)	5,309,100.00	-	5,309,100.00	-
Shenzhen Red Star Macalline Century Center Home Living Plaza Co., Ltd. (深圳紅星美凱龍世紀中心家居生活廣場有限公司)	5,265,234.65	5,265,234.65	5,265,234.65	2,029,406.27
Shanghai Red Star Macalline Brand Management Company Limited Lanzhou High-tech Branch(上海紅星美凱龍品牌管理有限公司蘭州高新分公司)	5,000,000.00	-	-	-
Shanghai Hezhu Enterprise Management Partnership (Limited Partnership) (上海合祝企業管理合夥企業(有限合夥))	4,892,888.88	-	4,649,555.55	-
Shanghai Juzun Enterprise Management Partnership (Limited Partnership) (上海聚尊企業管理合夥企業(有限合夥))	4,892,888.88	-	4,649,555.55	-
Shanghai Lihao Creative Design Co., Ltd (上海麗浩創意設計有限公司)	4,141,966.66	-	2,841,966.66	-
Shanghai Macalline Xingshang Modular Decoration Technology Co., Ltd. (上海美凱龍星尚模數裝飾科技有限公司)	3,760,000.00	-	-	-

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## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 3. Amounts due from/to related parties (continued)

	2021		2020	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
Wuhu Red Star Macalline World Trade Home Furnishing Plaza Company Limited (蕪湖紅星美凱龍世貿家居廣場有限公司鏡湖分公司)	2,700,000.00	-	1,000,000.00	-
Shanghai Jiliang Enterprise Management Partnership (Limited Partnership) (上海集量企業管理合夥企業(有限合夥))	2,446,444.44	-	2,324,777.77	-
Taiyuan Red Star Macalline Shimao Home Furnishing Company Limited (太原紅星美凱龍世貿家居廣場有限公司)	2,139,300.00	-	-	-
Red Star Ogloria Enterprise Management Company Limited (紅星歐麗洛雅企業管理有限公司)	2,000,000.00	-	-	-
Red Star Macalline Group (Shanghai) Logistics Company Limited (紅星美凱龍家居集團(上海)物流有限公司)	1,866,453.69	-	6,080.00	-
Shanghai Xingyi Tonghui Business Service Company Limited (上海星易通匯商務服務有限公司)	1,600,847.13	-	1,652,519.60	-
Shanghai Red Star Macalline Brand Management Company Limited Guizhou Branch (上海紅星美凱龍品牌管理有限公司貴州分公司)	1,600,000.00	-	-	-
Shanghai Red Star Macalline Longmei Home Furnishing Market Management Company Limited (上海紅星美凱龍龍美家居市場經營管理有限公司)	1,412,583.33	-	5,054,979.17	-
Shanghai Yunshen Intelligent Technology Co., Ltd. (上海雲紳智能科技有限公司)	1,200,000.00	1,200.00	-	-
Chengdu Red Star Macalline Xinnan Business Management Company Limited Gaoxin Branch (成都紅星美凱龍新南商業管理有限公司高新分公司)	950,000.00	-	950,000.00	-

## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 3. Amounts due from/to related parties (continued)

	2021		2020	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
Shanghai Red Star Macalline Construction Management and Design Company Limited (上海紅星美凱龍建築設計有限公司)	854,884.80	-	854,635.32	-
Chengdu Red Star Macalline Xinnan Business Management Company Limited (成都紅星美凱龍新南商業管理有限公司)	383,117.47	-	-	-
Shanghai Red Star Macalline International Trading Company Limited (上海紅星美凱龍國際貿易有限公司)	328,777.78	-	372,020.98	-
Shanghai Xingyijia Brand Management Company Limited (上海星藝佳品牌管理有限公司)	206,404.17	-	-	-
Shanghai Huojing Business Management Company Limited (上海或京商業管理有限公司)	169,870.23	169.87	169,870.23	169.87
Anhui Tenghui Investment Group Hefei Co., Ltd. (安徽騰輝投資集團合肥有限公司)	500,000.00	175,380.85	500,000.00	34,255.38
Shanghai Jisheng Wellborn Global Home Furnishing Brand Management Company Limited (上海吉盛偉邦環球家居品牌管理有限公司)	20,525.00	-	11,276,350.00	-
Shanghai Red Star Macalline Brand Management Company Limited Xingxiang branch (上海紅星美凱龍品牌管理有限公司新鄉分公司)	11,075.00	-	-	-
Yangzhou Red Star Macalline International Home Furnishing Plaza Company Limited (揚州紅星美凱龍國際家居廣場有限公司)	9,639.00	-	6,536.30	-
Red Star Macalline (Shanghai) Business Management Company Limited (紅星美凱龍(上海)企業管理有限公司)(Note 1)	N/A	N/A	216,549,448.29	-

