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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)

**VOLUNTARY ANNOUNCEMENT
2023 INTERIM RESULTS ESTIMATE IN
ACCORDANCE WITH THE RULES OF
THE SHANGHAI STOCK EXCHANGE**

This announcement is made voluntarily by Red Star Macalline Group Corporation Ltd. (the “**Company**”), together with its subsidiaries (collectively, the “**Group**”).

IMPORTANT NOTICE:

1. The Company is expected to record a net profit attributable to the owners of the parent company for the six months ended 30 June 2023 of RMB135.00 million to RMB165.00 million, representing a decrease of RMB860.0915 million to RMB890.0915 million as compared with the same period of the previous year, or a year-on-year decrease of 83.9% to 86.8%.
2. The Company is expected to record a net profit attributable to the owners of the parent company for the six months ended 30 June 2023 after deducting non-recurring gain or loss of RMB70.00 million to RMB100.00 million, representing a decrease of RMB836.6992 million to RMB866.6992 million as compared with the same period of the previous year, or a year-on-year decrease of 89.3% to 92.5%.

I. RESULTS ESTIMATE FOR THE PERIOD

(1) Period of results estimate

From 1 January 2023 to 30 June 2023.

(2) Particulars of results estimate

1. Based on the preliminary calculations by the financial department of the Company, the expected net profit attributable to the owners of the parent company for the six months ended 30 June 2023 is RMB135.00 million to RMB165.00 million, representing a decrease of RMB860.0915 million to RMB890.0915 million as compared with RMB1,025.0915 million from the same period of the previous year, or a year-on-year decrease of 83.9% to 86.8%.
2. The net profit attributable to the owners of the parent company after deducting non-recurring gain or loss is RMB70.00 million to RMB100.00 million, representing a decrease of RMB836.6992 million to RMB866.6992 million as compared with RMB936.6992 million from the same period of the previous year, or a year-on-year decrease of 89.3% to 92.5%.

(3) The results estimate represents the Company's preliminary estimate based on its operating results, which has not been audited by a certified public accountant.

II. OPERATING RESULTS FOR THE SAME PERIOD OF THE PREVIOUS YEAR

- (1) The net profit attributable to the owners of the parent company: RMB1,025.0915 million. The net profit attributable to the owners of the parent company after deducting non-recurring gain or loss: RMB936.6992 million.
- (2) Earnings per share: RMB0.24.

III. MAIN REASONS FOR THE EXPECTED DECREASE IN THE OPERATING RESULTS FOR THE PERIOD

(1) Impact on main business

During the first half of 2023, under the dual pressure of shrinking demand and supply shocks in the domestic economy, the occupancy rate of the shopping malls of the Company declined in stages compared with the same period of the previous year. In order to support the continued development of the tenants as well as the home furnishing materials industry, the Company reduced or waived part of the rents and management fees for qualified tenants, resulting in a decrease in the revenues from its portfolio and leased businesses. Affected by the Chinese government's real estate control policies and the downturn of the market economy in the previous year, the market remained fragile with slow recovery, resulting in a decrease in the number of new projects in the Company's contract managed business and construction-related business, as well as a slowdown in the progress of the existing projects. Meanwhile, out of prudent consideration, the Company made a conservative estimate on the recoverability of the relevant assets, as well as corresponding provision for the impairment of the same.

In 2023, the Chinese government made remarkable efforts to promote the normal circulation of real estate and finance, and ensure the smooth transition of the real estate industry into a new development model. Driven by policies on guaranteeing delivery, the pace of completion of real estate projects is gradually accelerated, which is expected to boost the recovery of home furnishing demand, and is also beneficial to the development of the Company's contract managed business.

On 29 June 2023, the executive meeting of the State Council considered and passed the “Several Measures on Promoting Home Furnishing Consumption (關於促進家居消費的若干措施)”, emphasizing that it is essential to make good use of beneficial policies to form a joint force for promoting consumption, as well as to improve the quality and extent of supply, encourage the enterprises to come up with more personalized and customized home furnishing products, so as to further enhance residents’ willingness to consume, and help them improve their quality of life.

In line with people’s longing for a better life, the vitality of and demand in the off-line experience economy has been recovering, in light of which the Company will seize the opportunities and strive to enhance and improve its operating efficiency and operating results.

(2) Impact on the non-recurring gain or loss

Under the background of fluctuations in the macroeconomic environment, as the recovery of consumptions’ demand will take a certain period of time, out of prudent consideration, the Company adjusted the vacancy rate and rental growth rate in the forecast period of some of its properties during the period of results estimate, resulting in a slight decrease in the valuation of investment properties at the end of the period of results estimate.

IV. RISK WARNING

There are no material uncertainties in the Company that will affect the accuracy of the content in this results estimate.

V. OTHER MATTERS

The above estimate data are only preliminary accounting data prepared in accordance with Chinese Accounting Standards for Business Enterprises. The specific and accurate financial data shall be subject to the 2023 interim report of the Company officially disclosed on the website of the Shanghai Stock Exchange. Investors are reminded to remain alert to investment risks.

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

Shanghai, the PRC
14 July 2023

As at the date of this announcement, the executive directors of the Company are CHE Jianxing and 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.