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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 July 2023 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 RMB586,508,501.86 and RMB558,624,357.75 in June and July 2023, respectively, and the amount decreased by RMB27,884,144.11 or 4.75% in July 2023 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: on the one hand, the occupancy rate declined in the short term due to the overall economic fluctuations; on the other hand, the renewal of contracts in some shopping malls involves adjustments to the overall category planning, and further negotiations with the tenants on commercial terms are still ongoing.

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

1. The management of the Company is of the view that with the gradual recovery of the economy, the adjustment to the overall category planning of the shopping mall shall be completed in the near future, and the rent will gradually recover. In this expectation, the Decrease in Rent has no material adverse effect on 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 Company has taken countermeasures from some aspects, which primarily include:

1. Accelerating the renewal process, executing lease contracts with tenants to be renewed, and increasing the occupancy rates;
2. Attracting high-quality brands from the reserve to the mall and diversifying the brand portfolio with favorable commercial terms.

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

Shanghai, the PRC
4 August 2023

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 and LI Jianhong; the non-executive Directors are CHEN Zhaohui, JIANG Xiangyu, HU Xiao, ZHENG Yongda, WANG Wenhui and ZOU Shaorong; and the independent non-executive Directors are QIAN Shizheng, LEE Kwan Hung, Eddie, WANG Xiao, ZHAO Chongyi and QIN Hong.