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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 2022 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 2022 (the “**Reporting Period**”). This announcement is made pursuant to the Inside Information Provisions under 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, 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 11 June 2019, 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 2019 first tranche of mid-term notes and 2020 first tranche of mid-term notes (the “**Mid-term notes**”) in 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 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](http://www.shclearing.com)) and the website of Chinamoney ([www.chinamoney.com.cn](http://www.chinamoney.com.cn)) before 30 April 2022.

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:

	<b>For the three months ended 31 March</b>	
	<b>(Unaudited)</b>	
	<b>2022</b>	<b>2021</b>
	<b>(RMB)</b>	<b>(RMB)</b>
<b>I. Revenue</b>	<b>3,374,807,743.81</b>	3,341,114,612.93
Less: Cost of sales	<b>1,300,549,753.44</b>	1,252,469,720.23
Taxes and surcharges	<b>97,045,372.88</b>	91,959,906.13
Distribution and selling expenses	<b>277,993,082.37</b>	364,220,013.81
General and administrative expenses	<b>353,668,177.23</b>	386,530,255.74
Research and development expenses	<b>13,629,995.02</b>	12,687,075.51
Financial expenses	<b>570,674,287.07</b>	570,031,774.55
Including: Interest expenses	<b>628,473,254.29</b>	636,172,735.08
Interest income	<b>65,088,883.44</b>	55,309,300.95
Add: Other income	<b>14,773,280.24</b>	37,627,384.69
Investment income	<b>52,430,162.93</b>	97,136,211.91
Including: Investment income from associates and joint ventures	<b>46,642,531.08</b>	9,112,094.90
Gain from fair value changes	<b>83,933,385.81</b>	209,003,170.04
Impairment loss of credit (losses are presented with parentheses)	<b>(35,839,545.03)</b>	(6,885,989.90)
Impairment loss of assets (losses are presented with parentheses)	<b>105,035.43</b>	(17,245,616.00)
Gain from disposal of assets	<b>10,650,954.70</b>	10,056,399.54

	For the three months ended 31 March (Unaudited)	
	2022 (RMB)	2021 (RMB)
<b>II. Operating profit</b>	<b>887,300,349.88</b>	992,907,427.24
Add: Non-operating income	<b>5,725,741.69</b>	13,751,638.95
Less: Non-operating expenses	<b>11,426,805.40</b>	6,135,629.53
<b>III. Total profit</b>	<b>881,599,286.17</b>	1,000,523,436.66
Less: income tax expenses	<b>249,119,422.42</b>	276,119,077.02
<b>IV. Net profit</b>	<b>632,479,863.75</b>	724,404,359.64
According to the classification of ownership		
Non-controlling interests	<b>(65,473,090.82)</b>	1,906,184.93
Net profit attributable to owners of the Company	<b>697,952,954.57</b>	722,498,174.71
<b>V. Other comprehensive (loss)/income (after tax)</b>	<b>(627,930,139.05)</b>	214,574,584.79
Other comprehensive (loss)/income (after tax) attributable to owners of the Company	<b>(625,179,748.65)</b>	211,026,669.38
Other comprehensive income that will not be reclassified to profit or loss	<b>(631,431,748.87)</b>	212,447,044.84
Changes in fair value of other equity instrument investments	<b>(631,431,748.87)</b>	212,447,044.84
Other comprehensive income that will be reclassified to profit or loss	<b>6,252,000.22</b>	(1,420,375.46)
Converted difference in Foreign Currency Statements	<b>(838,518.75)</b>	(1,989,403.50)
Others	<b>7,090,518.97</b>	569,028.04
Other comprehensive (loss)/income (after tax) attributable to non-controlling interests	<b>(2,750,390.40)</b>	3,547,915.41
<b>VI. Total comprehensive income</b>	<b>4,549,724.70</b>	938,978,944.43
Total comprehensive income attributable to owners of the Company	<b>72,773,205.92</b>	933,524,844.09
Total comprehensive income attributable to non-controlling interests	<b>(68,223,481.22)</b>	5,454,100.34
<b>VII. Earnings per share:</b>		
(I) Basic earnings per share	<b>0.16</b>	0.19
(II) Diluted earnings per share	<b>N/A</b>	N/A

During the Reporting Period, the net profit attributable to owners of the Company after deducting non-recurring profit or loss amounted to RMB475,750,169.04, representing an increase of 15.3% from RMB412,626,993.50 for the same period of 2021.

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

	<b>For the three months ended 31 March</b>	
	<b>2022</b>	<b>2021</b>
	<b>(RMB)</b>	<b>(RMB)</b>
Net cash flow from operating activities	<b>1,260,086,068.27</b>	736,290,528.64
Net cash flow from investment activities	<b>406,623,407.24</b>	(250,113,039.09)
Net cash flow from financing activities	<b>(1,918,853,788.71)</b>	(840,228,998.50)
Impact of exchange rate changes on cash and cash equivalents	<b>(984,630.81)</b>	3,670,462.39
Net decrease in cash and cash equivalents	<b>(253,128,944.01)</b>	(350,381,046.56)
Opening balance of cash and cash equivalents	<b>6,097,986,723.20</b>	5,901,061,909.81
Closing balance of cash and cash equivalents	<b>5,844,857,779.19</b>	5,550,680,863.25

The table below sets forth the data of the Consolidated Balance Sheet of the Group as at the end of the Reporting Period:

