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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)

ANNOUNCEMENT IN RELATION TO PROPOSED CHANGE OF CERTAIN UNDERTAKINGS AND PERFORMANCE OBLIGATIONS FOR SPECIFIC MATTERS BY THE SECOND LARGEST SHAREHOLDER OF THE COMPANY

Red Star Macalline Group Corporation Ltd. (the "**Company**") recently received a communication letter (the "**Change and Waiver Application**") submitted by its second largest shareholder, Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) ("**RSM Holding**"), requesting a change and waiver of certain undertakings previously made by RSM Holding in its capacity as the then controlling shareholder of the Company.

On 13 November 2026, the board (the "**Board**") of directors (the "**Director(s)**") of the Company considered and approved the Resolution on the Change of Certain Undertakings and Performance Obligations for Specific Matters of the Second Largest Shareholder of the Company, approving the change and waiver of certain undertakings previously made by RSM Holding, the second largest shareholder of the Company, and the waiver of its performance obligations for corresponding specific matters under the Commitment Letter on the Resolution of Non-Competition (the "**Proposed Change and Waiver**"). Mr. Che Jianxing ("**Mr. Che**") and Mr. Xu Guofeng ("**Mr. Xu**"), the interested Directors, abstained from voting. The above matter has been reviewed and approved at a special meeting of the independent Directors of the Company. The ordinary resolution in relation to the Proposed Change and Waiver is subject to the extraordinary general meeting of the Company (the "**EGM**") for the shareholders of the Company ("**Shareholder(s)**") to consider and approve, and interested Shareholders are required to abstain from voting on such resolution.

I. SUMMARY OF PREVIOUS UNDERTAKINGS AND PROPOSED CHANGE AND WAIVER

1. Performance Obligations for Corresponding Specific Matters under the Commitment Letter on the Resolution of Non-Competition

Reference is made to the Commitment Letter on the Resolution of Non-Competition issued by RSM Holding to the Company on 11 April 2016 in relation to the listing of the Company's A Shares on the Shanghai Stock Exchange in 2018, pursuant to which RSM Holding made certain non-competition undertakings to the Company (the "**Non-competition Undertaking**").

(a) Contents of the Original Undertaking

Pursuant to the Non-competition Undertaking, RSM Holding undertook that:

(1) As at the date of signing the Non-competition Undertaking, neither RSM Holding nor its subsidiaries and associates in which it has an equity interest (excluding the Company and its controlled subsidiaries, the same below) were directly or indirectly engaged in the operation, management and service business of home furnishing malls or other businesses that are the same as or similar to the main business and other businesses of the Company;

(2) From the date of signing the Non-competition Undertaking, neither RSM Holding nor its subsidiaries and associates in which it has an equity interest will directly or indirectly engage in any competing business, nor will they build or lease new properties for the operation of home furnishing malls, or engage in any competing business or business that may constitute competition in any way, directly or indirectly;

(3) From the date of signing the Non-competition Undertaking, if RSM Holding or its subsidiaries and associates in which it has an equity interest should encounter or have access to any investment opportunities or other business opportunities related to the competing business in the future, RSM Holding and its subsidiaries and associates in which it has an equity interest will grant such investment opportunities or other business opportunities to the Company on the same terms;

(4) From the date of signing the Non-competition Undertaking, if the Company and its controlled subsidiaries further expand their business scope, RSM Holding and its subsidiaries and associates in which it has an equity interest will not compete with the expanded business of the Company and its controlled subsidiaries; if they do compete, RSM Holding and its subsidiaries and associates in which it has an equity interest will cease the competing business, incorporate the competing business into the Company and its controlled subsidiaries, or transfer the competing business to unrelated third parties, in each case in a reasonable and feasible manner to avoid horizontal competition; and

(5) If the Non-competition Undertaking is proven to be untrue or not complied with, RSM Holding shall compensate the Company and its controlled subsidiaries for all direct and indirect losses.

