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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 ON EXEMPTING TENANTS IN PORTFOLIO SHOPPING MALLS FROM ONE-MONTH RENT AND MANAGEMENT FEE**

This is a voluntary announcement made by Red Star Macalline Group Corporation Ltd. (the “**Company**”).

The board of directors (the “**Board**”) and all directors of the Company confirm that there are no false representations, misleading statements, or material omissions in this announcement, and they shall individually and collectively accept full responsibility for the truthfulness, accuracy and completeness of contents herein.

## **I. OVERVIEW OF THE RENT-FREE ARRANGEMENT**

On 29 January 2020, the Company received a proposal from Mr. CHE Jianxing, the Chairman of the Board, to convene an extraordinary Board meeting to consider the resolution on the matters in relation to the exemption of relevant qualified tenants in Portfolio Shopping Malls from one-month rent and management fee.

In order to undertake the social responsibilities actively and support the development of tenants, the relevant qualified tenants in the relevant Portfolio Shopping Malls as set out in the Appendix to this announcement will be exempted from the rent and the management fee for a month of the year 2020 by the Company (hereinafter referred to as the “**Rent-free Arrangement**”) to facilitate their smooth operation under this novel coronavirus pneumonia epidemic.

The main contents of the Rent-free Arrangement are as follows:

## **1. The Scope of Tenants Entitled to the Rent-free Arrangement**

Relevant tenants in the Portfolio Shopping Malls who simultaneously meet the following conditions shall be entitled to enjoy the preferential treatments of the Rent-free Arrangement:

- (1) the tenants are those who operate business through renting the booth in the relevant Portfolio Shopping Malls as set out in the Appendix to this announcement;
- (2) the Booth Rental and Management Service Contract entered into by tenants and the abovementioned Portfolio Shopping Malls (which refer to the lessors and the management parties involved in the relevant Portfolio Shopping Malls, similarly hereinafter) is in performance on 24 January 2020, and such tenants will continue to rent the relevant booth in the abovementioned Portfolio Shopping Malls during the period from 24 January 2020 to 23 February 2020; and
- (3) within the lease period and service term stipulated in the Booth Rental and Management Service Contract entered into by tenants and the abovementioned Portfolio Shopping Malls which is in performance on 23 February 2020, such tenants shall perform their duties normally and there shall be no occurrence of early termination or interruption of performance.

## **2. Authorization of the Rent-free Arrangement**

In order to ensure that the Rent-free Arrangement can be carried out in an orderly and efficient manner, the Board will authorize the general manager and the person(s) authorized by the general manager to handle the matters in relation to the Rent-free Arrangement at their absolute discretion within the scope of relevant laws and regulations, including but not limited to communicating with the relevant Portfolio Shopping Malls partners about the specific contents of the Rent-free Arrangement, formulating, authorizing, signing, implementing, modifying, completing all necessary legal documents related to the Rent-free Arrangement and determining the specific ways for implementation of the Rent-free Arrangement with reference to the actual situations of the relevant Portfolio Shopping Malls.

On 1 February 2020, the Company convened the third extraordinary meeting of the fourth session of the Board, which considered and approved the Resolution on the Matters in relation to the Exemption of Tenants in Portfolio Shopping Malls from One-month Rent and Management Fee (《關於免除自營商場商戶一個月租金及管理費相關事宜的議案》), and approved the Rent-free Arrangement and the authorization to the general manager and the person(s) authorized by the general manager to handle the matters in relation to the Rent-free Arrangement at their absolute discretion within the scope of relevant laws and regulations. The Rent-free Arrangement falls within the scope of authority of the Board of the Company and need not be submitted to the shareholders' general meeting of the Company for consideration pursuant to the relevant provisions of the Shanghai Stock Exchange Listing Rules and the Articles of Association.