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## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 3. Amounts due from/to related parties (continued)

	2021		2020	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
Chongqing Red Star Macalline Logistics Company Limited (重慶紅星美凱龍物流有限公司) (Note 1)	N/A	N/A	192,986,934.87	-
Tibet Red Star Macalline Business Management Company Limited (西藏紅星美凱龍企業管理有限公司) (Note 1)	N/A	N/A	155,813,047.49	-
Anhui Shengshi Dingtong Logistics Company Limited (安徽盛世鼎通物流有限公司) (Note 1)	N/A	N/A	131,081,271.66	-
Zhongshan Red Star Macalline Shibo Home Living Plaza Company Limited (中山紅星美凱龍世博家居廣場有限公司)	-	-	122,389,493.57	-
Shaanxi Red Star Macalline Logistics Company Limited (陝西紅星美凱龍物流有限公司) (Note 1)	N/A	N/A	46,463,385.11	-
Shanghai Red Star Macalline Business Consulting Company Limited (上海紅星美凱龍商務諮詢有限公司)	-	-	41,467,084.46	-
Shanghai Red Star Macalline Brand Management Company Limited Wuhan Zhuyeshan Branch (上海紅星美凱龍品牌管理有限公司武漢竹葉山分公司)	-	-	39,676,842.59	-
Zhengzhou Red Star Macalline International Home Furnishing Company Limited (鄭州紅星美凱龍國際家居有限公司)	-	-	39,000,000.00	-
Red Star Macalline Chengdu Enterprise Management Consulting Company Limited (紅星美凱龍成都企業管理諮詢有限公司)	-	-	24,500,000.00	-
Beijing Red Star Macalline Shibo Home Furnishing Plaza Company Limited (北京紅星美凱龍世博傢俱建材廣場有限公司)	-	-	15,000,000.00	-



## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 3. Amounts due from/to related parties (continued)

	2021		2020	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
Hefei Red Star Macalline Logistics Company Limited (合肥紅星美凱龍物流有限公司) (Note 1)	N/A	N/A	11,793,445.29	-
Tianjin Red Star Macalline Logistics Company Limited (天津紅星美凱龍物流有限公司) (Note 1)	N/A	N/A	10,083,346.66	-
Chengdu Red Star Ogloria Brand Management Company Limited (成都紅星歐麗洛雅品牌管理有限公司)	-	-	9,500,000.00	-
Red Star Macalline Chengdu Business Management Company Limited (紅星美凱龍成都商業管理有限公司)	-	-	5,000,000.00	-
Jiangsu Sunan Construction Company Limited (江蘇蘇南建築安裝工程有限公司)	-	-	4,601,242.80	-
Chongqing Red Star Macalline Shibo Home Living Plaza Company Limited (重慶紅星美凱龍世博家居生活廣場有限責任公司)	-	-	3,064,187.44	-
Guizhou Red Star Macalline Logistics Company Limited (貴州紅星美凱龍物流有限公司) (Note 1)	N/A	N/A	1,773,970.32	-
Red Star Macalline Shibo Business Management Co., Ltd. (紅星美凱龍世博商業管理有限公司)	-	-	200,000.00	-
Red Star Macalline Commercial Management Co., Ltd. (紅星美凱龍商業經營管理有限公司)	-	-	138,861.67	-
Red Star Macalline Life Aesthetics Center Management Company Limited (紅星美凱龍生活美學中心管理有限公司)	-	-	20,707.67	-

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## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 3. Amounts due from/to related parties (continued)

	2021		2020	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
Shanghai Xinghe Zhaipei Home Furnishing Service Company Limited (上海星和宅配家居服務有限公司)	-	-	14,360.13	
Shanghai Red Star Macalline Brand Management Company Limited Anhui Branch (上海紅星美凱龍品牌管理有限公司安徽分公司)	-	-	11,423.01	
Shanghai Jiainsuo Investment Holding Company Limited (上海家金所投資控股有限公司)	-	-	10,000.00	
Shanghai Ersai Enterprise Management Company Limited (上海邇賽企業管理有限公司) (Note 1)	N/A	N/A	5,221.12	
Shanghai Rongmei Industrial Co., Ltd. (上海榮美實業有限公司)	-	-	2,021.51	
<b>Total</b>	<b>27,704,791,396.89</b>	<b>637,901,485.94</b>	29,561,440,961.51	535,590,215.46

