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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 NEW 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 and 27 September 2024 in relation to, inter alia, the continuing connected transactions between the Group and certain Associated Business Partners under the relevant Contract Management Agreements.

On 30 June 2025, the Board resolved to approve Macalline Brand Management to enter into a New Contract Management Agreement with Changzhou HFDM, pursuant to which, Macalline Brand Management will provide contract management service for Changzhou HFDM for a period commencing from 1 July 2025 to 31 March 2028.

LISTING RULES IMPLICATION

As Associates of Mr. Che, 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 have been classified as aggregated and treated as if they were one 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, is above 0.1%, but below 5%. Therefore, 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 as set out in Chapter 14A of the Listing Rules, but are exempt from the circular (including independent financial advice) and the independent Shareholders’ approval requirements.

Mr. Che has abstained from voting on the Board resolution approving the new annual caps for the Contract Management Agreements to be entered into with Changzhou HFDM, the Contract Management Transactions and the adjustments on the overall annual caps for the Contract Management Transactions, in view of his interests in the transactions contemplated thereunder. Save as disclosed above, none of the Directors has any material interests in the Contract Management Agreements.

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On 30 June 2025, the Board resolved to approve Macalline Brand Management to enter into a New Contract Management Agreement with Changzhou HFDM, pursuant to which, Macalline Brand Management will provide contract management service for Changzhou HFDM for a period commencing from 1 July 2025 to 31 March 2028.

PRINCIPAL TERMS OF THE NEW CONTRACT MANAGEMENT AGREEMENT

Parties:	Changzhou HFDM; Macalline Brand Management
Gross Floor Area:	40, 678.21 square meters
Location:	No. 70, Feilong East Road, Changzhou, Jiangsu Province, China
Term	From 1 July 2025 to 31 March 2028
Annual Management Fee:	Fixed amount of RMB0.8 million per annum
Payment Terms:	<ul style="list-style-type: none">• For the period commencing from 1 July 2025 to 31 December 2025, the management fees shall be paid as a one-off payment within 15 days after entering into the New Contract Management Agreement.• For the period commencing from 1 January 2026 to 31 December 2027, 50% of the annual management fees shall be paid before 15 January of each calendar year and the rest of the 50% of the annual management fees shall be paid before 15 July of each calendar year.• For the period commencing from 1 January 2028 to 31 March 2028, the management fees shall be paid as a one-off payment before 15 January 2028.

As the annual caps under the New Contract Management Agreement are of the same nature as the rest of the other Contract Management Agreements, the Contract Management Agreements are treated as if they were one 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 2025, 2026, 2027 and three months ending 31 March 2028.

Pricing Policy

The management fees for Changzhou HFDM are determined by the parties after arms-length negotiation, taking into account (i) the gross floor area of Changzhou HFDM; 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 Changzhou HFDM. The Company considered that the annual management fees to be charged by the Group for the Changzhou HFDM 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 ANNUAL CAPS AND TRANSACTION AMOUNTS

The Group has not received any management services fees from Changzhou HFDM.

NEW ANNUAL CAPS AND BASIS OF DETERMINATION

As a result of the New Contract Management Transaction to be entered into between Changzhou HFDM and Macalline Brand Management, the Board resolved to set the following annual caps in respect of the transactions with Changzhou HFDM under the New Contract Management Transaction:

	For the six months ending 31 December 2025 (in millions of RMB)	For the year ending 31 December 2026 (in millions of RMB)	For the year ending 31 December 2027 (in millions of RMB)	For the three months ending 31 March 2028 (in millions of RMB)
Total management fees received by the Group from Changzhou HFDM	0.4	0.8	0.8	0.2

The above annual caps were determined by the Directors after having taken into account (i) the annual management fees under the New Contract Management Agreement; (ii) the historical management fees received 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.

Having including annual caps of the New Contract Management Agreement for the years ending 31 December 2025, 2026, 2027 and three months ending 30 June 2028, the total annual caps under the Contract Management Agreements (the “**Total Annual Caps**”) for the years ending 31 December 2025, 2026, 2027 and three months ending 30 June 2028 will be changed from RMB12.38 million, RMB0, RMB0 and RMB0 to RMB12.78 million, RMB0.8 million, RMB0.8 million and RMB0.2 million, respectively. Set forth below are the revised Total Annual Caps:

