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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**”, 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 2025 (“**Year 2025**”), the loss of the Group for the Year 2025 is expected to range between approximately RMB15.985 billion and RMB23.837 billion, representing a continuation of the loss-making position, as compared to the loss of approximately RMB3.728 billion recorded by the Group for the year ended 31 December 2024 (“**Year 2024**”). The net loss attributable to the owners of the parent company for the Year 2025 is expected to range between RMB15.36 billion and RMB22.86 billion, representing a continuation of the loss-making position, as compared to the net loss attributable to the owners of the parent company of approximately RMB3.492 billion recorded by the Group for the Year 2024.

The Group’s expected loss for the Year 2025 was primarily due to the loss arising from changes in the fair value of investment properties and the impairment loss on related assets. Affected by the persistent downturn in the real estate sector and declining demand in the home furnishing and building materials industry, demand in the home furnishing retail market has weakened. The Company has continuously implemented rent and management income reductions to stabilize and retain tenants. At the same time, the Company has proactively adjusted its strategies and the layout of categories, attracting high-quality businesses and brands with favourable commercial terms, and offering rent and management fee concessions during the initial expansion phase. As a result, rental and management income has been significantly impacted, and the rental level has shown a significant decline compared to

previous years. As market expectations for the future rents have shifted, and the estimate for a short-term recovery in rental prices needs to be adjusted. Therefore, the Company has adjusted its expectations for future rental income correspondingly, resulting in a significant decrease in the value of investment properties, and the valuation of investment properties (including right-of-use assets carried at fair value) for the Year 2025 has been correspondingly reduced by approximately RMB13.1 billion to RMB22.0 billion. Furthermore, as the underlying value of various assets historically held by the Company is also closely linked to factors such as the assessed value of investment properties and transaction prices in the real estate market, the Company has conducted preliminary calculations of the recoverable amounts of various assets as of the end of 2025 based on their latest recoverable status, and has made corresponding impairment provisions of RMB4.5 billion to RMB5.7 billion.

The aforementioned decrease in the fair value of investment properties and the recognition of various impairment provisions aim to truthfully reflect the impact of various non-operating factors caused by changes in the current market environment on the Company's financial information. The change in the fair value of the relevant investment properties does not affect the cash-flow generation capability of the properties held by the Company, does not hinder the overall stabilization and recovery of the Company's operations, and does not alter the current trend of improvement in the Company's occupancy rate and net cash inflow from operating activities. In alignment with the national "15th Five-Year Plan" and the new market environment, the Company will proactively adjust its strategy and upgrade its positioning to "new commercial operator for home living and a service provider for the home furnishing industry ecosystem". It will focus on upgrading its core home furnishing business, while expanding home furnishing industrial-ecosystem services, building a second growth curve, and achieving both scale expansion and value enhancement.

The information for the Year 2025 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 2025 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 2025, the Group's actual results for the Year 2025 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 2025 and other operating details of the Group will be disclosed in the annual results announcement of the Company for the Year 2025, which is expected to be released in mid-to-late March 2026.

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.
LI Yupeng
Chairman

Shanghai, the PRC
23 January 2026

As at the date of this announcement, the executive Directors of the Company are LI Yupeng, SHI Yaofeng and YANG Yingwu; the non-executive Directors are YE Yanliu, ZOU Shaorong, CHE Jianxing and XU Guofeng; the independent non-executive Directors are XUE Wei, HUANG Jianzhong, CHEN Shanang, WONG Chi Wai and CAI Qinghui; and the employee Director is ZHENG Jianjie.