*Note 1:* In 2021, the Group disposed of Red Star Macalline (Shanghai) Business Management Company Limited (紅星美凱龍(上海)企業管理有限公司), Chongqing Red Star Macalline Logistics Company Limited (重慶紅星美凱龍物流有限公司), Tibet Red Star Macalline Business Management Company Limited (西藏紅星美凱龍企業管理有限公司), Anhui Shengshi Dingtong Logistics Company Limited (安徽盛世鼎通物流有限公司), Shaanxi Red Star Macalline Logistics Company Limited (陝西紅星美凱龍物流有限公司), Hefei Red Star Macalline Logistics Company Limited (合肥紅星美凱龍物流有限公司), Tianjin Red Star Macalline Logistics Company Limited (天津紅星美凱龍物流有限公司), Guizhou Red Star Macalline Logistics Company Limited (貴州紅星美凱龍物流有限公司), and Shanghai Ersai Enterprise Management Company Limited (上海邇賽企業管理有限公司). Therefore, the disclosure does not apply to the above companies in 2021.

*Note 2:* In 2021, Khorgos Hongju Corporate Management Co., Ltd. was renamed Hainan Hongju Enterprise Management Co., Ltd.

*Note 3:* In 2021, Haikou Tangong Industrial Company Limited was renamed Haikou Red Star Macalline Global Home Furnishing Company Limited.



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## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 3. Amounts due from/to related parties (continued)

	2021		2020	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
<b>Other non-current assets</b>				
Chengdu Red Star Macalline Tianfu Expo Home Furnishing Plaza Company Limited (成都紅星美凱龍天府世博家居廣場有限公司)	331,500,000.00	-	-	-
Chengdu Tianfu New District Red Star Macalline World Trade Home Furnishing Company Limited (成都天府新區紅星美凱龍世貿家居有限公司)	331,500,000.00	-	-	-
Chengdu Red Star Macalline Real Estate Co., Ltd. (成都紅星美凱龍置業有限公司)	247,705,000.00	-	247,705,000.00	-
Kunming Diken Trading Company Limited (昆明迪肯商貿有限公司)	179,565,152.35	-	-	-
Xining Red Star Macalline Shibo Home Furnishing Plaza Company Limited (西寧紅星美凱龍世博家居廣場有限公司)	138,900,000.00	-	-	-
Shenzhen Red Star Macalline Business Management Company Limited (深圳紅星美凱龍商業管理有限公司)	4,264,400.00	-	4,205,600.00	-
	<b>1,233,434,552.35</b>	<b>-</b>	<b>251,910,600.00</b>	<b>-</b>
<b>Other current assets</b>				
Shanghai Mingyi Enterprise Development Co., Ltd. (上海名藝商業企業發展有限公司)	6,220,800.00	-	-	-
Wuhu Minghui Business Management Co., Ltd. (蕪湖明輝商業管理有限公司)	3,600,000.00	-	-	-
Xiamen Red Star Macalline Home Furnishing Plaza Company Limited (廈門紅星美凱龍家居生活廣場有限責任公司)	N/A	N/A	98,839,000.00	-
	<b>9,820,800.00</b>	<b>-</b>	<b>98,839,000.00</b>	<b>-</b>

## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 3. Amounts due from/to related parties (continued)

	2021		2020	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
<b>Prepayments</b>				
Shanghai Xingyi Tonghui Business Service Company Limited (上海星易通匯商務服務有限公司)	1,491,950.00	–	–	–
Red Star Macalline Glory Casa (Shanghai) Home Furnishing Company Limited (紅星美凱龍凱撒至尊(上海)家居有限公司)	811,784.00	–	–	–
Shanghai Zhenyang Decoration Co., Ltd. (上海振洋建築裝潢工程有限公司)	23,157.15	–	–	–
Red Star Home (Shanghai) Technology Co., Ltd. (紅星到家(上海)科技有限公司)	20,000.00	–	–	–
Shanghai Hema Network Technology Co., Ltd. (上海盒馬網絡科技有限公司)	20,000.00	–	–	–
Qianzhi (Shanghai) Home Furnishing Co., Ltd. (乾智(上海)家居有限公司)	6,360.00	–	–	–
Alibaba Cloud Computing Co., Ltd. (阿里雲計算有限公司)	18.00	–	–	–
Shanghai Xingzhiyu Commercial Management Co., Ltd. (上海星之域商業經營管理有限公司)	–	–	3,351,717.60	–
	<b>2,373,269.15</b>	<b>–</b>	<b>3,351,717.60</b>	<b>–</b>