(b) Performance Obligations for Specific Matters Proposed to be Waived

To regulate the handling of the specific circumstances below, in accordance with the relevant provisions and requirements of laws and regulations such as the Rules Governing the Listing of Stocks on Shanghai Stock Exchange (the "**SSE Listing Rules**") and the Regulatory Guideline for Listed Companies No. 4 – Undertakings by Listed Companies and Their Related Parties (《上市公司監管指引第4號－上市公司及其相關方承諾》), details of the proposed waiver of RSM Holding's performance obligations for corresponding specific matters (the "**Specific Matters**") under the Non-competition Undertaking are as follows:

In November 2024, Chengdu Red Star Macalline Tianfu Expo Home Furnishing Plaza Company Limited (成都紅星美凱龍天府世博家居廣場有限公司), a wholly-owned subsidiary of the Company, entered into an entrusted operation and management contract with Xiamen C&D Commercial Management Company Limited (廈門建發商業管理有限公司, "**C&D Commercial Management**"), entrusting C&D Commercial Management to provide grand-opening preparation services, tenant sourcing service and operational services, and post-opening operation and management services for MKL Life Aesthetics Center ("**Chengdu Aesthetics Center**"), a commercial shopping centre project. The Company remains the asset holder of Chengdu Aesthetics Center.

Pursuant to the Restructuring Plan (as defined below) approved by the Pudong New Area People's Court of Shanghai (the "**Shanghai Pudong Court**" or "**Court**"), 72.92% of the shares of Shanghai Aegean Sea Commercial Group Co., Ltd. (上海愛琴海商業集團股份有限公司) ("**Aegean Sea Commercial**") were transferred to RSM Holding in August 2025, and the restructured RSM Holding became its controlling shareholder. Aegean Sea Commercial is a specialized asset management and operation platform under RSM Holding. Its core business is the full-process operation and asset management of commercial real estate, primarily providing asset owners with customized asset solutions such as positioning, tenant sourcing, operation, renovation and marketing. As the principal business of Aegean Sea Commercial is commercial complex management services, the aforesaid shareholding adjustment resulted in RSM Holding having business similar to that of Chengdu Aesthetics Center held by the Company in terms of commercial complex management business.

2. Letter of Undertaking on Share Sale Restrictions

(*a*) *Contents of the Original Undertaking*

RSM Holding undertook that:

(1) After the resolution on waiving and changing the undertaking on RSM Holding's shareholding and reduction intentions is considered and approved at the Company's general meeting, the cumulative number of the Company's shares disposed of by RSM Holding directly and indirectly through centralized bidding transactions in the secondary market each year shall not exceed 10% of the total number of the Company's shares held directly and indirectly by it at the end of the previous year;

(2) For any reduction two years after the expiry of the committed lock-up period, the reduction price shall be determined based on the market price at the time of reduction, subject to the fulfillment of all undertakings made by RSM Holding;

(3) In the event that RSM Holding reduces its shareholding in the Company, RSM Holding will make an announcement through the Company three trading days in advance, and no reduction of shareholding shall be made before the announcement procedures have been fulfilled. If RSM Holding violates this undertaking to reduce its shareholding, the proceeds from the reduction of the Company's shares by RSM Holding shall belong to the Company.

(*b*) *Proposed Change*

RSM Holding has applied to change this undertaking, and the changed undertaking is as follows:

(1) After the resolution on waiving and changing the undertaking on RSM Holding's shareholding and reduction intentions is considered and approved at the Company's general meeting, the cumulative number of the Company's shares disposed of by RSM Holding directly and indirectly through centralized bidding transactions in the secondary market each year shall not exceed 10% of the total number of the Company's shares held directly and indirectly by it at the end of the previous year;

(2) For any reduction two years after the expiry of the committed lock-up period, the reduction price shall be determined based on the market price at the time of reduction, subject to the fulfillment of all undertakings made by RSM Holding;

