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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)**

### **U.S.\$249,700,000 5.20 PER CENT. CREDIT ENHANCED BONDS DUE 2025**

Reference is made to the announcement of the Company dated 23 August 2022 in relation to the proposed issue of U.S. dollar denominated credit enhanced bonds (the “**Launch Announcement**”). Unless otherwise stated, capitalised terms used herein shall have the same meanings as those defined in the Launch Announcement.

The Board is pleased to announce that on 23 August 2022, the Company entered into a subscription agreement with BOSC International, China International Capital Corporation, Sigma Capital, Haitong International and Industrial Bank Co., Ltd. Hong Kong Branch in connection with the issue of 5.20 per cent. credit enhanced bonds due 2025 in the aggregate principal amount of U.S.\$249,700,000 (the “**Bonds**”) (the “**Subscription Agreement**”). BOSC International, China International Capital Corporation and Sigma Capital (in alphabetical order) act as the joint global coordinators, joint bookrunners and joint lead managers and Haitong International and Industrial Bank Co., Ltd. Hong Kong Branch (in alphabetical order) act as joint bookrunners and joint lead managers in relation to the issue of the Bonds.

Application will be made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Bonds by way of debt issue to professional investors (as defined in in Chapter 37 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) only. A confirmation of eligibility for listing of the Bonds has been received from the Hong Kong Stock Exchange. Listing of the Bonds on the Hong Kong Stock Exchange is not to be taken as an indication of the merits of the Bonds or the Company.

**Completion of the issue of the Bonds is subject to the satisfaction, or waiver, of the conditions precedent set forth in the Subscription Agreement. In addition, the Subscription Agreement may be terminated by the Joint Bookrunners under certain circumstances. As the issue of the Bonds may or may not be completed, shareholders of the Company and potential investors are reminded to exercise caution when dealing in the securities of the Company.**

The Board is pleased to announce that on 23 August 2022, the Company entered into the Subscription Agreement with the Joint Bookrunners in connection with the issue of the Bonds.

## **PRINCIPAL TERMS OF THE BONDS**

Company:	Red Star Macalline Group Corporation Ltd. (紅星美凱龍家居集團股份有限公司)
Joint Global Coordinators:	BOSC International, China International Capital Corporation and Sigma Capital
Joint Bookrunners:	BOSC International, China International Capital Corporation, Sigma Capital, Haitong International and Industrial Bank Co., Ltd. Hong Kong Branch
Principal Amount:	U.S.\$249,700,000
Issue Price:	100.00% of the principal amount of the Bonds
Interest:	5.20 per cent. per annum payable semi-annually in arrears on 26 February and 26 August in each year, commencing on 26 February 2023
Form and Denomination:	U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof
Date of Issue:	26 August 2022
Date of Maturity:	26 August 2025

Standby Letter of Credit:

The Bonds will have the benefit of an irrevocable standby letter of credit to be issued by Bank of Shanghai Co., Ltd. Beijing Branch (the “**LC Bank**”) in favour of the Trustee on behalf of itself and the holders of the Bonds. The irrevocable Standby Letter of Credit shall be drawable by the Trustee as beneficiary under the Standby Letter of Credit on behalf of itself and the holders of the Bonds upon the presentation of a demand sent by or on behalf of the Trustee to the LC Bank in accordance with the terms and conditions of the Bonds stating that (i) there has been a failure to comply with the pre-funding requirements under the terms and conditions of the Bonds, or (ii) an event of default has occurred and, in accordance with the applicable provisions under the terms and conditions of the Bonds, the Trustee has given notice in writing to the Company that the Bonds are immediately due and payable.

The payment made under the Standby Letter of Credit in respect of any amount payable under the terms and conditions of the Bonds or in connection with, among others, the Bonds or the Trust Deed shall, to the extent of the drawing paid to or to the order of the Trustee, satisfy the obligations of the Company in respect of such amount payable under the terms and conditions of the Bonds or in connection with, among others, the Bonds or the Trust Deed.

Pre-Funding:

By no later than ten business days before the due date of any amount under the terms and conditions of the Bonds (other than the make whole redemption price or the mandatory redemption amount payable under the Bonds), the Company shall unconditionally pay or procure to be paid into a pre-funding account and deliver to the Trustee and the principal agent certain required confirmations in accordance with the terms and conditions of the Bonds.

