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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)

CONTINUING CONNECTED TRANSACTIONS SUPPLEMENTAL CONTRACT MANAGEMENT AGREEMENT AND REVISION OF ANNUAL CAPS

INTRODUCTION

References are made to the Prospectus and the announcements (the "**Announcements**") of the Company dated 20 November 2017, 29 November 2018, 25 November 2019, 28 November 2019, 17 September 2021, 27 September 2024, 1 July 2025, 9 September 2025, 26 September 2025 and 26 December 2025 in relation to, inter alia, the continuing connected transactions between the Group and certain Associated Business Partners under the relevant Contract Management Agreements.

On 16 April 2026, the Board resolved to approve the Group to enter into a Supplemental Contract Management Agreement with Xuzhou RSHFP, pursuant to which, the Group will provide contract management service for Xuzhou RSHFP for a period commencing from 1 January 2026 to 31 August 2027.

LISTING RULES IMPLICATIONS

As Associates of Mr. Che and Mr. Xu, the Associated Business Partners are connected persons of the Company under the Listing Rules and the Contract Management Transactions contemplated under each of the Contract Management Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. The Contract Management Agreements are of the same nature and have been classified as aggregated and treated as if they were one under the Listing Rules. Accordingly, the proposed new annual caps in respect of the Contract Management Transactions are aggregated, and such aggregate amount is used when calculating the relevant percentage ratios under Chapter 14A of the Listing Rules.

As all the applicable percentage ratios for the proposed new annual caps under the Contract Management Transactions, on an aggregated basis, exceed 0.1% but are less than 5%. Therefore, in accordance with Rule 14A.76 of the Listing Rules, the transactions under the Supplemental Contract Management Agreement are subject to the reporting, annual review and announcement requirements, but are exempt from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

Mr. Che and Mr. Xu have abstained from voting on the Board resolution approving the new annual caps for the Contract Management Agreements to be entered into with Xuzhou RSHFP, the Contract Management Transactions and the adjustments on the overall annual caps for the Contract Management Transactions, in view of their interests in the transactions contemplated thereunder. Save as disclosed above, none of the Directors has any material interests in the Contract Management Agreements.

INTRODUCTION

References are made to the Prospectus and the announcements (the "**Announcements**") of the Company dated 20 November 2017, 29 November 2018, 25 November 2019, 28 November 2019, 17 September 2021, 27 September 2024, 1 July 2025, 9 September 2025, 26 September 2025 and 26 December 2025 in relation to, inter alia, the continuing connected transactions between the Group and certain Associated Business Partners under the relevant Contract Management Agreements.

On 16 April 2026, the Board resolved to approve the Group to enter into a Supplemental Contract Management Agreement with Xuzhou RSHFP, pursuant to which, the Group will provide contract management service for Xuzhou RSHFP for a period commencing from 1 January 2026 to 31 August 2027.

PRINCIPAL TERMS OF THE SUPPLEMENTAL CONTRACT MANAGEMENT AGREEMENT

Parties: Xuzhou RSHFP;

the Company; and

Shanghai RS Macalline Brand Management

Gross Floor Area: 130,055.21 square meters

Location:	Home Furnishing Mall, No. 188 Fuxing North Road and No. 188 Fuxing North Road Extension, Xuzhou City, Jiangsu Province, PRC
Term:	From 1 January 2026 to 31 August 2027
Management Fee:	5% of the actual total income received under lease contracts for the current year of Xuzhou RSHFP
Payment Terms:	The management fee for the year 2026 shall be settled before 15 January 2027; and the management fee for the period ended 31 August 2027 shall be settled before 15 September 2027

As the annual caps under the Supplemental Contract Management Agreement are of the same nature as the rest of the other Contract Management Agreements, the Contract Management Agreements are treated as if they were one under the Listing Rules. Accordingly, there will be changes to the overall annual caps for the Contract Management Transactions for the years ending 31 December 2026 and 2027.

PRICING POLICY

The management fees for Xuzhou RSHFP are determined by the parties after arm's-length negotiation, taking into account (i) the area managed by Xuzhou RSHFP; and (ii) the location and scale of the shopping mall, based on the prevailing market rate of management fees charged by the Group for similar shopping malls. The Company is of the view that the annual management fees to be charged by the Group for Xuzhou RSHFP are within the range of management fees charged by the Group for similar shopping malls owned by Independent Third Parties and that the aforesaid pricing policies are comparable to and no less favourable than the management fees charged by the Group from other Independent Third Parties.

HISTORICAL TRANSACTION AMOUNTS

The total annual management fees accrued to the Group from Xuzhou RSHFP for the years ended 31 December 2024 and 2025 are RMB2.31 million and RMB2.77 million, respectively.