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For the year 2021

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## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 3. Amounts due from/to related parties (continued)

	2021	2020
<b>Accounts Payable</b>		
Shanghai Xingyi Tonghui Business Service Company Limited (上海星易通匯商務服務有限公司)	1,276,850.00	–
Shanghai Red Star Win-Win Cloud Computing Technology Co., Ltd.(上海紅星共贏雲計算科技有限公司)	1,070,754.72	–
Alibaba Cloud Computing Limited (阿里雲計算有限公司)	757,523.17	–
Shanghai Anjia Network Technology Company Limited (上海安家網絡科技有限公司)	668,920.91	–
Shanghai Fanju Network Technology Company Limited (上海泛居網絡科技有限公司)	630,243.20	–
Shanghai Red Star Macalline Business Consulting Company Limited (上海紅星美凱龍商務諮詢有限公司)	305,881.23	–
Longzhihui (Shanghai) Facility Management Services Co., Ltd. (龍之惠(上海)設施管理服務有限公司)	49,000.00	–
Red Star Home (Shanghai) Technology Co., Ltd. (紅星到家(上海)科技有限公司)	20,000.00	–
	<b>4,779,173.23</b>	–
<b>Other payables</b>		
Beijing Red Star Macalline International Home Furnishing Plaza Company Limited (北京紅星美凱龍國際家具建材廣場有限公司)	1,745,019,963.01	1,719,183,666.66
Beijing Red Star Macalline Shibo Home Furnishing Plaza Company Limited (北京紅星美凱龍世博家具廣場有限公司)	1,654,744,288.16	1,514,993,353.48
Shanghai Xinwei Property Company Limited (上海新偉置業有限公司)	1,285,493,245.25	1,373,963,096.18
Khorgos Red Star Macalline Business Management Company Limited (霍爾果斯紅星美凱龍商業管理有限公司)	1,274,107,517.18	1,164,858,681.17

## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 3. Amounts due from/to related parties (continued)

	2021	2020
Jiangsu SuNan Construction and Installation Engineering Co., Ltd (江蘇蘇南建築安裝工程有限公司)	1,084,317,900.85	1,263,005,303.19
Hong Kong Red Star Macalline Global Home Furnishing Company Limited (香港紅星美凱龍全球家居有限公司)	1,025,638,429.31	987,883,139.57
Wuxi Red Star Macalline International Home Furnishing Company Limited (無錫紅星美凱龍國際家具裝飾有限公司)	898,642,519.76	833,209,811.79
Shenyang Red Star Macalline Home Furnishing Company Limited (瀋陽紅星美凱龍家居有限公司)	803,110,457.84	1,102,856,627.85
Shanghai Red Star Macalline Decorative Furniture Mall Company Limited (上海紅星美凱龍裝飾傢俱城有限公司)	787,860,704.89	770,453,180.73
Jinan Red Star Macalline Shibo Home Living Plaza Company Limited (濟南紅星美凱龍世博家居生活廣場有限公司)	732,451,780.71	64,561,265.16
Zhengzhou Red Star Macalline International Home Furnishing Company Limited (鄭州紅星美凱龍國際家居有限公司)	648,205,000.00	685,300,000.00
Red Star Xizhao Investment Company Limited (紅星喜兆投資有限公司)	584,492,260.05	606,315,826.11
Chongqing Red Star Macalline Global Home Furnishing Plaza Company Limited (重慶紅星美凱龍環球家居生活廣場有限責任公司)	512,145,548.39	573,193,559.98
Red Star Macalline Chengdu Business Management Company Limited (紅星美凱龍成都商業管理有限公司)	492,555,028.82	538,584,774.56
Red Star Macalline Chengdu Enterprise Management Consulting Company Limited (紅星美凱龍成都企業管理諮詢有限公司)	419,194,127.89	1,634,446,624.60
Shenyang Red Star Macalline Shibo Home Furnishing Company Limited (瀋陽紅星美凱龍世博家居有限公司)	376,767,335.37	373,992,415.78
Suzhou Industry Park Red Star Macalline Home Furnishing Company Limited (蘇州工業園區紅星美凱龍家居有限公司)	370,000,000.00	404,802,386.11
Shanghai Red Star Macalline Building Design Company Limited (上海紅星美凱龍建築設計有限公司)	361,690,750.76	–
Red Star Macalline Enterprise Management and Consultancy Company Limited (紅星美凱龍企業管理諮詢有限公司)	322,629,380.35	511,057,121.47
Shanghai Red Star Macalline Brand Management Company Limited (上海紅星美凱龍品牌管理有限公司)	318,618,309.30	229,534,770.35