(3) In the event that RSM Holding reduces its shareholding in the Company, RSM Holding will make an announcement through the Company three trading days in advance, and no reduction of shareholding shall be made before the announcement procedures have been fulfilled;

(4) Where RSM Holding disposes of shares for the purpose of implementing the Restructuring Plan, it shall not be bound by items (1) to (3), and the price, quantity, timing and transferee(s) of such disposal shall be subject to the Restructuring Plan and relevant documents of the People's Court;

(5) Save for the disposal under restructuring set out in item (4), RSM Holding will not reduce its shareholding in the Company without authorization by any other means; Subsequently, if RSM Holding intends to reduce its shareholding in the remaining shares by means such as centralized bidding transactions in the secondary market or block trades, it shall comply with the laws and regulations then in effect as well as the requirements of the China Securities Regulatory Commission (the "**CSRC**") and the Shanghai Stock Exchange, and fulfill the corresponding information disclosure obligations. If RSM Holding reduces its shareholding in breach of this undertaking, the proceeds from the reduction of the Company's shares by RSM Holding shall belong to the Company.

3. Undertaking on Remedial Measures for Diluted Immediate Returns I

(***a***) ***Contents of the Original Undertaking***

RSM Holding undertook that:

(1) It will not overstep its authority to interfere in the Company's operation and management activities, will not encroach on the Company's interests, and will earnestly implement relevant measures regarding remedial returns for the Company;

(2) As one of the responsible parties for the remedial measures, if RSM Holding violates or refuses to perform the above undertakings, RSM Holding agrees to accept relevant penalties or management measures imposed by securities regulatory authorities such as the CSRC and the Shanghai Stock Exchange in accordance with their relevant regulations and rules.

(***b***) ***Proposed Waiver***

RSM Holding has applied for a full waiver of this undertaking. This undertaking was made by the then controlling shareholder of the Company. The Company underwent a change of control on 21 June 2023, and RSM Holding ceased to be the controlling shareholder of the Company. For the above reason, it is proposed that this undertaking be fully waived.

4. Undertaking on Remedial Measures for Diluted Immediate Returns II

(*a*) ***Contents of the Original Undertaking***

RSM Holding undertook that:

(1) It will not overstep its authority to interfere in the Company's operation and management activities and will not encroach on the Company's interests;

(2) It will faithfully implement the relevant measures formulated by the Company to remedy returns and any undertakings made in this regard. If such undertakings are violated and cause losses to the Company or investors, it is willing to bear the compensation liability to the Company or investors in accordance with the law;

(3) From the date of this undertaking until the completion of the non-public offering of A-shares of the Company in 2020, if the CSRC issues other new regulatory provisions on remedial measures and their undertakings, and the above undertakings cannot meet such provisions, RSM Holding undertakes to issue supplementary undertakings in accordance with the latest provisions of the CSRC; and

(4) If the undertaking party (i.e., RSM Holding) violates or refuses to perform the above undertakings, RSM Holding agrees to be subject to relevant penalties or management measures imposed by securities regulatory authorities such as the CSRC and the Shanghai Stock Exchange in accordance with their relevant regulations.

(*b*) ***Proposed Waiver***

RSM Holding has applied for a full waiver of this undertaking. This undertaking was made by the then controlling shareholder of the Company. The Company underwent a change of control on 21 June 2023, and RSM Holding ceased to be the controlling shareholder of the Company. For the above reason, it is proposed that this undertaking be fully waived. Subsequently, during the period when RSM Holding remains a Shareholder, it will not overstep its authority to interfere in the Company's operation and management activities and will not encroach on the Company's interests.

II. PERFORMANCE OF THE UNDERTAKINGS

As of the date of this announcement, RSM Holding has strictly complied with the above undertakings and there has not been any breach of the undertakings. The resolution in relation to the Proposed Change and Waiver is subject to the EGM for review and consideration.

