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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)**

### **PROFIT WARNING ANNOUNCEMENT**

This announcement is made by Red Star Macalline Group Corporation Ltd. (the “**Company**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and 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 shareholders of the listed company for the year 2020 of RMB1,711.2400 million to RMB1,971.0600 million, representing a decrease of RMB2,508.6217 million to RMB2,768.4417 million from the same period of last year or a year-on-year decrease of 56.0% to 61.8%.
2. The Company expects to record a net profit attributable to shareholders of the listed company for the year 2020 after deducting non-recurring profit or loss of RMB1,150.0000 million to RMB1,306.8100 million, representing a decrease of RMB1,306.8123 million to RMB1,463.6223 million from the same period of last year or a year-on-year decrease of 50.0% to 56.0%.

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

(I) Period for results forecast

1 January 2020 to 31 December 2020.

(II) Results forecast

1. According to the preliminary calculation by the finance department, the expected net profit attributable to shareholders of the listed company for the year 2020 is RMB1,711.2400 million to RMB1,971.0600 million, representing a decrease of RMB2,508.6217 million to RMB2,768.4417 million as compared with RMB4,479.6817 million from the same period of last year, or a year-on-year decrease of 56.0% to 61.8%.
2. The net profit attributable to shareholders of the listed company for the year 2020 after deducting non-recurring profit or loss is RMB1,150.0000 million to RMB1,306.8100 million, representing a decrease of RMB1,306.8123 million to RMB1,463.6223 million as compared with RMB2,613.6223 million from the same period of last year, or a year-on-year decrease of 50.0% to 56.0%.

(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 shareholders of the listed company: RMB4,479.6817 million. The net profit attributable to shareholders of the listed company after deducting non-recurring profit or loss: RMB2,613.6223 million.
- (II) Earnings per share: RMB1.26.

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

- (I) Impact to the main businesses

Influenced by the novel coronavirus pneumonia (COVID-19) pandemic in 2020, in order to actively cooperate with the prevention and control of the pandemic and support the development of tenants, the Company proactively exempted the relevant qualified tenants in Portfolio Shopping Malls from one-month rent and management fees and offered corresponding discounts to support certain Managed Shopping Malls which are severely impacted by the pandemic. For those separate Portfolio Shopping Malls which have been the most impacted by the pandemic, the Company offered further discounts on top of the exemption from one-month rent and management fee, resulting in a decrease in revenue of the related businesses. In addition, the pandemic has also postponed the progress of the Company's brand consulting and management services for the early stage of the project and the advances of construction services, leading to a decrease in the corresponding revenue on a year-on-year basis.

Since implementation of the above measures, the occupancy rates of the Portfolio Shopping Malls and Managed Shopping Malls of the Company have experienced a steady rise. The revenue of the fourth quarter of 2020 has also increased on a quarter-on-quarter basis. As of the date of this announcement, the brand consulting and management services for the early stage of Managed Shopping Malls and construction services are under steady progress.

(II) Impact to the non-recurring profit or loss

The Company expects to record a non-recurring profit or loss for the year 2020 of approximately RMB740.00 million, representing a decrease of approximately RMB1,203.9603 million as compared to last year. Of which, the gain on fair value changes was approximately RMB400.00 million, representing a decrease of approximately RMB1,232.0733 million as compared to last year, which was mainly due to the pandemic in 2020 that resulted in a decrease in rental income over the lease terms and slowed down the fair value assessment of investing properties for the period, but is ultimately subject to the results as confirmed under the audit by the accounting firm.

**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 2020 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.**  
**GUO Binghe**  
*Vice Chairman*

Shanghai, the PRC  
29 January 2021

*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, XU Guofeng, JING Jie, XU Hong and LIU Jin; and the independent non-executive Directors are QIAN Shizheng, LEE Kwan Hung, Eddie, WANG Xiao, ZHAO Chongyi and QIN Hong.*