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 December 2025, 16 April 2026 and 15 May 2026 in relation to, inter alia, the continuing connected transactions between the Group and the Associated Business Partners under the relevant Contract Management Agreements.

On 28 August 2026, the Board resolved to approve the Company to enter into a Supplemental Contract Management Agreement with Jining Hongrui, which was also entered into on the same date. Pursuant to such agreement, the Company will provide contract management service for Jining Hongrui for the period from 1 September 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 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 were aggregated and treated as a single transaction. Accordingly, the 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 one or more of the applicable percentage ratios for the new annual caps under the Contract Management Transactions, on an aggregated basis, exceed 0.1% but are less than 5%, the Contract Management Transactions are only subject to the annual review, reporting and announcement requirements, but are exempt from the circular (including independent financial advice) and the independent 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 under the Supplemental Contract Management Agreement, the Contract Management Transactions and the adjustments on the overall annual caps for the Contract Management Transactions, in view of their interests in the Contract Management Transactions. 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 December 2025, 16 April 2026 and 15 May 2026 in relation to, inter alia, the continuing connected transactions between the Group and the Associated Business Partners under the relevant Contract Management Agreements.

On 28 August 2026, the Board resolved to approve the Company to enter into a Supplemental Contract Management Agreement with Jining Hongrui, which was also entered into on the same date. Pursuant to such agreement, the Company will provide contract management service for Jining Hongrui for the period from 1 September 2026 to 31 August 2027.

PRINCIPAL TERMS OF THE SUPPLEMENTAL CONTRACT MANAGEMENT AGREEMENT

Parties:	Jining Hongrui; and the Company
Gross Floor Area:	85,879 square meters
Location:	No. 99 East Jinyu Road, High-tech Industrial Development Zone, Jining City, Shandong Province, PRC
Term:	From 1 September 2026 to 31 August 2027

Annual Management Fee:	Fixed amount of RMB1.50 million per annum (the management fees to be accrued under the Supplemental Contract Management Agreement will be calculated on a pro-rata basis)
Payment Terms:	RMB0.75 million shall be paid before 15 September 2026, and the remaining management fee of RMB0.75 million shall be paid before 15 March 2027

PRICING POLICY

The management fees for Jining Hongrui are determined by the parties after arm's-length negotiation, taking into account (i) the operating area and business positions of Jining Hongrui; and (ii) the prevailing market rate of management fees charged by the Group for similar shopping malls after taking into account the location and the scale of Jining Hongrui. The Company considered that the annual management fees to be charged by the Group for Jining Hongrui are within the range of management fees charged by the Group for similar shopping malls owned by Independent Third Parties and was of the view 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 Jining Hongrui for the year ended 31 December 2025 and the six months ended 30 June 2026 are RMB1.77 million and RMB0.57 million, respectively.

REVISED ANNUAL CAPS AND BASIS OF DETERMINATION

As a result of the entering into of the Supplemental Contract Management Agreement, the Board resolved to set the following annual caps in respect of the transactions with Jining Hongrui 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 Jining Hongrui	1.50	1.00

The above annual caps were determined by the Directors after having taken into account (i) the management fees under the Existing 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.

As the annual caps under the Supplemental Contract Management Agreement are of the same nature as those under the other Contract Management Agreements, the Contract Management Agreements are treated as a single transaction 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.

After including the annual caps of the Supplemental Contract Management Agreement, 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 RMB10.31 million and RMB6.13 million to RMB10.43 million and RMB7.13 million, respectively. For the avoidance of doubt, the Total Annual Caps for the year ending 31 December 2028 remain unchanged. Set forth below are the revised Total Annual Caps:

	For the year ending 31 December 2026 (in millions of RMB)	**For the year ending 31 December 2027 (in millions of RMB)**	**For the year ending 31 December 2028 (in millions of RMB)**
Total management fees accrued to the Group from Jining Hongrui	1.50	1.00[(1)]	–[(5)]
Total management fees accrued to the Group from Xuzhou RSHFP	5.00	3.33[(2)]	–[(5)]
Total management fees accrued to the Group from Yangzhou RSHFP	2.00	2.00	2.00[(5)]
Total management fees accrued to the Group from Shaanxi Hongrui	1.13[(3)]	–[(5)]	–[(5)]
Total management fees accrued to the Group from Changzhou HFDM	0.80	0.80	0.20[(4)]
Total	10.43	7.13	2.20

Notes:

(1) 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 2027 and ending on 31 August 2027.

(2) 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.

(3) 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.

(4) 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.

(5) As no agreement has been reached between the Group and the Associated 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 Company entered into the Supplemental Contract Management Agreement with Jining Hongrui. After arm's-length negotiations between the Company and Jining Hongrui, the Company decided to set the annual management fees for Jining Hongrui at the prevailing market rate. The Company believes that the annual management fees for Jining Hongrui 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 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 were aggregated and treated as a single transaction 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 one or more of 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%, in accordance with Rule 14A.76 of the Listing Rules, the Contract Management Transactions are only subject to the annual review, reporting and announcement requirements, but are exempt from the circular (including independent financial advice) and the independent 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 under the Supplemental Contract Management Agreement, the Contract Management Transactions and the adjustments on the overall annual caps for the Contract Management Transactions, in view of their interests in the Contract Management Transactions. Save as disclosed above, none of the Directors has any material interests in the Contract Management Agreements.

INFORMATION ON PARTIES TO THE SUPPLEMENTAL CONTRACT MANAGEMENT AGREEMENT

Jining Hongrui is a company incorporated in the PRC, which is 77% owned by Mr. Che Yihui (Mr. Che Yihui is a relative (as defined in Chapter 14A of the Listing Rules) of Mr. Che and Mr. Xu). Jining Hongrui is engaged in house leasing, furniture, construction materials, office necessities, sale of electricity and other businesses.

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 also offers a range of home-related consumer services, including Internet retail and interior 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, the H Shares of which are listed on the Main Board of the Stock Exchange and the A Shares of which are listed on the Shanghai Stock Exchange
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"Contract Management Agreement(s)"	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
"Existing Contract Management Agreement"	the contract management agreement entered into between Jining Hongrui and the Company as detailed in the announcement of the Company dated 9 September 2025
"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"	the People's Republic of China
"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
"Shareholder(s)"	the 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"	the supplemental contract management agreement entered into between Jining Hongrui and the Company on 28 August 2026
"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
28 August 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 purposes only*