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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 ENTERING INTO THE FRAMEWORK AGREEMENT

ENTERING INTO THE FRAMEWORK AGREEMENT

On 18 June 2026, Chengdu Tianfu Macalline entered into the Framework Agreement with C&D Construction, pursuant to which, Chengdu Tianfu Macalline entrusted C&D Construction to provide entrusted construction management and entrusted sales services for the Tianfu New District Project for a term from 18 June 2026 to 17 June 2029.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Xiamen C&D directly and indirectly holds 1,304,242,436 Shares of the Company, representing approximately 29.96% of the total issued share capital of the Company, and is a substantial shareholder of the Company. Accordingly, Xiamen C&D and its associates (including C&D Construction, an indirect subsidiary of Xiamen C&D) are connected persons of the Company, and thus the Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under the Listing Rules.

As one or more of the applicable percentage ratios in respect of the annual caps for the transactions contemplated under the Framework Agreement exceeds 0.1% but is less than 5%, the Framework Agreement and the transactions contemplated thereunder are subject to the reporting, announcement and annual review requirements, but are exempt from the circular (including advice from the independent financial adviser) and independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

The Directors, namely Ms. YE Yanliu and Mr. ZOU Shaorong, have abstained from voting on the relevant Board resolution in view of their conflict of interests or potential conflict of interests in the transactions contemplated under the Framework Agreement. Save as disclosed above, none of the other Directors has or is deemed to have a material interest in the transactions contemplated under the Framework Agreement.

ENTERING INTO THE FRAMEWORK AGREEMENT

On 18 June 2026, Chengdu Tianfu Macalline entered into the Framework Agreement with C&D Construction, pursuant to which, Chengdu Tianfu Macalline entrusted C&D Construction to provide entrusted construction management and entrusted sales services for the Tianfu New District Project. The principal terms of the Framework Agreement are set out below:

Date: 18 June 2026

Parties: (1) Chengdu Tianfu Macalline; and

(2) C&D Construction

Term: From 18 June 2026 to 17 June 2029

Entrusted Matters: Chengdu Tianfu Macalline entrusted C&D Construction to provide certain entrusted construction management and entrusted sales services for the Tianfu New District Project.

The entrusted construction management and entrusted sales services to be provided by C&D Construction to Chengdu Tianfu Macalline mainly include:

(i) planning and design management: including but not limited to selecting design units for each stage through tendering or other means (including foundation pit support design, architectural plans and construction drawings design, public area refined decoration and display area and show flat engineering plans and construction drawings design, outdoor landscape engineering plans and construction drawings design, and other special designs, etc.), preparing design briefs and determining specific requirements such as the scope, depth, standards, and quality for various designs, effectively communicating and coordinating with each design unit, coordinating overall planning and design schemes, reviewing design deliverables, proposing product planning proposals or product positioning reports, and requiring design units to carry out reasonable design within limits based on cost estimates, etc.

(ii) project cost management: including but not limited to preparing target costs for subsequent works, and conducting dynamic cost tracking and management, etc.

(iii) project management: including but not limited to implementing comprehensive management of the project's design, construction quality, construction period, cost, and safe and civilized construction, etc. as required.

(iv) quality management: including but not limited to supervising project quality, organizing regular and irregular inspections and verifications, and organizing completion acceptance, etc.

(v) marketing management: including but not limited to formulating project marketing strategies, proposing sales pricing based on sales targets (including discount authorities), preparing annual and monthly marketing expense budgets, selecting various professional marketing work units or channel agencies and coordinating their management; organizing the marketing team to carry out comprehensive marketing management work, daily on-site management, sales material management, sales personnel management, sales contract management, integration and tracking of customer information, integration and updating of sales ledgers, contract signing and payment collection management, and other daily sales management work, etc.

