

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 WAIVERS OF SEVERAL UNDERTAKINGS MADE BY THE COMPANY, THE SECOND LARGEST SHAREHOLDER AND THE FORMER DE FACTO CONTROLLER OF THE COMPANY

Red Star Macalline Group Corporation Ltd. (the “**Company**”) has recently received several applications in relation to waivers of several voluntary undertakings made by, *inter alias*, Red Star Macalline Holding Group Company Limited (the “**RSM Holding**”, the second largest shareholder of the Company) and Mr. CHE Jianxing (“**Mr. CHE**”, the former de facto controller of the Company) (the “**Waiver Applications**”), applying for waivers of several voluntary undertakings previously made by them. In addition, the Company also proposed to apply for waivers of several voluntary undertakings previously made by the Company (collectively, the “**Undertakings**”).

On 12 July 2024, the board (the “**Board**”) of directors (the “**Director(s)**”) and the supervisory committee (the “**Supervisory Committee**”) of the Company considered and approved the resolution in relation to the proposed waivers of several voluntary undertakings made by the Company, the second largest shareholder and the former de facto controller of the Company, approving to waive several undertakings previously made by RSM Holding, the second largest shareholder, Mr. CHE, the former de facto controller of the Company and the Company (the “**Proposed Waivers**”). Mr. CHE and Mr. LI Jianhong (“**Mr. LI**”), as the related Directors, have abstained from voting at the Board meeting. The above matters have been reviewed and approved at a special meeting of the independent non-executive Directors. The resolution in relation to the Proposed Waivers is subject to the extraordinary general meeting of the Company (the “**EGM**”) for review and consideration, and related shareholders are required to abstain from voting on this resolution. The details are announced as follows:

I. SUMMARY OF THE PREVIOUS VOLUNTARY UNDERTAKINGS

Undertakings made by RSM Holding and/or Mr. CHE

1. Undertakings in relation to reducing and regulating related party transactions

- (1) RSM Holding or Mr. CHE will not take advantage of the controlling position of the Company to manipulate or instruct the Company or its Directors, supervisors, and senior management to make the Company provide or accept funds, goods, services, or other assets under unfair conditions, or to engage in any actions that may damage the interests of the Company;
- (2) RSM Holding or Mr. CHE and the subsidiaries controlled by RSM Holding or Mr. CHE (except for the Company and its subsidiaries) shall, and will in the future, endeavour to avoid related party transactions with the Company. For unavoidable related party businesses or transactions, such related party businesses or transactions will be conducted on an equal and voluntary basis in accordance with fair, reasonable, and normal commercial terms, and the transaction consideration will be determined in accordance with reasonable prices generally accepted by the market;
- (3) RSM Holding or Mr. CHE will comply with the applicable laws, administrative regulations, rules of the China Securities Regulatory Commission and the Shanghai Stock Exchange, and the articles of association of the Company in respect of the avoidance of related party transactions. All related party transactions involved will be conducted in accordance with the decision-making procedures for related party transactions of the Company and in compliance with the applicable legal procedures. The Company will be urged to disclose information on related party transactions in a timely manner;
- (4) From the date of issuance of this undertaking, RSM Holding or Mr. CHE and the subsidiaries controlled by RSM Holding or Mr. CHE (except for the Company and its subsidiaries) shall not, and will not in the future, occupy the funds or other assets of the Company for any reason or in any way; and
- (5) RSM Holding or Mr. CHE are willing to bear all economic losses caused to the Company as result of violation of the above undertakings.

Other Undertakings made by the Company

1. The Company has undertaken to continue to disclose the fair value of investment properties and the impact of changes in the fair value of investment properties on the Company's financial conditions, operating results, and shareholder dividends in its periodic reports after the initial public offering of A Shares of the Company.

2. The Company has formulated the Monitoring and Information Disclosure System for Revenue from Rent and Management Fee from Owned Portfolio Shopping Malls (《自有商場租賃及管理費收入監控及信息披露制度》). The Company will summarize and analyse the statements of rental income of Owned Portfolio Shopping Malls at the end of each month in accordance with the requirements of this system. If the total revenue from the rent and management fee of the Company from all Owned Portfolio Shopping Malls in the current month decreases as compared to the previous month, the Company will check the actual circumstances and reasons, formulate corresponding solutions and countermeasures, and disclose the decrease in the revenue from the rent and management fee from Owned Portfolio Shopping Malls on the designated website of the Shanghai Stock Exchange within the first five trading days of the following month, to ensure that investors are fully informed of changes in revenue from the rent and management fee from Owned Portfolio Shopping Malls of the Company and the potential risk of decrease in the fair value of investment properties arising therefrom in a timely manner.