# Notes to the Financial Statements

For the year 2021

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## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 3. Amounts due from/to related parties (continued)

	2021	2020
Hangzhou Red Star Macalline Shibo Furniture Plaza Company Limited (杭州紅星美凱龍世博家居有限公司)	<b>317,644,699.33</b>	88,211,566.67
Chongqing Red Star Macalline Shibo Home Living Plaza Company Limited (重慶紅星美凱龍世博家居生活廣場有限責任公司)	<b>309,781,505.52</b>	145,185,344.24
Red Star Macalline Commercial Management Co., Ltd. (紅星美凱龍商業經營管理有限公司)	<b>308,202,796.42</b>	60,361,138.33
Shanghai Red Star Macalline Global Home Design Expo Company Limited (上海紅星美凱龍環球家居設計博覽有限公司)	<b>305,286,063.06</b>	224,707,633.57
Chengdu Red Star Macalline Shibo Home Living Plaza Company Limited (成都紅星美凱龍世博家居生活廣場有限責任公司)	<b>289,852,810.31</b>	344,325,031.53
Shanghai Shanhai Art Furniture Company Limited (上海山海藝術傢俱有限公司)	<b>272,438,095.06</b>	1,614,470,508.38
Shanghai Xingkai Chengpeng Business Management Company Limited (上海星凱程鵬企業管理有限公司)	<b>235,873,702.32</b>	-
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)	<b>231,702,504.98</b>	-
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)	<b>202,327,080.83</b>	184,808,673.33
Chongqing Liangjiang New Area Red Star Macalline Business Management Co., Ltd. (重慶兩江新區紅星美凱龍商業管理有限公司)	<b>184,297,957.78</b>	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)	<b>170,688,058.86</b>	76,277,142.54
Shanghai Xingyi Tonghui Business Service Company Limited (上海星易通匯商務服務有限公司)	<b>170,492,606.87</b>	155,900,889.18
Hefei Red Star Macalline Shibo Furniture Plaza Company Limited (合肥紅星美凱龍世博家居廣場有限公司)	<b>156,784,809.38</b>	-
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)	<b>150,642,053.64</b>	86,297,366.67



## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 3. Amounts due from/to related parties (continued)

	2021	2020
Chongqing Xingkaike Home Furnishing Company Limited (重慶星凱科家居有限公司)	127,797,576.56	–
Changzhou Macalline International Computer and Electronics Furnishing Plaza Company Limited (常州美凱龍國際電腦家電裝飾城有限公司)	104,502,237.57	460,259,801.59
Red Star Macalline Shibo (Tianjin) Home Furnishing Plaza Company Limited (紅星美凱龍世博(天津)家居生活廣場有限公司)	101,328,812.78	–
Red Star Macalline Global (Beijing) Home Furnishing Plaza Company Limited (紅星美凱龍環球(北京)傢俱建材廣場有限公司)	91,494,236.38	–
Changzhou World Furniture and Home Plaza Co., Ltd. (常州世界傢俱家居廣場有限公司)	87,462,003.83	915,939,313.02
Red Star Macalline Home Furnishing Mall Management Company Limited (紅星美凱龍家居商場管理有限公司)	84,825,532.67	–
Dalian Red Star Macalline Shibo Home Furnishing Plaza Company Limited (大連紅星美凱龍世博家居廣場有限公司)	81,458,862.05	64,324,065.29
Shandong Inzone Green Home Co., Ltd. (山東銀座家居有限公司)	80,462,388.89	–
Chengdu Red Star Macalline Xinnan Business Management Company Limited (成都紅星美凱龍新南商業管理有限公司)	78,090,000.00	42,937,022.22
Shanghai Jisheng Wellborn Global Home Living Brand Management Company Limited (上海吉盛偉邦環球家居品牌管理有限公司)	71,812,796.73	91,937,213.85
Beijing Red Star Macalline Furnishing Market Company Limited (北京紅星美凱龍家居市場有限公司)	64,975,099.03	8,009,319.44
Shanghai Xingyijia Business Management Company Limited (上海星藝佳商業管理有限公司)	63,910,736.50	55,693,041.67
Yangzhou Red Star Macalline International Home Furnishing Plaza Company Limited (揚州紅星美凱龍國際家居廣場有限公司)	62,056,670.56	43,390,761.76