Fees:

For the above services, the fees payable by Chengdu Tianfu Macalline to C&D Construction include the basic management service fee and the sales agency management service fee, and the specific amounts are as follows:

(1) The basic management service fee shall be RMB50 million (inclusive of 6% value-added tax), which shall be paid from the "Sales Proceeds" in stages upon completion of work at each milestone in accordance with the Project development and construction progress (of which the first installment of the basic management service fee of RMB8 million shall be paid within 10 working days after the signing of the Framework Agreement). "Sales Proceeds" refers to the property purchase payments and parking space usage fees actually received by Chengdu Tianfu Macalline under the Commodity Housing Sale and Purchase Contracts and other business sales-related contracts signed by C&D Construction as a sales agent in accordance with the Framework Agreement.

(2) The sales agency management service fee shall be 2% of the "Actual Contracted Sales Amount" (tax inclusive) of the Project, subject to a cap of RMB20 million, and the payment of which is conditional upon the actual receipt of sales proceeds by Chengdu Tianfu Macalline. "Actual Contracted Sales Amount" refers to the contracted sales amount actually completed by C&D Construction in accordance with the Framework Agreement, which shall be based on the signed Commodity Housing Sale and Purchase Contracts. Pursuant to the Framework Agreement, both parties shall confirm the amount of sales agency management service fees to be settled based on the actual sales proceeds received in the preceding month by the 15th day of each month, and complete the payment from such sales proceeds within 10 business days upon confirmation of settlement by both parties.

HISTORICAL AMOUNTS

Prior to the date of this announcement, the Group and C&D Construction did not incur any historical amounts in respect of the transactions contemplated under the Framework Agreement.

ANNUAL CAPS

For the period from the effective date of the Framework Agreement to 31 December 2026, the year ending 31 December 2027, the year ending 31 December 2028 and the period from 1 January 2029 to the expiration date of the Framework Agreement, the annual caps for the entrusted construction management and sales service fees payable by Chengdu Tianfu Macalline to C&D Construction under the Framework Agreement shall be RMB8.60 million, RMB17.80 million, RMB23.46 million and RMB20.14 million, respectively.

PRICING POLICY AND BASIS FOR DETERMINING THE ANNUAL CAPS

In determining the fees payable by Chengdu Tianfu Macalline to C&D Construction and the annual caps, the parties have conducted arm's length negotiations taking into account the following factors and the pricing policy: (1) the prevailing market price and terms of comparable services; (2) the nature, complexity and scope of the services, the delivery method and the expected operating costs; (3) the fee standards charged by C&D Construction for similar entrusted construction management services and entrusted sales services in the past; and (4) the prices and terms of the entrusted construction management services and entrusted sales services provided by C&D Construction to Chengdu Tianfu Macalline being no less favourable than those provided by Independent Third Parties to the Group in respect of similar services.

REASONS FOR AND BENEFITS OF ENTERING INTO THE FRAMEWORK AGREEMENT

As a leading home improvement and furnishings shopping mall operator in the PRC, the Group mainly engages in the business of offering comprehensive services to the merchants, consumers and partners of the home improvement and furnishings shopping malls under "Red Star Macalline" through the operation and management of both Portfolio Shopping Malls and Managed Shopping Malls. Meanwhile, the Group is also involved in pan-home furnishings consumption services, including internet retail, home improvement and design. In view of the current real estate market environment, the Group believes that introducing C&D Construction, which possesses extensive experience in development and construction and professional sales capabilities, to provide entrusted construction management and entrusted sales services for the Project will help to:

(i) fully utilize the experience and resource advantages of C&D Construction in the development, construction and management of real estate projects to enhance the Project's construction quality and efficiency;

(ii) accelerate the Project's sales and destocking rate and promote the collection of sales proceeds by leveraging the brand effect, sales channels and customer resources of C&D Construction;

(iii) effectively control the Project's construction costs through the professional management of C&D Construction.

APPROVAL BY THE BOARD

The Board has considered and approved the resolution regarding the entering into of the Framework Agreement and its annual caps. Based on the above reasons and benefits, the Directors (including the independent non-executive Directors) are of the view that, the Framework Agreement was 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 and the annual caps are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

The Directors, namely Ms. YE Yanliu and Mr. ZOU Shaorong, have abstained from voting on the relevant Board resolution in view of their conflict of interests or potential conflict of interests in the transactions contemplated under the Framework Agreement. Save as disclosed above, none of the other Directors has or is deemed to have a material interest in the transactions contemplated under the Framework Agreement.