III. REASONS FOR AND BASIS OF THE PROPOSED CHANGE AND WAIVER

As the Company underwent a change in control on 21 June 2023, RSM Holding is no longer the controlling shareholder of the Company. On 17 January 2023, RSM Holding, Mr. Che, and Xiamen C&D Inc. (廈門建發股份有限公司) ("**C&D Inc.**") jointly signed the "Share Transfer Agreement between Xiamen C&D Inc., Red Star Macalline Holding Group Company Limited and Che Jianxing regarding Red Star Macalline Group Corporation Ltd.", which is subject to conditions precedent, pursuant to which RSM Holding agreed to transfer its 1,304,242,436 A Shares of the Company (representing 29.95% of the Company's total share capital at that time) to C&D Inc. at a price of RMB4.82 per share.

On 26 April 2023, RSM Holding, Mr. Che, C&D Inc., and Lianfa Group Co., Ltd. (聯發集團有限公司) ("**Lianfa Group**") jointly signed the "Supplementary Agreement to the Share Transfer Agreement", pursuant to which the transferee of the target shares was changed from C&D Inc. to C&D Inc. and Lianfa Group: among which, C&D Inc. would acquire 1,042,958,475 A Shares of the Company, representing 23.95% of the Company's total share capital at that time, and Lianfa Group would acquire 261,283,961 A Shares of the Company, representing 6.00% of the Company's total share capital at that time.

On 21 June 2023, RSM Holding had transferred 1,042,958,475 A Shares of the Company held by it to C&D Inc., and had transferred 261,283,961 A Shares of the Company held by it to Lianfa Group. The share transfer registration procedures for this transfer by agreement have been completed. Upon completion of the share transfer registration for this transfer under the agreement, C&D Inc. and its controlled subsidiary Lianfa Group held a total of 1,304,242,436 A Shares of the Company, representing 29.95% of the Company's total share capital at that time, becoming the Company's largest shareholder; RSM Holding and its parties acting in concert held a total of 1,084,226,307 A Shares of the Company, representing 24.90% of the Company's total share capital at that time, becoming the Company's second largest shareholder. Pursuant to the provisions of the Administrative Measures for the Takeover of Listed Companies, the SSE Listing Rules and other regulations, this transaction resulted in the change of the Company's controlling shareholder to C&D Inc., and the change of the Company's de facto controller to the State-owned Assets Supervision and Administration Commission of Xiamen Municipal People's Government.

On 7 June 2024, RSM Holding filed a bankruptcy application with the Shanghai Pudong Court due to its own debt repayment difficulties. On 1 July 2024, the Shanghai Pudong Court ruled to accept the reorganization of RSM Holding.

On 6 June 2025, the Shanghai Pudong Court ruled to approve the restructuring plan of RSM Holding (the "**Restructuring Plan**"), and terminated the reorganization procedure of RSM Holding. According to the Restructuring Plan, 155,493,495 shares of the Company held by RSM Holding (representing 3.57% of the Company's total share capital at that time) will be distributed to the ordinary creditors directly in the form of debt settlement. Upon completion of the distribution, the number of shares of the Company held by RSM Holding decreased from 980,325,353 shares to 824,831,858 shares, and its shareholding percentage in the Company's total share capital then in issue decreased from 22.51% to 18.94%. The total number of shares of the Company held by RSM Holding and its parties acting in concert decreased from 1,023,955,993 shares to 868,462,498 shares, and their shareholding percentage in the Company's total share capital then in issue decreased from 23.51% to 19.94%.

Considering that RSM Holding is no longer the controlling shareholder of the Company, and in accordance with the Restructuring Plan approved by the ruling of the Shanghai Pudong Court on 6 June 2025, certain undertakings previously made by RSM Holding based on its then capacity as the Company's controlling shareholder, such as share sale restrictions, may impose restrictions on its asset disposal, thereby preventing the implementation of the Restructuring Plan.