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## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 3. Amounts due from/to related parties (continued)

	2021	2020
Chengdu Red Star Ogloria Brand Management Company Limited (成都紅星歐麗洛雅品牌管理有限公司)	<b>55,113,609.06</b>	63,464,031.79
Shanghai Jiajinsuo Financial Technology Information Services Company Limited (上海家金所金融科技信息服務有限公司)	<b>51,923,977.17</b>	50,139,027.78
Red Star Macalline Group (Shanghai) Logistics Company Limited (紅星美凱龍家居集團(上海)物流有限公司)	<b>50,051,426.12</b>	–
Red Star Macalline Management Consulting Service Co., Ltd. (紅星美凱龍管理諮詢服務有限公司)	<b>38,000,000.00</b>	–
Shanghai Red Star Macalline Assets Management Company Limited (上海紅星美凱龍資產管理有限公司)	<b>36,188,333.58</b>	20,007,333.33
Zhejiang Xingzhuo Decoration Company Limited (浙江星卓裝飾有限公司)	<b>35,508,117.67</b>	–
Red Star Ogloria Enterprise Management Company Limited (紅星歐麗洛雅企業管理有限公司)	<b>28,457,408.79</b>	82,197,792.32
Xinsheng property management (Shanghai) Co., Ltd (鑫笙物業管理(上海)有限公司)	<b>28,083,416.67</b>	30,167,750.00
Nanjing Red Star International Home Furnishing Mall Company Limited (南京紅星國際傢俱裝飾城有限公司)	<b>27,000,000.00</b>	27,000,000.00
Wuxi Red Star Macalline Home Living Plaza Company Limited (無錫紅星美凱龍家居生活廣場有限公司)	<b>25,281,772.72</b>	–
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)	<b>20,100,000.00</b>	16,000,000.00
Shanghai Red Star Macalline Global Home Furnishing Market Management Company Limited (上海紅星美凱龍全球家居市場經營管理有限公司)	<b>17,950,000.00</b>	7,000,000.00
Beijing Red Star Macalline Shibo Home Furnishing Plaza Company Limited (北京紅星美凱龍世博傢俱建材廣場有限公司)	<b>17,250,000.00</b>	–
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)	<b>16,998,707.25</b>	13,579,225.55

## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 3. Amounts due from/to related parties (continued)

	2021	2020
Red Star Home (Shanghai) Technology Co., Ltd. (紅星到家(上海)科技有限公司)	15,545,879.17	–
Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司)	15,000,000.00	–
Shanghai Macalline Xinghe Asset Management Company Limited (上海美凱龍星荷資產管理有限公司)	14,046,844.45	15,049,625.00
Shanghai Interface Marketing Planning Co., Ltd (上海英太翡思營銷策劃有限公司)	14,045,911.19	–
Beijing Red Star Macalline Business Management Company Limited (北京紅星美凱龍企業經營管理有限公司)	12,900,000.00	4,773,404.66
Shanghai Red Star Macalline Kaiheng Household Company Limited (上海紅星美凱龍楷恒家居有限公司)	12,831,533.33	9,626,693.33
廊坊市凱宏家居廣場有限公司	12,800,188.21	4,132,133.70
Shanghai Kaichun Investment Management Company Limited (上海凱淳投資管理有限公司)	11,030,586.11	–
Beijing Macalline Home Furnishing Material Market Company Limited (北京美凱龍傢俱建材市場有限公司)	10,990,000.00	–
Yangzhou Red Star Macalline Global Expo Home Furnishing Company Limited(揚州紅星美凱龍全球博覽家居有限公司)	8,003,422.22	–
Shanghai Hongmei E-commerce Company Limited (上海紅星美凱龍家品會電子商務有限公司)	6,677,805.56	12,037,338.89
Longzhahui (Shanghai) Facility Management Services Co., Ltd. (龍之惠(上海)設施管理服務有限公司)	5,980,370.29	7,013,963.89
Changzhou Red Star Macalline Home Furnishing and Decorating Market Company Limited (常州紅星美凱龍 裝飾家居用品市場有限公司)	5,590,000.00	–
Shanghai Red Star Macalline Brand Management Company Limited (上海紅星美凱龍品牌管理有限公司) and its branches	5,415,165.11	2,511,183.33
Shanghai Red Star Macalline Home Decorating and Furnishing Market Management Company Limited (上海紅星美凱龍裝飾家居市場經營管理有限公司)	4,240,000.00	–

