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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 2018  
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 2018 (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) (the “**SFO**”), and Rules 13.09(2) and 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Listing Rules**”) and the Rules Governing the Listing of Stocks on Shanghai Stock Exchange.

**SUMMARY OF THE UNAUDITED KEY FINANCIAL INFORMATION**

The Company issued domestic corporate bonds (the “**Domestic Corporate Bonds**”) in 2015 and 2016. For the details of the issue of the Domestic Corporate Bonds and the completion of the issue, 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](http://www.sse.com.cn)) on 29 October 2018.

In 2017, Hong Kong Red Star Macalline Universal Home Furnishings Limited, a wholly-owned subsidiary of the Company, also issued US\$300,000,000 3.375 per cent. guaranteed bonds due 2022 by way of debt issues to professional investors (as defined in Chapter 37 of the Hong Kong Listing Rules and the SFO). Please refer to the announcement published on the website of The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) on 21 September 2017 for details.

The Company also issued the 2018 first tranche of super short-term commercial papers and the 2018 second tranche of super short-term commercial papers (the “**Super Short-term Commercial Papers**”) in July and September 2018, respectively. For the details of the issue of Super Short-term Commercial Papers and the completion of the issue, please refer to the announcements of the Company dated 19 July 2018 and 26 September 2018, 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 websites of Shanghai Clearing House ([www.shclearing.com](http://www.shclearing.com)) and Chinamoney ([www.chinamoney.com.cn](http://www.chinamoney.com.cn)) on 29 October 2018.

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 data of the Consolidated Balance Sheet of the Group as at the end of the Reporting Period:

	As of 30 September 2018 (Unaudited) (RMB)	As of 31 December 2017 (Audited) (RMB)
<b>Current assets</b>		
Cash and bank	7,692,063,713.36	10,626,917,788.54
Financial assets held for trading	205,414,774.96	–
Notes receivable and accounts receivable	2,305,695,346.57	1,170,430,013.77
Prepayments	346,001,723.46	267,777,107.29
Other receivables	1,781,983,004.58	1,734,498,124.83
Inventories	255,993,614.48	120,291,360.44
Contract assets	887,383,677.86	–
Non-current assets due within one year	95,000,000.00	120,000,000.00
Other current assets	1,190,872,798.88	527,577,887.53
<b>Total current assets</b>	<b><u>14,760,408,654.15</u></b>	<b><u>14,567,492,282.40</u></b>

	As of 30 September 2018 (Unaudited) (RMB)	As of 31 December 2017 (Audited) (RMB)
<b>Non-current assets</b>		
Available-for-sale financial assets	–	3,062,451,062.40
Long-term receivables	1,821,282,183.43	1,301,785,294.30
Long-term equity investments	2,714,502,998.63	1,613,818,294.75
Other equity instrument investments	3,332,696,367.59	–
Investment properties	77,720,000,000.00	70,831,000,000.00
Fixed assets	165,065,793.78	158,862,688.00
Construction in progress	44,477,863.18	66,100,052.88
Intangible assets	468,036,148.96	458,617,045.42
Development expenditure	–	29,418,402.19
Goodwill	16,592,357.41	16,592,357.41
Long-term deferred expenses	334,895,402.91	229,333,419.48
Deferred tax assets	983,504,303.33	718,579,066.08
Other non-current assets	5,660,388,131.23	3,960,574,126.00
<b>Total non-current assets</b>	<b>93,261,441,550.45</b>	<b>82,447,131,808.91</b>
<b>Total assets</b>	<b>108,021,850,204.60</b>	<b>97,014,624,091.31</b>

	As of 30 September 2018 (Unaudited) (RMB)	As of 31 December 2017 (Audited) (RMB)
<b>Current liabilities</b>		
Short-term loans	3,766,482,983.01	300,010,000.00
Notes payable and accounts payable	555,543,555.39	491,215,018.66
Advance from customers	1,513,280,592.83	3,068,282,301.16
Contract liabilities	1,448,450,528.34	–
Payroll payable	443,083,809.79	800,537,116.04
Taxes payable	714,540,269.68	927,266,639.50
Other payables	8,994,871,208.78	7,579,360,891.86
Non-current liabilities due within one year	8,664,937,265.30	9,550,075,473.97
<b>Total current liabilities</b>	<b>26,101,190,213.12</b>	<b>22,716,747,441.19</b>
<b>Non-current liabilities</b>		
Long-term loans	14,881,560,453.45	11,372,664,484.81
Bonds payable	5,041,965,035.65	4,896,478,160.15
Long-term payables	1,390,122,004.28	1,415,698,075.42
Deferred income	194,401,808.35	192,141,221.74
Deferred tax liabilities	10,503,932,950.59	9,714,400,823.89
Other non-current liabilities	4,983,200,329.46	2,774,520,500.00
<b>Total non-current liabilities</b>	<b>36,995,182,581.78</b>	<b>30,365,903,266.01</b>
<b>Total liabilities</b>	<b>63,096,372,794.90</b>	<b>53,082,650,707.20</b>

	As of 30 September 2018 (Unaudited) (RMB)	As of 31 December 2017 (Audited) (RMB)
<b>Equity</b>		
Paid-in capital	3,550,000,000.00	3,623,917,038.00
Capital reserve	4,313,367,986.82	5,362,115,385.55
Other comprehensive income	1,244,465,323.76	1,562,965,633.10
Surplus reserve	1,623,080,808.19	1,623,080,808.19
Retained earnings	30,553,329,409.47	28,254,693,080.77
General risk reserves	13,301,928.90	–
<b>Total equity attributable to owners of the Company</b>	<b>41,297,545,457.14</b>	40,426,771,945.61
Non-controlling interests	<u>3,627,931,952.56</u>	<u>3,505,201,438.50</u>
<b>Total equity</b>	<b><u>44,925,477,409.70</u></b>	<b><u>43,931,973,384.11</u></b>
<b>Total liabilities and equity</b>	<b><u>108,021,850,204.60</u></b>	<b><u>97,014,624,091.31</u></b>

As of the end of the Reporting Period, the balance of the total borrowings of the Group amounted to RMB34,673,948,210.69.