	For the year ending 31 December 2025 (in millions of RMB)	For the year ending 31 December 2026 (in millions of RMB)	For the year ending 31 December 2027 (in millions of RMB)	For the three months ending 31 March 2028 (in millions of RMB)
Total management fees received by the Group from Xuzhou RSHFC	1.1	–	–	–
Total management fees received by the Group from Xuzhou RSHFP	5.9	–	–	–
Total management fees received by the Group from Jining Hongrui	1.88 ^(a)	–	–	–
Total management fees received by the Group from Shaanxi Hongrui	1.5 ^(b)	–	–	–
Total management fees received by the Group from Yangzhou RSHFP	2.0	–	–	–
Total management fees received by the Group from Changzhou HFDM	0.4 ^(c)	0.8	0.8	0.2
Total	12.78	0.8	0.8	0.2

Notes:

- (a) This figure represents the annual cap for the management fees to be received by the Group from Jining Hongrui for the period commencing on 1 January 2025 and ending on 28 September 2025.
- (b) This figure represents the annual cap for the management fees to be received by the Group from Shaanxi Hongrui for the period commencing on 1 January 2025 and ending on 29 September 2025.
- (c) This figure represents the annual cap for the management fees to be received by the Group from Changzhou HFDM for the period commencing on 1 July 2025 and ending on 31 December 2025.

REASONS FOR AND BENEFITS OF THE NEW CONTRACT MANAGEMENT AGREEMENT AND REVISION OF THE ANNUAL CAPS

Changzhou HFDM has introduced high-end brand names in Changzhou. The one-stop home furnishings shopping experience provided by Changzhou HFDM has also attracted a large number of customers and drawn the key attention of the industry dealers. In line with the Company's development strategy of transforming towards "asset-light and operation-heavy" company, the Company plans to enter into the New Contract Management Agreement with Changzhou HFDM. After arms-length negotiations between the Company and Changzhou HFDM, the Company decided to set the annual management fees for the Changzhou HFDM at the prevailing market rate. The Company believes that the annual management fees for the Changzhou HFDM are no less favorable than those received from similar shopping malls owned by Independent Third Parties.

The Directors (including independent non-executive Directors) consider that the New Contract Management with Changzhou HFDM, 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 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 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.

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INFORMATION ON CHANGZHOU HFDM

Changzhou HFDM is a company incorporated in the PRC, which is 100% owned by Mr. CHE Jianxing, a Director of the Company. Changzhou HFDM is engaged in hardware, electrical equipment, knitwear wholesale, retail; venue rental service; property management and other business.

INFORMATION ABOUT MACALLINE BRAND MANAGEMENT

Macalline Brand Management is a company established in the PRC and a wholly-owned subsidiary of the Company. Macalline Brand Management is engaged in the operation of enterprises mainly focusing on high-end home furnishing malls.

INFORMATION ABOUT THE GROUP

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 Group 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 Group is also involved in pan-home furnishings consumption, including Internet retail, decoration and design.

DEFINITIONS

“Associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Associated Business Partners”	Xuzhou RSHFC, 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
“controlling shareholder”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“Independent Third Party(ies)”	persons who, to be knowledge of the Directors after having made all reasonable enquiries, are not connected persons of the Company
“Jining Hongrui”	Jining Hongrui Real Estate Co., Ltd.* (濟寧鴻瑞置業有限公司), 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
“Macalline Brand Management”	Shanghai Red Star Macalline Brand Management Co., Ltd.*(上海紅星美凱龍品牌管理有限公司), a limited liability company established in the PRC, which is a wholly-owned subsidiary of the Company
“Mr. Che”	Mr. CHE Jianxing, the chairman of the Board, chief executive officer of the Company and executive Director, holding 92% equity interests in RSM Holding
“New Contract Management Agreement”	a contract management agreement to be entered into between Changzhou HFDM and Macalline Brand Management
“PRC”	the People’s Republic of China

“Prospectus”	prospectus of the Company dated 16 June 2015
“RMB”	Renminbi, the lawful currency of the PRC
“RSM Holding”	Red Star Macalline Holding Group Company Limited* (紅星美凱龍控股集團有限公司), (formerly known as “Shanghai Red Star Macalline Investments Company Limited” (上海紅星美凱龍投資有限公司)), a limited liability company incorporated in the PRC, which is a controlling shareholder of the Company
“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 A Share Shareholder(s) and the H Share 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
“Xuzhou RSHFC”	Xuzhou Red Star Macalline International Home Furnishings City Co., Ltd.* (徐州紅星美凱龍國際傢俱裝飾城有限公司), a limited liability company established in the PRC, which is a connected person of the Company
“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

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

Shanghai, the PRC
1 July 2025

As at the date of this announcement, the executive Directors of the Company are LI Yupeng, CHE Jianxing, SHI Yaofeng and YANG Yingwu; the non-executive Directors are 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.