# Notes to the Financial Statements

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## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 3. Amounts due from/to related parties (continued)

	2021	2020
Shanghai Beibang Logistics Company Limited (上海倍邦物流有限公司)	4,006,477.78	–
Shanghai Red Star Macalline International Trading Company Limited (上海紅星美凱龍國際貿易有限公司)	4,000,000.00	–
Shanghai Beimei Logistics Company Limited (上海倍美物流有限公司)	3,004,858.33	–
Shanghai Xingyijia Business Management Company Limited (上海星藝佳商業管理有限公司) and its branches	2,607,229.44	–
Red Star Macalline Group Finance Company Limited (紅星美凱龍家居集團財務有限責任公司)	2,108,333.33	–
Shanghai Red Star Ogloria Home Living Market Management Company Limited (上海紅星歐麗洛雅家居市場經營管理有限公司)	2,000,000.00	–
Shanghai Mengsheng Industrial Co., Ltd. (上海夢晟實業有限公司)	1,984,502.72	1,984,502.72
Ningbo Red Star Macalline Home Shopping Plaza Company Limited (寧波紅星美凱龍家居購物廣場有限公司)	1,126,920.06	–
Tongxiang Red Star Macalline Shibo Home Furnishing Plaza Management Company Limited (桐鄉紅星美凱龍世博家居廣場管理有限公司)	1,002,688.89	–
Red Star Macalline Shibo Business Management Co., Ltd. (紅星美凱龍世博商業管理有限公司)	692,474.69	–
Nanjing Mingdu Home Furnishing Plaza Company Limited (南京名都家居廣場有限公司)	532,304.55	–
Yunnan Red Star Macalline Home Furnishing Plaza Company Limited (雲南紅星美凱龍家居生活廣場有限公司)	232,752.67	–
Chongqing Red Star Macalline Enterprise Development Co., Ltd. (重慶紅星美凱龍企業發展有限公司)	200,000.00	–

## XV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS OF THE COMPANY (continued)

### 3. Amounts due from/to related parties (continued)

	2021	2020
Chongqing Red Star Macalline International Home Furnishing Plaza Company Limited (重慶紅星美凱龍國際家居生活廣場有限責任公司)	91,942.89	–
Kunshan Red Star Macalline Decoration Materials Company Limited (昆山紅星美凱龍裝飾材料有限公司)	79,723.21	–
Shanghai Macalline Smart Decoration Technology Co., Ltd. (上海美凱龍智裝科技有限公司)	53,300.00	–
Shanghai Red Star Macalline Fanjia Information Service Company Limited (上海紅星美凱龍泛家信息服務有限公司)	48,644.44	–
Shanghai Red Star Macalline Home Furnishing Design Expo Company Limited (上海紅星美凱龍家居藝術設計博覽有限公司)	13,456.56	–
Nanjing Red Star Macalline International Home Living Company Limited (南京紅星美凱龍國際家居有限責任公司)	13,059.47	21,116,372.67
Super Smart Home (Shanghai) Internet of Things Technology Co., Ltd. (超級智慧家(上海)物聯網科技有限公司)	2,900.31	–
Shanghai Anjia Network Technology Company Limited (上海安家網絡科技有限公司)	2,785.00	–
Shanghai Xinghe Zhaipei Home Furnishing Service Company Limited (上海星和宅配家居服務有限公司)	1,246.67	–
Shanghai Red Star Macalline Global Home Furnishing Company Limited (上海紅星美凱龍全球家居有限公司)	–	880,414,803.91
Shanghai Red Star Macalline Financial Leasing Company Limited (上海紅星美凱龍融資租賃有限公司)	–	591,808,583.33
Shanghai Red Star Macalline Commercial Factoring Company Limited (上海紅星美凱龍商業保理有限公司)	–	29,970,463.89
Changsha Red Star Macalline International Home Furnishing Art Expo Company Limited (長沙紅星美凱龍國際家居藝術博覽中心有限公司)	–	773,404.66
	<b>20,730,686,321.48</b>	<b>22,986,172,933.88</b>

