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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 December 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 RMB554,931,586.35 and RMB545,230,321.44 in November 2023 and December 2023, respectively, and the amount decreased by RMB9,701,264.91 or 1.75% in December 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 as the end of 2023 has entered the traditional off-season for the home furnishings industry; on the other hand, the Company has attracted high-quality categories settled in shopping malls, such as designers, home decoration companies, new energy vehicles and catering with favorable business terms, rendering the category portfolio more diversified.

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

1. The management of the Company is of the view that as the industry in which the Company operates is still under a gradual recovery, rent concessions may affect the valuation of the Company's investment property to a certain extent. However, with the gradual recovery of the economy, the adjustment to the overall planning of the shopping mall category tends to be improved gradually, and the rent and occupancy rate will gradually recover. The Company has communicated with the investment property valuer and as of the date of this announcement, the month-on-month decrease in revenue from the contract rent and management fee has no material adverse effect on the changes in fair value of investment properties whose subsequent measurement is carried out at fair value.
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. Focusing on the three main categories of furniture, building materials and electrical appliances, strengthening the core competence, and actively cultivating, attracting, stabilizing and retaining merchants to promote a rapid and stable increase in the occupancy rate of the main categories;
2. Studying and implementing practical and effective preferential policies. Meanwhile, actively expanding new businesses, focusing on the rapid promotion of the design of home furnishings, fashion catering and other directions and facilitating the traffic flow of shopping malls to increase consumption turnover;

3. Efficiently reaching out to properties, regular customers and online and offline home furnishing users, building a super-traffic shopping mall for Red Star Macalline and jointly creating a smart marketing ecosystem for the home furnishing industry. Through the two core competencies of traffic fission and targeted distribution, cooperating with hundreds of home furnishing brands, exploring smart retailing in-depth, sharing the benefits from the super-traffic shopping mall, realizing high-frequency and joint consumption during the home furnishing cycle of a single user, solving the pain points of the home furnishing industry at a deep level, and releasing the value of the home furnishing industry all over the domain, so as to exponentially amplify the platform capabilities of Red Star Macalline.

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

Shanghai, the PRC
5 January 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.