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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)

WAIVERS OF SEVERAL VOLUNTARY UNDERTAKINGS MADE BY THE COMPANY

On 5 March 2025, the board (the “**Board**”) of directors (the “**Director(s)**”) and the supervisory committee (the “**Supervisory Committee**”) of Red Star Macalline Group Corporation Ltd. (the “**Company**”) considered and approved the resolution in relation to the waivers of several voluntary undertakings made by the Company, approving to waive several voluntary undertakings previously made by the Company (the “**Proposed Waivers**”). The above matters have been reviewed and approved at a special meeting of the independent non-executive Directors of the Company. The resolution in relation to the Proposed Waivers is subject to the extraordinary general meeting of the Company (the “**EGM**”) for review and consideration. The details are announced as follows:

I. THE COMMERCIAL BACKGROUND OF RELEVANT VOLUNTARY UNDERTAKINGS MADE BY THE COMPANY PREVIOUSLY AND THE DETAILS OF THE UNDERTAKINGS

As a leading home improvement and furnishings shopping mall operator, as well as a pan-home furnishings platform service provider in China, the Company mainly engages in offering comprehensive services for merchants, consumers and partners through operation and management of portfolio shopping malls, managed shopping malls, shopping malls operated through franchising and strategic cooperation.

For portfolio shopping malls, the Company used to strategically acquire the project land required for the siting of portfolio shopping malls in first-tier and second-tier cities by means of land tender, auction and listing from local governments or establishing equity joint ventures with partners. After the completion of the construction and renovation of portfolio shopping mall properties, the Company attracted external investment and provided daily operation and management services for the merchants settling in the shopping malls in order to collect rents and related revenues. The Company has always adhered to the business model of operating and managing home furnishing shopping mall properties to obtain long-term and stable rents and related revenues as the main business, and has never carried out real estate development and sales business or obtained real estate development and sales income.

Based on the above background, the Company voluntarily issued the Letter of Undertakings from Red Star Macalline Group Corporation Ltd. on Compliance with the Requirements of the National Macro-control Policies on Real Estate and Related Matters(《紅星美凱龍家居集團股份有限公司關於遵守國家房地產宏觀調控政策要求等事項的承諾函》) on 23 September 2020, including:

“1. The Company is currently not engaged in real estate development business, and the Company’s construction and holding of properties are in compliance with the requirements of the national macro-control policies on real estate; the Company’s future operating activities will comply with the requirements of the national macro-control policies on real estate; and

2. Neither the properties currently held by the Company nor the properties involved in the Company’s non-public issuance of A shares investment project 2020 are used for real estate development and sales (including subdivision sales, etc.), and the Company will not use such properties for purposes involving the business of real estate development and sales.”

(Collectively, the “**Undertakings**”)

II. PERFORMANCE OF THE UNDERTAKINGS

As of the date of the announcement, the above Undertakings have been strictly complied with by the Company and there had not been any breach of the Undertakings.

III. REASONS FOR APPLYING FOR WAIVERS

After the Company completed the change of the largest shareholder of the Company on 15 August 2023, in order to better revitalize the Company’s assets and solve the problems of suspension of projects in progress and idle assets, for the saleable portion of the relevant properties on the project land, the Company intends to make use of development pre-sale funds and project financing from the project itself (if any) to enhance the efficiency of the capital turnover of the project and gradually complete the disposal of assets and recoup funds through the completion and delivery of the project, by way of pre-sale in batches and continuing with further development under the premise of taking up as little cash flow as possible from the Company’s main business, so as to enhance the Company’s long-term and sustainable operating capability and avoid economic losses arising from the long-term idleness of the project land or long-term suspension of the projects. Therefore, the Company intends to apply for waivers of the Undertakings.

The waivers of the Undertakings are only due to the fact that the Company intends to sell part of the project land and the saleable portion of the project by way of pre-sale to revitalize and dispose of the assets in order to obtain liquidity of funds, while the pre-sale requires the qualification of the development of real estate business. The Company is not involved in any change of the main business after the waivers of the Undertakings.

IV. IMPACT OF THE WAIVERS OF THE UNDERTAKINGS ON THE COMPANY

The waivers of the Undertakings are voluntary undertakings made at the time of the Company’s refinancing. The waivers of the Undertakings are not in violation of the Company Law of the People’s Republic of China, the Securities Law of the People’s Republic of China, the Shanghai Stock Exchange Listing Rules and other relevant laws and regulations, will not jeopardize the legitimate rights and interests of the Company and medium and minority investors or cause an adverse impact on the development of the Company, and will be conducive to improving the Company’s operational efficiency.

V. OPINIONS OF THE BOARD

The Board is of the view that the waivers of the Undertakings will not jeopardize the legitimate rights and interests of the Company and medium and minority investors or cause an adverse impact on the development of the Company and will be conducive to improving the Company's operational efficiency. The review and decision-making procedures complied with the Company Laws of the People's Republic of China, the Shanghai Stock Exchange Listing Rules and the requirements of the Articles of Association of Red Star Macalline Group Corporation Ltd. The Board agrees to the waivers of the Undertakings and agrees to submit this resolution to the EGM.

VI. DETAILS OF THE SPECIAL MEETING OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS AND OPINIONS OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS

Upon consideration by the independent non-executive Directors at the special meeting, the opinions on the waivers of the Undertakings are as follows: the waivers of the Undertakings will not jeopardize the interests of all shareholders of the Company. The matter complied with the laws and regulations of the Company Laws of the People's Republic of China, the Shanghai Stock Exchange Listing Rules and the requirements of the articles of association of Red Star Macalline Group Corporation Ltd. and is in the interest of the Company and the shareholders as a whole. Therefore, all of the independent non-executive Directors agree to the waivers of the Undertakings.

VII. OPINIONS OF THE SUPERVISORY COMMITTEE

The Supervisory Committee is of the view that the waivers of the Undertakings 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 the Articles of Association of Red Star Macalline Group Corporation Ltd and will not jeopardize the interests of the Company and all shareholders of the Company. The review and decision-making procedures complied with the laws and regulations of the Company Law of the People's Republic of China, the Shanghai Stock Exchange Listing Rules and the requirements of the Articles of Association of Red Star Macalline Group Corporation Ltd. Therefore, all of the supervisors of the Company agree to the waivers of the Undertakings.

A circular containing, among other things, details of the resolution on the Proposed Waivers and the notice of 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
5 March 2025

As at the date of this announcement, the executive Directors of the Company are CHE Jianxing, SHI Yaofeng and YANG Yingwu; the non-executive Directors are ZHENG Yongda, LI Yupeng, ZOU Shaorong, LI Jianhong, SONG Guangbin and XU Di; and the independent non-executive Directors are XUE Wei, HUANG Jianzhong, CHEN Shanang, WONG Chi Wai and CAI Qinghui.