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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 THREE MONTHS ENDED 31 MARCH 2023 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 2023 (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 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.

Set out below is the unaudited key financial information of the Group during the Reporting Period:

(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)	
	2023	2022
	(RMB)	(RMB)
I. Revenue	2,616,557,956.86	3,374,807,743.81
Less: Cost of sales	1,051,628,658.53	1,300,549,753.44
Taxes and surcharges	91,733,335.61	97,045,372.88
Distribution and selling expenses	257,180,005.12	277,993,082.37
General and administrative expenses	291,976,018.69	353,668,177.23
Research and development expenses	4,971,244.23	13,629,995.02
Financial expenses	526,684,902.61	570,674,287.07
Including: Interest expenses	569,538,540.48	628,473,254.29
Interest income	50,297,562.76	65,088,883.44
Add: Other income	13,400,156.91	14,773,280.24
Investment income (losses are presented with parentheses)	(7,265,630.33)	52,430,162.93
Including: Investment income from associates and joint ventures	6,957,508.30	46,642,531.08
Gain from fair value changes (losses are presented with parentheses)	(46,166,936.10)	83,933,385.81
Impairment loss of credit (losses are presented with parentheses)	(39,451,585.14)	(35,839,545.03)
Impairment loss of assets (losses are presented with parentheses)	(5,920,220.28)	105,035.43
Gains from disposal of assets (losses are presented with parentheses)	(466,760.57)	10,650,954.70

	For the three months ended 31 March	
	(Unaudited)	
	2023	2022
	(RMB)	(RMB)
II. Operating profit	306,512,816.56	887,300,349.88
Add: Non-operating income	7,518,511.67	5,725,741.69
Less: Non-operating expenses	40,410,108.38	11,426,805.40
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III. Total profit	273,621,219.85	881,599,286.17
Less: Income tax expenses	88,489,260.57	249,119,422.42
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IV. Net profit	185,131,959.28	632,479,863.75
According to the classification of ownership		
Net profit attributable to owners of the Company	145,881,841.14	697,952,954.57
Non-controlling interests	39,250,118.14	(65,473,090.82)
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V. Other comprehensive income/(loss) (after tax)	60,341,184.68	(627,930,139.05)
Other comprehensive income/(loss) (after tax) attributable to owners of the Company	58,406,223.10	(625,179,748.65)
Other comprehensive income that will not be reclassified to profit or loss	58,996,336.32	(631,431,748.87)
Changes in fair value of other equity instrument investments	58,996,336.32	(631,431,748.87)
Other comprehensive income that will be reclassified to profit or loss	(590,113.22)	6,252,000.22
Converted difference in Foreign Currency Statements	(590,113.22)	(838,518.75)
Others	–	7,090,518.97
Other comprehensive income/(loss) (after tax) attributable to non-controlling interests	1,934,961.58	(2,750,390.40)
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VI. Total comprehensive income	245,473,143.96	4,549,724.70
Total comprehensive income attributable to owners of the Company	204,288,064.24	72,773,205.92
Total comprehensive income attributable to non-controlling interests	41,185,079.72	(68,223,481.22)
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VII. Earnings per share:		
(I) Basic earnings per share	0.03	0.16
(II) Diluted earnings per share	N/A	N/A
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During the Reporting Period, the net profit attributable to owners of the Company after deducting non-recurring profit or loss amounted to RMB216,445,463.65, representing a decrease of 54.50% from RMB475,750,169.04 for the same period of 2022.

