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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)**

### **PROFIT WARNING ANNOUNCEMENT**

This announcement is made by Red Star Macalline Group Corporation Ltd. (the “**Company**”), together with its subsidiaries (collectively, the “**Group**”), pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

#### **IMPORTANT NOTICE:**

1. The Company expects to record a net profit attributable to the owners of the parent company for the year 2022 of RMB676.85 million to RMB812.22 million, representing a decrease of RMB1,235.1819 million to RMB1,370.5519 million from the same period of last year or a year-on-year decrease of 60.3% to 66.9%.
2. The Company expects to record a net profit attributable to the owners of the parent company for the year 2022 after deducting non-recurring gain or loss of RMB603.00 million to RMB723.60 million, representing a decrease of RMB934.1577 million to RMB1,054.7577 million from the same period of last year, or a year-on-year decrease of 56.4% to 63.6%.

#### **I. RESULTS FORECAST FOR THE PERIOD**

##### **(I) Period for results forecast**

1 January 2022 to 31 December 2022.

##### **(II) Results forecast**

1. According to the preliminary calculation by the finance department, the expected net profit attributable to the owners of the parent company for the year 2022 is RMB676.85 million to RMB812.22 million, representing a decrease of RMB1,235.1819 million to RMB1,370.5519 million as compared with RMB2,047.4019 million from the same period of last year, or a year-on-year decrease of 60.3% to 66.9%.

2. The net profit attributable to the owners of the parent company after deducting non-recurring gain or loss is RMB603.00 million to RMB723.60 million, representing a decrease of RMB934.1577 million to RMB1,054.7577 million as compared with RMB1,657.7577 million from the same period of last year, or a year-on-year decrease of 56.4% to 63.6%.

(III) This results forecast is a preliminary forecast of the Company based on its business situations and has not been audited by a certified public accountant.

## **II. RESULTS FOR THE SAME PERIOD OF LAST YEAR**

- (I) The net profit attributable to the owners of the parent company: RMB2,047.4019 million. The net profit attributable to the owners of the parent company after deducting non-recurring profit or loss: RMB1,657.7577 million.
- (II) Earnings per share: RMB0.51.

## **III. MAIN REASONS OF THE DECREASE IN RESULTS FORECAST FOR THE PERIOD**

### **(I) Impact on main business**

Under the impact of the COVID-19 pandemic, the Company reduced or exempted part of the rent and management fees for qualified tenants in order to support the sustainable development of the tenants and the home furnishing materials industry, resulting in the decrease of the Company's revenue from Portfolio Shopping Malls and rent. Excluding the aforementioned effect of rent and management fees concessions, Portfolio Shopping Malls of the Company continued to contribute stable revenue, which was basically flat year-on-year. Furthermore, affected by the macroeconomic fluctuations, the Company's other revenue decreased on a year-on-year basis.

Meanwhile, out of prudent consideration, the Company conservatively estimated the recoverability of relevant assets and made provision for impairment correspondingly, which mainly involved impairment losses of long-term assets and credit impairment losses of receivables. The year-on-year increase of total amount of asset impairment losses and credit impairment losses for the year is expected to be no more than 30%.

In 2023, with the improvement of the domestic macroeconomic environment, the People's Republic of China is striving to promote the normal cycle of real estate and financial industry and push forward the smooth transition of real estate industry towards a new development model. At the same time, in light of the successive introduction of a series of national policies to boost the consumer market, and together with people's pursuit and yearning for a better life and the vitality of and recovery of demand for off-line experience economy, the Company will seize the opportunity to enhance and improve operational efficiency and operating results.

## **(II) Impact of non-operating profit and loss**

The non-recurring gain and loss of the Company for the year of 2022 is expected to be a profit of RMB41.06 million to a loss of RMB33.95 million, representing a year-on-year decrease. Against the backdrop of fluctuations in the macroeconomic environment, taking into account the persistent of the pandemic and the adverse impact on the operation of shopping malls caused by the concentrated infection in the short term after the release of restriction policy at the end of the year, out of an abundance of caution, the Company has increased the vacancy rate during the forecast period and moderately reduced the rental growth rate, resulting in a slight decline in the valuation of investment properties at the end of the period.

## **IV. RISK WARNING**

There are no material uncertainties in the Company that will affect the accuracy of the forecast on the results.

## **V. OTHER MATTERS**

The results forecast above is only a preliminary forecast. Please refer to the audited 2022 annual report to be officially published by the Company for specific and accurate financial information. Investors are advised to be aware of investment risks.

Notice is hereby given.

By Order of the Board  
**Red Star Macalline Group Corporation Ltd.**  
**QIU Zhe**  
*Secretary of the Board and Joint Company Secretary*

Shanghai, the PRC  
30 January 2023

*As at the date of this announcement, the executive director of the Company is CHE Jianxing; the non-executive directors of the Company are CHEN Zhaohui, JIANG Xiangyu, HU Xiao and YANG Guang; and the independent non-executive directors of the Company are QIAN Shizheng, LEE Kwan Hung, Eddie, WANG Xiao, ZHAO Chongyi and QIN Hong.*