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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 THREE MONTHS ENDED 31 MARCH 2021 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 three months ended 31 March 2021 (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**”), 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 2016, 2018, 2019 and 2020. For the details of the issuance of the Domestic Corporate Bonds and the completion of the issuance, please refer to the announcement published by the Company on the website of The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) dated 15 July 2016 and the announcements published by the Company on the Shanghai Stock Exchange dated 7 November 2018, 11 June 2019, 11 March 2020, 4 June 2020 and 2 November 2020, respectively.

In 2017, Hong Kong Red Star Macalline Universal Home Furnishings Limited, a wholly-owned subsidiary of the Company, also issued 3.375% guaranteed bonds with a total principal of US\$300,000,000 due in 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 by the Company on the website of the Hong Kong Stock Exchange on 21 September 2017 for details.

The Company also issued 2018 first tranche of mid-term notes, 2019 first tranche of mid-term notes and 2020 first tranche of mid-term notes (the “**Mid-term notes**”) in October 2018, January 2019 and January 2020, respectively. For the details of the issuance of the Mid-term notes and the completion of the issuance, please refer to the announcements of the Company dated 24 October 2018, 25 January 2019 and 21 January 2020, respectively. Pursuant to the requirements of relevant regulations of 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 website of Shanghai Clearing House (www.shclearing.com) and the website of Chinamoney (www.chinamoney.com.cn) before 30 April 2021.

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

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

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

	For the three months ended 31 March	
	(Unaudited)	
	2021	2020
	(RMB)	(RMB)
I. Revenue	3,341,114,612.93	2,556,242,675.51
Less: Cost of sales	1,252,469,720.23	946,009,516.61
Taxes and surcharges	91,959,906.13	81,934,116.61
Distribution and selling expenses	364,220,013.81	171,955,245.94
General and administrative expenses	386,530,255.74	322,502,587.19
Research and development expenses	12,687,075.51	6,574,561.40
Financial expenses	570,031,774.55	652,110,635.71
Including: Interest expenses	636,172,735.08	640,980,328.29
Interest income	55,309,300.95	29,363,302.35
Add: Other income	37,627,384.69	43,970,437.75
Investment income	97,136,211.91	7,622,135.39
Including: Investment income from associates and joint ventures	9,112,094.90	18,980,459.40
Gain from fair value changes	209,003,170.04	185,088,275.29
Impairment loss of credit (losses are presented with parentheses)	(6,885,989.90)	(33,693,346.51)
Impairment loss of assets (losses are presented with parentheses)	(17,245,616.00)	—
Gain from disposal of assets	10,056,399.54	92,565.30
II. Operating profit	992,907,427.24	578,236,079.27
Add: Non-operating income	13,751,638.95	4,772,953.57
Less: Non-operating expenses	6,135,629.53	29,755,815.76
III. Total profit	1,000,523,436.66	553,253,217.08
Less: income tax expenses	276,119,077.02	152,560,791.68

For the three months ended 31 March		
(Unaudited)		
	2021	2020
	(RMB)	(RMB)
IV. Net profit	724,404,359.64	400,692,425.40
According to the classification of ownership		
Non-controlling interests	1,906,184.93	7,587,342.72
Net profit attributable to owners of the Company	722,498,174.71	393,105,082.68
V. Other comprehensive income/(loss) (after tax)	214,574,584.79	(204,312,397.17)
Other comprehensive income/(loss) (after tax)		
attributable to owners of the Company	211,026,669.38	(184,238,914.79)
Other comprehensive income that will not be reclassified to profit or loss	212,447,044.84	(186,820,984.33)
Changes in fair value of other equity instrument investments	212,447,044.84	(186,820,984.33)
Other comprehensive income that will be reclassified to profit or loss	(1,420,375.46)	2,582,069.54
Converted difference in Foreign Currency Statements	(1,989,403.50)	(683,229.27)
Others	569,028.04	3,265,298.81
Other comprehensive income/(loss) (after tax) attributable to non-controlling interests	3,547,915.41	(20,073,482.38)
VI. Total comprehensive income	938,978,944.43	196,380,028.23
Total comprehensive income attributable to owners of the Company	933,524,844.09	208,866,167.89
Total comprehensive income attributable to non-controlling interests	5,454,100.34	(12,486,139.66)
VII. Earnings per share:		
(I) Basic earnings per share	0.19	0.10
(II) Diluted earnings per share	N/A	N/A

During the Reporting Period, the net profit attributable to owners of the Company after deducting non-recurring profit or loss amounted to RMB412,626,993.50, representing an increase of 101.45% from RMB204,824,179.65 for the same period of 2020.

