

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

CONNECTED TRANSACTION

ENTERING INTO SUPPLEMENTAL AGREEMENT OF THE GENERAL CONTRACT ENGINEERING AGREEMENT

INTRODUCTION

Reference are made to the announcements (the “**Announcements**”) of the Company dated 6 August 2020, 30 March 2021 and 30 March 2023 in relation to the Decoration and Renovation Engineering and Construction Service Framework Agreement (the “**Framework Agreement**”) entered into between the Company and RSM Holding. Jiangsu Sunan Construction entered into a separate underlying agreement (the “**Service Agreement**”) with Zhejiang Haixin under the Framework Agreement, pursuant to which Jiangsu Sunan Construction shall provide decoration and renovation engineering and construction related services (the “**Services**”) to Zhejiang Haixin in relation to a project located at Dongxin Road, Xiashang District, Zhanjiang City, Guangdong, the PRC (the “**Project**”) with a total gross floor area of approximately 113,155 m². The Service Agreement have expired and considering the progress of the Project, Jiangsu Sunan Construction and Zhejiang Haixin have agreed to enter into a supplemental agreement (the “**Supplemental Agreement**”) on 26 March 2024 to extend the duration of the Service Agreement to 15 December 2025.

PRINCIPAL TERMS OF THE SERVICE AGREEMENT AND SUPPLEMENTAL AGREEMENT

Save for the extension of the duration of the Service Agreement, terms of the Service Agreement remain unchanged.

Consideration	The total consideration for the Project is approximately RMB219.11 million, of which, approximately RMB185.69 million have been paid by Zhejiang Haixin to Jiangsu Sunan Construction and approximately RMB33.41 million to be paid under the Supplemental Agreement.
Basis of the Consideration	The consideration is determined based on the market price. The contract amount of the Transaction is within the gross profit margin of civil engineering projects in the market and is determined taking into consideration of the project details and anticipated competitors. The Principal adopted the method of invitation bidding to determine the total consideration for the Project.
Payment Method	<p>(a) Zhejiang Haixin shall make pre-payment of RMB11 million to Jiangsu Sunan Construction within 10 calendar days upon entering into the Service Agreement.</p> <p>(b) the payment shall be made every two months, and the Jiangsu Sunan Construction shall submit the payment application to the Zhejiang Haixin for approval for the completed parts of the project on the 25th day of the second month for every two months.</p>

REASONS FOR AND BENEFITS OF THE TRANSACTION

The Directors believe that the entering into of the Supplemental Agreement and the smooth implementation of the Transaction will be conducive to the improvement of the business undertaking capacity of Jiangsu Sunan Construction, which will have a positive impact on the current and future results and will be conducive to the enhancement of the Company's sustainable profitability.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Transaction are fair and reasonable, and the Transaction is conducted on normal commercial terms, in the ordinary and usual course of business of the Group and is in the interests of the Company and its Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

Zhanjiang Haixin is a subsidiary of RSM Holding. Therefore, Zhanjiang Haixin is a connected person of the Company. The extension of the duration of the Service Agreement to provide Services to 15 December 2025 constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio applied in accordance with Rule 14.07 of the Listing Rules in respect of the Transaction is more than 0.1% but less than 5%, the Transaction is subject to the reporting, announcement and annual review requirements, but is exempt from the circular (including independent financial advice) and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The executive Director, namely Mr. CHE Jianxing has abstained from voting on the Board resolution to approve the Supplemental Agreement in view of his conflict of interests or potential interests in the Transaction contemplated thereunder. Save as disclosed above, none of the Directors has any material interests in the Transaction.

INFORMATION ABOUT THE GROUP

As a leading home improvement and furnishings shopping mall operator in the PRC, the Group mainly engages in the business of offering comprehensive services to the merchants, consumers and partners of the home improvement and furnishings shopping malls under “Red Star Macalline” through the operation and management of both Portfolio Shopping Malls and Managed Shopping Malls. Meanwhile, the Group is also involved in pan-home furnishings consumption, including internet home decoration, internet retail, as well as logistics and delivery services.

INFORMATION ABOUT ZHANJIANG HAIXIN

Zhanjiang Haixin is a company incorporated in the PRC and is engaged in property development and operation; sale of commercial properties; market investment; corporate management; shopping mall management (excluding home shopping malls). (Business activities subject to approval according to law shall be conducted only after necessary approvals have been obtained from the relevant authorities.) Its equity interest is held as to 80% by Shanghai Red Star Macalline Real Estate Co., Ltd. (上海紅星美凱龍置業有限公司) indirectly controlled by Mr Che Jianxing, a director of the Company, and as to 20% by Xincun Joint Stock Co-operative Economic Association of Xinxing Sub-district, Xiashan District, Zhanjiang City (湛江市霞山區新興街道新村股份合作經濟聯合社).

INFORMATION ABOUT JIANGSU SUNAN CONSTRUCTION

Jiangsu Sunan Construction is a company incorporated in the PRC, which is a wholly-owned subsidiary of the Company. Jiangsu Sunan Construction is engaged in the businesses of industrial and civil construction works, municipal public construction works, curtain wall construction, earthwork construction, decoration construction, landscaping engineering, water-electricity installation engineering, road construction, metal windows and door construction; mechanical and electrical equipment installation; electrical installation; pipelines and equipment installation; construction project management and consulting services; leasing of housing, equipment and car, etc.

DEFINITIONS

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

“Board”	The Board of Directors of the Company
“Company”	Red Star Macalline Group Corporation Ltd., a sino-foreign joint stock company incorporated in the PRC with limited liability, whose H shares are listed on the main board of the Stock Exchange and A Shares are listed on the Shanghai Stock Exchange
“connected person”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“Jiangsu Sunan Construction”	Jiangsu Sunan Construction and Installation Engineering Co., Ltd.* (江蘇蘇南建築安裝工程有限公司), a company incorporated in the PRC and a wholly-owned subsidiary of the Company
“PRC”	the People’s Republic of China
“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 established in the PRC and a substantial shareholder of the Company
“Shareholder(s)”	the shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“subsidiary(ies)”	has the meaning ascribed thereto under the Listing Rules
“Transaction”	the connected transaction under the Service Agreement and Supplemental Agreement
“Zhanjiang Haixin”	Zhanjiang Haixin Meikai Investment Co., Ltd. *(湛江市海新美凱投資有限公司), a company incorporated in the PRC and a subsidiary of RSM Holding

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

Shanghai, the PRC
26 March 2024

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

* *For identification only*