Redemption for Taxation  
Reasons:

The Bonds may be redeemed at the option of the Company in whole, but not in part, at their principal amount, together with interest accrued up to, but excluding, the date fixed for redemption but unpaid, if (i) the Company has or will become obliged to pay certain additional tax amounts as a result of any change in, or amendment to, the laws, regulations or rulings of Hong Kong or the PRC or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws, regulations or rulings (including but not limited to any decision by a court of competent jurisdiction) or the stating of an official position with respect thereto, which change or amendment becomes effective (or in the case of an official position, is announced) on or after 23 August 2022 and (ii) such obligation cannot be avoided by the Company taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 calendar days prior to the earliest date on which the Company would be obliged to pay such additional tax amounts were a payment in respect of the Bonds then due.

Redemption for Relevant Events: A holder of the Bonds shall have the right, at such holder's option, to require the Company to redeem all but not some only of such holder's Bonds at their principal amount together with accrued interest up to but excluding the relevant put settlement date upon the occurrence of the change of control or, as the case may be, the no registration event.

Optional Redemption: The Bonds are subject to redemption in whole, but not in part, at a redemption amount equal to the higher of (a) the principal amount of the Bonds plus any accrued but unpaid interest and, (b) certain make whole amount, plus any accrued but unpaid interest, at the option of the Company at any time upon giving not less than 30 nor more than 60 calendar days' notice.

Mandatory Redemption upon Pre-Funding Failure: The Bonds shall be redeemed at their principal amount on the relevant interest payment date falling immediately after the date the relevant pre-funding failure notice is given to holders, together with interest accrued to (but not including) the relevant mandatory redemption date.

If any holder of the Bonds shall have exercised its right to require the Company to redeem its Bonds for relevant events and a pre-funding failure notice is given to the holders of the Bonds as a result of any pre-funding failure relating to the amount payable pursuant to such redemption, the Bonds shall be redeemed in whole, but not in part, at their principal amount on relevant put settlement date, together with interest accrued up to (but not including) such relevant put settlement date, provided that if such pre-funding failure occurs and a prefunding failure notice has been given or is given to the holders of the Bonds in respect of a scheduled payment of principal or interest payable under the terms and conditions of the Bonds, the relevant put settlement date shall be the relevant mandatory redemption date.

The Directors believe that the Proposed Bonds Issue will be beneficial to the Company since it will allow the Company to strengthen its access to capital market and to improve its capital structure.

The Company currently intends to use the net proceeds from the Proposed Bonds Issue for repayment of the Group's existing interest-bearing indebtedness.

Application will be made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Bonds by way of debt issue to professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) only. A confirmation of eligibility for listing of the Bonds has been received from the Hong Kong Stock Exchange. Listing of the Bonds on the Hong Kong Stock Exchange is not to be taken as an indication of the merits of the Bonds or the Company. Neither the Bonds nor the Standby Letter of Credit have been or will be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”) or the securities laws of any other jurisdiction, and the Bonds may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Bonds are being offered and sold outside the United States in compliance with Regulation S under the Securities Act. None of the Bonds were offered to the public in Hong Kong or to any connected person of the Company.

**Completion of the issue of the Bonds is subject to the satisfaction, or waiver, of the conditions precedent set forth in the Subscription Agreement. In addition, the Subscription Agreement may be terminated by the Joint Bookrunners under certain circumstances. As the issue of the Bonds may or may not be completed, shareholders of the Company and potential investors are reminded to exercise caution when dealing in the securities of the Company.**

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

Shanghai, the PRC  
24 August 2022

*As at the date of this announcement, the executive Directors of the Company are CHE Jianxing, GUO Binghe, CHE Jianfang and JIANG Xiaozhong; the non-executive Directors are CHEN Shuhong, CHEN Zhaohui, JIANG Xiangyu, HU Xiao and YANG Guang; and the independent non-executive Directors are QIAN Shizheng, LEE Kwan Hung, Eddie, WANG Xiao, ZHAO Chongyi and QIN Hong.*