## **II. THE IMPACT OF THE RENT-FREE ARRANGEMENT ON THE COMPANY**

1. The operating revenue (i.e., the total amount of the rent and the management fee) in 2020 involved in the Rent-free Arrangement ranges from approximately RMB530 million to RMB590 million, representing approximately 3.7% to 4.1% of the total audited operating revenue in 2018; the impact of the total amount of the rent and the management fee involved in the Rent-free Arrangement on the net profit attributable to the parent company in 2020 is estimated to range from approximately RMB380 million to RMB430 million, representing approximately 8.5% to 9.6% of the audited net profit attributable to the parent company in 2018. The impact of the Rent-free Arrangement on the operating revenue and the net profit attributable to the parent company in 2020 is based on unaudited and estimated figures, which is provided to investors to understand the impact of the Rent-free Arrangement on the Company only, the Company advises investors to exercise caution when using such information. The Rent-free Arrangement has no effect on the sustainable operating capacity and the long-term development of the Company.
2. The Rent-free Arrangement has no adverse effect on the changes in the fair value of investment properties subsequently measured at fair value and the balance sheet of the Company. The Company has communicated with the investment property valuer and obtained the valuer's recognition for the abovementioned matters.
3. The Rent-free Arrangement is the manifestation of the Company's active implementation and fulfillment of the social responsibilities of a listed company, which helps further improve the Company's social image and influence and is beneficial to the sustainable and healthy ecological development of the industry.

### III. OPINIONS OF INDEPENDENT DIRECTORS

1. The Rent-free Arrangement is the manifestation of the Company's fulfillment of the social responsibilities of a listed company in the context of the novel coronavirus pneumonia epidemic, which is in compliance with the Company's requirements of undertaking the social responsibilities actively and helps improve the Company's social image.
2. The Rent-free Arrangement is in compliance with the regulations under the Shanghai Stock Exchange Listing Rules, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Articles of Association. The rent-free matters have been considered by the Board and need not be submitted to the shareholders' general meeting for consideration.

Notice hereby is given.

By Order of the Board  
**Red Star Macalline Group Corporation Ltd.**  
**GUO Binghe**  
*Vice Chairman*

Shanghai, the PRC  
2 February 2020

*This announcement is prepared in both Chinese and English versions. In case of inconsistency, the Chinese version shall prevail.*

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

## Appendix: Portfolio Shopping Malls Involved in the Rent-free Arrangement

1	Baotou High-tech	46	Shenyang Tiexi
2	Beijing North Fourth-ring	47	Shenyang Tiexi Phase II
3	Beijing North Fifth-ring	48	Shiyan Zhejiang Road
4	Beijing East Fourth-ring	49	Suzhou Mudu
5	Beijing West Fourth-ring	50	Suzhou Park
6	Changzhou Feilong	51	Taiyuan Changfeng
7	Changzhou Wujin	52	Tangshan Times
8	Changzhou Decoration Mall	53	Tianjin Beichen
9	Chengdu Jiannan Avenue	54	Tianjin Binhai
10	Chengdu Shuangnan	55	Tianjin Dongli
11	Chengdu Wuhou	56	Tianjin Hedong
12	Dalian Huanan	57	Weihai Economic Zone
13	Daqing Expo	58	Weifang Hanting
14	Datong Dongxin	59	Weifang Zhenhua
15	Dongguan Wanjiang	60	Urumqi Convention and Exhibition
16	Harbin Songbei	61	Wuxi Binhu
17	Harbin Xikezhan	62	Wuxi Xishan
18	Hangzhou Gudun	63	Wuhan Etouwan
19	Hefei Silihe	64	Wuhan Hanyang
20	Langfang Kaihong	65	Xining Shibo
21	Hengyang Yanfeng	66	Xilinhot
22	Hohhot Yuquan	67	Yantai Phase II
23	Jinan Tianqiao	68	Yangzhou Runyang Light Building Materials Mall
24	Lanzhou Yantan	69	Yangquan Xinqu
25	Panjin Xinglong	70	Yichang Xiling
26	Liuzhou Ogloria	71	Kunming Guangfu Road
27	Nanchang Honggu Tan	72	Yunnan Qujing
28	Nanchang Xianghu	73	Changchun Yuanda
29	Nanjing Mingdu	74	Changsha Shaoshan
30	Nanjing European City	75	Changsha Yuelu
31	Nanjing Pukou	76	Zhengzhou Shangdu
32	Nantong Saige	77	Zhongshan Gangkou
33	Ningbo Yinzhou	78	Chongqing Chayuan
34	Shanghai Jinqiao	79	Chongqing Erlang
35	Shanghai Jinshan	80	Chongqing Jiangbei
36	Shanghai Pudong Hu'nan	81	Chongqing Nanping
37	Shanghai Pujiang	82	Chongqing Yongchuan
38	Shanghai Wenshui		
39	Shanghai Wuzhong Road		
40	Shanghai Zhenbei		
41	Shenzhen Jilong		
42	Shenzhen Qianhai		
43	Shenyang Dadong		
44	Shenyang Hunnan		
45	Shenyang Shenbei		

Note: The name of the above shopping malls are the same as those referred to in the Company's announcements on operating statistics.