The table below sets forth the data of Consolidated Income Statement of the Group during the Reporting Period:

		For the nine months ended	
		30 September	
		(unaudited)	
		2018	2017
			(Restated)
		(RMB)	(RMB)
<b>I.</b>	<b>Revenue</b>	<b>9,991,410,787.72</b>	7,721,518,276.67
	Less: Cost of sales	<b>3,197,797,290.29</b>	2,324,906,937.40
	Taxes and surcharges	<b>281,079,816.16</b>	232,529,319.91
	Distribution and selling expenses	<b>1,137,308,663.11</b>	948,484,180.89
	General and Administrative expenses	<b>917,733,885.00</b>	753,765,952.20
	Research and development expenses	<b>14,925,829.28</b>	–
	Financial expenses	<b>1,179,812,349.59</b>	855,798,903.15
	Including: Interest expenses	<b>1,210,653,030.06</b>	907,419,394.12
	Interest income	<b>226,380,057.99</b>	57,927,341.54
	Impairment loss of assets	–	155,477,057.19
	Impairment loss of credit	<b>204,918,524.84</b>	–
	Add: Other income	<b>101,734,128.72</b>	10,922,725.24
	Investment income	<b>217,203,498.47</b>	546,930,213.98
	Including: Investment income		
	from associates and		
	joint ventures	<b>143,661,017.82</b>	72,093,985.21
	Gain or loss on changes in fair value	<b>1,697,612,356.91</b>	1,255,146,738.52
	Gain from disposal of assets	<b>214,476,692.81</b>	22,347.51

		For the nine months ended 30 September (unaudited) 2018		2017 (Restated)
		(RMB)		(RMB)
<b>II. Operating profit</b>		<b>5,288,861,106.36</b>		4,263,577,951.18
Add: Non-operating income		<b>24,293,123.39</b>		129,645,216.28
Less: Non-operating expenses		<b>22,714,078.00</b>		27,836,775.07
<b>III. Total profit</b>		<b>5,290,440,151.75</b>		4,365,386,392.39
Less: Income tax expenses		<b>898,913,134.19</b>		1,322,954,067.43
<b>IV. Net profit</b>		<b>4,391,527,017.56</b>		3,042,432,324.96
1) According to the classification of continuity of operation				
1. Net profit from continuing operations		<b>4,391,527,017.56</b>		3,042,432,324.96
2. Net profit from discontinued operations			—	—
(2) According to the classification of ownership				
1. Non-controlling interests		<b>231,291,393.41</b>		202,680,663.23
2. Net profit attributable to owners of the Company		<b>4,160,235,624.15</b>		2,839,751,661.73
<b>V. Other comprehensive income (after tax)</b>		<b>(250,454,949.44)</b>		1,484,052,128.57
Other comprehensive income (after tax) attributable to owners of the Company		<b>(203,302,964.36)</b>		1,335,646,915.71



	For the nine months ended 30 September (unaudited) 2018 (RMB)		2017 (Restated) (RMB)
(1) Other comprehensive income that will not be reclassified to profit or loss	(203,302,964.36)		–
1. Changes in fair value of other equity instrument investments	(203,302,964.36)		–
(2) Other comprehensive income that will be reclassified to profit or loss	–	1,335,646,915.71	
1. Gain or loss on changes in fair value of available-for-sale financial assets	–	1,335,646,915.71	
Other comprehensive income (after tax) attributable to non-controlling interests	(47,151,985.08)	148,405,212.86	
<b>VI. Total comprehensive income</b>	<b>4,141,072,068.12</b>	4,526,484,453.53	
Total comprehensive income attributable to owners of the Company	<b>3,956,932,659.79</b>	4,175,398,577.44	
Total comprehensive income attributable to non-controlling interests	<b>184,139,408.33</b>	351,085,876.09	
<b>VII. Earnings per share</b>			
(1) Basic earnings per share	<b>1.09</b>		0.78
(2) Diluted earnings per share	<b>N/A</b>		N/A

During the Reporting Period, the net profit after deducting non-recurring profit or loss attributable to owners of the Group amounted to RMB2,199,292,949.38, representing an increase of 27.54% from RMB1,724,378,474.08 for the same period of 2017.

The table below sets forth the key data of the Statement of Consolidated Cash Flows of the Group during the Reporting Period:

	For the nine months ended 30 September (unaudited) 2018 (RMB)		2017 (Restated) (RMB)
Net cash flow from operating activities	3,191,455,675.77		4,125,927,648.96
Net cash flow from investment activities	(8,263,077,268.64)		(3,930,019,279.05)
Net cash flow from financing activities	1,993,877,325.86		6,282,923,655.89
Effect of foreign exchange rate changes on cash and cash equivalents	(3,110,649.21)		–
Net increase in cash and cash equivalents	(3,080,854,916.22)		6,478,832,025.80
Opening balance of cash and cash equivalents	10,269,293,739.45		5,892,424,707.42
Closing balance of cash and cash equivalents	<u>7,188,438,823.23</u>		<u>12,371,256,733.22</u>

The aforesaid unaudited key financial information of the Group during the Reporting Period 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 for reference only. 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  
29 October 2018

*As at the date of this announcement, the executive Directors of the Company are CHE Jianxing, 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.*