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	
	2023	2022
	(RMB)	(RMB)
Net cash flow from operating activities	1,076,288,459.82	1,260,086,068.27
Net cash flow from investing activities	232,657,059.22	406,623,407.24
Net cash flow from financing activities	(1,501,355,849.19)	(1,918,853,788.71)
Impact of exchange rate changes on cash and cash equivalents	(736,131.70)	(984,630.81)
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Net decrease in cash and cash equivalents	(193,146,461.85)	(253,128,944.01)
Opening balance of cash and cash equivalents	2,608,263,749.30	6,097,986,723.20
Closing balance of cash and cash equivalents	2,415,117,287.45	5,844,857,779.19
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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	As at 31 December
	2023	2022
	(Unaudited)	(Audited)
	(RMB)	(RMB)
Current assets		
Cash and bank balances	2,663,616,225.03	2,928,468,586.28
Financial assets held for trading	645,295,599.71	921,837,612.31
Notes receivable	32,692,438.58	18,248,679.40
Accounts receivable	1,767,978,510.65	1,962,169,419.59
Receivables financing	–	767,209.39
Prepayments	398,293,500.71	366,585,465.41
Other receivables	1,307,918,420.71	991,627,850.74
Inventories	284,289,763.29	302,869,151.08
Contract assets	1,801,999,681.62	1,818,468,202.29
Non-current assets due within one year	415,139,076.23	346,261,776.46
Other current assets	1,852,869,802.18	1,796,285,510.01
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Total current assets	11,170,093,018.71	11,453,589,462.96
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	As at 31 March 2023 <i>(Unaudited)</i> <i>(RMB)</i>	As at 31 December 2022 <i>(Audited)</i> <i>(RMB)</i>
Non-current assets		
Long-term receivables	503,981,908.74	496,551,740.74
Long-term equity investments	3,608,113,353.82	3,757,062,104.96
Other equity instrument investments	2,532,027,737.75	2,586,569,213.72
Other non-current financial assets	326,574,540.60	332,274,540.60
Investment properties	95,845,000,000.00	95,709,000,000.00
Fixed assets	2,558,333,388.67	2,562,713,453.33
Construction in progress	89,054,614.39	89,425,176.04
Right-of-use assets	2,866,013,314.78	3,009,298,346.20
Intangible assets	93,077,877.64	94,762,755.97
Development expenditure	12,522,655.66	12,522,655.66
Goodwill	97,597,047.85	97,597,047.85
Long-term prepaid expenses	404,206,119.33	430,114,609.90
Deferred tax assets	3,127,438,276.88	2,998,869,059.68
Other non-current assets	4,417,028,601.86	4,480,318,946.21
	<u>116,480,969,437.97</u>	<u>116,657,079,650.86</u>
Total non-current assets	116,480,969,437.97	116,657,079,650.86
Total assets	127,651,062,456.68	128,110,669,113.82

	As at 31 March 2023 <i>(Unaudited)</i> <i>(RMB)</i>	As at 31 December 2022 <i>(Audited)</i> <i>(RMB)</i>
Current liabilities		
Short-term loans	1,956,927,317.41	1,998,588,895.61
Notes payable	199,526,093.40	44,411,884.31
Accounts payable	2,187,927,162.17	2,452,581,844.43
Advance from customers	718,205,235.02	873,854,704.72
Contract liabilities	1,566,463,852.96	1,839,929,633.10
Payroll payable	483,292,795.28	480,929,334.90
Taxes payable	1,366,814,508.36	1,306,094,822.58
Other payables	9,517,811,880.75	9,331,802,119.58
Non-current liabilities due within one year	6,525,889,532.29	6,787,035,526.55
Other current liabilities	325,822,773.55	246,363,068.48
	<u>24,848,681,151.19</u>	<u>25,361,591,834.26</u>
Total current liabilities		
Non-current liabilities		
Long-term loans	22,280,792,127.64	21,798,182,061.22
Bonds payable	1,701,582,501.22	1,723,399,633.59
Lease liabilities	3,158,096,813.21	3,336,523,938.34
Long-term payables	632,061,757.90	641,305,212.80
Deferred income	217,373,320.83	218,122,006.69
Deferred tax liabilities	13,747,927,662.52	13,655,812,782.52
Other non-current liabilities	3,817,884,073.68	4,380,374,556.81
	<u>45,555,718,257.00</u>	<u>45,753,720,191.97</u>
Total non-current liabilities		
Total liabilities	<u>70,404,399,408.19</u>	<u>71,115,312,026.23</u>

	As at 31 March 2023 (Unaudited) (RMB)	As at 31 December 2022 (Audited) (RMB)
Equity		
Share capital	4,354,732,673.00	4,354,732,673.00
Capital reserve	6,877,299,502.09	6,881,596,618.59
Less: Treasury stock	(5,003,481.44)	(5,003,481.44)
Other comprehensive income	1,003,335,686.75	1,012,724,841.48
Surplus reserve	2,293,732,034.41	2,293,732,034.41
Retained earnings	39,223,499,964.65	39,009,822,745.68
Total equity attributable to owners of the Company	53,747,596,379.46	53,547,605,431.72
Non-controlling interests	3,499,066,669.03	3,447,751,655.87
Total equity	57,246,663,048.49	56,995,357,087.59
Total liabilities and equity	127,651,062,456.68	128,110,669,113.82

As of the end of the Reporting Period, the balance of the total borrowings of the Group amounted to RMB34,107,841,430.08.

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
28 April 2023

As at the date of this announcement, the executive Directors of the Company are CHE Jianxing, LI Jianhong; the non-executive Directors are CHEN Zhaohui, JIANG Xiangyu, HU Xiao, ZHENG Yongda, WANG Wenhui and ZOU Shaorong; and the independent non-executive Directors are QIAN Shizheng, LEE Kwan Hung, Eddie, WANG Xiao, ZHAO Chongyi and QIN Hong.