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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)

(Listed Debt Securities Code: 5454)

RESULTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 30 SEPTEMBER 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 nine months ended 30 September 2022 (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 2019 and 2020. For the details of the issuance of the Domestic Corporate Bonds and the completion of the issuance, please refer to the announcements published by the Company on the Shanghai Stock Exchange dated 11 June 2019 and 2 November 2020, respectively.

In 2022, the Company issued 5.20% credit enhanced bonds with a total principal amount of US\$249,700,000 due in 2025 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 Stock Exchange of Hong Kong Limited on 24 August 2022 for details.

The Company also issued 2020 first tranche of mid-term notes (the “**Mid-term notes**”) in January 2020. 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 20 January 2020. 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.cn) and the website of Chinamoney (www.chinamoney.com.cn) before 30 October 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:

| | For the nine months ended 30 September | |
|---|---|-------------------|
| | (Unaudited) | |
| | 2022 | 2021 |
| | (RMB) | (RMB) |
| I. Revenue | 10,483,872,179.16 | 11,354,244,621.56 |
| Less: Cost of sales | 4,174,858,231.79 | 4,190,608,366.47 |
| Taxes and surcharges | 310,021,693.43 | 315,557,426.96 |
| Distribution and selling expenses | 1,041,228,597.41 | 1,371,244,362.68 |
| General and administrative expenses | 975,732,589.76 | 1,353,994,618.72 |
| Research and development expenses | 34,414,109.82 | 42,123,793.66 |
| Financial expenses | 1,771,406,018.09 | 1,887,238,909.98 |
| Including: Interest expenses | 1,899,153,951.58 | 2,050,321,617.59 |
| Interest income | 174,617,731.89 | 164,950,773.84 |
| Add: Other income | 81,236,202.66 | 93,971,492.96 |
| Investment income | 127,178,057.99 | 502,148,180.74 |
| Including: Investment income from associates and joint ventures | 53,853,731.96 | 9,197,515.06 |
| Gain from fair value changes | 99,739,781.87 | 239,323,210.01 |
| Impairment loss of credit (losses are presented with parentheses) | (203,974,120.15) | (167,525,724.72) |
| Impairment loss of assets (losses are presented with parentheses) | (5,635,373.42) | (4,246,508.68) |
| (Loss)/gains from disposal of assets | (302,843.71) | 13,888,136.86 |

| | For the nine months ended 30 September | |
|---|---|------------------|
| | (Unaudited) | |
| | 2022 | 2021 |
| | (RMB) | (RMB) |
| II. Operating profit | 2,274,452,644.10 | 2,871,035,930.26 |
| Add: Non-operating income | 32,074,944.43 | 28,756,294.24 |
| Less: Non-operating expenses | 25,898,221.48 | 36,089,142.61 |
| III. Total profit | 2,280,629,367.05 | 2,863,703,081.89 |
| Less: income tax expenses | 956,689,485.21 | 712,738,411.12 |
| IV. Net profit | 1,323,939,881.84 | 2,150,964,670.77 |
| According to the classification of ownership | | |
| Non-controlling interests | 5,982,917.02 | 86,059,036.47 |
| Net profit attributable to owners of the Company | 1,317,956,964.82 | 2,064,905,634.30 |
| V. Other comprehensive (loss)/income (after tax) | (591,602,076.65) | 978,825,774.88 |
| Other comprehensive (loss)/income (after tax) attributable to owners of the Company | (591,393,241.66) | 977,099,674.91 |
| Other comprehensive income that will not be reclassified to profit or loss | (508,224,795.87) | 991,181,033.17 |
| Changes in fair value of other equity instrument investments | (508,224,795.87) | 991,181,033.17 |
| Other comprehensive income that will be reclassified to profit or loss | (83,168,445.79) | (14,081,358.26) |
| Converted difference in Foreign Currency Statements | 3,703,033.13 | (3,088,043.78) |
| Others | (86,871,478.92) | (10,993,314.48) |
| Other comprehensive (loss)/income (after tax) attributable to non-controlling interests | (208,834.99) | 1,726,099.97 |
| VI. Total comprehensive income | 732,337,805.19 | 3,129,790,445.65 |
| Total comprehensive income attributable to owners of the Company | 726,563,723.16 | 3,042,005,309.21 |
| Total comprehensive income attributable to non-controlling interests | 5,774,082.03 | 87,785,136.44 |
| VII. Earnings per share: | | |
| (I) Basic earnings per share | 0.30 | 0.53 |
| (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 RMB1,120,754,212.76, representing a decrease of 23.68% from RMB1,468,453,301.50 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:

| | For the nine months ended 30 September | |
|--|---|--------------------|
| | 2022 | 2021 |
| | (RMB) | (RMB) |
| Net cash flow from operating activities | 3,975,737,906.64 | 4,774,213,108.37 |
| Net cash flow from investing activities | 170,509,021.62 | 2,125,596,191.19 |
| Net cash flow from financing activities | (5,053,574,314.65) | (7,048,132,313.27) |
| Impact of exchange rate changes on cash and cash equivalents | 1,654,559.58 | (160,903.13) |
| Net decrease in cash and cash equivalents | (905,672,826.81) | (148,483,916.84) |
| Opening balance of cash and cash equivalents | 6,097,986,723.20 | 5,901,061,909.81 |
| Closing balance of cash and cash equivalents | 5,192,313,896.39 | 5,752,577,992.97 |