REVISED ANNUAL CAPS AND BASIS OF DETERMINATION

As a result of the Supplemental Contract Management Agreement to be entered into between Xuzhou RSHFP, the Company and Shanghai RS Macalline Brand Management, the Board resolved to set the following annual caps in respect of the transactions with Xuzhou RSHFP under the Supplemental Contract Management Agreement:

	For the year ending 31 December 2026 (in millions of RMB)	**For the eight months ending 31 August 2027 (in millions of RMB)**
Total management fees accrued to the Group from Xuzhou RSHFP	5.00	3.33

The above annual caps were determined by the Directors after having taken into account (i) the annual management fees under the Supplemental Contract Management Agreement; (ii) the historical management fees charged by the Group under the other Contract Management Agreements; and (iii) management fees charged by the Group for similar shopping malls owned by Independent Third Parties.

After including annual caps of the Supplemental Contract Management Agreement for the year ending 31 December 2026 and the eight months ending 31 August 2027, the total annual caps under the Contract Management Agreements (the "**Total Annual Caps**") for the years ending 31 December 2026 and 2027 will be changed from RMB5.31 million and RMB2.80 million to RMB10.31 million and RMB6.13 million, respectively. For the avoidance of doubt, the Total Annual Caps for the year ending 31 December 2028 remains unchanged.

Set forth below are the revised Total Annual Caps:

	For the year ending 31 December 2026	For the year ending 31 December 2027	For the year ending 31 December 2028
	(in millions of RMB)		
Total management fees accrued to the Group from Xuzhou RSHFP	5.00	3.33[(c)]	–[(e)]
Total management fees accrued to the Group from Jining Hongrui	1.38[(a)]	–[(e)]	–[(e)]
Total management fees accrued to the Group from Shaanxi Hongrui	1.13[(b)]	–[(e)]	–[(e)]
Total management fees accrued to the Group from Yangzhou RSHFP	2.00	2.00	2.00
Total management fees accrued to the Group from Changzhou HFDM	0.80	0.80	0.20[(d)]
Total	10.31	6.13	2.20

Notes:

(a) This figure represents the annual cap for the management fees to be accrued to the Group from Jining Hongrui for the period commencing on 1 January 2026 and ending on 31 August 2026.

(b) This figure represents the annual cap for the management fees to be accrued to the Group from Shaanxi Hongrui for the period commencing on 1 January 2026 and ending on 29 September 2026.

(c) This figure represents the annual cap for the management fees to be accrued to the Group from Xuzhou RSHFP for the period commencing on 1 January 2027 and ending on 31 August 2027.

(d) This figure represents the annual cap for the management fees to be accrued to the Group from Changzhou HFDM for the period commencing on 1 January 2028 and ending on 31 March 2028.

(e) As no agreement has been reached between the Group and the relevant business partners on the arrangements of the existing management agreements after their expiration, the Group is currently unable to estimate the amount of management fees that will be incurred after the expiry of the existing management agreements.

REASONS FOR AND BENEFITS OF THE SUPPLEMENTAL CONTRACT MANAGEMENT AGREEMENT AND REVISION OF THE ANNUAL CAPS

In line with the Company's development strategy of "asset-light and operation-heavy", the Group plans to enter into the Supplemental Contract Management Agreement with Xuzhou RSHFP. After arm's-length negotiations between the Group and Xuzhou RSHFP, the Group decided to set the annual management fees for Xuzhou RSHFP at the prevailing market rate. The Company believes that the annual management fees for Xuzhou RSHFP are no less favorable than those charged for similar shopping malls owned by Independent Third Parties.

The Directors (including independent non-executive Directors) consider that the Supplemental Contract Management Agreement with Xuzhou RSHFP is entered into on normal commercial terms or better and in the ordinary and usual course of business of the Group, and the transactions contemplated thereunder are fair and reasonable and in the interests of the Group and Shareholders as a whole.

INTERNAL CONTROL MEASURES

In order to ensure that the terms of the Contract Management Agreements are fair and reasonable and that the Company complies with the pricing terms of the relevant Contract Management Agreements, the Company has adopted the following internal control procedures:

(i) the Company has arranged the finance department to monitor the transaction amounts of the Contract Management Transactions;

(ii) relevant information and materials in relation to the Contract Management Transactions will be reviewed and considered by the Company's finance department and securities department to ensure compliance with the requirements of the Listing Rules;

(iii) the independent non-executive Directors have reviewed and will continue to review the Contract Management Transactions, to ensure that the terms of such transactions are fair and reasonable, and such transactions are entered into in the ordinary and usual course of business of the Group, on normal commercial terms, and in the interest of the Group and the Shareholders as a whole; and

(iv) the auditors of the Company will conduct annual reviews on the pricing policy and annual caps for the Contract Management Transactions.

LISTING RULES IMPLICATIONS

As Associates of Mr. Che and Mr. Xu, the Associated Business Partners are connected persons of the Company under the Listing Rules and the Contract Management Transactions contemplated under each of the Contract Management Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. The Contract Management Agreements are of the same nature and have been classified as aggregated and treated as if they were one under the Listing Rules. Accordingly, the proposed new annual caps in respect of the Contract Management Transactions are aggregated, and such aggregate amount is used when calculating the relevant percentage ratios under Chapter 14A of the Listing Rules.

