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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)**

**INDICATIVE ANNOUNCEMENT ON THE DECREASE IN  
REVENUE FROM RENT AND MANAGEMENT FEE FROM  
OWNED PORTFOLIO SHOPPING MALLS AS  
COMPARED TO THE PREVIOUS MONTH**

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. EXPLANATION**

The total revenue from the contract rent and management fee of the Company from Owned Portfolio Shopping Malls has decreased in September 2022 as compared to the previous month (the “**Decrease in Rent**”). In particular, the total revenue from the contract rent and management fee from Owned Portfolio Shopping Malls was approximately RMB603,491,739.71 and RMB550,351,963.47 in August and September, respectively, and the amount decreased by approximately RMB53,139,776.24 or approximately 8.81% in September 2022 as compared to the previous month. The abovementioned estimated figures are unaudited, and the Company advises investors to exercise caution when using such information.

The main reason for the Decrease in Rent is that the Company actively took social responsibilities amid the Covid-19 Pandemic. 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 (《關於免除自營商場商戶一個月租金及管理費相關事宜的議案》). According to the abovementioned resolution of the Board, the Company may reduce or exempt the rent and management fee payable by tenants, who were significantly influenced by the pandemic and the continuous closure of the Portfolio Shopping Malls, for their remaining lease term based on business operation of tenants. Details of this reduction and exemption will be determined by the Company in accordance with the actual situation.

The total amount of the rent and management fee in respect of the relief arrangement mentioned above is expected to have an aggregate impact of no more than RMB500 million on the Company's operating income, accounting for approximately 3.23% of the audited operating income in 2021. The total amount of the rent and management fee in respect of the relief arrangement mentioned above 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. For details of the abovementioned matters, please refer to the relevant announcements disclosed by the Company on the official websites of The Stock Exchange of Hong Kong Limited and the Shanghai Stock Exchange and designated media on 26 August 2022 and 27 August 2022, respectively.

The Company partially reduced or exempted the rent and management fee of the relevant qualified tenants in the Owned Portfolio Shopping Malls since September 2022, which caused the Decrease in Rent.

## **II. IMPACT ON THE LONG-TERM DEVELOPMENT OF THE COMPANY OF THE DECREASE IN RENT**

1. The Decrease in Rent is an incidental event related to the Company's operating decisions primarily due to the Company's active commitment to the social responsibilities in the contest of Covid-19 Pandemic. The Decrease in Rent is the manifestation of the Company's active implementation 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. Accordingly, the Decrease in Rent has no material adverse effect on the changes in the fair value of investment properties subsequently measured at fair value. The Company has communicated with the investment property valuer and obtained the valuer's recognition of the abovementioned matters.
2. The Decrease in Rent has no impact on the sustainable operating capacity and the long-term development of the Company.

## **III. COUNTERMEASURES**

The Decrease in Rent is mainly due to the Company's fulfillment of the social responsibilities of a listed company in the context of the Covid-19 Pandemic. In response to it, the Company has taken countermeasures from some aspects, which primarily include:

1. The Company has established an epidemic prevention and control team, and set up a daily reporting mechanism with the local government department in the places where the shopping malls are located to track the health status of employees and staff of the shopping malls in a timely manner. Base on the epidemic situation in different regions, the Company has adjusted the opening hours of different shopping malls and the corresponding staffing schedules. The property management department of the shopping malls has prepared disinfection and protective supplies to ensure that all shopping malls operate normally.

2. The company will strive to reduce the losses caused by the relief arrangement mentioned above through measures such as improving management efficiency, increasing income and reducing expenditure, etc.

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

Shanghai, the PRC  
28 October 2022

*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, 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.*