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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 2024
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 2024 (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

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)	
	2024	2023
	(RMB)	(RMB)
		<i>(Restated)^{Note}</i>
I. Revenue	2,111,539,269.77	2,616,557,956.86
Less: Cost of sales	833,758,133.48	1,058,845,742.31
Taxes and surcharges	89,598,453.26	91,733,335.61
Distribution and selling expenses	201,718,786.52	257,180,005.12
General and administrative expenses	240,915,654.32	291,976,018.69
Research and development expenses	3,658,192.56	4,971,244.23
Financial expenses	644,505,766.61	526,684,902.61
Including: Interest expenses	676,395,686.94	569,538,540.48
Interest income	45,024,871.86	50,297,562.76
Add: Other income	6,974,444.03	13,400,156.91
Investment income (losses are presented with parentheses)	(14,866,279.62)	(7,265,630.33)
Including: Investment (loss)/income from associates and joint ventures	(30,594,403.63)	6,957,508.30
Gain from fair value changes (losses are presented with parentheses)	(324,385,651.35)	(10,493,307.96)
Impairment loss of credit (losses are presented with parentheses)	(66,537,553.86)	(39,451,585.14)
Impairment loss of assets (losses are presented with parentheses)	(3,160,485.18)	(5,920,220.28)
Gains from disposal of assets (losses are presented with parentheses)	(21,310.51)	(466,760.57)
	<u>(21,310.51)</u>	<u>(466,760.57)</u>

Note: Reference is made to the announcement of the Company dated 28 March 2024 in relation to corrections to the consolidated financial statements (the “**Announcement**”), whereby the Company has restated the comparative information for the corresponding period because of the reasons set out in the Announcement.

	For the three months ended 31 March	
	(Unaudited)	
	2024	2023
	(RMB)	(RMB)
		<i>(Restated)^{Note}</i>
II. Operating (loss)/profit	(304,612,553.47)	334,969,360.92
Add: Non-operating income	5,013,545.68	7,518,511.67
Less: Non-operating expenses	59,416,023.44	40,410,108.38
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III. Total (loss)/profit	(359,015,031.23)	302,077,764.21
Less: Income tax expenses	(1,564,911.34)	95,603,396.66
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IV. Net (loss)/profit	(357,450,119.89)	206,474,367.55
According to the classification of ownership		
Net (loss)/profit attributable to owners of the Company	(371,506,929.54)	167,224,249.41
Non-controlling interests	14,056,809.65	39,250,118.14
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V. Other comprehensive (loss)/income (after tax)	(55,212,776.60)	60,341,184.68
Other comprehensive (loss)/income (after tax) attributable to owners of the Company	(55,212,776.60)	58,406,223.10
Other comprehensive (loss)/income that will not be reclassified to profit or loss	(55,290,907.85)	58,996,336.32
Changes in fair value of other equity instrument investments	(55,290,907.85)	58,996,336.32
Other comprehensive income/(loss) that will be reclassified to profit or loss	78,131.25	(590,113.22)
Converted difference in Foreign Currency Statements	78,131.25	(590,113.22)
Other comprehensive income (after tax) attributable to non-controlling interests	–	1,934,961.58
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VI. Total comprehensive (loss)/income	(412,662,896.49)	266,815,552.23
Total comprehensive (loss)/income attributable to owners of the Company	(426,719,706.14)	225,630,472.51
Total comprehensive income attributable to non-controlling interests	14,056,809.65	41,185,079.72
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VII. Earnings per share:		
(I) Basic earnings per share	(0.09)	0.04
(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 RMB-119,275,435.40 (losses are presented with “-”), representing a decrease of 156.52% (turnaround from profits to losses) from RMB211,032,650.82 for the same period of 2023.

The main reasons for the change in results for the Reporting Period are as follows:

1. Operating Income

The change is mainly due to the fluctuation of the overall economic environment, leading to a temporary decline in the rental rate of the shopping malls. In order to support the continued operation of the merchants, the Company has provided more preferential treatments to retain them, and there has been a reduction in the number of projects in other business segments of the Company. These factors collectively led to a year-on-year decline in the Company’s operating income.

2. Financial Expenses

The Company has suspended the capitalization of interest on some projects whose construction progress is below expectations, resulting in an increase in financial expenses.

3. Loss on Fair Value Change of Investment Properties

The change is mainly due to the fluctuation of the overall economic environment, which has led to a temporary decline in the rental rate of the shopping malls. The Company has provided more preferential treatments to support the continued operation of the merchants, and consequently, there has been a decrease in the fair value of the investment properties. The loss on the fair value change for this period is RMB324 million, an increase of RMB314 million compared to the same period last year. Among this, the loss due to the fluctuation in the fair value of investment properties accumulated to RMB330 million, an increase of RMB306 million compared to the same period last year.