As all the applicable percentage ratios for the proposed new annual caps under the Contract Management Transactions, on an aggregated basis, exceed 0.1% but are less than 5%. Therefore, in accordance with Rule 14A.76 of the Listing Rules, the transactions under the Supplemental Contract Management Agreement are subject to the reporting, annual review and announcement requirements, but are exempt from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

During the period from 1 January 2026 to the date of this announcement, all applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) for the management fees accrued by the Group from Xuzhou RSHFP, after aggregating it with the transactions under the other Contract Management Agreements, were below 0.1%, and therefore such transactions are fully exempt from Shareholders' approval, annual review and all disclosure requirements.

Mr. Che and Mr. Xu have abstained from voting on the Board resolution approving the new annual caps for the Contract Management Agreements to be entered into with Xuzhou RSHFP, the Contract Management Transactions and the adjustments on the overall annual caps for the Contract Management Transactions, in view of their interests in the transactions contemplated thereunder. Save as disclosed above, none of the Directors has any material interests in the Contract Management Agreements.

INFORMATION ON XUZHOU RSHFP

Xuzhou RSHFP, a limited liability company established in the PRC, is mainly engaged in dealing in furniture, construction and furnishing materials, site leasing and other businesses. Xuzhou RSHFP is held as to 75% and 25% by Mr. Che Jianlin and Mr. Che Jianguo (each a relative of Mr. Che), respectively.

INFORMATION ABOUT THE COMPANY

As a leading home improvement and furnishings shopping mall operator as well as a service provider for pan-home furnishing business platforms in the PRC, the Company mainly engages in the business of offering comprehensive services to the merchants, consumers and partners through the operation and management of portfolio shopping malls, managed shopping malls, franchised malls and strategic cooperation malls. Meanwhile, the Company is also involved in pan-home furnishings consumption, including internet retail, decoration and design.

DEFINITIONS

"Associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Associated Business Partners"	Xuzhou RSHFP, Yangzhou RSHFP, Jining Hongrui, Shaanxi Hongrui and Changzhou HFDM
"Board"	the board of directors of the Company
"Changzhou HFDM"	Changzhou Hongxing Furniture Decoration Mall* (常州市紅星裝飾城), a company established in the PRC with limited liability
"Company"	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 PRC with limited liability, whose H Shares are listed on the Main Board of the Stock Exchange and A Shares are listed on the Shanghai Stock Exchange
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"Contract Management Agreements"	the contract management agreement(s) entered into between the Group and each of the Associated Business Partners and the supplemental agreements
"Contract Management Transactions"	the continuing connected transactions contemplated under the Contract Management Agreements
"Director(s)"	director(s) of the Company
"Group"	the Company and its subsidiaries
"Independent Third Party(ies)"	persons who, to the knowledge of the Directors after having made all reasonable enquiries, are not connected persons of the Company

"Jining Hongrui"	Jining Hongrui Market Operation and Management Co., Ltd.* (濟寧鴻瑞市場經營管理有限公司), a limited liability company established in the PRC, which is a connected person of the Company
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Mr. Che"	Mr. CHE Jianxing, a non-executive Director
"Mr. Xu"	Mr. XU Guofeng, a non-executive Director and the brother-in-law of Mr. Che
"PRC" or "China"	the People's Republic of China, but for the purpose of this announcement only, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
"Prospectus"	prospectus of the Company dated 16 June 2015
"RMB"	Renminbi, the lawful currency of the PRC
"Shaanxi Hongrui"	Shaanxi Hongrui Home Furnishings Plaza Co., Ltd.* (陝西鴻瑞家居生活廣場有限公司), a limited liability company incorporated in the PRC, which is a connected person of the Company
"Shanghai RS Macalline Brand Management"	Shanghai Red Star Macalline Brand Management Co. Ltd* (上海紅星美凱龍品牌管理有限公司), a limited liability company incorporated in the PRC, which is a wholly-owned subsidiary of the Company
"Shareholder(s)"	the A Share Shareholder(s) and the H Share Shareholder(s) of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed thereto under the Listing Rules
"Supplemental Contract Management Agreement"	a supplemental contract management agreement to be entered into between Xuzhou RSHFP and the Company
"Xuzhou RSHFP"	Xuzhou Red Star Macalline Global Home Furnishings Plaza Co., Ltd.* (徐州紅星美凱龍全球家居生活廣場有限公司), a limited liability company established in the PRC, which is a connected person of the Company

"Yangzhou RSHFP"	Yangzhou Red Star Macalline Global Home Furnishings Plaza Property Co., Ltd.* (揚州紅星美凱龍全球家居生活廣場置業有限公司), a limited liability company established in the PRC, which is a connected person of the Company
"%"	per cent

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

Shanghai, the PRC
16 April 2026

As at the date of this announcement, the executive Directors of the Company are LI Yupeng, SHI Yaofeng and YANG Yingwu; the non-executive Directors are YE Yanliu, ZOU Shaorong, CHE Jianxing and XU Guofeng; the independent non-executive Directors are XUE Wei, HUANG Jianzhong, CHEN Shanang, WONG Chi Wai and CAI Qinghui; and the employee Director is ZHENG Jianjie.