

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 CONTRACT 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**”) of the Company and all its directors 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 contract rent and management fee of the Company from Owned Portfolio Shopping Malls has decreased in April 2024 as compared to the previous month (the “**Decrease in Rent**”). In particular, the total contract rent and management fee from Owned Portfolio Shopping Malls was RMB547,521,139.57 and RMB531,755,953.61 in March 2024 and April 2024, respectively, and the amount decreased by RMB15,765,185.96 or 2.88% in April 2024 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: contract renewals for some of the Owned Portfolio Shopping Malls at the end of March 2024 were still under further negotiation with merchants on commercial terms as they involved adjustments to the overall category planning, resulting in a short-term phased decline in occupancy rates.

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

1. The Decrease in Rent has no impact on the sustainable operating capacity and the long-term development of the Company.

2. The management of the Company is of the view that as the industry in which the Company operates is still under a gradual recovery, the short-term phased decline in occupancy rates and rent concessions may affect the valuation of the Company's investment property to a certain extent. Based on the principle of prudence, the fair value of investment properties disclosed in the Company's regular reports has included the impact of the above matters and is in line with the actual asset situation of the Company. The Company has communicated with the investment property appraiser that the above matters are not expected to have a material adverse effect on the future fair value in anticipation of the gradual recovery of the economy.
3. The Company will continue to follow up the progress of subsequent contract renewals, and fulfill its obligations of information disclosure in a timely manner according to the requirements of relevant laws and regulations.

III. COUNTERMEASURES

The Company has taken countermeasures from some aspects, which primarily include:

1. Accelerating the renewal process and signing tenancy agreements with merchants pending renewal to enhance occupancy rates;
2. Actively cultivating, attracting, stabilizing and retaining merchants to promote a rapid and stable increase in the occupancy rate of the main categories, resolutely promoting the implementation of the "3+ Star Ecosystem" strategy to integrate home appliances, home furnishings and home decoration. Taking M+ High-End Home Decoration Design Centers as the key, the Company make them one of the core growth engines of the Company through the integration of the design proposal capability and the delivery capability of customizing personalized home decoration for consumers;
3. As the country strives to expand domestic demand, the economy will realize a virtuous cycle. The consumption of home furniture renewal has helped to significantly stimulate domestic demand. The Company has joined hands with upstream and downstream merchants to establish a comprehensive trade-in process.

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

Shanghai, the PRC
10 May 2024

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, SHI Yaofeng, LI Jianhong and YANG Yingwu; the non-executive Directors are ZHENG Yongda, WANG Wenhui, ZOU Shaorong, SONG Guangbin and XU Di; and the independent non-executive Directors are XUE Wei, HUANG Jianzhong, CHEN Shanang, WONG Chi Wai and CAI Qinghui.