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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)

SUPPLEMENTAL ANNOUNCEMENT DISCLOSEABLE TRANSACTION ENTERING INTO OF THE JV TRANSACTION

Reference is made to the announcement of the Company dated 6 August 2024 in relation to entering into of the JV Transaction (the “**Announcement**”). Unless otherwise stated, capitalised terms used herein shall have the same meanings as defined in the Announcement.

This announcement is made to provide supplemental information in relation to the Announcement.

NATURE OF THE JV TRANSACTION

The JV Transaction (including the put option and guarantee of payment of deficit arrangement as further detailed in the Announcement) allows the Company to secure an alternative financing arrangement for the purpose of completing the Proposed Transaction, and obtain financing from China Cinda and Cinda Capital (“**Cinda Group**”) in the form of paid-in capital of Tianjin Xinmei with interest payment to Cinda Group in the form of distribution by Tianjin Xinmei to Cinda Group and the put option and payment of deficit arrangement structured to ensure full repayment by the Company and its designated entity of the aforementioned paid-in capital and interest and to enable the sale of the equity interest of Tianjin Xinmei held by the Cinda Group upon default in repayment by the Company. The Company is of the view that such alternative financing arrangement and its terms (including the put option and the guarantee of payment of deficit arrangement) is in the interest of the Company and the Shareholders as a whole.

After discussion with its auditors and upon the completion of the JV Transaction, the Company's investment in Tianjin Xinmei will be accounted as long term equity investment and the Company will consolidate Tianjin Xinmei as a wholly-owned subsidiary on the basis that the Company will be able to exercise control over Tianjin Xinmei by virtue of the investment committee and the capital contribution to Tianjin Xinmei by the Cinda Group will be accounted by the Company as a debt as the Cinda Group is entitled to a fixed return from Tianjin Xinmei only (i.e. paid-up capital plus Preferred Return) and the Company is entitled to a variable return from Tianjin Xinmei.

PRINCIPAL BUSINESS OF RED STAR YANTAI

Red Star Yantai and its subsidiaries are primarily engaged in management of two Red Star Macalline pan-home furnishing shopping malls located in Tianjin and generate revenue therefrom.

ULTIMATE BENEFICIAL OWNER OF TIBET CHANGXING

Tibet Changxing Furniture Management Co., Ltd. (西藏暢星家具管理股份有限公司) is a company established under the laws of the PRC. According to the public information and to the best of the knowledge, information and belief of the Directors after having made all reasonable enquiries, Tibet Gaohe Enterprise Management Center (Limited Partnership) (西藏高和企業管理中心(有限合夥)), “**Tibet Gaohe**”) and Tibet Gaocheng Zhongzhi Enterprise Management Center (Limited Partnership) (西藏高誠眾智企業管理中心(有限合夥)), “**Tibet Gaocheng**”) indirectly holds 80% and 20% equity interest of Tibet Changxing, respectively. Tibet Gaocheng is held by Tibet Gaohe and Beijing Changhe Zhili Cheng Enterprise Management Co., Ltd. (北京暢和智力誠企業管理有限公司, “**Beijing Changhe**”) as to 99% and 1% equity interest of Tibet Gaocheng, respectively. Tibet Gaohe is directly held by SU Xin (蘇鑫) as to 59% equity interest. The remaining five shareholders of Tibet Gaohe are ZHOU Yisheng (周以升), Beijing Gaohe Xin Investment Co., Ltd.* (北京高和信投資有限公司, “**Beijing Gaohe**”), TANG Chunshan (唐春山), TAO Min (陶民) and Beijing Changhe, each of whom holds 17.8%, 12.6%, 5.4%, 4.2% and 1% equity interest in Tibet Gaohe, respectively. Beijing Gaohe is held by CHEN Shanna (陳姍娜), GONG Yishu (龔亦舒) and DAI Ying (代穎) as to 60%, 20% and 20% equity interest, respectively. Beijing Changhe is held by SU Xin (蘇鑫), ZHOU Yisheng (周以升) and TANG Chunshan (唐春山) as to 60%, 30% and 10% equity interest, respectively.

According to the public information and to the best of the knowledge, information and belief of the Directors after having made all reasonable enquiries, SU Xin (蘇鑫), ZHOU Yisheng (周以升), TANG Chunshan (唐春山), TAO Min (陶民), CHEN Shanna (陳姍娜), GONG Yishu (龔亦舒) and DAI Ying (代穎) are Independent Third Parties.

Save as disclosed above, the contents of the Announcement remain unchanged. This supplemental announcement is supplemental to and should be read in conjunction with the Announcement.

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

Hong Kong, 10 September 2024

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