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

	For the three months ended 31 March	
	2021	2020
	(RMB)	(RMB)
Net cash flow from operating activities	736,290,528.64	(1,060,020,836.59)
Net cash flow from investment activities	(250,113,039.09)	(3,696,421,722.71)
Net cash flow from financing activities	(840,228,998.50)	4,617,666,488.05
Impact of exchange rate changes on cash and cash equivalents	3,670,462.39	(295,500.62)
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Net decrease in cash and cash equivalents	(350,381,046.56)	(139,071,571.87)
Opening balance of cash and cash equivalents	5,901,061,909.81	6,776,764,273.19
Closing balance of cash and cash equivalents	5,550,680,863.25	6,637,692,701.32
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The table below sets forth the data of the Consolidated Balance Sheet of the Group as at the end of the Reporting Period:

	As at 31 March 2021 (Unaudited) (RMB)	As at 31 March 2020 (Audited) (RMB)
Current assets:		
Cash and bank balances	7,907,061,378.15	6,511,092,198.09
Financial assets held for trading	75,099,934.74	247,611,072.73
Derivative financial assets	16,318,304.53	2,160,732.11
Accounts receivable	2,184,296,990.46	1,934,826,113.43
Receivables financing	5,900,000.00	5,872,800.00
Prepayments	415,008,919.51	323,626,340.62
Other receivables	1,648,946,965.08	1,524,654,743.28
Inventories	338,416,317.76	328,295,668.02
Contract assets	1,268,657,015.51	1,375,364,101.48
Non-current assets due within one year	234,364,770.51	248,704,377.99
Other current assets	2,628,791,870.03	2,634,575,271.37
Total current assets	16,722,862,466.28	15,136,783,419.12
Non-current assets:		
Long-term receivables	516,276,761.47	532,498,896.89
Long-term equity investments	3,748,022,401.89	3,703,895,492.49
Other equity instrument investments	4,360,006,055.05	4,206,678,046.54
Other non-current financial assets	397,924,540.60	396,924,540.60
Investment properties	95,044,000,000.00	93,150,000,000.00
Fixed assets	2,656,008,530.88	2,737,965,196.94
Construction in progress	80,908,594.86	80,629,155.83
Right-of-use assets	4,223,028,577.96	3,852,597,418.85
Intangible assets	356,684,771.22	343,768,582.72
Development expenditure	12,117,628.76	30,837,675.61
Goodwill	97,597,047.85	97,597,047.85
Long-term prepaid expenses	432,597,618.51	454,054,803.22
Deferred tax assets	1,601,815,173.84	1,541,067,156.39
Other non-current assets	4,800,442,530.14	5,282,621,202.44
Total non-current assets	118,327,430,233.03	116,411,135,216.37
Total assets	135,050,292,699.31	131,547,918,635.49

	As at 31 March 2021 (Unaudited) (RMB)	As at 31 March 2020 (Audited) (RMB)
Current liabilities		
Short-term loans	3,567,903,691.94	3,448,371,909.45
Notes payable	241,950,000.00	—
Accounts payable	2,081,766,878.14	2,085,329,223.24
Advance from customers	923,173,705.48	960,787,153.16
Contract liabilities	2,224,283,061.17	2,287,548,874.89
Payroll payable	338,946,404.17	563,788,624.24
Taxes payable	568,653,804.70	671,338,917.19
Other payables	10,892,421,490.27	8,987,388,645.49
Non-current liabilities due within one year	12,021,384,899.49	11,897,443,643.72
Other current liabilities	265,183,286.24	736,850,395.29
Total current liabilities	33,125,667,221.60	31,638,847,386.67
Non-current liabilities		
Long-term loans	23,093,403,614.28	22,212,429,627.44
Bonds payable	3,452,413,618.83	4,432,634,711.35
Lease liabilities	4,444,877,720.49	4,082,933,276.21
Long-term payables	727,628,100.66	712,856,318.61
Deferred income	228,044,159.80	224,943,229.90
Deferred tax liabilities	12,764,287,800.59	12,517,571,618.93
Other non-current liabilities	5,132,480,651.15	4,627,859,670.75
Total non-current liabilities	49,843,135,665.80	48,811,228,453.19
Total liabilities	82,968,802,887.40	80,450,075,839.86
Equity		
Share capital	3,905,000,000.00	3,905,000,000.00
Capital reserve	3,648,120,125.82	3,648,120,125.82
Other comprehensive income	1,882,704,455.42	1,720,585,961.74
Surplus reserve	2,076,486,432.95	2,076,486,432.95
Retained earnings	36,984,432,773.77	36,213,026,423.36
Total equity attributable to owners of the Company	48,496,743,787.96	47,563,218,943.87
Non-controlling interests	3,584,746,023.95	3,534,623,851.76
Total equity	52,081,489,811.91	51,097,842,795.63
Total liabilities and equity	135,050,292,699.31	131,547,918,635.49

As of the end of the Reporting Period, the balance of the total borrowings of the Group amounted to RMB45,926,268,386.44.

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
Vice Chairman

Shanghai, the PRC
29 April 2021

As at the date of this announcement, the executive Directors of the Company are CHE Jianxing, GUO Binghe, CHE Jianfang and JIANG Xiaozhong; the non-executive Directors are CHEN Shuhong, JING Jie, XU Hong, LIU Jin and CHEN Zhaohui ; and the independent non-executive Directors are QIAN Shizheng, LEE Kwan Hung, Eddie, WANG Xiao, ZHAO Chongyi and QIN Hong.