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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)

(Listed Debt Securities Code: 5454)

INSIDE INFORMATION

UPDATE TO THE PROPOSED ACQUISITION

This announcement is made by Red Star Macalline Group Corporation Ltd. (紅星美凱龍家居集團股份有限公司) (the “**Company**”) pursuant to Rule 13.09 and 13.10B of the Listing Rules and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance.

Reference is made to the announcement of the Company dated January 13, 2023, January 17, 2023, January 26, 2023, February 24, 2023, March 7, 2023, April 12, 2023, April 27, 2023 and May 22, 2023 (the “**Announcements**”). Unless otherwise defined, capitalized terms not defined herein shall have the same meanings ascribed to them in the Announcements.

As disclosed in the announcement of the Company dated January 17, 2023, the parties to the Formal Agreement had agreed to enter into a supplemental agreement to supplement the terms of the Proposed Acquisition. In this regard, on June 1, 2023, the Board was informed by RSM Holding that Xiamen C&D, Lianfa Group Co., Ltd. (聯發集團有限公司) (a subsidiary of Xiamen C&D) (“**Lianfa Group**”), RSM Holding and Mr. Che entered into the second supplemental Agreement (the “**Second Supplemental Agreement**”).

Pursuant to the Second Supplemental Agreement, in order to facilitate the completion of the Proposed Acquisition, it was agreed that, among other things:

- (i) RSM Holding and Mr. Che shall procure the creditors and relevant parties to carry out the necessary applications with the Shanghai Stock Exchange to release certain of the Sale Shares from the relevant share pledges, and ensure that the relevant procedures are carried out for the Sale Shares to be registered under Xiamen C&D and Lianfa Group;
- (ii) within five (5) business days of obtaining approval from the Shanghai Stock Exchange to the Proposed Acquisition, Xiamen C&D and Lianfa Group shall pay the first instalment of the Consideration of RMB5,786,448,542 (less any earnest money already paid) into the Joint Account, and RSM Holding and Mr. Che shall ensure that upon payment of the first instalment, ensure the transfer of Sale Shares to Xiamen C&D and Lianfa Group free of any pledges or other encumbrances;

- (iii) within five (5) business days of completing the transfer of Sale Shares to Xiamen C&D and Lianfa Group (such Sale Shares being free from any encumbrances), Xiamen C&D and Lianfa Group shall notify the bank holding the Joint Account to release funds to RSM Holding and/or any creditor as set out in the Joint Account co-management agreement entered into between Xiamen C&D, Lianfa Group, RSM Holding and Mr. Che; and
- (iv) upon payment of the first instalment of the Consideration as set out in (ii) above, should completion not take place on or before the date as agreed between the parties, Xiamen C&D and Lianfa Group shall have the right to withdraw any monies paid into the Joint Account.

In addition, under the Second Supplemental Agreement, RSM Holding and/or Mr. Che (as appropriate) provided certain undertakings and warranties relating to the Group's trademarks, public commitments and post-completion matters, among others.

Other than the terms set out above, all other terms of the Framework Agreement and Formal Agreement (including the Consideration amount) have remained the same.

Upon completion of the Proposed Acquisition, Xiamen C&D, together with its subsidiaries, will be interested in 1,304,242,436 Shares, being approximately 29.95% of the issued share capital of the Company.

Further updates in relation to the Proposed Acquisition will be provided in a timely manner in accordance with the relevant rules and regulations.

The Proposed Acquisition is subject to the fulfilment (or waiver, where applicable) of a number of conditions precedent and may or may not proceed. Shareholders of the Company and potential investors are advised to exercise caution when dealing in the securities 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
June 1, 2023

As at the date of this announcement, the executive Directors of the Company are CHE Jianxing and LI Jianhong; the non-executive Directors are CHEN Zhaohui, JIANG Xiangyu, HU Xiao, ZHENG Yongda, WANG Wenhui and ZOU Shaorong; and the independent non-executive Directors are QIAN Shizheng, LEE Kwan Hung, Eddie, WANG Xiao, ZHAO Chongyi and QIN Hong.