II. PERFORMANCE OF THE UNDERTAKINGS

As of the date of this announcement, all the Undertakings have been strictly complied with and there had not been any breach of the Undertakings. The second largest shareholder of the Company has applied for reorganization due to its difficulties in payment of debts, which was accepted by the Shanghai Pudong New Area People's Court on 1 July 2024. As at the date of the acceptance of the reorganization, RSM Holding, the second largest shareholder of the Company, has strictly complied with above undertakings and there had not been any breach of Undertakings. As at the date of the Waiver Applications, Mr. CHE, the former de facto controller of the Company have strictly complied with above Undertakings and there had not been any breach of Undertakings. The Proposed Waivers are subject to the review and consideration of the EGM.

III. REASONS AND BASIS FOR APPLYING FOR WAIVERS

Xiamen C&D Inc. (廈門建發股份有限公司, the largest shareholder of the Company) and Xiamen C&D Co., Ltd. (廈門建發集團有限公司, the indirect largest shareholder of the Company), have issued undertakings in relation to regulating and reduction of related party transactions taking over the relevant obligations of RSM Holding and Mr. CHE, the current second largest shareholders of the Company.

For the undertaking in relation to investment properties voluntarily made by the Company, the Company will continue to disclose relevant matters of investment properties in accordance with laws and regulations and relevant provisions such as the China Accounting Standards for Business Enterprises. For the undertakings in relation to summarizing and analyzing rents from Owned Portfolio Shopping Malls on a monthly basis, due to the increase in the number of categories of businesses in the Owned Portfolio Shopping Malls, the adoption of different rent collection modes, as well as the increase in the uncertainty of the timing and amount of favourable terms offered by the Company to its merchants in order to cope with the changes in the market environment, the Company's monthly revenue from rents cannot reflect the actual operating substance of the Owned Portfolio Shopping Malls, and disclosure of which will not be conducive to the market to judge the Company's commercial competitiveness objectively, thereby affecting the interests of the investors of the Company. The Company will abrogate the Monitoring and Information Disclosure System for Revenue from Rent and Management Fee from Owned Portfolio Shopping Malls upon the approval of the Proposed

Waivers by the shareholders of the Company at the EGM and summarize and disclose the operating income of Owned Portfolio Shopping Malls as separate segment when announcing its periodic reports (including annual report and interim report), so as to provide investors with a more objective and comprehensive understanding of the operation of the Owned Portfolio Shopping Malls.

IV. IMPACT OF THE PROPOSED WAIVERS ON THE COMPANY

The Undertakings were previously made by, *inter alia*, the Company, RSM Holding and Mr. CHE on a voluntary basis. The Proposed Waivers are not in violation of the Company Law of the People's Republic of China (the "**Company Law**"), the Securities Law of the People's Republic of China, the Shanghai Stock Exchange Listing Rules and other relevant laws and regulations as advised by the Company's PRC legal advisers, and will not jeopardize the legitimate rights and interests of the Company and medium and minority investors and will not cause adverse impact on the development of the Company. The Proposed Waivers are conducive to improve the Company's operational efficiency.

V. OPINION OF THE BOARD

The Board is of the view that the Proposed Waivers will not jeopardize the legitimate rights and interests of the Company and medium and minority investors and will not cause adverse impact on the development of the Company. The Proposed Waivers are conducive to improve the Company's operational efficiency. Mr. CHE and Mr. LI, the related Directors, have abstained from voting on the relevant resolution when this resolution was considered and reviewed by the Board. The review and decision-making procedures are complied with the laws and regulations of the Company Law, the Shanghai Stock Exchange Listing Rules and the requirements of the articles of association of the Company. All non-related Directors, except for Mr. CHE and Mr. LI, have voted for this resolution and agreed to submit this resolution to the EGM.

VI. OPINION OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS

The independent non-executive Directors are of the view that the Proposed Waivers will not jeopardize the interests of all shareholders of the Company. Mr. CHE and Mr. LI, the related Directors, have abstained from voting of the relevant resolution. The review and decision-making procedures are complied with the laws and regulations of the Company Law, the Shanghai Stock Exchange Listing Rules and the requirements of the articles of association of the Company and is in the interest of the shareholders and the Company as a whole. Therefore, all of the independent non-executive Directors agree to the Proposed Waivers.

VII. OPINION OF THE SUPERVISORY COMMITTEE

The Supervisory Committee is of the view that the Proposed Waivers are complied with the laws and regulations of Guidelines No. 4 for the Regulation of Listed Companies – Undertakings Made by Listed Companies and Relevant Parties (《上市公司監管指引第4號 – 上市公司及其相關方承諾》) and the relevant requirements of articles of association of the Company, and will not jeopardize the interests of the Company and all shareholders of the Company. Mr. CHE and Mr. LI, the related Directors, have abstained from voting of the relevant resolution when the Directors reviewed and considered this resolution. The review and decision-making procedures are complied with the laws and regulations of the Company Law, the Shanghai Stock Exchange Listing Rules and the requirements of the articles of association of the Company. Therefore, all of the supervisors agree to the Proposed Waivers.

A circular containing, among other things, details of the resolution on the Proposed Waivers and the notice convening the EGM, will be published on the websites of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company (www.chinaredstar.com) in due course.

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

Shanghai, the PRC
12 July 2024

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.