The principal business of Aegean Sea Commercial is commercial complex management services. Due to the implementation of the Restructuring Plan, RSM Holding became the controlling shareholder of Aegean Sea Commercial, which resulted in RSM Holding having business similar to that of Chengdu Aesthetics Center held by the Company in terms of commercial complex management business. Such specific circumstance arose from RSM Holding's passive acquisition of the equity interest in Aegean Sea Commercial as a result of implementing the Restructuring Plan approved by the Court, which constitutes an objective cause beyond the control of the covenantor rather than a subjective failure by the covenantor to fulfill its undertaking. In addition, the Non-competition Undertaking was made by RSM Holding as the then controlling shareholder of the Company. As RSM Holding is no longer the controlling shareholder of the Company, the Specific Matters do not fall within the statutory circumstances where a controlling shareholder/de facto controller and its affiliated enterprises are required to avoid horizontal competition. Therefore, there has not been any breach of the Non-competition Undertaking by RSM Holding.

For the reasons above and in accordance with the relevant provisions and requirements of the Regulatory Guideline for Listed Companies No. 4 – Undertakings by Listed Companies and Their Related Parties issued by the CSRC, the Company proposes to change and waive certain undertakings previously made by RSM Holding in relation to share sale restriction and other matters as well as the performance obligations for Specific Matters.

IV. IMPACT OF THE PROPOSED CHANGE AND WAIVER ON THE COMPANY

The Proposed Change and Waiver will not have a material impact on the Company's corporate governance structure and daily business operations, will not adversely affect the Company's sustainable development, will not lead to a change in the Company's control, and will not jeopardize the legitimate interests of the Company and all its Shareholders. It is in compliance with the relevant provisions of the Company Law of the People's Republic of China ("**Company Law**"), the Securities Law of the People's Republic of China, the SSE Listing Rules, the Regulatory Guideline for Listed Companies No. 4 – Undertakings by Listed Companies and Their Related Parties and other relevant laws and regulations, and is in line with the long-term development interests of the Company.

V. OPINIONS OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company convened the special meeting of independent Directors of the Company on 13 November 2026, at which all independent non-executive Directors unanimously considered and approved the Resolution on the Change of Certain Undertakings and Performance Obligations for Specific Matters of the Second Largest Shareholder of the Company, and agreed to submit the resolution to the Board for consideration. Regarding the Proposed Change and Waiver, the independent non-executive Directors are of the view that the Proposed Change and Waiver complies with the relevant provisions of laws and regulations such as the Company Law, the SSE Listing Rules, the Regulatory Guideline for Listed Companies No. 4 – Undertakings by Listed Companies and Their Related Parties and the Articles of Association of Red Star Macalline Group Corporation Ltd. (the "**Articles of Association**"), and will not jeopardize the interests of the Company and all its Shareholders. Therefore, all of the independent non-executive Directors have agreed to the Proposed Change and Waiver.

VI. OPINIONS OF THE BOARD

The Board is of the view that the Proposed Change and Waiver will not jeopardize the legitimate rights and interests of the Company and medium and minority investors nor adversely affect the development of the Company. When the Board considered the resolution, the interested Directors (including Mr. Che and Mr. Xu) abstained from voting on the relevant resolution. The review and decision-making procedures in respect of the Proposed Change and Waiver complied with the relevant provisions of laws and regulations such as the Company Law, the SSE Listing Rules and the Articles of Association. All non-interested Directors of the Company have agreed to the Proposed Change and Waiver and to submit the resolution to the EGM for consideration.

The Proposed Change and Waiver is subject to the approval of the Shareholders at the EGM. A circular containing, among other things, details of the Proposed Change and Waiver, together with the notice of the EGM, will be published on the website of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the Company's website (www.chinaredstar.com) in due course.

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

Shanghai, the PRC, 13 November 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.