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Red Star Macalline Group Corporation Ltd.

紅星美凱龍家居集團股份有限公司

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

(Stock Code: 1528)

**RESULTS ANNOUNCEMENT FOR
THE NINE MONTHS ENDED 30 SEPTEMBER 2017
SUMMARY OF THE UNAUDITED KEY
FINANCIAL INFORMATION**

The board of directors (the “**Board**”) of Red Star Macalline Group Corporation Ltd. (the “**Company**”) announced the summary of the unaudited key financial information of the Company and its subsidiaries (the “**Group**”) for the nine months ended 30 September 2017 (the “**Reporting Period**”). This announcement is made pursuant to Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), and Rules 13.09(2) and 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

SUMMARY OF THE UNAUDITED KEY FINANCIAL INFORMATION

Reference is made to the issuance of the domestic medium term notes by the Company from the period of 2012 to 2014. For the details of the domestic medium term notes, please refer to the prospectus of the Company dated 16 June 2015. Pursuant to the relevant regulations of the People's Bank of China and the National Association of Financial Market Institutional Investors, the unaudited key financial information of the Group during the Reporting Period is required to be published by the Company on the websites of Chinamoney (www.chinamoney.com.cn) and Shanghai Clearing House (www.shclearing.com) on 31 October 2017.

The Company also issued domestic corporate bonds in 2015 and 2016. For the details of the domestic corporate bonds and the completion of the issue of the first tranche and second tranche of corporate bonds, please refer to the announcements of the Company dated 31 July 2015, 12 November 2015 and 15 July 2016 respectively. Pursuant to the relevant regulations of the China Securities Regulatory Commission and the Shanghai Stock Exchange, the unaudited key financial information of the Group during the Reporting Period is required to be published by the Company on the website of the Shanghai Stock Exchange (www.sse.com.cn) on 31 October 2017.

Set out below is the unaudited key financial information of the Group during the Reporting Period as published on the aforesaid three websites:

(i) Summary of the Unaudited Key Financial Information of the Group

The table below sets forth the key data of the statement of profit or loss and other comprehensive income of the Group during the Reporting Period:

		For the nine months ended	
		30 September	
		(unaudited)	
		2017	2016
			(Restated)
		(RMB)	(RMB)
I. Revenue		7,812,518,276.67	6,855,291,913.71
Less: Costs of sales		2,294,976,787.47	1,825,500,221.62
Taxes and surcharges		232,529,319.91	325,914,789.41
Distribution and selling expenses		974,756,831.86	850,086,940.93
General and Administrative expenses		799,308,616.38	634,107,737.98
Financial expenses		884,900,875.38	621,474,020.99
Impairment loss of assets		191,536,412.19	309,963,781.39
Add: Gain on fair value changes		1,257,586,123.53	1,196,835,797.34
Investment income		546,575,931.69	71,061,392.98
II. Operating profit		4,238,671,488.70	3,556,141,611.71
Add: Non-operating income		141,069,528.91	67,217,635.18
Less: Non-operating expenses		28,446,714.95	12,072,530.10
III. Total profit		4,351,294,302.66	3,611,286,716.79
Less: Income tax expenses		1,328,864,323.32	922,182,066.76
IV. Net profit		3,022,429,979.34	2,689,104,650.03
Net profit attributable to owners of the Company		2,852,663,804.55	2,506,415,962.76
Non-controlling interests		169,766,174.79	182,688,687.27
V. Other comprehensive income		1,484,052,128.57	–
VI. Total comprehensive income		4,506,482,107.91	2,689,104,650.03
Total comprehensive income attributable to owners of the Company		4,188,310,720.26	2,506,415,962.76
Total comprehensive income attributable to non-controlling interests		318,171,387.65	182,688,687.27

During the Reporting Period, the net profit after deducting non-recurring profit or loss attributable to owners of the Company amounted to RMB1,787,821,059.16, representing an increase of 8.6% from RMB1,646,163,471.05 for the same period of 2016.

