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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

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

Reference is made to the announcements of the Company dated 4 May, 16 May, 18 May, 29 June and 12 September 2017 (collectively the “**Announcements**”) in relation to, among other things, the collaboration between the Company and the Fund in relation to the Quasi-REITS Programme. Unless otherwise defined, capitalized terms used in this announcement shall have the same meanings as those defined in the Announcements.

Considering that the first phase of the Quasi-REITS Programme had entered into the disposal stage on 13 September 2020 in accordance with the relevant Agreements, the Fund intends to launch the second phase of the Quasi-REITS Programme. It is proposed that the second phase of the Quasi-REITS Programme will be targeted at institutional investors only, for raising an amount of RMB2,800 million. In particular, it is proposed that the second phase of the Quasi-REITS Programme shall consist of preferential A asset-backed securities amounting to RMB1,412 million, preferential B asset-backed securities amounting to RMB447 million (collectively, the “**Preferential Asset-backed Securities**”) and secondary asset-backed securities amounting to RMB941 million (the “**Secondary Asset-backed Securities**”) (factors in relation to the programme, such as the proportion of the Preferential Asset-backed Securities and the Secondary Asset-backed Securities, are subject to adjustment according to the requirements of the regulatory authorities, issuing place or market needs).

The Board is pleased to announce that certain agreements (the “**Second Phase Agreements**”) were entered into by the Company on 15 October 2021 to govern the administration of the Fund and the second phase of the Quasi-REITS Programme, the details of which are set out as follows. As of the date of this announcement, the second phase of the Quasi-REITS Programme has not been established.

Entrusted Operation and Management Agreement

On 15 October 2021, the Company, Hongqiao Project Company, Hexi Project Company, Yantai Red Star, GoHigh Capital (as the manager of the Fund), and Shanghai Red Star Management, a direct wholly-owned subsidiary of the Company, entered into the Entrusted Operation and Management Agreement for a term of eight years, pursuant to which, the Company shall, through Shanghai Red Star Management, provide management services to the Shopping Malls. During the term of the Entrusted Operation and Management Agreement, the Company is required to top-up any shortfall in the event that the Shopping Malls fail to reach the designated operating net cash flow target. At the same time, should such target be exceeded and other relevant requirements fulfilled, the Company shall receive 70% of any such surplus as the title sponsorship management fees.

Asset Acquisition Agreement

On 15 October 2021, the Company, Xizang Changxing, an indirect wholly-owned subsidiary of the Fund, Yantai Red Star, Hongqiao Project Company, Hexi Project Company, GoHigh Capital and Bohai Huijin, as the manager of the second phase of the Quasi-REITS Programme, entered into the Asset Acquisition Agreement, pursuant to which the Company shall reserve a pre-emptive right to acquire any of the targeted assets in the event that Bohai Huijin disposes of any of such targeted assets of the second phase of the Quasi-REITS Programme at the disposal stage of the second phase of the Quasi-REITS Programme. The Company shall exercise its discretion in determining whether to exercise such right in accordance with the terms of the Asset Acquisition Agreement.

Liquidity Support Agreement

On 15 October 2021, the Company entered into the Liquidity Support Agreement with Bohai Huijin, pursuant to which, if there are applications for redemption during the specified redemption period for the second phase of the Quasi-REITS Programme and the confirmed Preferential Asset-backed Securities are not redeemed through Bohai Huijin (as the manager of the second phase of the Quasi-REITS Programme), the Company shall purchase the Preferential Asset-backed Securities.

To the best knowledge, information and belief of the Directors after having made all reasonable enquiries, as at the date of this announcement, Hongqiao Project Company, Hexi Project Company, Yantai Red Star, GoHigh Capital, Xizang Changxing, Bohai Huijin and their respective ultimate beneficial owner(s) are third parties independent of the Company and are not connected persons of the Company.

The Directors (including the independent non-executive Directors) are of the view that the entering into of the Second Phase Agreements and the participation in the second phase of the Quasi-REITS Programme by the Company is in line with the Company's light-asset business development and therefore are in the interests of the Company and the Shareholders as a whole.

As of the date of this announcement, the Company is unable to ascertain and provide the exact amount of the title sponsorship management fees it shall receive given such fees are linked with the operating net cash flow of the Shopping Malls. In addition, the Company is also unable to confirm any such top-up payment and/or liquidity support obligations, as the top-up payment and/or liquidity support obligations may or may not be triggered.

The Company intends to enter into the Limited Partnership Agreement with certain third parties, and the partnership shall subscribe for the Secondary Asset-backed Securities of the second phase of the Quasi-REITS Programme. In addition, the Company will also enter into the Shortfall Top-up Agreement pursuant to which where the investment return realized through periodic distribution by the preferential limited partners during the term of the limited partnership has not reached the investment return target calculated according to the Limited Partnership Agreement, the Company shall make the shortfall top-up to the preferential limited partners. As of the date of this announcement, the Limited Partnership Agreement and the Shortfall Top-up Agreement have not yet been executed.

The Company will comply with applicable discloseable and approval requirements as required under the Listing Rules such as providing updates by way of announcement or annual report, as the case maybe, if the pre-emptive rights to acquire any relevant assets is exercised or the top-up payment, liquidity support or acquisition obligation is triggered, so the Shareholders and potential investors can be informed of the latest business development of the Company.

Depending on the progress and outcome of the fund-raising activities of the second phase of the Quasi-REITS Programme, the second phase of the Quasi-REITS Programme may or may not proceed. Shareholders and investors of the Company should exercise caution when dealing or investing in the shares of the Company.

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

Hong Kong
15 October 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, JING Jie, XU Hong, CHEN Zhaohui and JIANG Xiangyu; and the independent non-executive Directors are QIAN Shizheng, LEE Kwan Hung, Eddie, WANG Xiao, ZHAO Chongyi and QIN Hong.