	<b>As at 31 March</b>	<b>As at 31 December</b>
	<b>2022</b>	<b>2021</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>(RMB)</b>	<b>(RMB)</b>
<b>Current assets:</b>		
Cash and bank balances	<b>6,544,896,914.29</b>	6,903,715,249.53
Financial assets held for trading	<b>1,605,816,024.61</b>	1,018,692,853.25
Notes receivable	<b>69,690,175.54</b>	86,554,182.13
Accounts receivable	<b>1,934,502,912.47</b>	1,957,650,342.07
Prepayments	<b>418,991,991.34</b>	305,043,459.08
Other receivables	<b>1,086,852,329.65</b>	935,666,616.98
Inventories	<b>325,054,274.34</b>	329,087,511.33
Contract assets	<b>1,686,812,881.72</b>	1,705,475,178.70
Non-current assets due within one year	<b>141,424,400.00</b>	140,144,400.00
Other current assets	<b>2,195,591,893.93</b>	2,270,860,332.29
<b>Total current assets</b>	<b>16,009,633,797.89</b>	15,652,890,125.36

	As at 31 March 2022 (Unaudited) (RMB)	As at 31 December 2021 (Audited) (RMB)
<b>Non-current assets:</b>		
Long-term receivables	463,181,787.56	433,325,229.21
Long-term equity investments	3,973,353,835.85	3,929,090,179.77
Other equity instrument investments	3,288,820,802.78	4,169,970,944.17
Other non-current financial assets	375,774,540.60	370,774,540.60
Investment properties	95,933,000,000.00	95,575,000,000.00
Fixed assets	2,567,996,224.72	2,655,001,955.04
Construction in progress	71,886,702.53	88,911,088.97
Right-of-use assets	3,712,973,028.77	3,899,861,973.84
Intangible assets	116,980,323.98	125,191,951.03
Development expenditure	12,117,628.76	12,238,146.01
Goodwill	97,597,047.85	97,597,047.85
Long-term prepaid expenses	477,895,372.40	504,900,607.96
Deferred tax assets	2,838,427,729.48	2,670,232,754.70
Other non-current assets	5,159,775,856.17	5,002,555,455.51
<b>Total non-current assets</b>	<b>119,089,780,881.45</b>	<b>119,534,651,874.66</b>
<b>Total assets</b>	<b>135,099,414,679.34</b>	<b>135,187,542,000.02</b>

	As at 31 March 2022 (Unaudited) (RMB)	As at 31 December 2021 (Audited) (RMB)
<b>Current liabilities</b>		
Short-term loans	2,307,330,014.42	2,957,088,415.02
Derivative financial liabilities	19,188,606.71	18,167,670.06
Notes payable	300,931,799.24	9,000,000.00
Accounts payable	1,818,133,078.04	2,400,880,410.78
Advance from customers	1,523,565,137.64	1,692,678,416.28
Contract liabilities	2,093,920,626.52	1,925,076,587.06
Payroll payable	459,553,401.40	609,186,211.11
Taxes payable	800,448,040.16	828,853,545.05
Other payables	12,409,321,409.65	9,770,693,294.55
Non-current liabilities due within one year	10,600,439,956.87	11,699,289,233.98
Other current liabilities	202,792,225.32	220,624,831.48
<b>Total current liabilities</b>	<b>32,535,624,295.97</b>	<b>32,131,538,615.37</b>
<b>Non-current liabilities</b>		
Long-term loans	21,496,035,077.28	21,606,316,908.01
Bonds payable	533,394,563.42	532,619,987.37
Lease liabilities	3,710,385,013.31	3,957,786,655.49
Long-term payables	728,068,213.40	730,548,821.82
Deferred income	214,559,875.54	213,857,300.87
Deferred tax liabilities	13,464,697,122.29	13,401,316,273.63
Other non-current liabilities	4,987,386,506.60	5,082,339,292.35
<b>Total non-current liabilities</b>	<b>45,134,526,371.84</b>	<b>45,524,785,239.54</b>
<b>Total liabilities</b>	<b>77,670,150,667.81</b>	<b>77,656,323,854.91</b>

	As at 31 March 2022 (Unaudited) (RMB)	As at 31 December 2021 (Audited) (RMB)
<b>Equity</b>		
Share capital	4,354,732,673.00	4,354,732,673.00
Capital reserve	6,880,607,405.05	6,880,495,088.02
Other comprehensive income	1,251,540,275.83	1,877,732,755.94
Surplus reserve	2,206,429,308.76	2,206,429,308.76
Retained earnings	39,361,375,277.72	38,662,409,591.69
<b>Total equity attributable to owners of the Company</b>	<b>54,054,684,940.36</b>	53,981,799,417.41
Non-controlling interests	3,374,579,071.17	3,549,418,727.70
<b>Total equity</b>	<b>57,429,264,011.53</b>	57,531,218,145.11
<b>Total liabilities and equity</b>	<b>135,099,414,679.34</b>	135,187,542,000.02

As of the end of the Reporting Period, the balance of the total borrowings of the Group amounted to RMB37,712,243,089.84.

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 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.**  
**QIU Zhe**  
*Secretary of the Board and Joint Company Secretary*

Shanghai, the PRC  
29 April 2022

*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, CHEN Zhaohui, JIANG Xiangyu, HU Xiao and YANG Guang; and the independent non-executive Directors are QIAN Shizheng, LEE Kwan Hung, Eddie, WANG Xiao, ZHAO Chongyi and QIN Hong.*