The table below sets forth the key data of the Statement of Consolidated Cash Flows of the Group during the Reporting Period (outflow of net cash flow or decrease in cash or cash equivalents are presented with parentheses):

	For the three months ended 31 March	
	2024	2023
	(RMB)	(RMB)
Net cash flow from operating activities	(181,674,312.38)	1,076,288,459.82
Net cash flow from investing activities	(470,841,213.48)	232,657,059.22
Net cash flow from financing activities	1,450,612,057.07	(1,501,355,849.19)
Impact of exchange rate changes on cash and cash equivalents	(292,923.34)	(736,131.70)
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Net increase/decrease in cash and cash equivalents	797,803,607.87	(193,146,461.85)
Opening balance of cash and cash equivalents	2,506,800,211.29	2,608,263,749.30
Closing balance of cash and cash equivalents	3,304,603,819.16	2,415,117,287.45
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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 2024 <i>(Unaudited)</i> <i>(RMB)</i>	As at 31 December 2023 <i>(Audited)</i> <i>(RMB)</i>
Current assets		
Cash and bank balances	3,778,307,768.78	2,974,052,910.82
Financial assets held for trading	985,675,372.61	570,321,322.67
Notes receivable	1,539,950.00	6,176,444.26
Accounts receivable	1,359,255,315.70	1,203,320,049.65
Prepayments	326,081,304.80	291,327,225.39
Other receivables	849,173,054.23	920,953,499.67
Inventories	160,754,139.23	159,513,922.13
Contract assets	1,129,682,644.64	1,386,742,949.82
Non-current assets due within one year	1,092,437,258.99	1,104,814,303.77
Other current assets	1,800,025,583.81	1,810,668,681.80
Total current assets	11,482,932,392.79	10,427,891,309.98
Non-current assets		
Long-term receivables	341,454,227.89	341,387,807.89
Long-term equity investments	3,410,075,955.12	3,442,501,514.06
Other equity instrument investments	1,629,475,730.86	1,757,631,048.71
Other non-current financial assets	260,024,540.60	260,024,540.60
Investment properties	92,163,200,000.00	92,463,200,000.00
Fixed assets	2,719,433,840.38	2,743,965,864.30
Construction in progress	10,456,754.77	16,885,166.12
Right-of-use assets	2,690,388,950.39	2,804,800,595.33
Intangible assets	91,061,126.92	97,830,463.48
Goodwill	97,597,047.85	97,597,047.85
Long-term prepaid expenses	318,396,501.38	345,496,861.44
Deferred tax assets	3,248,567,170.01	3,115,229,001.03
Other non-current assets	3,140,866,523.51	3,146,197,178.56
Total non-current assets	110,120,998,369.68	110,632,747,089.37
Total assets	121,603,930,762.47	121,060,638,399.35

	As at 31 March 2024 <i>(Unaudited)</i> <i>(RMB)</i>	As at 31 December 2023 <i>(Audited)</i> <i>(RMB)</i>
Current liabilities		
Short-term loans	1,921,272,943.00	4,971,830,548.14
Notes payable	44,009,179.53	13,551,841.54
Accounts payable	1,694,614,969.86	2,054,926,260.68
Advance from customers	569,857,893.79	876,844,673.72
Contract liabilities	990,091,304.63	1,137,849,774.30
Payroll payable	402,422,726.58	455,238,475.67
Taxes payable	594,246,113.03	676,438,554.94
Other payables	13,123,837,880.95	9,010,492,452.69
Non-current liabilities due within one year	8,549,414,410.39	9,135,630,916.04
Other current liabilities	284,330,599.22	258,739,127.36
	<u>28,174,098,020.98</u>	<u>28,591,542,625.08</u>
Total current liabilities		
Non-current liabilities		
Long-term loans	17,253,506,395.86	19,247,656,542.00
Bonds payable	1,763,040,135.81	1,758,511,842.15
Lease liabilities	2,703,951,760.69	2,822,378,531.05
Long-term payables	490,941,338.05	510,347,775.02
Deferred income	165,606,549.63	210,045,711.53
Deferred tax liabilities	13,247,454,651.16	13,233,364,856.66
Other non-current liabilities	5,406,698,013.52	1,865,124,515.41
	<u>41,031,198,844.72</u>	<u>39,647,429,773.82</u>
Total non-current liabilities		
Total liabilities	<u>69,205,296,865.70</u>	<u>68,238,972,398.90</u>
Equity		
Share capital	4,354,732,673.00	4,354,732,673.00
Capital reserve	7,254,472,572.78	7,255,302,699.22
Less: Treasury stock	5,003,481.44	5,003,481.44
Other comprehensive income	551,636,973.33	624,273,397.24
Surplus reserve	2,293,732,034.41	2,293,732,034.41
Retained earnings	34,738,173,673.26	35,092,256,955.49
	<u>49,187,744,445.34</u>	<u>49,615,294,277.92</u>
Total equity attributable to owners of the Company		
Non-controlling interests	3,210,889,451.43	3,206,371,722.53
	<u>52,398,633,896.77</u>	<u>52,821,666,000.45</u>
Total equity		
Total liabilities and equity	<u>121,603,930,762.47</u>	<u>121,060,638,399.35</u>

As of the end of the Reporting Period, the balance of the total borrowings of the Group amounted to RMB33,137,940,799.90.

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 2024

As at the date of this announcement, the executive Directors of the Company are CHE Jianxing, SHI Yaofeng, LI Jianhong and YANG Yingwu; the non-executive Directors are ZHENG Yongda, WANG Wenhui, ZOU Shaorong, SONG Guangbin and XU Di; and the independent non-executive Directors are XUE Wei, HUANG Jianzhong, CHEN Shanang, WONG Chi Wai and CAI Qinghui.