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 30 September | As at 31 December |
|--|---------------------------|--------------------------|
| | 2022 | 2021 |
| | (Unaudited) | (Audited) |
| | (RMB) | (RMB) |
| Current assets: | | |
| Cash and bank balances | 5,738,284,486.77 | 6,903,715,249.53 |
| Financial assets held for trading | 1,002,221,372.29 | 1,018,692,853.25 |
| Derivative financial assets | – | – |
| Notes receivable | 37,711,002.47 | 86,554,182.13 |
| Accounts receivable | 2,133,280,588.86 | 1,957,650,342.07 |
| Receivables financing | – | – |
| Prepayments | 303,439,778.44 | 305,043,459.08 |
| Other receivables | 1,299,787,956.24 | 935,666,616.98 |
| Inventories | 322,809,645.47 | 329,087,511.33 |
| Contract assets | 1,941,720,261.10 | 1,705,475,178.70 |
| Non-current assets due within one year | 135,393,785.84 | 140,144,400.00 |
| Other current assets | 2,007,034,911.03 | 2,270,860,332.29 |
| Total current assets | 14,921,683,788.51 | 15,652,890,125.36 |

| | As at 30 September 2022 (Unaudited) (RMB) | As at 31 December 2021 (Audited) (RMB) |
|-------------------------------------|--|---|
| Non-current assets: | | |
| Long-term receivables | 499,274,016.12 | 433,325,229.21 |
| Long-term equity investments | 3,851,358,767.21 | 3,929,090,179.77 |
| Other equity instrument investments | 2,945,737,873.50 | 4,169,970,944.17 |
| Other non-current financial assets | 377,324,540.60 | 370,774,540.60 |
| Investment properties | 96,323,000,000.00 | 95,575,000,000.00 |
| Fixed assets | 2,532,488,062.26 | 2,655,001,955.04 |
| Construction in progress | 128,087,246.11 | 88,911,088.97 |
| Right-of-use assets | 3,401,498,592.87 | 3,899,861,973.84 |
| Intangible assets | 101,546,649.70 | 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 | 425,044,843.02 | 504,900,607.96 |
| Deferred tax assets | 2,753,520,826.52 | 2,670,232,754.70 |
| Other non-current assets | 5,264,765,428.09 | 5,002,555,455.51 |
| | <u>118,713,361,522.61</u> | <u>119,534,651,874.66</u> |
| Total non-current assets | <u>118,713,361,522.61</u> | <u>119,534,651,874.66</u> |
| Total assets | <u>133,635,045,311.12</u> | <u>135,187,542,000.02</u> |

| | As at 30 September 2022 (Unaudited) (RMB) | As at 31 December 2021 (Audited) (RMB) |
|---|--|---|
| Current liabilities | | |
| Short-term loans | 2,274,709,214.53 | 2,957,088,415.02 |
| Derivative financial liabilities | – | 18,167,670.06 |
| Notes payable | 23,490,000.00 | 9,000,000.00 |
| Accounts payable | 2,050,514,743.44 | 2,400,880,410.78 |
| Advance from customers | 1,195,875,548.32 | 1,692,678,416.28 |
| Contract liabilities | 2,084,733,382.50 | 1,925,076,587.06 |
| Payroll payable | 407,530,012.76 | 609,186,211.11 |
| Taxes payable | 1,147,041,578.18 | 828,853,545.05 |
| Other payables | 12,234,669,219.56 | 9,770,693,294.55 |
| Non-current liabilities due within one year | 7,341,885,479.81 | 11,699,289,233.98 |
| Other current liabilities | 258,824,922.03 | 220,624,831.48 |
| Total current liabilities | 29,019,274,101.13 | 32,131,538,615.37 |
| Non-current liabilities | | |
| Long-term loans | 22,223,700,956.05 | 21,606,316,908.01 |
| Bonds payable | 1,755,779,075.96 | 532,619,987.37 |
| Lease liabilities | 3,614,574,675.15 | 3,957,786,655.49 |
| Long-term payables | 662,374,003.29 | 730,548,821.82 |
| Deferred income | 217,777,643.60 | 213,857,300.87 |
| Deferred tax liabilities | 13,878,546,744.25 | 13,401,316,273.63 |
| Other non-current liabilities | 4,605,450,122.75 | 5,082,339,292.35 |
| Total non-current liabilities | 46,958,203,221.05 | 45,524,785,239.54 |
| Total liabilities | 75,977,477,322.18 | 77,656,323,854.91 |

| | As at 30 September 2022 (Unaudited) (RMB) | As at 31 December 2021 (Audited) (RMB) |
|---|--|---|
| Equity | | |
| Share capital | 4,354,732,673.00 | 4,354,732,673.00 |
| Capital reserve | 6,880,744,030.77 | 6,880,495,088.02 |
| Treasury stock | (5,003,481.44) | – |
| Other comprehensive income | 1,247,160,959.02 | 1,877,732,755.94 |
| Surplus reserve | 2,206,429,308.76 | 2,206,429,308.76 |
| Retained earnings | 39,584,071,844.47 | 38,662,409,591.69 |
| Total equity attributable to owners of the Company | 54,268,135,334.58 | 53,981,799,417.41 |
| Non-controlling interests | 3,389,432,654.36 | 3,549,418,727.70 |
| Total equity | 57,657,567,988.94 | 57,531,218,145.11 |
| Total liabilities and equity | 133,635,045,311.12 | 135,187,542,000.02 |

As of the end of the Reporting Period, the balance of the total borrowings of the Group amounted to RMB35,705,332,654.15.

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.
QIU Zhe
Secretary of the Board and Joint Company Secretary

Shanghai, the PRC
28 October 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.