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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

(the “Company”)

(a joint stock company incorporated in the People’s Republic of China with limited liability)

**CONSENT SOLICITATION IN RELATION TO
U.S.\$249,700,000 5.20 PER CENT. CREDIT ENHANCED BONDS DUE 2025
(ISIN: XS2516930489; Common Code: 251693048)
(Stock Code: 5454)**

The Company announces that it is soliciting the Electronic Consent from the Bondholders to amend certain provisions of the Trust Deed and waive certain obligation under the Bonds in the manner more fully described in the Consent Solicitation Memorandum made available to the Bondholders at the Consent Solicitation Website (<https://projects.morrowsodali.com/chinaredstarmacalline>) at the Launch Date, which is summarized under the section headed “Consent Solicitation” in this announcement.

As more fully described in the Consent Solicitation Memorandum, the principal purposes of the Consent Solicitation is to seek consents from the Bondholders for certain amendments to the Trust Deed and, in the event the Contemplated Transaction has constituted a Change of Control, certain waiver under the Bonds, so that the Contemplated Transaction, upon completion, will not constitute a Change of Control as defined in the Conditions or, in the event the Contemplated Transaction has constituted a Change of Control, the Company’s obligations to redeem the Bonds and any default or potential default (if any) related to such non-performance under the Bonds are waived.

As there is no assurance that the Electronic Consent will be obtained, Bondholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

References are made to the announcements of the Company dated 26 August 2022 and 29 August 2022 (the “**Announcements**”) in relation to the issuance of the Bonds. Unless specified otherwise, capitalized terms used in this announcement shall have the same meanings as those used in the Announcements.

The Company announces that it is soliciting the Electronic Consent from the Bondholders to amend the Trust Deed and waive certain obligations (if applicable) under the Bonds in the manner more fully described in the Consent Solicitation Memorandum to be sent to the Bondholders on the Launch Date, which is summarized under the section headed “Consent Solicitation” in this announcement.

CONSENT SOLICITATION

The principal purpose of the Consent Solicitation is to seek consents of the Bondholders for certain amendments to the Trust Deed and, in the event the Contemplated Transaction has constituted a Change of Control, certain waiver under the Bonds, so that the Contemplated Transaction, upon completion, will not constitute a Change of Control as defined in the Conditions or, in the event the Contemplated Transaction has constituted a Change of Control, the Company’s obligations to redeem the Bonds and any default or potential default (if any) related to such non-performance under the Bonds are waived.

The Company is seeking the Electronic Consent from the Bondholders in relation to (a) certain proposed amendments to the terms of the Trust Deed which include, among others, the following (capitalized terms below have the same meanings as defined in the Trust Deed): (i) amending the definition of “Controlling Persons”; and (ii) amending the definition of “Change of Control”; and (b) in the event the Change of Control as a result of the Contemplated Transaction has occurred on or prior to the Effective Date of this Consent Solicitation, the waiver to waive the Company’s obligations under the Conditions to redeem the Bonds upon a Relevant Event as a result of the Contemplated Transaction and any default or potential default relating to such non-performance (if any).

The Consent Solicitation will expire at 4:00 p.m., London Time, on 16 June 2023, unless extended or terminated by the Company.

There will be no consent fee to Bondholders for participating in the Consent Solicitation.

If the sufficient Electronic Consent are not received on or prior to the Expiration Date or if the Company has not accepted any consents in respect of the Bonds, the Extraordinary Resolution relating to the proposed amendments to the terms of the Trust Deed and the proposed waiver (if applicable) under the Bonds will not be passed.

If the sufficient Electronic Consent are received on or prior to the Expiration Date, the Company expects to enter into the Supplemental Trust Deed (as defined in the Consent Solicitation Memorandum) with the Trustee and, in the event the Contemplated Transaction has constituted a Change of Control, the Trustee will execute the Written Waiver (as defined in the Consent Solicitation Memorandum). The Supplemental Trust Deed and the Written Waiver (if applicable) are expected to become operative on 19 June 2023, and each present and future Bondholder of the Bonds is and will be bound by the terms of the Trust Deed as amended by the Supplemental Trust Deed and the Written Waiver, whether or not such Bondholder has delivered consent.

The results of the Consent Solicitation will be published on the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk, on the Consent Solicitation Website and distributed via the Clearing Systems.

