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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 REDUCING OR EXEMPTING RENT AND MANAGEMENT FEE FOR TENANTS IN PORTFOLIO SHOPPING MALLS

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 accept legal responsibility for the truthfulness, accuracy and completeness of contents herein.

I. OVERVIEW OF THE RELIEF ARRANGEMENT

In order to undertake the social responsibilities actively, jointly fight against the pandemic and support the sustainable development of tenants and the home furnishing materials industry, for the relevant qualified tenants in the Portfolio Shopping Malls, the Company intends to reduce or exempt part of their rent and management fee in the relevant Portfolio Shopping Malls (“**Relief Arrangement**”), to facilitate their smooth operation under the Covid-19 pandemic. The main contents of the Relief Arrangement are as follows:

1. The Scope of Tenants Entitled to the Relief Arrangement

Relevant tenants in the Portfolio Shopping Malls who meet all the following conditions shall be entitled to enjoy the preferential treatments of the Relief Arrangement:

- (1) the tenants are those who operate business through renting the booth in the relevant Portfolio Shopping Malls;
- (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 the date of this announcement;

- (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 the date of this announcement, such tenants shall perform their duties normally and there shall be no occurrence of early termination or interruption of performance.

2. Standards for the Relief Arrangement

In the event that the continuous closure of our Portfolio Shopping Malls due to the pandemic had caused significant impact on operation of tenants, the Company may, based on business operation of tenants and at its discretion, reduce or exempt the rent and management fee payable by tenants for their remaining lease term, which will be determined by the Company in accordance with the actual situation.

3. Authorization of the Relief Arrangement

In order to ensure that the Relief Arrangement can be carried out in an orderly and efficient manner, the Board intends to authorize the management of the Company to handle the matters in relation to the Relief 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 Relief Arrangement, formulating, authorizing, signing, implementing, modifying, completing all necessary legal documents related to the Relief Arrangement and determining the specific ways for implementation of the Relief Arrangement with reference to the actual situations of the relevant Portfolio Shopping Malls.

On 26 August 2022, the Company convened the 47th extraordinary meeting of the fourth session of the Board, which considered and approved the Resolution on the Matters in relation to the Reduction or Exemption of Rent and Management Fee for Tenants in the Portfolio Shopping Malls (《關於減免自營商場商戶租金及管理費相關事宜的議案》), and approved the Relief Arrangement and the authorization to the management of the Company to handle the matters in relation to the Relief Arrangement at their absolute discretion within the scope of relevant laws and regulations. The Relief 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 RELIEF ARRANGEMENT ON THE COMPANY

1. The total amount of the rent and management fee in respect of the Relief Arrangement is expected to have an aggregate impact of no more than RMB500 million on the Company's operating revenue, accounting for approximately 3.23% of the audited operating revenue in 2021. The total amount of the rent and management fee in respect of the Relief Arrangement is expected to have an aggregate direct impact of no more than RMB350 million on the Company's net profit attributable to the parent company, accounting for approximately 17.10% of audited net profit attributable to the parent company in 2021. The Company will strive to reduce the losses caused by the Relief Arrangement through measures such as improving management efficiency, increasing revenue and reducing expenditure. The impact of the Relief Arrangement on the Company's operating revenue and net profit attributable to the parent company is based on unaudited estimated figures, which is provided to investors to understand the impact of the Relief Arrangement on the Company only. Investors are advised to exercise caution when using such information. The Relief Arrangement has no effect on the sustainable operating capacity and the long-term development of the Company.
2. The Relief 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 above-mentioned matters.
3. The Relief 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 Relief Arrangement is the manifestation of the Company's fulfillment of the social responsibilities of a listed company in the context of the Covid-19 pandemic, 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 Relief 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 matters in respect of the reduction or exemption have been considered by the Board and need not be submitted to the shareholders' general meeting for consideration.

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

Shanghai, the PRC
26 August 2022

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, CHEN Zhaohui, JIANG Xiangyu, HU Xiao and YANG Guang; and the independent non-executive Directors are QIAN Shizheng, LEE Kwan Hung, Eddie, WANG Xiao, ZHAO Chongyi and QIN Hong.