INTERNAL CONTROL MEASURES

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

(i) the Company has arranged the finance department to monitor the transaction amounts of the transactions contemplated under the Framework Agreement;

(ii) relevant information and materials in relation to the transactions contemplated under the Framework Agreement will be reviewed and considered by the Company's finance department and the secretariat of the Board to ensure compliance with the requirements of the Listing Rules;

(iii) the independent non-executive Directors have reviewed and will continue to review the transactions contemplated under the Framework Agreement, 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 or better, 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 transactions contemplated under the Framework Agreement.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Xiamen C&D directly and indirectly holds 1,304,242,436 Shares of the Company, representing approximately 29.96% of the total issued share capital of the Company, and is a substantial shareholder of the Company. Accordingly, Xiamen C&D and its associates (including C&D Construction, an indirect subsidiary of Xiamen C&D) are connected persons of the Company, and thus the Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under the Listing Rules.

As one or more of the applicable percentage ratios in respect of the annual caps for the transactions contemplated under the Framework Agreement exceeds 0.1% but is less than 5%, the Framework Agreement and the transactions contemplated thereunder are subject to the reporting, announcement and annual review requirements, but are exempt from the circular (including advice from the independent financial adviser) and independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

INFORMATION ON THE PARTIES TO THE FRAMEWORK AGREEMENT

Chengdu Tianfu Macalline is a company established in the PRC with limited liability and is principally engaged in site leasing management. Chengdu Tianfu Macalline is a wholly-owned subsidiary of the Company.

C&D Construction is a company established in the PRC with limited liability and is principally engaged in entrusted construction management service business. C&D Construction is an indirect wholly-owned subsidiary of C&D International and an indirect subsidiary of Xiamen C&D.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Board"	the board of directors of the Company
"C&D Construction"	Xiamen C&D Construction Operation and Management Company Limited (廈門建發建設運營管理有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of C&D International

"C&D International"	C&D International Investment Group Limited (建發國際投資集團有限公司), a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1908). As at the date of this announcement, Xiamen C&D is the controlling shareholder of C&D International
"Chengdu Tianfu Macalline"	Chengdu Tianfu New District Red Star Macalline World Trade Home Furnishing Co., Ltd. (成都天府新區紅星美凱龍世貿家居有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company
"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 to it under the Listing Rules
"controlling shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"Director(s)"	director(s) of the Company
"Framework Agreement"	the framework agreement entered into between Chengdu Tianfu Macalline and C&D Construction on 18 June 2026, pursuant to which Chengdu Tianfu Macalline entrusted C&D Construction to provide entrusted construction management and entrusted sales services for the Tianfu New District Project
"Group"	the Company and its subsidiaries from time to time
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Third Party(ies)"	persons who, to the best of the knowledge, information and belief of the Directors after having made all reasonable enquiries, are not connected persons of the Company
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"percentage ratio(s)"	has the meaning ascribed to it under the Listing Rules
"PRC" or "China"	the People's Republic of China, but for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
"RMB"	Renminbi, the lawful currency of the PRC

"Share(s)"	the share(s) of the Company, including the A share(s) and H share(s) of the Company
"Shareholder(s)"	holder(s) of the A shares and H shares of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed to it under the Listing Rules
"substantial shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"Tianfu New District Project" or "Project"	the commercial and service land located at Groups 2, 4, 5 and 7, Yixin Village, Huayang Street, Tianfu New District, Chengdu, with a total gross floor area of approximately 412,000 sq.m.
"Xiamen C&D"	Xiamen C&D Inc.* (廈門建發股份有限公司), a joint stock limited company listed on the Shanghai Stock Exchange (stock code: 600153), a substantial shareholder 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, 18 June 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.

* *For identification purpose only*