FURTHER DETAILS

For a detailed statement of the terms and conditions of the Consent Solicitation, Bondholders should refer to the Consent Solicitation Memorandum.

The Consent Solicitation Memorandum will be distributed in electronic format to the Bondholders. The Consent Solicitation Memorandum and any other relevant notice and documents with respect to the Consent Solicitation will be available on the Consent Solicitation Website <https://projects.morrowsodali.com/chinaredstarmacalline>, operated by the Information and Tabulation Agent for the purpose of the Consent Solicitation, subject to eligibility confirmation and registration. A Bondholder (or a beneficial owner that is not a Bondholder) may also contact the Information and Tabulation Agent for the Consent Solicitation and all documentation relating to the Consent Solicitation and any updates will be available from the Information and Tabulation Agent (email: chinaredstarmacalline@investor.morrowsodali.com; telephone: +852 2319 4130/+44 20 4513 6933/+1 203 609 4910) or his/her/its broker, dealer, bank, trust company or other nominee for assistance concerning the Consent Solicitation.

GENERAL

This announcement is not a solicitation of consent with respect to the Bonds. The Consent Solicitation is being made solely pursuant to the Consent Solicitation Memorandum and related documents dated 12 June 2023, which set forth in detail the terms of the Consent Solicitation. Bondholders should not rely solely on this announcement. All statements contained herein are qualified by the Consent Solicitation Memorandum.

The distribution of this announcement in certain jurisdictions may be restricted by law. Persons into whose possession of this announcement comes are required to inform themselves about, and to observe, any such restrictions.

Forward-looking statements in this announcement, including, among others, statements relating to the Consent Solicitation are based on current expectations. These statements are not guarantees of future events or results. Future events and results involve risks, uncertainties and assumptions and are difficult to predict with any precision. Actual events and results could vary materially from the description contained herein due to many factors including changes in the market and price for the Bonds, changes in the business and financial condition of the Group, changes in the real estate or infrastructure industries and changes in the financial and capital markets in general.

As there is no assurance that the Electronic Consent will be obtained, Bondholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

“Bonds”	U.S.\$249,700,000 5.20 per cent. credit enhanced Bonds due 2025 issued by the Company
“Bondholders”	the registered holders of the Bonds
“Clearing Systems”	Clearstream and Euroclear
“Clearstream”	Clearstream Banking, S.A.
“Company”	Red Star Macalline Group Corporation Ltd. (紅星美凱龍家居集團股份有限公司), a company incorporated in People’s Republic of China with limited liability
“Conditions”	terms and conditions of the Bonds
“Consent Instruction”	an electronic instruction to the Information and Tabulation Agent through Euroclear and Clearstream to participate in the Consent Solicitation
“Consent Solicitation”	soliciting consents from Bondholders to certain proposed amendments to the Trust Deed and certain proposed waiver under the Bonds
“Consent Solicitation Memorandum”	the consent solicitation memorandum dated 12 June 2023 in relation to the seeking of consents for certain amendments to the Trust Deed and certain waiver under the Bonds
“Contemplated Transaction”	transfer of the Company’s certain shares indirectly held by Mr. CHE Jianxing, the controlling shareholder of the Company, to Xiamen C&D Inc. (廈門建發股份有限公司) and/or one or more of its controlled subsidiary(ies) subject to certain terms and conditions
“Effective Date”	as soon as reasonably practicable after the Expiration Date, expected to be on 19 June 2023, unless extended
“Electronic Consent”	Consent Instructions approving the extraordinary resolution submitted through the electronic communication systems of the relevant Clearing System(s) by or on behalf of Bondholders (and received by the Information and Tabulation Agent) of not less than 90 per cent. in aggregate principal amount of the Bonds for the time being outstanding by the Expiration Date
“Euroclear”	Euroclear Bank SA/NV
“Expiration Date”	4:00 p.m., London Time on 16 June 2023, unless extended

“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Information and Tabulation Agent”	Morrow Sodali Limited
“Launch Date”	12 June 2023
“PRC”	the People’s Republic of China, for the purpose of this announcement only, excluding Hong Kong and Macao Special Administrative Region of the People’s Republic of China
“Trust Deed”	the trust deed dated as of August 26, 2022 by and among the Company and the Trustee, specifying the terms of the Bonds
“Trustee”	Citicorp International Limited
“US\$”	United States dollar, the lawful currency of the United States of America
“%”	per cent

Hong Kong, 12 June 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.