# Supplementary Information

For the year 2021

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## 1. STATEMENT OF NON-RECURRING PROFIT OR LOSS

	Amount in 2021
Gain or loss on disposal of non-current assets, including the written off part of the asset impairment provision	13,583,009.15
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)	157,986,045.42
Funds-use income received from non-financial enterprises and credited to the profit or loss for the current period	197,933,981.28
Gains derived from the excess of the attributable fair value of net identifiable assets of the investee upon acquisition of the investment over the cost of investment of acquisition of subsidiaries, associates and joint ventures	
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	3,318,385.48
Reverse of the impairment allowance for accounts receivables and contract assets tested for impairment individually	29,231,662.61
Gain or loss arising from changes in fair value of investment properties measured subsequently at fair value	374,390,247.49
Non-operating income and expenses other than the above items	(60,361,956.11)
The value-added portion of investment gains from investment properties valuation of associates and joint ventures attributable to the enterprise	(39,930,000.00)
Investment gain on disposal of subsidiaries	448,896,520.84
Investment gain on disposal of associates	38,978,606.68
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	
Impact on income tax	(733,901,840.78)
Impact on non-controlling interests (after tax)	(40,480,455.65)
	389,644,206.41

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

2021

	Weighted average return on net assets (%)	Earnings per	
		Basic share	Diluted
Net profit attributable to shareholders of ordinary shares of the Company	4.12	0.51	N/A
Net profit attributable to shareholders of ordinary shares of the Company, after deducting non-recurring gains and losses	3.35	0.41	N/A

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

The Group has no diluted potential ordinary shares. Due to private placement 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				
	2021 RMB'000	2020 RMB'000	2019 RMB'000	2018 RMB'000	2017 RMB'000
Revenue	<b>15,512,792</b>	14,236,460	16,469,238	14,239,793	10,959,513
Net profits	<b>2,189,000</b>	2,064,077	4,686,242	4,705,447	4,278,014
– Owners of the Company	<b>2,047,402</b>	1,730,582	4,479,682	4,477,411	4,077,898
– Non-controlling interests	<b>141,598</b>	333,495	206,560	228,036	200,116
Earnings per share					
– Basic (RMB)	<b>0.51</b>	0.44	1.15	1.20	1.13
– Diluted (RMB)	<b>N/A</b>	N/A	N/A	N/A	N/A

	As at 31 December				
	2021 RMB'000	2020 RMB'000	2019 RMB'000	2018 RMB'000	2017 RMB'000
– Non-current assets	<b>119,534,652</b>	116,411,135	108,339,973	95,142,125	82,447,132
– Current assets	<b>15,652,890</b>	15,136,784	13,954,445	15,718,593	14,567,492
Total Assets	<b>135,187,542</b>	131,547,919	122,294,418	110,860,718	97,014,624
– Current liabilities	<b>32,131,539</b>	31,638,847	27,767,945	25,313,807	22,716,747
– Non-current liabilities	<b>45,524,785</b>	48,811,229	45,541,623	40,251,085	30,365,903
Total liabilities	<b>77,656,324</b>	80,450,076	73,309,568	65,564,892	53,082,651
Net assets	<b>57,531,218</b>	51,097,843	48,984,850	45,295,826	43,931,973
Total Equity	<b>57,531,218</b>	51,097,843	48,984,850	45,295,826	43,931,973
– Equity attributable to owners of the Company	<b>53,981,799</b>	47,563,219	45,714,638	41,714,061	40,426,772
– Non-controlling interests	<b>3,549,419</b>	3,534,624	3,270,212	3,581,765	3,505,201

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; (4) shopping malls for which the Company operate and consolidate their results of operation and pay the relevant property owners a fixed amount of annual fees("fixed-fee Portfolio Shopping Malls"); (5) shopping malls held by the Company and associates or joint venture partners and operated by the Company. 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.