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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) and Rule 13.10B 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).

The board of directors (the “**Board**”) of the Company wishes to inform the shareholders (the “**Shareholders**”) of the Company and potential investors that, based on the information currently available to the Company and its preliminary assessment of the unaudited consolidated management accounts of the Group for the year ended 31 December 2024 (“**Year 2024**”), the net losses of the Group for the Year 2024 is expected to range between approximately RMB2,770 million and RMB3,250 million, representing a continuation of losses, as compared to the net losses of RMB2,570.418 million recorded by the Group for the year ended 31 December 2023 (“**Year 2023**”). The net loss attributable to the owners of the Company for the Year 2024 is expected to range between RMB2,610 million and RMB3,060 million, representing a continuation of losses, as compared to the net loss attributable to the owners of the Company of RMB2,412.713 million recorded by the Group for the Year 2023.

The aforesaid expected losses were mainly due to the extension of impact from the ups and downs of the domestic economic situation causing the fluctuations and adjustment of post-cyclical consumption in the real estate industry, the clearing-up of stock across the industry accelerated, resulting in a periodical decline in the occupancy rate of shopping malls on a year-on-year basis. At the same time, as a leader in the home furnishing retail field, the Company has reduced the rental and management fee for certain merchants. In addition, the Company actively adjusted its strategy and category layout of shopping malls, bringing in categories such as new energy vehicles, which resulted in a phased decline in relevant income of the Company in the short term. As a result, the annual valuation of investment properties for the Year 2024 has been revised down by more than RMB1,400 million.

In accordance with the Accounting Standards for Business and Enterprises, and considering the management's future operational direction, the Company conducted a periodic preliminary estimation of the recoverable amounts for different categories of assets. This resulted in a loss for the Year 2024 exceeding RMB1,000 million. This impact primarily included: an impairment allowance made for financial support provided due to significant changes in the recipients' operating conditions and other factors, an impairment allowance for the accounts receivable and contract assets related to brand consulting and managed business at the early stage and other businesses as well as other types of current account; and strategic adjustments and contractions to certain stores whose return rate was lower than expected, thereby providing for the related one-off loss; and based on the strategic adjustments of the high-end furniture self-owned retail business, an additional impairment allowance of inventory was made. The above have in aggregate resulted in losses for the period of more than RMB300 million.

With the steady implementation of the stimulus package launched by various ministries and commissions of the state, for instance, the reduction of mortgage rates and other duties and fees, and the further expansion of the implementation of large-scale equipment renewal and consumer goods trade-in policy, the high-quality development of the industry in which the Company is in has received continuous support, and the relevant consumption demand has ushered in a bottoming rebound. The Company will seize the opportunity in the industry development and strive to improve operating efficiency and performance.

The information for the Year 2024 contained in this announcement is only a preliminary assessment by the Board in accordance with International Financial Reporting Standards ("IFRSs") and with reference to the unaudited consolidated management accounts of the Group for the Year 2024 and other information currently available to the Company. Such information has not been audited or reviewed by the auditors or the audit committee of the Company. As the Company is still in the process of finalizing its annual results for the Year 2024, the Group's actual results for the Year 2024 may be subject to changes and may differ from the information disclosed in this announcement. The final annual results of the Company for the Year 2024 and other operating details of the Group will be disclosed in the annual results announcement of the Company for the Year 2024, which is expected to be released in mid-to-late March 2025.

Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

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

Shanghai, the PRC
17 January 2025

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