Note: Change in asset impairment related line items: the Company adjusted the method of provision for allowance on doubtful receivables in 2017 and adopted the China Accounting Standards for Business Enterprises in the preparation of its financial statements since the 2017 interim results and engaged an independent qualified valuer in the PRC to adopt the PRC accepted asset valuation standards when evaluating the fair value of investment properties. In order to enhance the comparability of the data in relevant items as published by the Company for the nine months ended 30 September 2016, the Company carried out relevant adjustment to the data in the relevant line items in 2016. For details, please refer to the announcement of the Company dated 23 August 2017.

The table below sets forth the key data of the statement of cash flows of the Group during the Reporting Period:

	For the nine months ended	
	30 September	
	(unaudited)	
	2017	2016
		(Restated)
	(RMB)	(RMB)
Net cash flows from operating activities	3,484,062,604.97	2,258,146,117.07
Net cash flows from investment activities	(3,926,309,891.41)	(2,764,056,857.89)
Net cash flows from financing activities	<u>6,615,962,243.45</u>	<u>3,165,050,564.67</u>
Net increase in cash and cash equivalents	6,173,714,957.01	2,659,139,823.85
Opening balance of cash and cash equivalents	6,137,865,114.87	5,725,844,957.94
Closing balance of cash and cash equivalents	12,311,580,071.88	8,384,984,781.79

The table below sets forth the data of the consolidated statement of financial position of the Group at the end of the Reporting Period:

	As of 30 September 2017 (Unaudited) (RMB)	As of 31 December 2016 (Restated) (RMB)
Current assets	16,105,198,497.57	8,796,084,991.70
Available-for-sale financial assets	2,859,342,956.22	544,401,221.29
Long-term receivables	1,312,482,267.69	827,660,977.03
Long-term equity investments	1,220,082,559.04	1,012,646,573.83
Investment properties	68,570,000,000.00	66,948,000,000.00
Fixed assets and construction in progress	199,487,409.35	207,638,134.58
Intangible assets	451,933,231.67	428,854,402.41
Other non-current assets	<u>5,005,433,666.82</u>	<u>2,770,117,802.28</u>
Total assets	<u>95,723,960,588.36</u>	<u>81,535,404,103.12</u>
Current liabilities	21,271,155,522.65	13,542,201,681.41
Non-current liabilities	<u>31,744,485,833.78</u>	<u>28,072,429,282.47</u>
Equity attributable to owners of the Company	38,965,986,000.60	36,565,852,072.42
Non-controlling interests	<u>3,742,333,231.33</u>	<u>3,354,921,066.82</u>
Total liabilities and equity	<u>95,723,960,588.36</u>	<u>81,535,404,103.12</u>

As of the end of the Reporting Period, the balance of the total borrowings of the Group amounted to RMB30,449,195,946.83.

The aforesaid unaudited key financial information during the Reporting Period of the Group was prepared in accordance with the relevant management accounts and the Generally Accepted Accounting Principles in the People's Republic of China (the "PRC"), and has not been reviewed or audited by the auditors of the Company.

Shareholders of the Company and potential investors are advised by the Board that, the data above is based on the internal records and the relevant management accounts of the Group as of the end of the Reporting Period, therefore, the data above is only for reference. When dealing in the shares of the Company, shareholders of the Company and potential investors are advised to exercise caution.

By order of the Board
Red Star Macalline Group Corporation Ltd.
GUO Binghe
Company Secretary

Shanghai, the PRC
31 October 2017

As at the date of this announcement, the executive Directors of the Company are CHE Jianxing, ZHANG Qi, CHE Jianfang and JIANG Xiaozhong; the non-executive Directors are CHEN Shuhong, XU Guofeng, Joseph Raymond GAGNON and ZHANG Qiqi; and the independent non-executive Directors are LI Zhenning, DING Yuan, LEE Kwan Hung and QIAN Shizheng.